

Monday, July 9th, 2012

Medium to long term opportunity in RM Seed



Technical

A sudden increase in volumes on break out of double bottom trend reversal pattern is witnessed in the RM Seed August Chart; this is showing that the bullish rally in RM Seed may be continued for the target of 4252. Short and Medium term Moving averages are also confirming bullish mode in RM Seed.

Fundamental

Last month RM seed (August) prices remained up side and made a high of 4072 and settled at 3986. RM Seed traded higher on account of lower production estimates of RM Seed as compared to last year. Gains in other oilseeds and edible oil also provided support to the bulls.

The world rapeseed supply estimates continue to be in deficit. As per COOIT, Rapeseed output is estimated to drop by 12.6% to 6.03 mln tons in the year to June 2012. While supply is estimated to be lower than 1% against previous year, the world rapeseed demand is estimated to grow at a faster rate by 2% against the last year.

Further, due to a sharp rise in soybean and thereby soymeal prices, the demand for mustard meal has increased in the past few days while supplies continue to remain tight.

Recommendation

RM Seed August NCDEX : Buy at 4150-4120 for the target of 4280/4365 with stop loss of 4020.

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