

OILSEED

07th July 2005

- Rapeseed Market Declined Sharply on Weak Sentiments Towards the End of the Day

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX July Contract

Rapeseed July contract opened higher and continued sharply on the higher side for most of the day before dipping to a significantly low level amidst the news of the terrorist explosion in London. The market is expected to open weak but trade range bound in the positive territory in the second half.

Stochastic Oscillators: The %K - line moved down in the over bought region hinting to unsteadiness in the prices. The % D - line also dipped down in the overbought region indicating the growing support for the weakening trend in the prices.

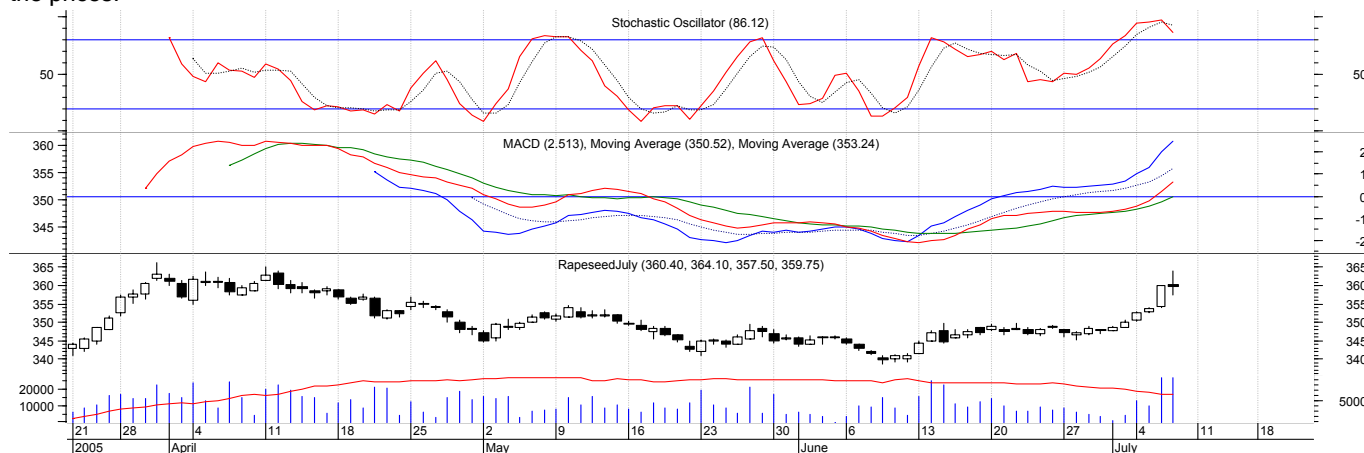
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 20 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 3.58% and has ranged from a high of 364.10 to a low of 344.50. The 7-Day MA continued up along with the 14-Day MA hinting to the continuing strength in the market prices.

Market advice:

Trade is expected to open and trade weak in the starting of the trade but is expected to pick up the pace in the second half. Can go short for short-term but go long with long-term outlook.

Advisable trade limits:

Support at 356.90 and Resistance 362.00



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX July Contract

Soybean seed July contract opened on the positive side and continued range bound for the day expect for the end session where the prices witnessed sharp decline following the terrorist attack in the London.

Stochastic Oscillators: The %K line turned lower in the oversold region indicating the increasing unsteadiness in the domestic prices. The % D-line also turned lower in the neutral region hinting to the improving sentiments in the market. The short-term technical correction cannot be denied as the K-line is pointing to the down ward trend.

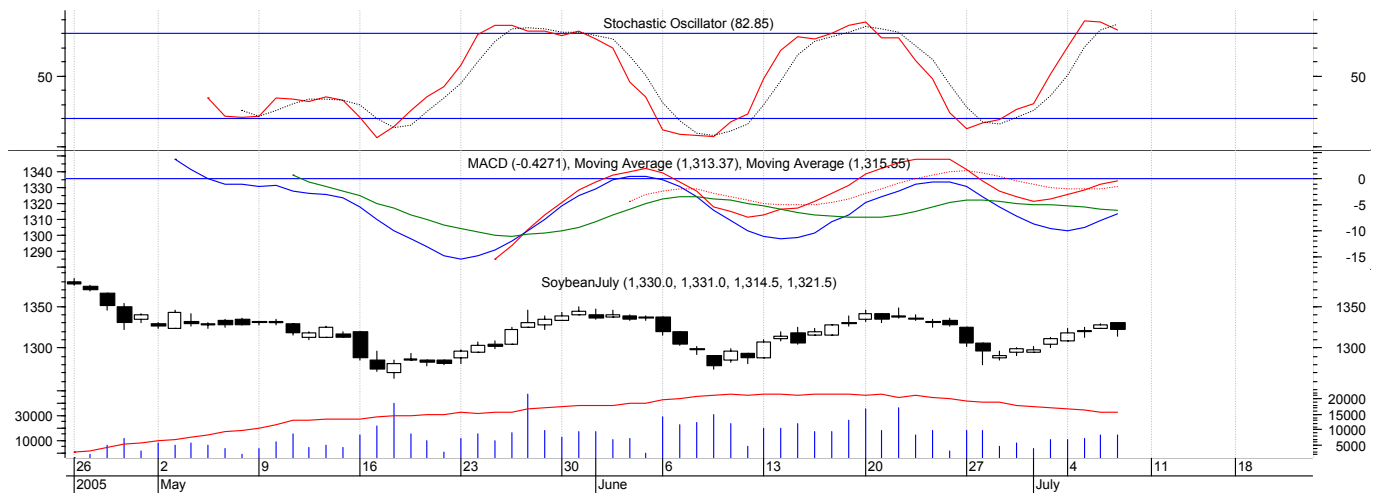
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 1 period(s) ago. Since the MACD crossed its moving average, Soybean July's price has decreased 0.41% and has ranged from a high of 1,331.000 to a low of 1,314.500. The 7-Day MA turned up showing the improving sentiments in the markets but the 14-Day MA continued hinting to the existing weakness in the market.

Market advice:

Market is expected to open weak but trade marginally on the higher side. Trade cautiously with an eye on support and resistance levels given below.

Advisable trade limits:

Support at 1309.00 and Resistance at 1333.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened firm and traded further up for most of the day but declined sharply towards the end of the day as the news of the London terrorist attack poured in causing wide spread uncertainty in the domestic as well as the US markets.

The international market declined sharply at the CBOT screen trade towards the end of the trading session in India as the London economy would be affected significantly in the coming days following the attack. At the time of closure the NCDEX July Contract was at Rs. 1321.50 (Down by Rs. 5.50).

The Hazir market continued improving marginally owing to the increasingly positive sentiments at the futures.

The price of soybean in Kota market was quoted at Rs. 1330-1340 per quintal. In Madhya Pradesh it was Rs. 1450, in Karnataka it was Rs. 1260 and in Maharashtra it was between Rs. 1275-1280.

The market is expected to open marginally on the lower side for Friday on continuing sentiments of today but is expected to improve in the second half.

Rapeseed/Mustard:

The rapeseed market today traded significantly lower amidst increased panic selling towards the end of the day as the news of London being rocked by series of bomb blast came in.

The traders are expressing their concern over the declining demand in the retail market as the millers have already procured the needed amount for the next ten days in advance.

Today, the rapeseed found increased support from the buyers at major exchanges growing uncertainty regarding the unsteady progress of monsoon in the starting session but it declined significantly as the news of the terrorist attack in London poured in. In the spot markets the prices continued on the higher side amidst growing uncertainty in the supply.

Today the new crop arrival reached 0.41 lakh bags in Rajasthan and about 0.10 lakh bags in Madhya Pradesh.

Overall, it is expected that the rapeseed will continue trading on higher side with slightly weak start for Friday as the retail supply is expected to be on the declining side

amidst uncertain progress in planting of other edible oil crops.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur	1810-1815	-
Alwar	1735-1740	-
Delhi	1815-1820	1000
Agra	1875	-
Sri Ganganagar	1600	700
Kota	1590-1620	-

Groundnut

Groundnut today continued improving marginally at various centres owing to the uncertain crop prospects in lieu of the spreading floods in Gujarat and parts of western Madhya Pradesh and improving prospected of the commodities at the futures.

The domestic demand is expected to improve marginally in the coming days amidst growing uncertainty in the cultivation of the new crop.

Currently, sowing has been hampered in the groundnut growing regions of Gujarat and adjoining areas of Madhya Pradesh due to flood.

The range-bound positive trade in groundnut oil prices is expected to continue for the coming days amidst growing uncertainty about the upcoming crop.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2595 per quintal, the bold (60-70 Count) is Rs. 2860 per quintal, the 50-60 count seed is Rs. 2800 and for 40-50 count the rate is Rs. 2290 in Mumbai market.

Vayda Quotes

Mustard futures as on 07th July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	348.10	350.10	350.40	347.70	0.20	348.30
Hapur	5-Aug	369.90	372.50	372.50	367.70	-1.80	368.10
Bikaner	5-Aug	338.00	338.00	338.00	338.00	0.00	338.00
Hisar	5-Aug	345.50	347.35	347.35	344.80	-0.90	344.60

CBOT

CBOT Soy declined marginally Amidst Continuing Improving Weather

Soybean futures on the Chicago Board of Trade ended lower Wednesday, retracing a portion of Tuesday's sharp gains amid ideas the advances were a little overdone.

Traders are expecting looking for a decline of 2-4% in crops rated in good to excellent condition but the weekly report showed a 1% decline at 58% good to excellent. Still, this was down 9% from last year and down 4% from the 15-year average at this time of the year. Crops in poor to very poor condition jumped to 12%, up 4% from last year and the 15-year average.

Old crop stocks are high and deliveries continue to change hands, which helped pressure, the old crop futures into the mid-session. Meal led the market lower on the correction as oil found support from news of a smaller than expected rapeseed crop in China.

The smaller oil supply could support continued strong demand from China to import soybeans.

Meteorlogix weather service's 11- to 15-day forecast covering July 16-21 shows a weakening in an upper-level ridge that could produce strong cold-front passage with scattered thunderstorms early in this period. The shower activity during the next 10 days is expected to be confined to the far-western belt, with temperatures turning warmer during this period.

In pit trades, Calyon Financial, RJ O'Brien and Refco each bought 300 November, Cargill Investor Services bought 600 November, Fimat bought 500 November, and ADM Investor Services bought 400 November. On the sell side, Bunge Chicago sold 400 November, Rand Financial sold 1,000 November, Cargill Investor Services and Calyon Financial each sold 300 November, Man Financial sold 800 August and 300 November, Refco sold 500 November, and RJ O'Brien and Tenco each sold 400 November. Commodity funds were estimated sellers of 2,000 contracts.

The US soybean is expected to continue marginally higher on amidst continued support from the uncertain weather conditions.

CBOT Soy oil futures as 06 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	712.2	710.0	716.0	696.0	-16.0	696.2
Aug'05	715.4	714.0	719.4	697.4	-17.2	698.2

CBOT remains closed on Saturday and Sunday.

South American Soybean Continued Improving on Growing Export Prospects from Asia

Traders are keenly watching if producer selling in South America increases on the recovery early this week, as producer selling was nonexistent with the \$1.00 break in the US market. Traders will also monitor China's demand for South America soybeans, with the recent break and cheaper freight rates seen as factors, which might entice demand.

Weather in the central US remains a key factor, and with heat in the extended forecast, crop conditions are likely to begin to deteriorate.

Traders seem to be leaning towards a slight improvement in crop conditions for tonight's USDA weekly crop progress report, but a lack of rains this week should contribute to deteriorating crops. The USDA reports last week showed smaller beginning stocks and smaller planted acreage. If trend line yield is achieved, the USDA in June and 320 million bushels should adjust ending stocks to around 217 million bushels as compared with the 255 million bushels that was projected for the 2004/2005 season.

If average yields come in at 5% below trend and usage is not adjusted, ending stocks would come in near 73 million bushels, a record low. If yield drops 10% from trend, production would come in nearly 70 million bushels below the current USDA projection for usage.

The Commitment of Traders report with options shows the market in a classic bullish setup with non-commercial traders (funds) net long and non-reportable traders (small specs) net short. The selling trend of the non-commercial traders is a bearish short-term factor.

The Latin American soybean market is expected to continue higher amidst expected support increasing export prospects from the Asian countries.

Forex Rates (As on 07.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.64
Malaysia	Ringgit	11.47
European Union	Euro	52.01
United Kingdom	GBP	76.43
Japan	100 Yen	38.88

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