

## OILSEED

24<sup>th</sup> June 2005

- **Rapeseed Market Steadied on Uncertain Domestic Demand**

### DOMESTIC MARKET COMMENTARY

#### Soybean:

The domestic market opened very weak at the futures amidst news of progressing monsoon and monsoon rains at several places in Madhya Pradesh and Rajasthan, but soon turned uncertain as the traders were quite confused over demand at the local end.

Majority of the traders have turned bearish amidst news of monsoon rains advancing at smooth pace.

The domestic future market trading started on a weak note and continued marginally lower for the day.

The Hazir market today also remained weak marginally and owing to the progress of the monsoon rains.

The price of soybean in Kota market was quoted at Rs. 1260-1280 per quintal. In Madhya Pradesh it was between Rs. 1470, in Karnataka it was Rs. 1250-1260 and in Maharashtra it was between Rs. 1250.

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

#### Rapeseed/Mustard:

A rapeseed market traded steady amidst news of progressing monsoon.

As expected earlier the progress of monsoon has adequately pulled down the market sentiments and the prices are expected to move further down in the coming days.

Today, the rape oil found on support from the buyers at major exchanges as well as in the spot markets. In the spot markets the prices declined marginally amidst declining sentiments in the other edible oil markets.

Overall, it is expected that the rape oil will continue trading range bound on lower side for the coming days as the monsoon is expected to progress smoothly for the next few days.

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

| Markets        | Prices    | Arrivals (Bags) |
|----------------|-----------|-----------------|
| Jaipur         | 1725-1730 | -               |
| Alwar          | 1660      | 1500            |
| Delhi          | 1755-1760 | 1000            |
| Agra           | 1800      | 4050            |
| Sri Ganganagar | 1520-1525 | 500-700         |
| Kota           | 1480-1540 | 4500-5000       |

#### Groundnut

Groundnut oil continued down at various centres due to low local demand and news of progressing monsoon in the major growing areas.

The latest seeding report suggests that the area under groundnut farming was 1.95 lakh hectare as on week ending June 17<sup>th</sup> against 4.83 lakh hectares on the same day last year.

The range-bound weak trade in groundnut oil prices in the domestic markets is likely to remain for a day or two.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2580 per quintal, the bold (60-70 Count) is Rs. 2720 per quintal, the 50-60 count seed is Rs. 2690 and for 40-50 count the rate is Rs. 2290 in Mumbai market. In Gujarat the price varied from Rs. 1480, in Tamil Nadu it was between Rs. 1330-1350 in Rajasthan it was between Rs. 1350-1365, in Karnataka it was between Rs. 1480-1485 and in Andhra Pradesh it was Rs. 1370.

#### Vayda Quotes

##### Mustard futures as on 24<sup>th</sup> June 2005

| Centre  | Months | Prev. Settle | Open   | High   | Low    | Change | Close  |
|---------|--------|--------------|--------|--------|--------|--------|--------|
| Delhi   | 5-Aug  | 339.70       | 339.30 | 341.20 | 338.90 | +1.10  | 340.80 |
| Hapur   | 5-Aug  | 359.10       | 358.60 | 360.30 | 358.30 | +0.75  | 359.85 |
| Bikaner | 5-Aug  | 337.20       | 337.50 | 337.50 | 337.50 | +0.30  | 337.50 |
| Hisar   | 5-Aug  | 338.60       | 338.10 | 339.50 | 338.10 | +0.60  | 339.20 |

#### CBOT

##### CBOT Soy Complex Lowered on Increasing Weather Uncertainty and Declining Demand

The US market declined marginally amidst absence of demand support and uncertain weather in major soybean growing areas.

Fungal spores closely resembling those associated with Asian soybean rust have been found in a spore trap operated by Louisiana State University in a field near the northeast Louisiana town of St. Joseph.

The monthly Census Crush Report showed soybeans crushed in May at 142.8 million bushels, slightly higher than trade expectations and compared to 117.5 million bushels last year. Oil stocks were pegged at 1.875 billion pounds from 1.856 billion pounds expected.

Weekly export sales for soybeans came in at 149,500 tonnes, just below the upper end of trade expectations.

Cumulative sales have reached 98.2% of the forecast for the season as compared with 99.6% on average for this time of the year.

Weekly export sales for meal came in at 123,200 tonnes, almost twice the most optimistic trade expectation. Cumulative sales have reached 95.2% of the forecast for the season as compared with 89.5% on average for this time of the year. Oil sales were 6100 tonnes, which was also strong against expectations.

The Ag Canada report that canola production is expected at 7.0 million tonnes from 7.7 million last year did not seem to provide much support.

In trades, ADM Investor Services and Man Financial each bought 400 November, Cargill bought 800 November, Citigroup, Tenco and Refco each bought 300 November, and RJ O'Brien bought 500 November. On the sell side, Cargill sold 300 August, Goldenberg Hehmeyer, Tenco and Man Financial each sold 200 November and Refco sold 300 November.

Trade is expected to be range bound on the higher side amidst growing uncertainty in the weather conditions.

#### CBOT Soy oil futures as 23 June 2005 (Cents/pound)

| Months | Previous Settle | Open  | High  | Low   | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| Jul'05 | 737.0           | 735.4 | 742.0 | 725.6 | -11.4  | 725.6 |
| Aug'05 | 740.0           | 740.0 | 746.0 | 730.4 | -9.6   | 730.4 |

CBOT remains closed on Saturday and Sunday.

## TECHNICAL ANALYSIS

### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

#### NCDEX July Contract

**Rapeseed July contract** opened marginally low and traded range bound on lower side during day's session. The market is expected to move low on the declining support and news of advancing monsoon rains.

**Stochastic Oscillators:** The %D-line is still pointing down in the neutral region indicating weakness in the prices. The % K-line improved marginally in the neutral region indicating the stability in the prices.

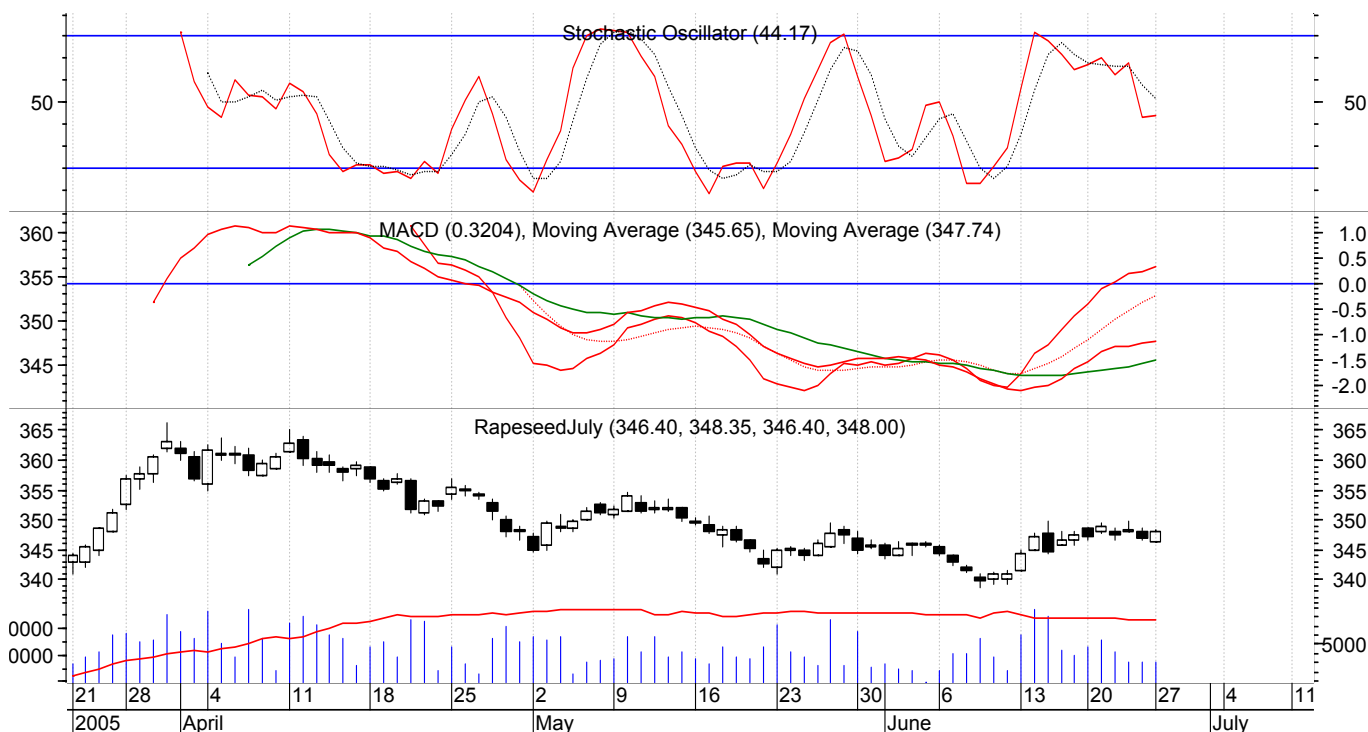
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 9 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 0.20% and has ranged from a high of 349.70 to a low of 344.50. The 7-Day MA is still moving up above the 14-Day MA is yet not supporting the weak trend in the market for the medium-term.

#### Market advice:

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

#### Advisable trade limits:

Support at 345.70 and Resistance 348.50



### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

#### NCDEX July Contract

**Soybean seed July contract** opened on lower side and traded lower all through the day following the development in the monsoon rains.

**Stochastic Oscillators:** The %K line continued down in the neutral region indicating the losing strength in the domestic prices. The % D-line also moved down hinting to the downward movement in the price. The market is expected to open low and trade range bound on the lower side.

Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 7

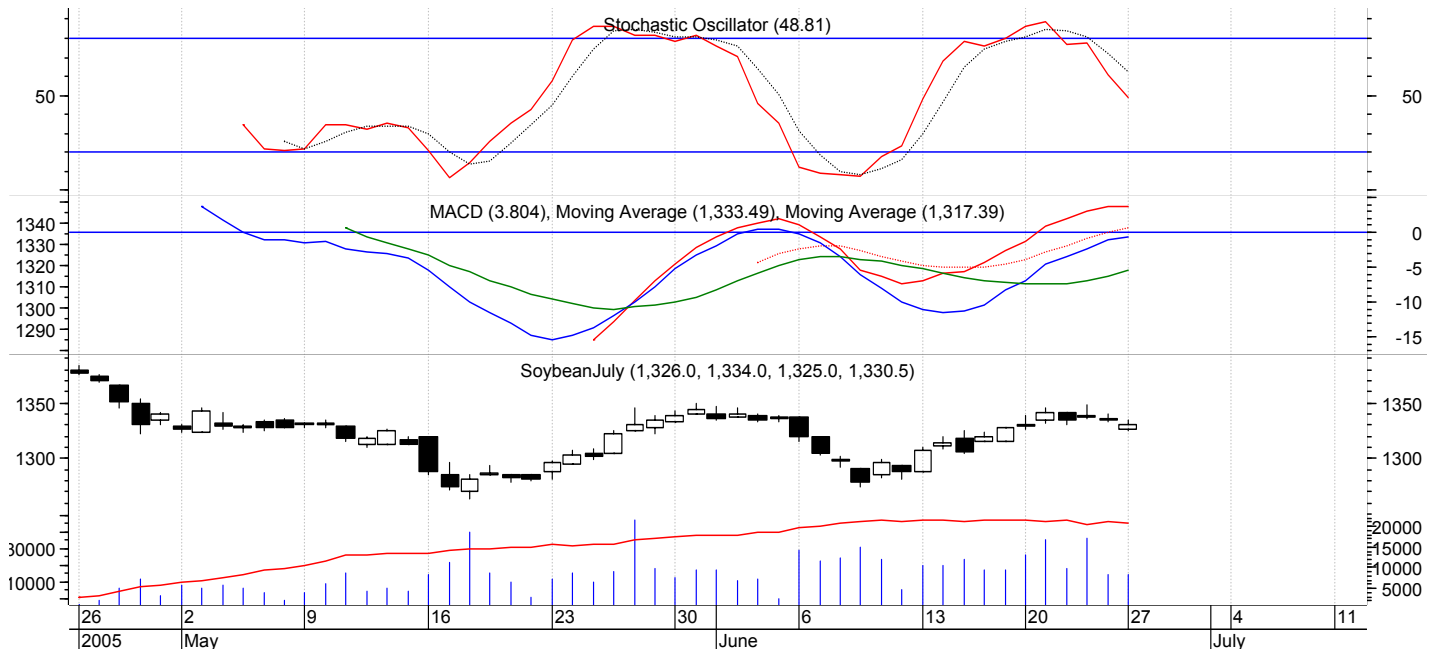
period(s) ago. Since the MACD crossed its moving average, Soybean July's price has increased 0.89%, and has ranged from a high of 1347.35 to a low of 1315.35. 7-Day MA continued up after crossing the 14-Day MA from below making a bullish crossover, not confirming weakness in the soybean market.

#### Market advice:

Market is expected to open low and trade range bound on lower side for Saturday. Trade cautiously with an eye on support and resistance levels given below.

#### Advisable trade limits:

Support at 1322.00 and Resistance at 1336.00



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

| Commodity            | State            | Amount (mt) |
|----------------------|------------------|-------------|
| Mustard/<br>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 24.06.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA                | Dollar   | 43.56           |
| Malaysia           | Ringgit  | 11.48           |
| European Union     | Euro     | 52.42           |
| United Kingdom     | GBP      | 79.12           |
| Japan              | 100 Yen  | 39.96           |

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