

OILSEED

23rd July 2005

- Rapeseed Market Declined Marginally on Uncertain NAFED's Policy for Sale of Mustard

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX August Contract

Rapeseed August Contract opened firm and continued range bound for most of the trading session and dipped lower towards the end of the day amidst indecisive buyers support and declining retail demand.

Stochastic Oscillators: The %K - line continued up in the neutral region indicating to the rising strength in the prices. The % D-line continued lower in the neutral region indicating the existing weakness in the market.

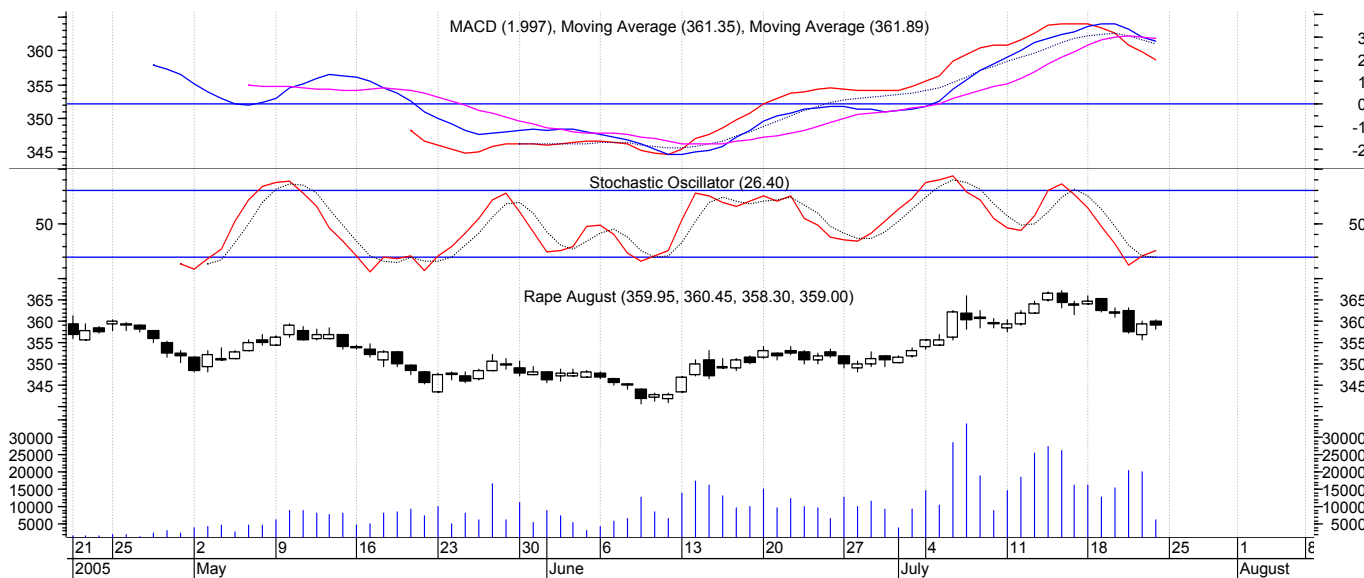
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 2 period(s) ago. Since the MACD crossed its moving average, Rape August's price has increased 0.41% and has ranged from a high of 363.15 to a low of 355.65. The 7-Day MA dipped lower hinting to the continuing weakness in the prices along with the 14-Day MA. The growing weakness in the prices is also confirmed as the 7-day MA has made a bearish crossover of the 14-day MA.

Market advice:

Trade is expected to open range bound and continue marginally higher for Monday. Go long with intra-day outlook.

Advisable trade limits:

Support at 357.60 and Resistance 362.00



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX August Contract

Soybean seed August Contract opened firm but traded on the lower for the day amidst declining buying support as the US CBOT market could not provide any significant support to the domestic market and the declining retail demand.

Stochastic Oscillators: The %K - line continued improving in the neutral region indicating to the rising strength in the prices. The % D-line, on the other hand, continued lower in the neutral region indicating the continuing weakness in the market.

Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line period(s) ago. Since the MACD crossed its moving average, August Soybean's price has increased 0.26% and has ranged from a high of 1,372.0 to a low of 1,332.00.

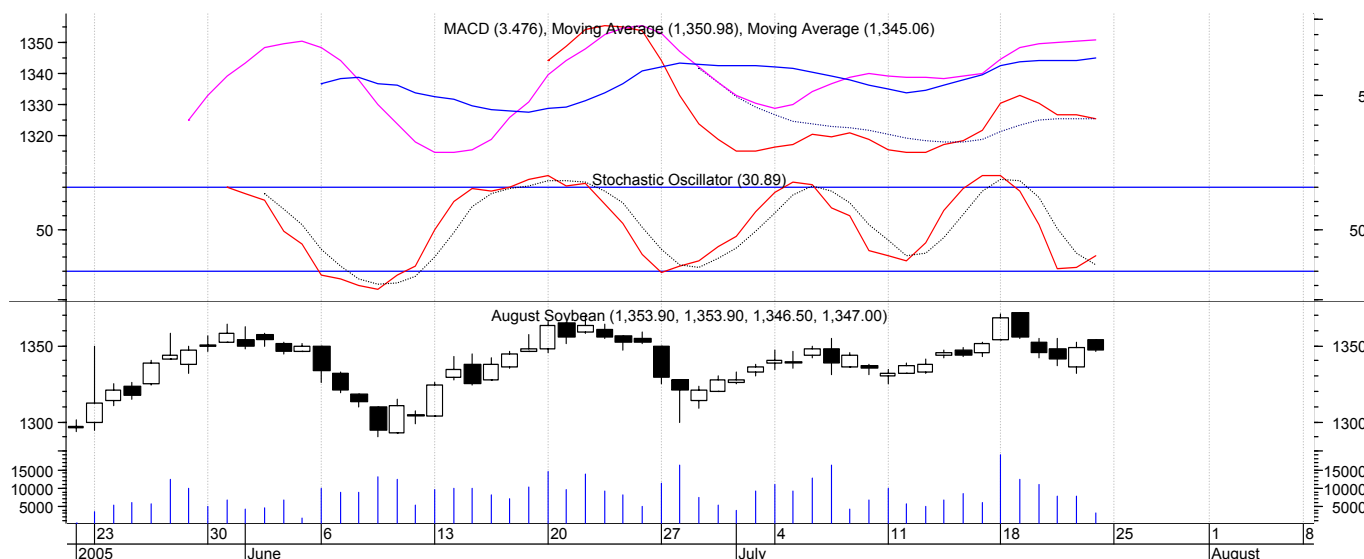
The 14-Day MA is still moving up showing the improving sentiments in the markets along with the 7-Day MA.

Market advice:

Market is expected to open and trade range bound on the positive side for Monday. Go long with intra-day outlook.

Advisable trade limits:

Support at 1344.00 and Resistance at 1359.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened marginally firm but continued range bound for the day amidst growing buying support and declining crop weather in the US.

The revaluation of Chinese currency is bound create favourable situation for the US soybean market. Continuing on the screen trading which clearly reflecting the positive the evening trade closed in the positive region providing support to the traders who were sitting bullish regarding the overall price movement. At the time of closure the NCDEX August Contract was at Rs. 1347.00 (Down by Rs. 1.90).

The Hazir market continued range bound in the positive region amidst low support from the retail demand.

The price of soybean in Kota market was quoted at Rs. 1220 per quintal. In Madhya Pradesh it was Rs. 1425, in Karnataka it was Rs. 1280 and in Maharashtra it was Rs. 1250.

The market is expected to open range bound and trade positive for Monday amidst expected positive support from CBOT Soybean futures at the screen trade.

Rapeseed/Mustard:

The rapeseed market today moved range bound on the lower side at the futures amidst indecisive buyers support.

As per the latest development NAFED is expected to come in the market with the open sale pattern. As per the trade sources the NAFED as already an open sale rate of Rs. 1680 for the markets of Rajasthan, Haryana and Punjab. This information is not yet confirmed by the official sources, but if this is true it will significantly pull down the prices in the spot as well as the futures market.

The unsteady progress of sowing of other oilseed crops and continuing dry spell in major growing areas is still helping the prices. In the spot markets the stayed range bound on the lower side amidst lack of retail demand.

Today the new crop arrival reached 0.15 lakh bags in Rajasthan.

The rapeseed market is expected to improve marginally on Monday as the buyers' support is expected to grow.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur	1805-1810	-
Alwar	1710-1715	1500
Delhi	1820	1500
Agra	1880	-
Sri Ganganagar	1580	700
Kota	1630-1635	2000

Groundnut

Groundnut continued range bound at various centres. In all the major markets the prices remained steady as it witness no significant change in the demand.

The uncertain and slow sowing progress, the import of the other competitive edible oil is imparting increased pressure on the domestic groundnut prices. As per the latest report, the sowing of groundnut is still down by 23 %, which is bound to reduce the overall production figures, thereby keeping the bullish trend in the prices in the coming days.

In other edible oil markets, the price movement is not in the position to provide sufficient support. Since the ongoing monsoon season is quite erratic and uneven, the long term prospects for the groundnut oil continues to be favourable.

The domestic market is expected to continue trading range bound on Monday amidst continuing uncertainty and expectation of lower production in the ongoing crop season.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2800 per quintal, the bold (60-70 Count) is Rs. 3000 per quintal, the 50-60 count seed is Rs. 3000 and for 40-50 count the rate is Rs. 2400 in Mumbai market.

Vayda Quotes

Mustard futures as on 22nd July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	344.50	344.30	344.60	343.60	-0.80	343.70
Hapur	5-Aug	366.80	366.70	366.70	365.80	-0.80	366.00
Bikaner	5-Aug	344.00	344.00	344.00	344.00	0.00	344.00
Hisar	5-Aug	340.00	339.50	339.70	338.50	-1.40	338.60

CBOT

CBOT Soy Futures Traded Range Bound on Support From Expected Dry Weather in Coming Days

A drier and potentially hot forecast into early August for the Midwest helped support speculative and fund buying early in the session. Ideas that the market is oversold after the collapse this week helped support some short-covering strength as well.

While the wet weather this week for many parts of the US might support improving crop conditions for the week, some traders are still concerned that the hottest weather in 6 years moving into the Midwest this weekend and early next week will quickly deplete soil conditions and leave the crops in need of more follow-through moisture into early August.

While there are some showers in the forecast for the middle of next week with the move to lower temperatures, a drier and warmer trend on the 6-10 day outlook helped provide underlying support. Forecasts for extremely hot temperatures in the Midwest underpinned trade, along with some positioning ahead of the weekend. After a week of sharp losses, short covering was a feature of early trade.

A sharp break in Malaysia palm futures overnight and slow demand for US soybeans and products helped limit the support. In addition, a stronger US dollar was also seen as a limiting factor.

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Buyers in soybeans include CIS buying 300 November; Goldenberg Heymeyer buying 800 November; and DT Trading buying 300 November. Sellers include ADM, and ABN Amro each selling 200 November; Bunge selling 400 November; Calyon selling 500 November; O'Connor selling 700 November; Refco selling 600 November; and UBS selling 600 November.

The US soybean is expected improve marginally amidst bullish undertone growing expectation of dry weather in US.

CBOT Soy oil futures as 22 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	669.4	676.0	677.4	665.4	-0.2	669.2
Aug'05	674.4	681.0	682.0	670.4	-1.2	673.2

CBOT remains closed on Saturday and Sunday.

South American Soybean Continued Range Bound on Speculative Liquidation Pressures

August South American soybeans closed 14 1/2 cents lower. Traders remain focused on the US weather situation, and factors regarding demand or longer-term supply for Brazilian beans have moved to the back burner.

The massive speculative liquidation pressures on the US market are less of a factor for the South American market, and this has helped drive the US market to a discount to South American from a 50 1/2 cent premium on July 5th.

The Brazil government released 3 billion real (\$1.3 billion US) credit to grain producers to help restructure debt to the fertilizer industry. Fertilizer sales were down 27.9% from last year for the first half of 2005, and there is more and more talk that Brazil planted area for the coming year will be down for the first time in years.

The China currency shift looks to be a more positive factor for Argentina exports to China as compared with Brazil.

The market is likely to remain extremely sensitive to weather developments, as the crops go into the key growing season in August with general conditions somewhat below average. The market will need weather which can bring on average to above average yields in order to see further weakness ahead, as below normal yields this season could trigger a significant tightening of the ending stocks outlook.

Crop conditions could improve for the week ending Sunday, and there is some rain in the forecast for the middle of next week, but overnight weather maps were a bit warmer and drier for the extended outlook. After 3-5 days of intense heat, it will be important to see good rains next week in the southern and western sections of the Corn Belt in order to keep crop conditions favorable.

Even with poor weather in July, normal weather in August can improve crop conditions dramatically and bring yields in above average. However, any indications of a return to hot and dry weather that could stress the soybean crop into mid-August could trigger a quick resumption of the uptrend.

The Latin American soybean market is expected to continue range bound on the positive side amidst expected dry weather in the coming days and resurgence of Chinese demand.

Forex Rates

(As on 23.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.50
Malaysia	Ringgit	11.51
European Union	Euro	52.48
United Kingdom	GBP	75.61
Japan	100 Yen	39.08

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