

## OILSEED

28<sup>th</sup> June 2005

- Rapeseed Market Expected to Improve Marginally on Improving Retail Demand

### DOMESTIC MARKET COMMENTARY

#### Soybean:

The domestic market opened on a very weak note amidst increased panic selling at the Indore NBOT futures.

The domestic future market trading started on a weak note and traded sharply lower towards the end of the day's session amidst declining support from the retail end demand and improving monsoon. The NCDEX Soybean July Contract closed lower at Rs. 1295.50 (Down by Rs. 10.85).

The Hazir market today also declined marginally and owing to the plummeting sentiments at the futures.

The price of soybean in Kota market was quoted at Rs. 1260 per quintal. In Madhya Pradesh it was Rs. 1440-1450, in Karnataka it was Rs. 1240 and in Maharashtra it was between Rs. 1230-1240.

The market is expected to continue marginally weak for Wednesday amidst positive developments in the country's monsoon.

#### Rapeseed/Mustard:

A rapeseed market traded marginally higher amidst increased support from the buyers. The support came in the markets as the sentiments in other edible oils recovered after a steep fall.

As expected earlier the progress of monsoon has adequately pulled down the market sentiments but the prices are expected to move steady within a small range henceforth.

Today, the rape oil found lesser support from the buyers at major exchanges at the start of the trade but it picked its pace as the retail demand improved. In the spot markets the prices continued down amidst uncertain support from the other edible oil markets.

Overall, it is expected that the rapeseed will continue trading range bound on higher side in the coming days as the retail demand is expected to increase marginally as crushing picks up.

#### Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur	1725-1730	-
Alwar	1660-1665	-
Delhi	1745-1750	600-700
Agra	1800	4025
Sri Ganganagar	1550	700
Kota	1520-1530	4500

#### Groundnut

Groundnut oil today improved marginally at various centres due to unsteady and low local demand and rising sentiments in the other edible oil markets.

The latest seeding report suggests that the area under groundnut farming was 1.94 lakh hectare as on week ending June 20<sup>th</sup> against 4.83 lakh hectares on the same day last year.

The range-bound trade in groundnut oil prices is expected in the coming days amidst unsteady retail demand and smoothly advancing monsoon.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2590 per quintal, the bold (60-70 Count) is Rs. 2815 per quintal, the 50-60 count seed is Rs. 2800 and for 40-50 count the rate is Rs. 2265 in Mumbai market. In Gujarat the price varied from Rs. 1460, in Tamil Nadu it was between Rs. 1330-1340 in Rajasthan it was between Rs. 1350-1365, in Karnataka it was between Rs. 1470 and in Andhra Pradesh it was Rs. 1390.

#### Vayda Quotes

##### Mustard futures as on 28<sup>th</sup> June 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	339.10	338.00	340.10	337.70	1.20	340.30
Hapur	5-Aug	358.20	356.50	359.80	356.50	1.60	359.80
Bikaner	5-Aug	337.40	337.00	337.00	337.00	-0.40	337.00
Hisar	5-Aug	337.80	336.70	339.20	336.70	1.40	339.20

#### CBOT

##### CBOT Soy Dipped Sharply on Increased Fund Selling and Improving Crop Weather

Record speculative fund length in the market left futures overdue for a correction, and with weather patterns changing to less threatening conditions, speculative funds and locals alike ran to cover risky long positions.

The outlook for cooler weather in the Midwest with scattered thunderstorm activity for early July helped to trigger aggressive fund long liquidation selling early in the session.

August soybeans managed a contract high in the overnight session before the sharp break and the key reversal could be seen as a bearish technical development and a sign of a major top.

Traders are expecting a 2-5% decline in crop conditions for tonight's weekly update and with mid-90's expected across

much of Illinois for the next 3 days, the outlook for next weeks (crop conditions as of July 3rd) is uncertain as light rain may not be enough to slow the crop conditions decline.

Taiwan is tendering for 40,000-60,000 tonnes of US or Brazilian soybeans.

The weekly export inspections report, the USDA reported exports this week at 4.497 million bushels as compared with trade expectations at 4-8 million bushels. Cumulative shipments have reached 91.7% of the USDA forecast for the season as compared with 91.4% as the 5-year average for this time of the year.

In pit trades, ABN Amro bought 1,200 November, Calyon Financial bought 300 November, Cargill bought 500 November, Man Financial bought 400 November, Bunge Chicago bought 200 November. On the sell side, ABN Amro sold 1,200 November, Cargill Investor Services and Fimat each sold 1,500 November, RJ O'Brien and Man Financial each sold 1,000 November, Refco sold 2,5000 November, Iowa Grain and UBS Securities each sold 500 November, Citigroup sold 700 November, and Rand Financial sold 400 November. Commodity funds were estimated sellers of 13,000 contracts.

Trade is expected to be on the lower side amidst growing uncertainty in the weather conditions.

#### CBOT Soy oil futures as 27 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	744.4	750.0	750.0	694.4	-50.0	694.4
Aug'05	748.2	755.0	755.0	698.2	-50.0	698.2

CBOT remains closed on Saturday and Sunday.

## TECHNICAL ANALYSIS

### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

#### NCDEX July Contract

**Rapeseed July contract** opened lower and continued range bound on lower side during day's session. The market is expected to move range bound in the positive side amidst expected support from the other edible oils.

**Stochastic Oscillators:** The %D-line continued up in the neutral region hinting to steadiness in the prices. The % K-line turned lower in the neutral region indicating the uncertainty in the prices.

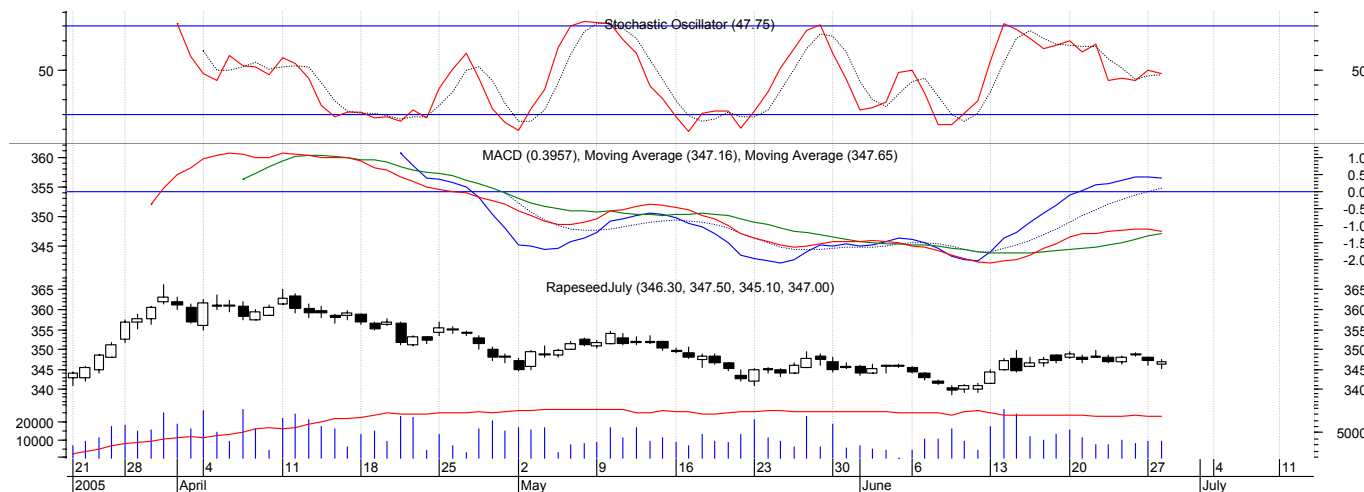
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 12 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has decreased 0.09%, and has ranged from a high of 349.70 to a low of 344.50. The 7-Day MA is still moving up above the 14-Day MA but turned lower hinting to the declining sentiment in the market, whereas the 14-Day MA continued higher supporting the existing strength in the market.

#### Market advice:

Trade is expected to open low and trade range bound on the lower side for Tuesday. Trade cautiously with an eye on support and resistance level given below. Can go short for short-term and trade with intra-day outlook.

#### Advisable trade limits:

Support at 345.20 and Resistance 348.90



### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

#### NCDEX July Contract

**Soybean seed July contract** opened on the lower side and continued sharply lower for the day following the positive development in the monsoon rains and increased panic selling at the futures.

**Stochastic Oscillators:** The %K line improved marginally in the oversold region indicating the loosing strength in the domestic prices. The % D-line on the other hand continued lower hinting to the declining sentiments in the market.

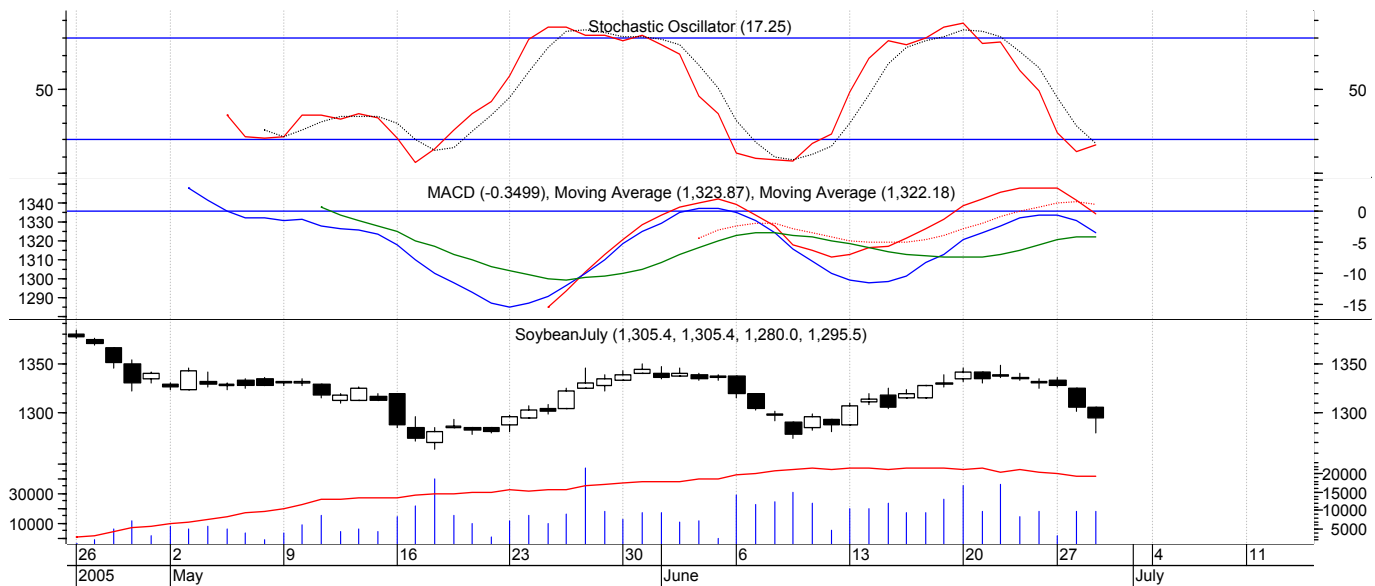
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 0 period(s) ago. Since the MACD crossed its moving average, Soybean July's price has been unchanged, and has ranged from a high of 1,305.45 to a low of 1,280.00. The 7-Day MA turned lower showing the declining strength in the markets where as the 14-Day MA is still moving up not confirming weakness in the soybean market.

#### Market advice:

Market is expected to open range bound but trade range bound on the higher side for Wednesday. Trade cautiously with an eye on support and resistance levels given below.

#### Advisable trade limits:

Support at 1286.00 and Resistance at 1313.00



#### \*Latest Procurement details of NAFED (24.05.05)

Commodity	State	Amount (mt)
Mustard/ Rapeseed	Rajasthan	1334715
	Uttar Pradesh	36280
	Gujarat	188255
	Madhya Pradesh	137509
	Chattisgarh	2159
	Punjab & Haryana	233540
	Delhi	8978
	Punjab	5338
	Total	1946774
Safflower	Maharashtra	19187
	Karnataka	4757
	Andhra Pradesh	4376
	Total	28320
Sunflower	Karnataka	28

#### Forex Rates (As on 28.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
Malaysia	Ringgit	11.46
European Union	Euro	52.87
United Kingdom	GBP	79.42
Japan	100 Yen	39.69

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