

## OILSEED

14<sup>th</sup> July 2005

- Rapeseed Market Improved Significantly on Continuing Buyer's Support

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX July Contract

**Rapeseed July contract** opened firm and continued trading on the higher for the day. The market is expected to open steady but continue further in the positive territory.

**Stochastic Oscillators:** The %K - line moved sharply up entering 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 growing strength in the market.

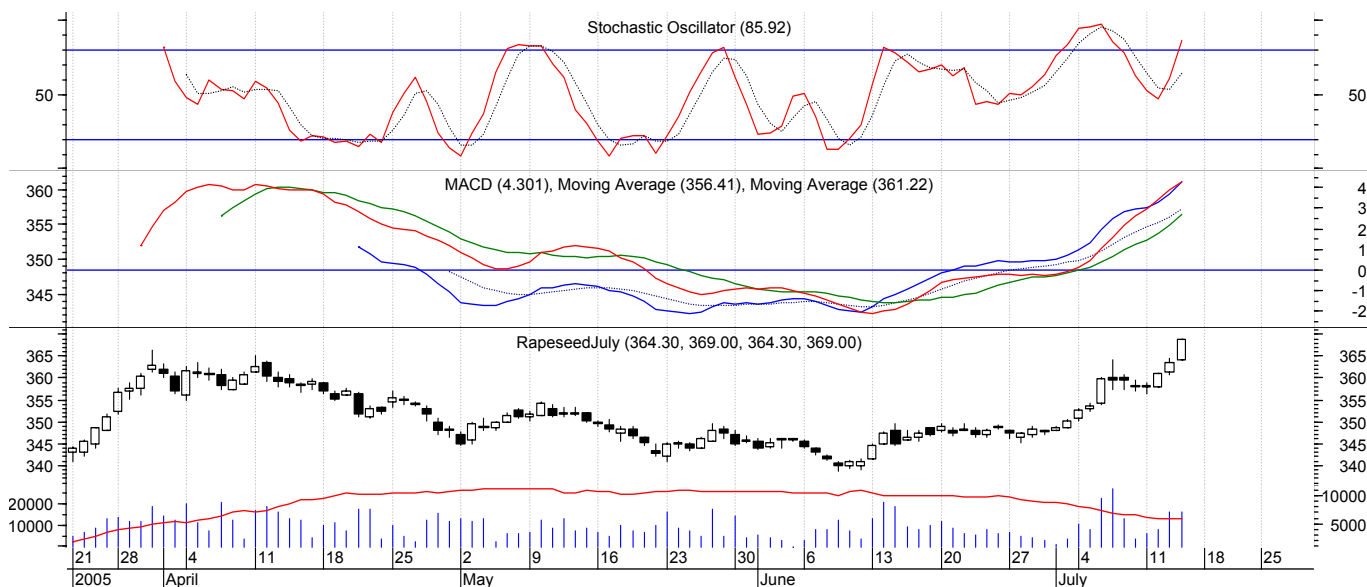
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 26 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 6.25% and has ranged from a high of 369.00 to a low of 344.50. The 7-Day MA continued moving sharply up along with the 14-Day MA supporting the rising strength in the market prices.

##### Market advice:

Trade is expected to open and trade on the higher side for Friday. Go long with short as well as long term outlook.

##### Advisable trade limits:

Support at 366.40 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 amidst increased support from the buyers in the market and rising support from 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 rising 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 3

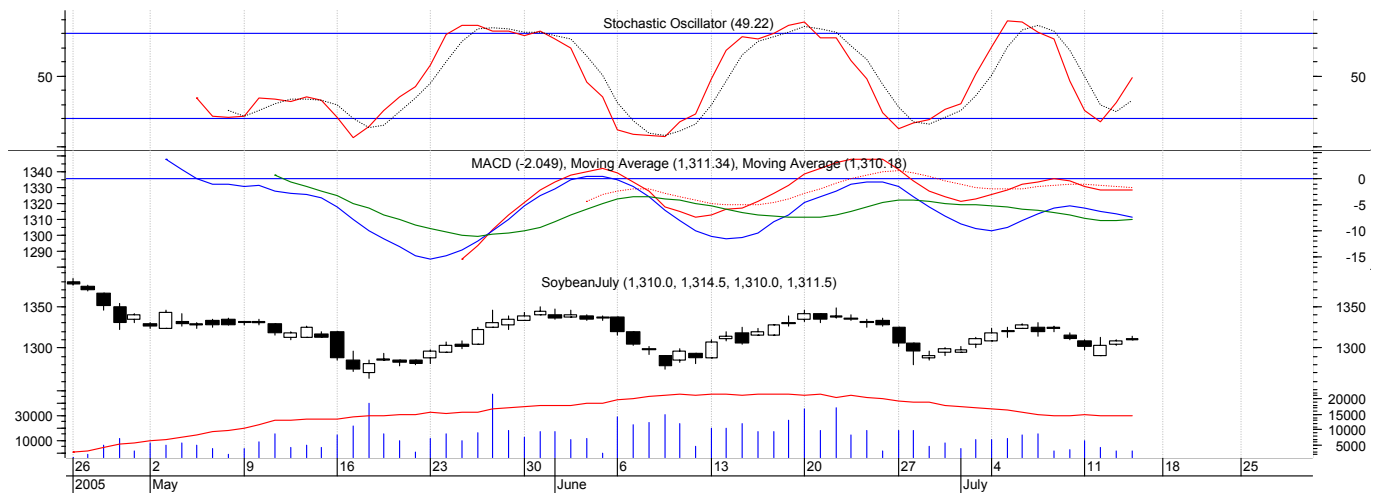
period(s) ago. Since the MACD crossed its moving average, Soybean July's price has increased 0.74% and has ranged from a high of 1,314.50 to a low of 1,291.00. The 14-Day MA continued up showing the improving sentiments in the markets but the 7-Day MA is hinting to the existing unsteadiness in the market prices.

##### Market advice:

Market is expected to open and trade range bound for the day but trade marginally higher in the end session on Friday. Go long with short as well as long term outlook.

##### Advisable trade limits:

Support at 1304.00 and Resistance at 1323.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened positive and continued further higher side for the first few hours but witnessed mild decline towards the end of the day amidst increasing buyer's support.

The international market improved marginally at the CBOT amidst wide spread uncertainty in the weather caused by the Dennis Hurricane and the following Emily Storm, which is reported to have caused wide spread damage in the soybean growing areas. 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. 1311.50 (UP by Rs. 3.05).

The Hazir market traded range bound in the positive region amidst uncertain sentiments at the futures and the pressure of unsteady retail demand.

The price of soybean in Kota market was quoted at Rs. 1340-1350 per quintal. In Madhya Pradesh it was Rs. 1470, in Karnataka it was Rs. 1265 and in Maharashtra it was between Rs. 1280.

The market is expected to open steady for Friday and trade higher as the day progresses.

### Rapeseed/Mustard:

The rapeseed market today continued to find increased support at the futures in the start of the trade amidst increased buying and profit coverings and sharply increased buying interest.

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 traders are still keeping their fingers crossed over the next move of NAFED whose domestic tender declaration scheduled for tomorrow was not able to reach any conclusion, which sent bullish sentiments in the market. The next meeting between the 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 increased 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 increasing demand.

Today the new crop arrival reached 0.25-0.30 lakh bags in Rajasthan and about 0.10 lakh bags in Madhya Pradesh.

The rapeseed market is expected to continue trading on the higher for Friday 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	1830-1835	-
Alwar	1740-1750	1500
Delhi	1830-1835	1000
Agra	1890	-
Sri Ganganagar	1580	500
Kota	1610-1640	1500

### Groundnut

Groundnut today continued on the gradual increase in the price at various centres amidst declining sowing of the new crop and increased retail demand.

The Gujarat market is still maintaining the high price amidst concerns of the adversity of flood, which has hampered effective supply line to different markets and the timely sowing of the new crop.

The progress of the current monsoon is the main cause of the increase in the prices.

The domestic market is expected to continue trading range bound on the higher side in the coming days 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 14<sup>th</sup> July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	348.90	351.00	351.50	350.50	2.80	351.70
Hapur	5-Aug	370.90	374.00	374.50	372.30	3.50	374.40
Bikaner	5-Aug	339.50	340.00	340.00	340.00	0.50	340.00
Hisar	5-Aug	346.00	346.60	348.60	346.60	2.50	348.50

## CBOT

### CBOT Soy futures Surged Ahead on Warm and Dry Weather

Soybean complex futures rallied stoutly Wednesday at the Chicago Board of Trade, bolstered by hot and dry weather forecasts for next week and fund buying.

Some models show little or no rain for western Illinois in the next few days. A potential ridging pattern for the late July time frame, which could dry out the western cornbelt with a warm and dry trend along with the need for a big yield in the western cornbelt to offset the potential lower yield in Illinois, added to the bullish tone.

Taiwan bought 58,000 tonnes of soybeans from Brazil in their tender for US or Brazil soybeans, which was seen as a slightly negative demand factor.

Weekly export sales, released before the opening, are expected to come in near 60,000-125,000 tonnes as compared with 170,600 tonnes last week. Meal sales are expected near 45,000-95,000 tonnes and oil sales near 22,000-28,000 tonnes.

The National Oilseed Processors Association June monthly soybean crush is expected to be 130.5 million bushels. The May NOPA crush was 136.7 million bushels and last June's NOPA crush was 102.4 million bushels. Much depends on the NOPA Crush reports today evening.

In trade buyers in soybeans included Calyon buying 800 November contracts; Citigroup and ABN Amro each buying 500 November; Refco buying 700 November; and Man Financial and CIS each buying 300 November. Bunge and ADM each bought 200 November. Cargill sold 800 November and R.J. O'Brien sold 500 November. Goldenberg Heymeyer sold 300 November.

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

### CBOT Soy oil futures as 13 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	698.4	702.0	716.0	702.0	+13.0	711.4
Aug'05	701.2	705.0	719.0	705.0	+12.8	714.0

CBOT remains closed on Saturday and Sunday.

### South American Soybean Futures Continued Improving Expected Dry in Coming Days

Continued signs of strong demand from China along with the strong Brazilian currency which might be discouraging producer sales in Brazil have helped support the South American strength relative to the US market in the past two weeks.

The USDA left their projection for Brazil production for the 2005/2006 season unchanged from last month at 62 million tonnes, up from 51 million tonnes this year and 50.5 million tonnes last year.

While the hurricane rains have helped ease the stress of the Illinois and eastern Corn Belt crops, ideas that the rains may not be enough to bust the drought and more threatening weather on the horizon may have been enough to support the higher close yesterday.

As per the current USDA usage forecast, a drop in average yield by 5% below the trend line (2 bu/acre) would result in ending stocks falling to 64 million bushels, an all-time low. If yield falls 10% below trend (by 4 bu/acre), total supply would come in at 80 million bushels below the current USDA usage projection.

For the 2005/2006 season, world oilseed ending stocks are expected to come in near 57.86 million tonnes from 52.64 million this year and 40.05 million tonnes for the 2003/2004 season.

Prices in India are on the rise, as monsoon rains have missed some soybean and groundnut areas and there is talk of lower than expected planted acreage due to inconsistent rains. While the hurricane rains brought relief to the US Midwest, traders are also concerned that the storm brought Asia rust to the area as well.

The extended models show a possible reformation of the ridge over the central US, which means hot and mostly dry weather is likely to continue.

China imported 2.67 million tonnes of soybeans in June, which brought cumulative imports for the year to over 12 million tonnes, up 33.6% from last year.

The Latin American soybean market is expected to continue on the high amidst support from the constantly declining crop weather.

### Forex Rates (As on 14.07.2005)

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.56
Malaysia	Ringgit	11.46
European Union	Euro	53.66
United Kingdom	GBP	76.83
Japan	100 Yen	38.92

### Disclaimer

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