

OILSEED

15th July 2005

- Rapeseed Market Declined Significantly on Strong Rumors

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX July Contract

Rapeseed July contract opened firm but continued trading on the lower for the day. The market traded today amidst strong rumours of selling of Mustard seeds by NAFED.

Stochastic Oscillators: The %K - line continued up in the over bought region after making a bullish cross over of the % D-line indicating to the rising strength in the prices. The % D-line also continued up in the neutral region indicating the existing strength in the market.

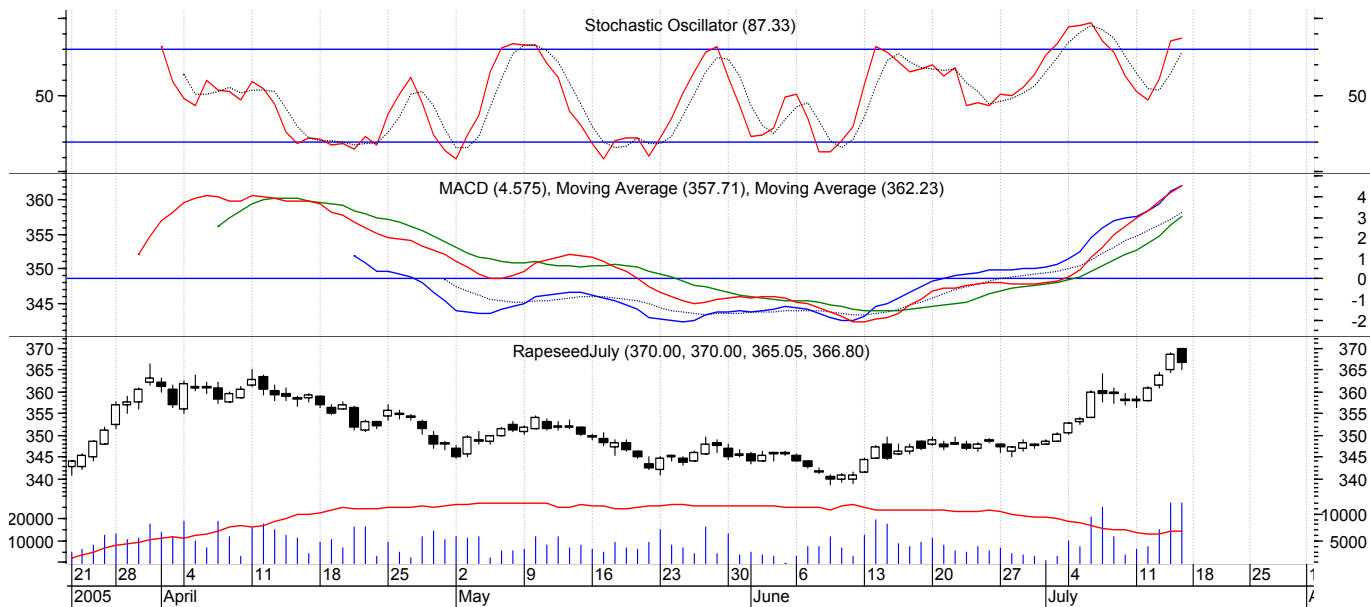
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 27 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 5.61% and has ranged from a high of 370.00 to a low of 344.50. The 7-Day MA continued moving sharply up along with the 14-Day MA still supporting the rising strength in the market prices.

Market advice:

Trade is expected to open range bound and trade marginally on the higher side for Saturday. Do not make new entry in the market at present.

Advisable trade limits:

Support at 364.45 and Resistance 371.00



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX July Contract

Soybean seed July contract opened positive and continued up for most of the day before declining marginally towards the end session amidst declining support from the buyers in the market and increased uncertainty at the soybean oil futures at all major exchanges.

Stochastic Oscillators: The %K continued up along with the % D-line in the neutral region indicating the continuing strength in the domestic prices.

Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 4

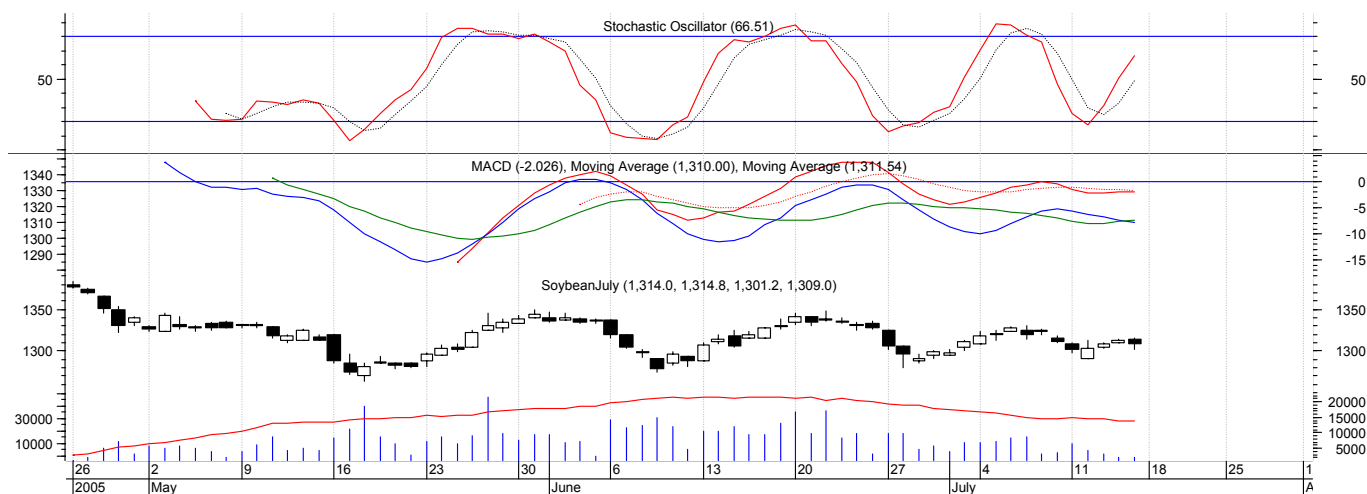
period(s) ago. Since the MACD crossed its moving average, Soybean July's price has increased 0.55% and has ranged from a high of 1,314.85 to a low of 1,291.00. The 14-Day MA continued up showing the improving sentiments in the markets but the 7-Day MA is hinting to the growing weakness in the prices in the market as it has made a bearish cross over of the 14-Day MA.

Market advice:

Market is expected to open and trade range bound for Saturday. Do make a new entry, as the market is indecisive for today.

Advisable trade limits:

Support at 1299.00 and Resistance at 1323.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened range bound on the lower side and continued downward for the day amidst declining buyer's support.

The international market improved at the CBOT amidst wide spread uncertainty in the weather. The long term prospects in the US market is still expected to be bullish as the warm weather is predicted in the weekend as well as the starting days of the next week. At the time of closure the NCDEX July Contract was at Rs. 1309.00 (Down by Rs. 3.65).

The Hazir market traded range bound in the positive region amidst uncertain sentiments at the futures and support from the international markets.

The price of soybean in Kota market was quoted at Rs. 1290 per quintal. In Madhya Pradesh it was Rs. 1440, in Karnataka it was Rs. 1270 and in Maharashtra it was Rs. 1275.

The market is expected to open steady for Saturday and trade range bound as the day progresses.

Rapeseed/Mustard:

The rapeseed market today declined marginally at the futures amidst strong rumours of opening of mustard tenders by NAFD.

The traders are expressing their concern over the declining supply in the retail market. The regular miller's demand is keeping the market tight.

The next meeting between NAFED officials and the traders is scheduled for coming Wednesday, till then the market is expected to continue with its bullish trend.

Today, the rapeseed also found declining support from the buyers at major exchanges amidst the unsteady progress of sowing of other oilseed crops and declining weather in major growing areas. In the spot markets the prices moved significantly on the higher side amidst declining supplies.

Today the new crop arrival reached 0.25 lakh bags in Rajasthan.

The rapeseed market is expected to continue trading range bound for Saturday as the buyers' support is expected to be on the rise further.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur	1840-1845	-
Alwar	1730-1735	No arrivals due to rain
Delhi	1830-1835	1000
Agra	1875	-
Sri Ganganagar	1570	500
Kota	1580-1620	1000

Groundnut

Groundnut today declined at various centres after continuous increase of last few day amidst increased uncertainty in other edible oil markets.

The Gujarat market lowered marginally amidst wide spread uncertainty while the Mumbai market witnessed significant decline of Rs. 25.

The progress of the current monsoon is the main cause of the increase in the prices, which is hindering the smooth sowing of the new crop.

The domestic market is expected to continue trading range bound on Saturday amidst growing uncertainty and delay in the sowing of the new crop.

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. 3020 and for 40-50 count the rate is Rs. 2435 in Mumbai market.

Vayda Quotes

Mustard futures as on 15th July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	351.70	351.20	351.20	349.30	-2.10	349.60
Hapur	5-Aug	374.40	374.50	374.50	371.00	-2.90	371.50
Bikaner	5-Aug	340.00	342.00	342.00	342.00	2.00	342.00
Hisar	5-Aug	348.50	348.40	348.40	346.60	-1.50	347.00

CBOT

CBOT Soy Futures Improved on Lower Crush Report and Expected Dry Weather

The two-week outlook for the Midwest weather to turn hotter and drier than normal contributed to the active buying near the open. The weather threat is the focus of attention as a minor yield reduction this season could support a bullish balance sheet for the coming season.

Chances for rain this weekend in parts of the Eastern Corn Belt, which had been in the forecast earlier, were cited as the reason for the late-day break. DTN Meteorlogix reported that rainfall in the eastern Midwest would total no more than about three-10ths of an inch, and from one-quarter to three-quarters of an inch in the western Midwest early next week. The weather threat is the focus of attention as a minor yield reduction this season could support a bullish balance sheet for the coming season.

Weekly US export sales for soybeans came in at 175,100 tonnes as compared to trade expectations of 60,000-125,000. Cumulative sales have reached 99.7% of the USDA forecast for the season as compared to 101.7% on average over the last five years. Sales of 13,400 tonnes per week are needed to reach the USDA estimate.

Meal sales came in at 79,500 tonnes from trade expectations at 45,000-95,000. Cumulative sales have reached 85.2% of the USDA forecast as compared to 88.9% on average over the last five years. Oil sales hit 21,800 tonnes, slightly below expectations.

The NOPA pegged June soybean crush at 125.257 million bushels, which was 3-6 million bushels below expectations. This was seen as a bearish demand indicator but oil stocks came in below expectations at 1.564 billion pounds from 1.571 billion in May.

The weather threat is the focus of attention as a minor yield reduction this season could support a bullish balance sheet for the coming season.

The US soybean is expected to remain bullish on expectation of continuing dry and warm weather.

CBOT Soy oil futures as 14 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	711.4	735.0	736.0	723.0	+11.6	723.0
Aug'05	714.0	737.0	738.0	711.0	+6.0	720.0

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Continued Improving Expected Dry in Coming Days

South American Soybean traded higher in overnight trade amidst bullish support from the NOPA report released in US, which reported decline in crush.

The market remains extremely sensitive to weather developments, and since the hurricane rains arrived to the Midwest on Monday, November soybeans have moved from a low of 668 to a high of 732 3/4 in overnight moves.

The soybean market should remain sensitive to weather developments as August weather will be key to yield potential, but it appears that crop conditions may deteriorate significantly going into August.

At the current USDA usage forecast for example, a drop in average yield by 5% below the trendline (2 bu/acre) would result in ending stocks falling to just 64 million bushels, an all-time low. If yield falls 10% below trend (by 4 bu/acre), ending stocks would come in at a negative 80 million bushels. If we assume that about 115 million bushels is the pipeline, in both of these examples price rationing would be necessary, and with a 10% yield drop, prices would need to move high enough to price out nearly 200 million bushels of usage. While we are not predicting a 10% drop in yield, the purpose of the exercise is to illustrate why the market is so sensitive to weather this season.

Poor weather in August of 2003 triggered a 10.7% drop in yield from the previous year. In 1995, hot and dry weather triggered a 13.9% drop in yield from the previous year, and in 1988 yields fell 20% from the previous year due to an early season drought.

The Latin American soybean market is expected to continue on the high amidst chances of some scattered rains for early next week, the weather models for the Midwest point mostly to above normal temperatures and below normal precipitation.

Forex Rates		(As on 15.07.2005)
Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.52
Malaysia	Ringgit	11.47
European Union	Euro	52.78
United Kingdom	GBP	76.69
Japan	100 Yen	38.83

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