

## OILSEED

29<sup>th</sup> July 2005

- Rapeseed Market Declined Marginally Amidst Lack of Buyer's Support

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Rapeseed August Contract** opened weak and continued range bound on the lower side for the day amidst increased selling pressure and declining retail demand.

**Stochastic Oscillators:** The %K - line dipped marginally lower in the neutral region indicating to the declining strength in the prices. The % D-line on the other hand continued up in the neutral region indicating the rising strength in the market.

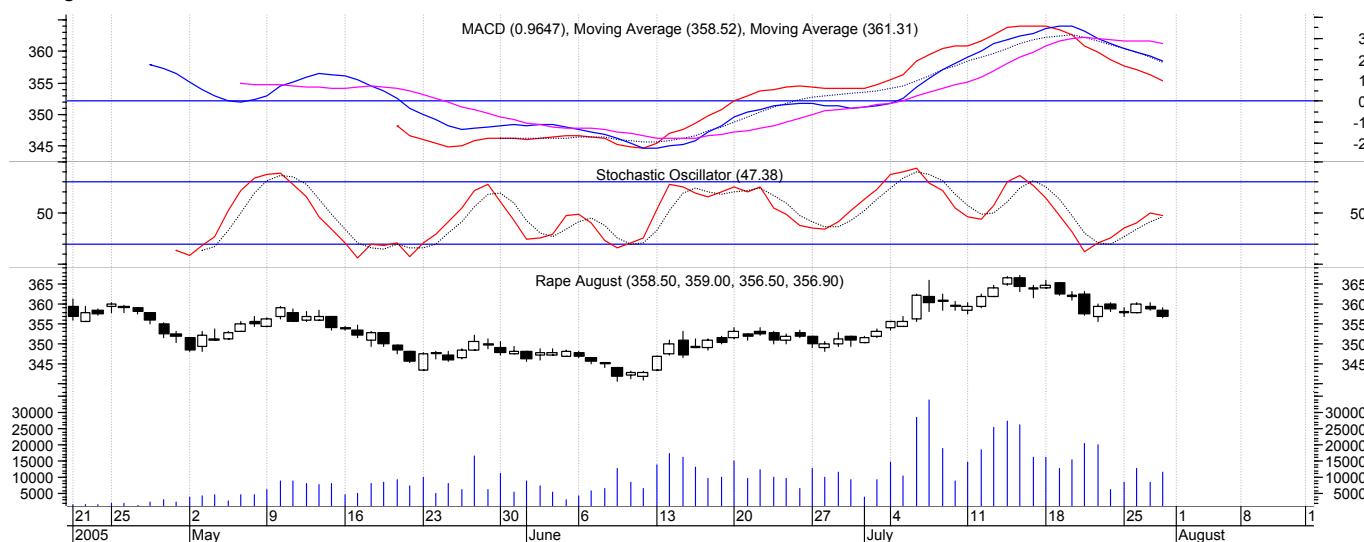
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 6 period(s) ago. Since the MACD crossed its moving average, Rape August's price has decreased 0.18% and has ranged from a high of 363.15 to a low of 355.65. The 7-Day MA dipped further lower along with the 14-Day MA hinting to the existing weakness in the prices.

##### Market advice:

Trade is expected to open and trade range bound with partial improvement for Saturday. Do not make fresh entry.

##### Advisable trade limits:

Support at 355.50 and Resistance 358.50



#### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Soybean seed August Contract** opened weak and traded further on the lower side for the day amidst declining support from the retail buyers and increased selling pressure.

**Stochastic Oscillators:** The %K - line continued lower entering the oversold region indicating to the increased weakness in the prices. The % D-line also continued marginally in the neutral region supporting the downward trend in the market. The possible turnaround in the price trend can be expected shortly.

Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 3 period(s) ago. Since the MACD crossed its moving average, August Soybean's price has decreased 1.51%, and has ranged from a high of 1347.00 to a low of 1315.00.

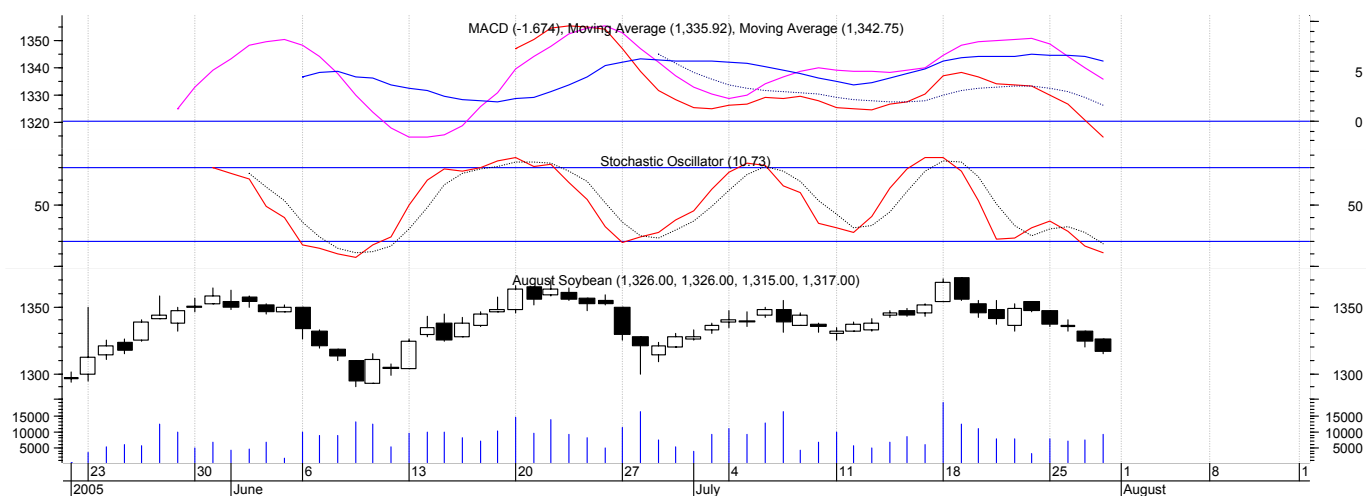
The 14-Day MA continued lower along with the 7-Day MA hinting to the growing weakness in the market prices.

##### Market advice:

Market is expected to open weak but trade range bound with slight improvement towards the end session of Saturday. Do not make new entry.

##### Advisable trade limits:

Support at 1310.70 and Resistance at 1327.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened range bound and traded significantly on the lower for most of the day amidst lack of support from the buyers and intense selling pressure at Indore Exchange.

The international market traded mixed with the screen trade partially supporting the domestic trade. The US market is expected to trade range bound in the positive territory, as today is the clearing day for the June month. At the time of closure the NCDEX August Soybean Contract was at Rs. 1317 (Down by Rs. 7.30).

The Hazir markets continued trading marginally lower amidst declining support from the retail demand and sharp fall at futures.

The price of soybean in Kota market was quoted at Rs. 1230 per quintal. In Madhya Pradesh it was Rs. 1350, in Karnataka it was Rs. 1270 and in Maharashtra it was Rs. 1230.

The market is expected to open range bound but trade positive towards the end session for Saturday amidst expected support from CBOT Soybean market.

### Rapeseed/Mustard:

The rapeseed market today lowered slightly in the spot as well as in the futures markets amidst consistent decline in the retail demand.

NAFED has already an open sale rate of Rs. 1700 for the markets of Rajasthan, Haryana and Punjab. But till now no trader have shown interest in taking the deliveries at such higher rates as the market prices is well below the quoted price.

The unsteady progress of sowing of other oilseed crops, continuing dry spell in major growing areas and very heavy rain in the areas adjoining Mumbai is still holding the prices. In the spot markets the price remained range bound on the lower side amidst lack of fresh trading initiatives from the retail traders.

Today the new crop arrival 0.15-0.20 lakh bags in Rajasthan.

The rapeseed market is expected to trade marginally on the higher side on Saturday as the buyers' support is expected to improve.

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

Markets	Prices	Arrivals (Bags)
Jaipur (C)	1815-1820	-
Alwar(C)	1715-1720	1500
Delhi(C)	1820	1500
Agra(C)	1870	-
Sri Ganganagar (NC)	1560	1000
Kota (NC)	1580-1620	2500-3000

### Groundnut

Groundnut declined marginally at various centres amidst significant losses at other edible oil futures.

The heavy rains in the Mumbai region has hampered the normal movement of the commodities leading to wide spread uncertainty in the markets. As per the latest report, the sowing of groundnut is still down by 19 per cent and the late sowing done for groundnut is also bound to reduce the overall production prospects.

In other edible oil markets, the price movement is providing no major support. The trade in the other edible oil markets is declining day by day leading to further uncertainty in the prices and low retail demand.

The domestic market is expected to continue trading range bound on Friday amidst continuing support from the retail demand and declining supplies.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2790 per quintal, the bold (60-70 Count) is Rs. 3100 per quintal, the 50-60 count seed is Rs. 2970 and for 40-50 count the rate is Rs. 2420 in Mumbai market.

### Vayda Quotes

#### Mustard futures as on 29<sup>th</sup> July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	343.30	343.00	344.00	341.90	-1.40	341.90
Hapur	5-Aug	366.00	365.60	366.80	364.30	-1.55	364.45
Bikaner	5-Aug	349.00	350.00	350.00	350.00	1.00	350.00
Hisar	5-Aug	333.00	332.80	333.70	330.70	-2.30	330.70

## CBOT

### CBOT Soy Futures Improved Significantly Amidst Expectation of Dry Weather in Coming Days

Soybean futures on the Chicago Board of Trade ended Thursday's session to the upside, underpinned by weather related crop concerns attributed to heat and dryness rebuilding in the Midwest during the next week.

The lack of rain in the 10 day forecast along with increased sensitivity to the potential for a lower than average yield helped support active speculative buying early in the session.

Crush came in at 131.72 million bushels from trade estimates near 131 million bushels. Oil stocks (1.84 billion pounds) and meal stocks (241,489 tonnes) came in as expected. Weekly export sales for soybeans came in at 2,800 metric tonnes as compared to trade expectations for 50,000-100,000. Old crop sales showed a cancellation of 62,800 tonnes. As a result, cumulative sales have reached 99.6% of the USDA forecast as compared to 102.7% on average over the last five years.

Meal sales came in at 110,400 metric tonnes as compared to trade expectations between 30,000-70,000 tonnes and oil sales were 1,000 metric tonnes as compared to trade expectations for 1,000-6,000.

The market remains worried about new crop production with a tight projected 2005-06 balance sheet, and until we see some fundamental change in weather.

In trades, Calyon Financial, RJ O'Brien and Refco each bought 500 November, Man Financial bought 600 November, and Tenco bought 400 November. ADM Investor Services and Refco each sold 300 November, and Cargill sold 500 November.

The US soybean is expected to continue range bound on the higher side amidst expected dry weather conditions in the coming days.

#### CBOT Soy oil futures as 28 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	673.6	673.6	690.0	673.6	+10.6	684.2
Aug'05	678.0	678.0	694.4	678.0	+11.0	689.0

CBOT remains closed on Saturday and Sunday.

### South American Soybean Improved Further on Unfavourable Crop Weather in US

November South American soybeans closed 3 cents higher on the session. If the US soybean market determines that a weather premium is necessary for the August time frame ahead, world values could improve, but South America cash markets may get hit with extra selling from producers who may have been holding out for higher prices.

Threat to supply in the US may also jump start a stronger demand period in Brazil as end users extend coverage just in case crop conditions deteriorate in August. Improving crop weather is necessary for the US to avoid below normal yields and a tight ending stocks situation.

Strong world demand from positive growth has provided underlying support to the market, but there are some demand concerns developing if there are significant changes ahead for poultry or pork industries in Asia.

Traders are also keeping an eye on bird flu developments and stories from China of 24 human deaths from a mysterious pig disease. China officials believe the disease is swine flu, but a 20% mortality rate and other factors have many scientists unsure of the source.

While the hefty rain totals across much of the Midwest this past week brought soybean prices to the low end of the recent 2-month trading range, the lack of rain in the forecast with increasing temperatures into early August is seen as a potential threat to yield. While crops are in a position to see improvement even without rain for the next week, the lack of rain in week two with temperatures in the Midwest moving back into the 90's helped to provide underlying support.

If yield dips to 38 bushels per acre and usage estimates are left unchanged, the ending stocks forecast could drop to 71 million bushels as compared with 290 million bushels this season. Both of these ending stocks estimates are capable of driving prices higher, and a 38 bushel per acre yield could equate to the \$8.00-\$10.00 region.

There is also talk of lowering the harvested acres forecast. The point of the what if exercise is to illustrate the need for continued good weather into mid-August to achieve normal yields, or else the market will remain extremely sensitive to weather.

The Latin American soybean market is expected to continue marginally in the bullish region for the long and medium term amidst growing uncertainty in crop weather of US and increasing global demand.

#### Forex Rates (As on 29.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.45
Malaysia	Ringgit	11.58
European Union	Euro	52.74
United Kingdom	GBP	76.31
Japan	100 Yen	38.75

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