

OILSEED

21st July 2005

- Rapeseed Market Continued Lower on Increased Selling Pressure

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX August Contract

Rapeseed August Contract opened weak and continued further lower further hinting to the increasing weakness in the prices. The market traded today amidst lack of buying support.

Stochastic Oscillators: The %K - line dipped sharply down entering the oversold region indicating to the increasing weakness in the prices. The % D-line also moved significantly lower in the neutral region indicating the continuing weakness in the market.

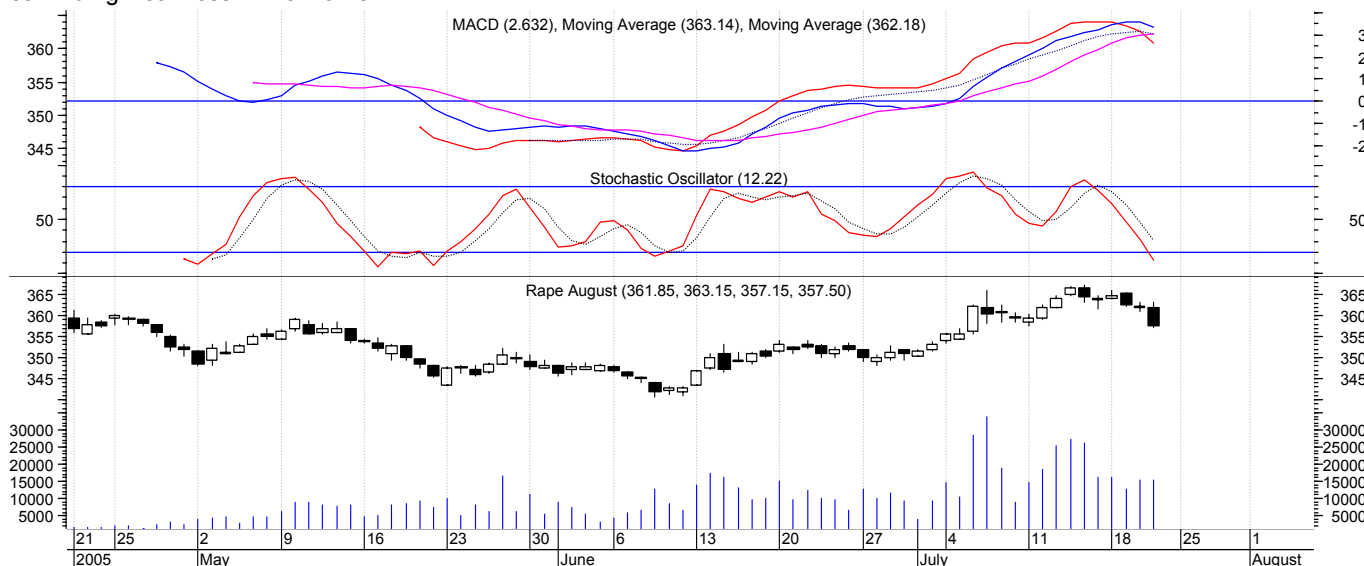
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 0 period(s) ago. Since the MACD crossed its moving average, Rape August's price has been unchanged and has ranged from a high of 363.15 to a low of 357.15. The 7-Day MA dipped lower hinting to the growing weakness in the prices along with the 14-Day MA.

Market advice:

Trade is expected to open lower and continue on the lower side for Friday. Go short with very short-term outlook.

Advisable trade limits:

Support at 354.90 and Resistance 360.40



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX August Contract

Soybean seed August Contract opened range bound on the higher side but traded sharply lower for the day amidst increased selling pressure ushered by the wide spread uncertainty in the domestic as well as international edible oil markets.

Stochastic Oscillators: The %K-Line continued further lower along with the % D-line indicating the increasing weakness in the domestic prices.

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 decreased 0.26% and has ranged from a high of 1,372.00 to a low of 1,337.25.

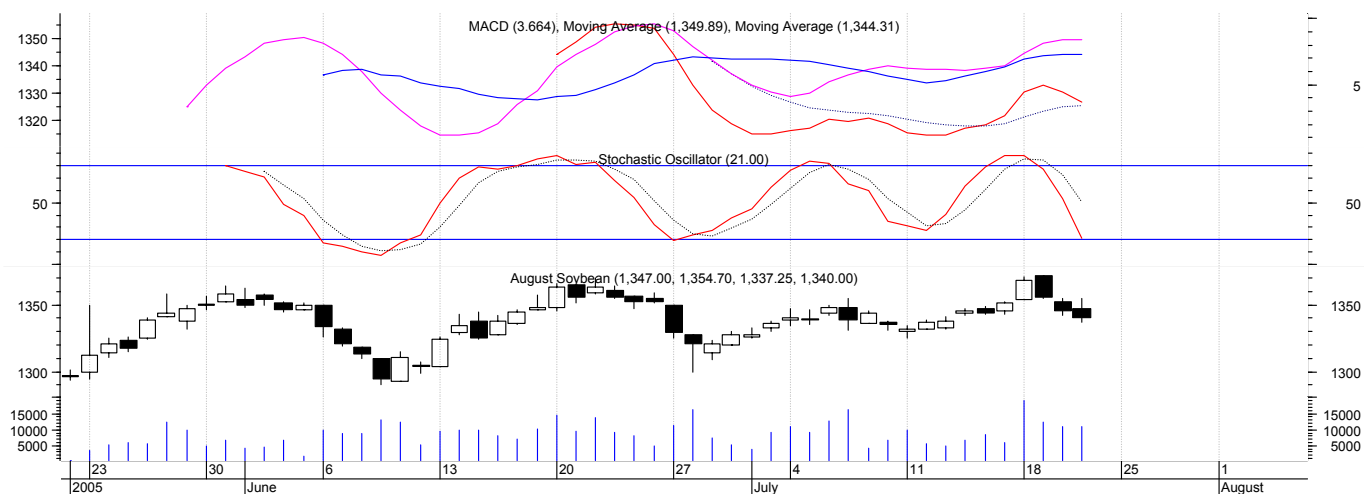
The 14-Day MA is still moving up showing the improving sentiments in the markets whereas the 7-Day MA turned lower hinting to the declining strength in the market.

Market advice:

Market is expected to open and trade range bound on the lower for Friday. Go short with short-term outlook.

Advisable trade limits:

Support at 1328.00 and Resistance at 1347.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened weak, continued range bound for most part of the day, but dipped sharply lower in the last hour of the day amidst increased selling pressure and excessive decline in the US soybean complex market.

The international CBOT market dipped sharply lower on screen trade today creating the over uncertain and weak sentiments in the domestic market. The incidence of rains in Iowa, Indiana and Ohio was the main cause of the weak sentiments resulting in panic selling. At the time of closure the NCDEX August Contract was at Rs. 1337.25 (Down by Rs. 8.30).

The Hazir market continued range bound in the negative region amidst declining strength in the futures market.

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. 1290 and in Maharashtra it was Rs. 1240.

The market is expected to open and trade on the lower side for Friday amidst expected sharp decline in CBOT Soybean futures today evening.

Rapeseed/Mustard:

The rapeseed market today continued declining significantly at the futures amidst increased selling in the morning hours, which caused panic in the rapeseed market.

The policy of the NAFED regarding the mustard seed sale is not yet clear. The NAFED could not go through with the tender rate for the sale of mustard seed as the rates quoted is said to be much above the market rate. As per the latest development NAFED is not willing to offer the mustard in the market below Rs. 1700 per quintal and since this rate is well above the current spot market rates, the officials have the internet of waiving for the favourable time and are not in a hurry to sell it at lower rates.

The unsteady progress of sowing of other oilseed crops and declining weather in major growing areas is still helping the prices. In the spot markets the stayed range bound amidst steady demand.

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

The rapeseed market is expected to continue trading on the lower side as the buyers' support uncertainty is expected to continue.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur	1810-1815	-
Alwar	1690-1700	1500
Delhi	1835	500
Agra	1870	-
Sri Ganganagar	1580	500
Kota	1570-1620	2000

Groundnut

Groundnut today continued range bound at various centres. In all the major markets the prices remained steady amidst sharp decline in the prices of other edible oils.

The uncertain and slow sowing progress, the import of the other competitive edible oil is also imparting increased pressure on the domestic groundnut prices.

The domestic market is expected to continue trading range bound on Thursday 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 21st July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	348.10	348.20	348.20	344.40	-4.60	343.50
Hapur	5-Aug	370.30	370.50	370.50	365.40	-4.70	365.60
Bikaner	5-Aug	344.00	344.00	344.00	344.00	0.00	344.00
Hisar	5-Aug	344.60	344.60	344.60	339.60	-5.00	339.60

CBOT

CBOT Soy Futures Recovered Marginally on Late Buyers Support

Soybean futures at the Chicago Board of Trade ended moderately higher Wednesday, managing to retrace earlier losses amid moderating weather forecasts and after speculative-led selling ran its course.

Fund traders were active sellers early in the session but some commercial buying support emerged to establish the early lows. The sharp rally off of the lows and close above the opening and higher on the day helped improve the technical picture slightly and slowed fund selling activity.

Traders are expecting good rains in the Midwest for the next few days and then more rains beginning Tuesday of next week. A hot and wet outlook (the greenhouse effect) could boost crop conditions for the week in spite of forecasts for temperatures to hit 100 degrees on the weekend for parts of the western cornbelt and into northern Illinois.

For the weekly export sales report, released before the opening, traders are looking for soybean sales near 75,000-175,000 tonnes, meal sales near 50,000-100,000 tonnes and oil sales near 1,000-6,000 tonnes.

In pit trades, Cargill bought 1,000 November, ABN Amro bought 1,000 November, Citigroup, Merrill Lynch and Goldenberg Hehmeyer each bought 500 November, Refco bought 1,200 November, and Tenco bought 500 August. On the sell side, Cargill Investor Services sold 1,000 November, Man Financial sold 1,200 November, Rand Financial sold 800 November, Refco sold 1,200 November, and UBS Securities sold 1,500 November.

The US soybean is expected to continue range bound with bullish undertone growing uncertainty in the weather forecasts and lack of new export potentials.

CBOT Soy oil futures as 20 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	682.4	668.0	685.0	668.0	+2.0	684.4
Aug'05	685.4	671.4	689.4	671.4	+3.2	688.6

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Traded Low on Massive Speculative Liquidation Pressures

August South American soybeans closed 30 cents lower on the session yesterday at 686 1/2. Volume was slow with traders trying to determine how much liquidation might occur in the soybean pit with both small spec and fund traders as active sellers.

A general feeling that the weather threat to the US crop has peaked and that more normal weather in August will help improve crop conditions helped trigger the aggressive selling.

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 from a 50.5 cent premium on July 5th. The market remains under the negative technical influence of the reversal on Thursday (new contract high and lower close).

The selling was triggered by: 1) rain on Monday in Iowa, which helped benefit conditions ahead of this weekend's heat blast, 2) ideas that northern and central Illinois will also receive a good rain ahead of the heat and 3) ideas that the weather trend will shift into early August with more normal rains and normal temperatures which would boost crop conditions going into the key reproduction period in August.

Demand factors remain weak with the high US dollar, a weak China short-term demand setup and cheaper prices in Brazil helping to keep the export tone weak. Iran bought 35,000 tonnes of soyoil from Brazil overnight. The USDA indicated yesterday that cloudy, warm and humid weather in Arkansas, Missouri, Kentucky, Tennessee and parts of Ohio and Illinois are ideal conditions for the spread of Asia rust over the next several days. New cases have been found in Georgia, Florida and Mississippi in the past few days.

Overnight rains in Iowa moving into northern Illinois and Wisconsin this morning look to bring higher than expected rain amounts to the region.

The Latin American soybean market is expected to continue range bound amidst uncertain demand prospects.

Forex Rates (As on 21.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.46
European Union	Euro	52.84
United Kingdom	GBP	75.82
Japan	100 Yen	38.61

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