

OILSEED

7th June 2005

- **Rapeseed Market Continued on Lower Side on Declining Retail Demand**

*Latest Procurement details of NAFED (24.05.05)

Soybean:

The domestic market declined sharply in the lower regions following the increased panic selling in the market amidst falling retail demand and growing weakness in the international markets.

The US market is expected to trade unsteady in the lower regions, following the growing weakness in the US CBOT soy oil trade amidst uncertain weather conditions and declining the export demand from the global market.

The domestic future market trading started on a sharply lower note and continued on the lower side for the day amidst declining support from the retail demand.

The Hazir market today continued range bound on the lower side amidst continued lack of support from the consistently declining retail demand.

Overall the market demand situation for the soybean continues to be weak and is expected to continue range bound on the lower side for Wednesday amidst uncertain support from the weather predictions.

Rapeseed/Mustard:

A weak trend of the market continued today amidst the fear of increasing uncertainty in the market.

Adding to the weakness in the prices the increasing arrival in the major producing states of Rajasthan and MP owing to renewed purchasing by NAFED.

The news that NAFED is expected to bring the purchases Mustard seed in the market before the proper onset of the monsoon triggered weakness in the market.

Today, the rape oil found no support from the buyers at major exchanges. The increased selling weakened the sentiments giving way to the continuing unsteadiness in the market.

Today the new crop arrival reached 1.30 lakh bags in Rajasthan and about 0.32 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape market would continue with the weak trend for the whole of this week.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Lakh Bags)
Jaipur	1650	-
Alwar	1590	0.03
Delhi	1720	0.015
Agra	1750	-
Sri Ganganagar	1520-1525	0.05
Kota	1450-1455	0.15

Groundnut:

Groundnut continued with the weakness in the major centres. Lower buying support was the main concern at major markets amidst declining retail demand.

The onset the monsoon in the Kerala region with less than expected vigour has increased the uncertainty in demand for edible oils and this remains as one of the major factors, which is putting continuous pressure on the groundnut oil prices.

The range-bound lower trade in groundnut oil prices in the domestic markets is likely to continue on Wednesday in absence of fresh buying support.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2550 per quintal, the bold (60-70 Count) is Rs. 2700 per quintal, the 50-60 count seed is Rs. 2650 and for 40-50 count the rate is Rs. 2290 in Mumbai market. In Gujarat the price varied from Rs. 1430, in Tamil Nadu it was between Rs. 1300 in Rajasthan it was between Rs. 1330, in Karnataka it was between Rs. 1460 and in Andhra Pradesh it was Rs. 1325.

Vayda Quotes

Mustard futures as on 07 June 2005

(Rs/20kg)

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	336.10	335.20	335.70	334.70	-1.30	334.80
Hapur	5-Aug	355.55	354.50	354.90	353.90	-1.10	354.45
Bikaner	5-Jun	335.00	335.00	335.00	335.00	0.00	335.00
Bikaner	5-Aug	339.00	339.00	339.00	339.00	0.00	339.00
Hisar	5-Aug	335.40	334.60	334.60	333.50	-1.50	333.90

CBOT

CBOT Soy Complex Improved on Unenthusiastic Weekly Exports Report

A disappointing weekly export inspections estimate and forecasts for rains this weekend in dry areas of Illinois contributed to the selling pressure.

Scattered rains and thunder-storms are in the forecast for the region later this week but the lack of a significant, widespread rain system for the eastern cornbelt helped support the market on ideas that a little rain late this week will only help ease the stress for the crop.

The National Oceanic and Atmospheric Administration's U.S. Drought Monitor lists the area from central Missouri running northeast through Illinois as "moderate drought," with "abnormally dry" conditions noted in much of Missouri, the southeastern corner of Iowa, all of Illinois, the northern tier of Indiana, over one-half of Wisconsin and all of Michigan.

CBOT Soybean futures as on 06 June 2005

(Cents/bushels)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	675.2	695.0	695.4	676.6	+2.4	677.6
Aug '05	677.2	696.0	697.0	680.0	+3.0	680.2

CBOT remains closed on **Saturday** and **Sunday**.

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX June Contract

Rapeseed June contract opened on a on the lower side and continued range bound on the lower side for most the day. The market is expected to continue with its weakness in the coming days as the retail buyers' support is declining continuously.

Stochastic Oscillators: The %D-line moved marginally lower in the neutral region indicating weakness in the prices. The % K-line also moved lower in the neutral region indicating the steadiness in the prices.

The first weekly crop conditions report of the year will be released after the close with traders looking for crops in good to excellent condition near 62% as compared with 65% last year at this time.

Local trading pressure was also encouraged by a weaker-than-expected export inspections estimate of 4.436 million bushels, down from 10.482 million the previous week, the U.S. Department of Agriculture reported. This was also lower than expectations for 6-10 million.

In trades, Bunge bought 1,000 November and 1,000 July, Refco bought 1,000 November and 300 July and Cargill Investor Services and SA Inc. each bought 1,000 July. UBS bought 800 November, ADM and Man Financial each bought 400 July. ABN Amro and Citigroup each bought 300 July. On the sell side, Man Financial sold 500 July, Refco sold 500 November and D.T. Trading sold 300 July.

The market is expected to be range bound on the lower side amidst expectation of good and favourable crop weather in the coming days.

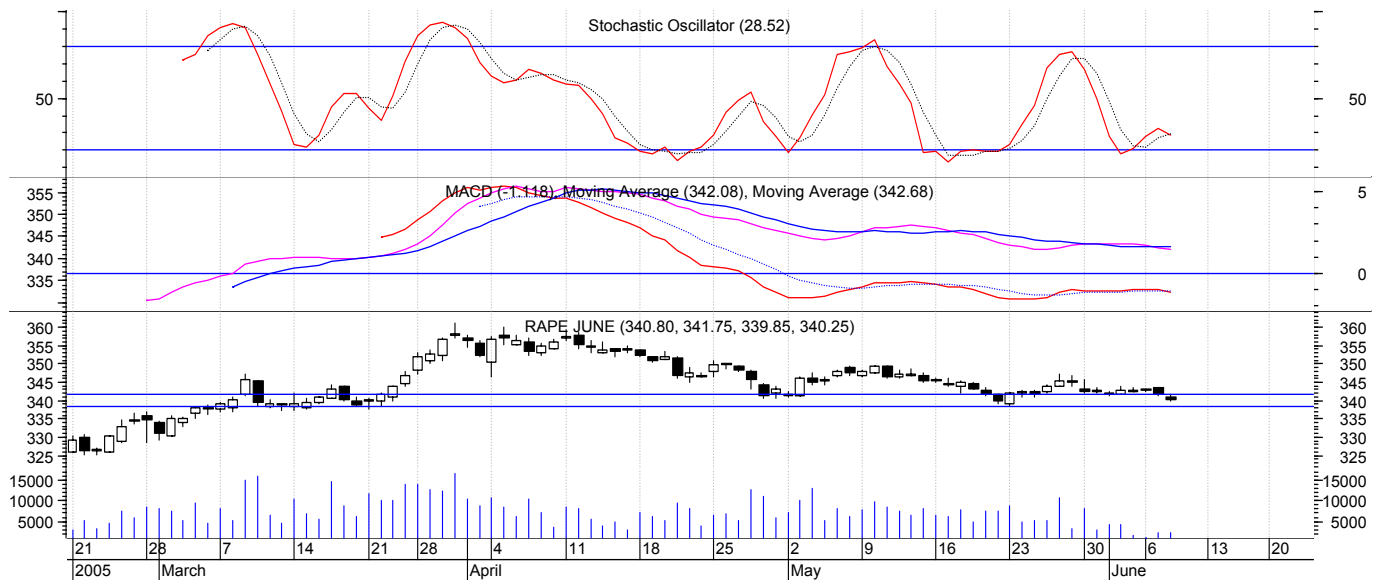
MACD continued downward in the negative region indicating the declining strength in the prices. The **7-Day MA** moved down after making a bearish crossover of the **14-Day MA** hinting to the growing weakness in the market.

Market advice:

Trade is expected to open steady but trade marginally on the lower side for Wednesday. Trade cautiously with an eye on support and resistance level given below. Sell with very short-term outlook.

Advisable trade limits:

Support at 338.60 and Resistance 341.70



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX June Contract

Soybean seeds June contract opened on the lower side and traded significantly lower for the day amidst declining demand at the domestic end and the indecisive international markets.

Stochastic Oscillators: The %K line continued down in neutral region indicating the declining strength in the domestic prices. The % D-line also moved down entering the neutral region hinting to the declining strength of the prices. The market is expected to open on the range bound side but continue on the lower side.

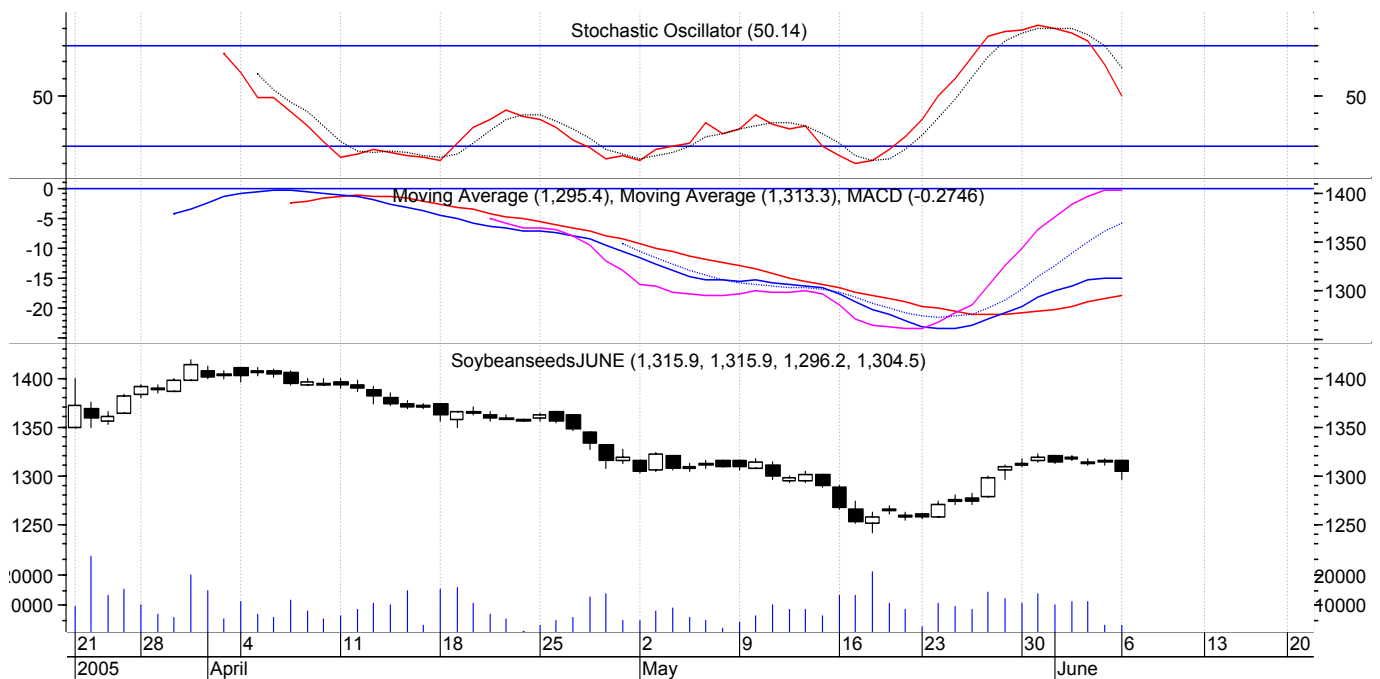
MACD turned down in the negative region, after intersected the **EMA** from below indicating the loosing strength in the prices. **7-Day MA** also moved down along with the **14-Day MA** (with declining slope) supporting the weakness in the soybean market.

Market advice:

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

Advisable trade limits:

Support at 1274.00 and Resistance at 1301.00



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 07.06.2005)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
Malaysia	Ringgit	11.49
European Union	Euro	53.55
United Kingdom	GBP	79.61
Japan	100 Yen	40.75

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