

## OILSEED

30<sup>th</sup> July 2005

- Rapeseed Market Traded Range Bound 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 lower for the day amidst increased selling pressure and unchanging retail demand.

**Stochastic Oscillators:** The %K - line moved lower in the neutral region indicating to the declining strength in the prices. The % D-line also followed the %K - Line in the neutral region indicating the declining strength in the market prices.

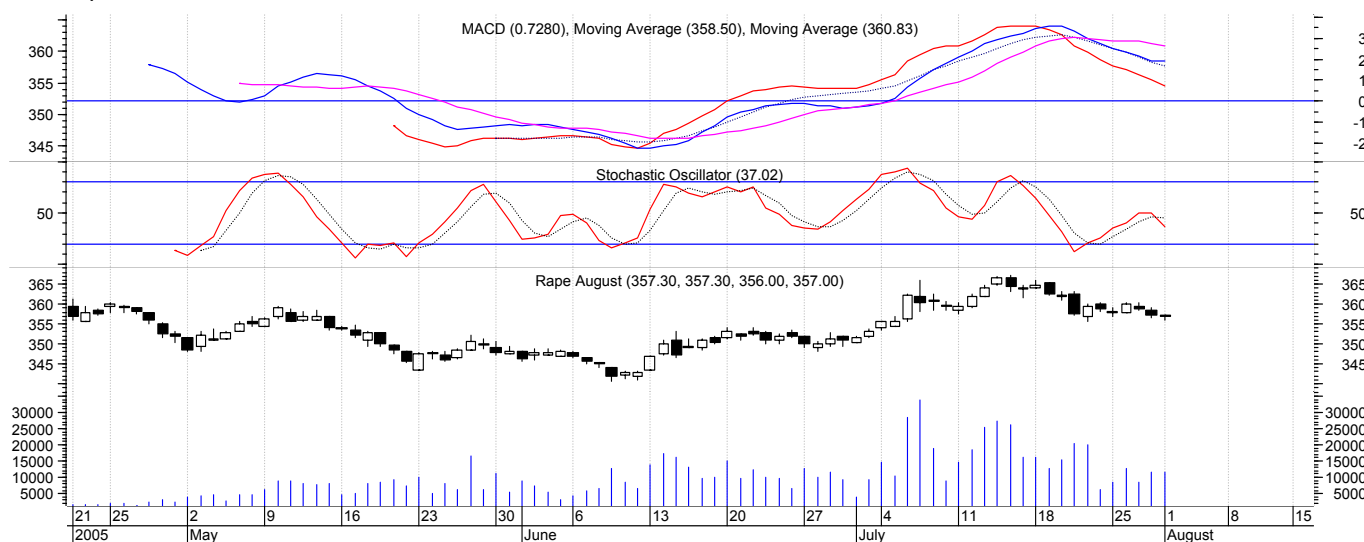
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 7 period(s) ago. Since the MACD crossed its moving average, Rape August's price has decreased 0.15%, and has ranged from a high of 363.15 to a low of 355.65. The 7-Day MA moved further lower along with the 14-Day MA hinting to the continuing weakness in the prices.

##### Market advice:

Trade is expected to open and trade range bound with partial improvement for Monday. 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 at major exchanges.

**Stochastic Oscillators:** The %K - line continued further lower entering the oversold region indicating to the increased weakness in the prices. The % D-line also continued lower in the oversold region supporting the downward trend in the market.

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, August Soybean's price has decreased 2.40%, and has ranged from a high of 1347.00 to a low of 1304.00.

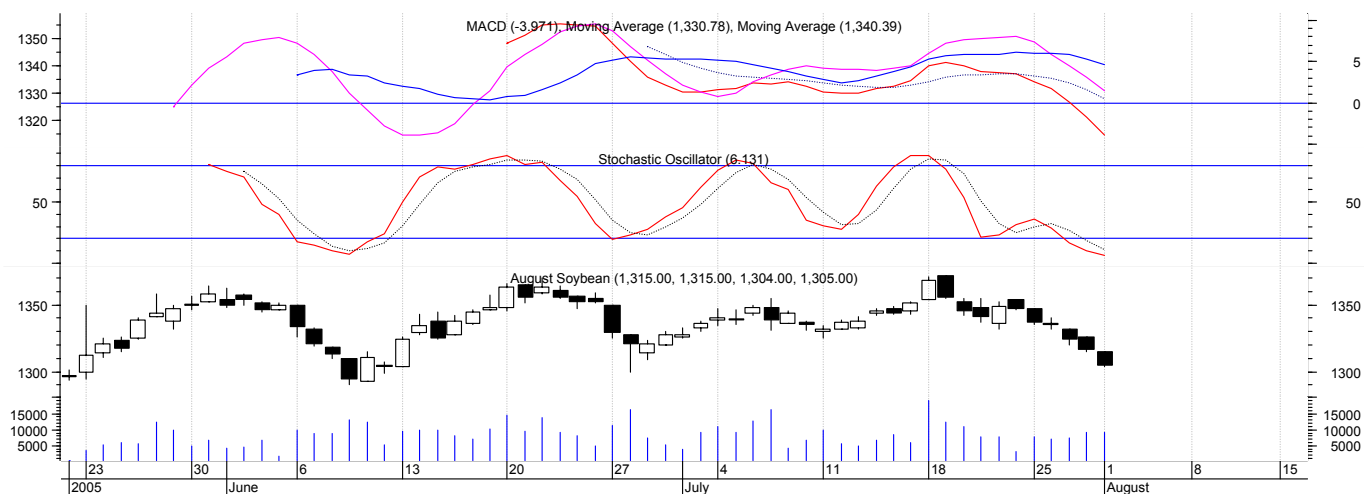
The 14-Day MA continued lower along with the 7-Day MA hinting to the increasing weakness in the market prices.

##### 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 1293.00 and Resistance at 1314.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

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

The international market traded sharply lower at CBOT. The US market is expected to trade range bound in the negative territory in the coming days amidst increased pressure of increased deliveries and declining export demand. At the time of closure the NCDEX August Soybean Contract was at Rs. 1305 (Down by Rs. 11.80).

The kharif oilseeds sowing has been overall down by 16.06 per cent (25.07.05), but the sowing of soybean has been on the increasing side. At present the crop weather is favourable for the crops, which is applying increased pressure on the market and the traders are thus indulged in increased selling pulling down the prices.

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

The price of soybean in Kota market was quoted at Rs. 1240 per quintal. In Madhya Pradesh it was Rs. 1350, in Karnataka it was Rs. 1260 and in Maharashtra it was Rs. 1240.

The market is expected to open weak and trade range bound for Monday amidst growing uncertainty in the edible oil markets and increased pressure of imports (July Month Total is 2.55 Lakh tonnes).

### Rapeseed/Mustard:

The rapeseed market today traded in a very narrow range 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. 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 0.10-0.15 lakh bags in Rajasthan, which is significantly low.

The rapeseed market is expected to trade marginally on the higher side on Monday as the miller's support is expected to improve in the coming days.

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

Markets	Prices	Arrivals (Bags)
Jaipur (C)	1810-1815	-
Alwar(C)	1710-1715	1000-1500
Delhi(C)	1815	800
Agra(C)	1840-1850	-
Sri Ganganagar (NC)	1570-1575	500
Kota (NC)	1570-1575	2000

### Groundnut

Groundnut traded range bound at various centres amidst significant losses at other edible oil futures.

As per the latest report, the sowing of groundnut is still down by 15.49 per cent (25.07.05) 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 Monday 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 30<sup>th</sup> July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	341.90	341.50	342.20	341.50	0.20	342.10
Hapur	5-Aug	364.80	364.75	365.10	364.40	0.00	364.80
Bikaner	5-Aug	350.00	347.50	347.50	347.50	-2.50	347.50
Hisar	5-Aug	330.70	330.25	331.40	330.25	0.70	331.40

## CBOT

### CBOT Soy Futures Plummets Sharply on Increased Speculative Selling

End-of-month book squaring coupled with less-threatening extended weather outlooks attracted speculative selling and pinned soybean futures at the Chicago Board of Trade in negative territory on Friday.

Just the hint of rain and cooler weather at the tail end of the 6-10 day outlook for the mid-west was enough to trigger speculative long liquidation and the weakness ran futures into sell-stops and encouraged end of the month liquidation selling.

Mostly dry weather with increasing temperatures into the mid-90's is expected into late next week but some models bring in rains into next weekend. Hefty deliveries added to the bearish tone with 480 soybeans and 500 oil delivered on first notice day for August contracts.

Weak technical indicators with futures struggling to find buyers above psychological resistance levels and the subsequent slide below major moving averages added to the defensive theme in the market.

However, there is a very strong indication that there will be a cool off in temperatures similar to the recent drop in temperatures in the Midwest late next week. The uncertainty involves moisture, but 70% of the Midwest should receive between three-10ths and eight-10ths of an inch late next week.

In soybean trades, Bunge Chicago bought 200 November, and Cargill and Iowa Grain each bought 300 November. On the sell side, Callyon Financial sold 700 November, Refco sold 1,000 November, Cargill Investor Services, Goldenberg Hehmeyer and UBS Securities each sold 300 November, and Shatkin/Arbor sold 500 November. Commodity funds were estimated sellers of 4,000 contracts.

The US soybean is expected to continue to dwindle in a small range with no sharp movements in the coming week.

#### CBOT Soy oil futures as 29 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	684.2	686.0	686.0	667.4	-12.6	671.6
Aug'05	689.0	690.0	690.0	690.0	-12.0	677.0

CBOT remains closed on Saturday and Sunday.

### South American Soybean Continued Improving on Increased Export Prospects

November South American soybeans closed 17 1/4 cents higher on the session as strong export demand and the US weather scare supported the market.

If the US soybean market determines that a weather premium is necessary for the August time frame ahead,

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world values could improve, but South America cash markets may ease from extra selling from producers who may have been holding out for higher prices.

On the other hand, a 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.

Weakness in the Brazilian real supported more active producer selling in the past week, but firm export demand supported higher basis levels in spite of the selling. End user demand is still evident in Brazil for soybeans and Argentina for the products, and the recent weather scare in the US has generated more interest.

Normal weather in August would likely boost crop conditions and improve the yield outlook, and with a large speculative net long position, a shift in the forecast to normal weather on Monday morning could leave the market in a long liquidation mode, especially after good rains and improving crop conditions this week.

While crush demand remains strong due to the higher than expected meal export market this season, export demand looks very slow.

South Korea bought 50,000 tonnes of South American meal overnight. It's a weather market, and the weather outlook into next week looks threatening. However, Monday morning should prove to be another volatility event, as the extended forecast models will dictate the market's direction from Monday night.

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

#### Forex Rates

(As on 30.07.2005)

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.44
Malaysia	Ringgit	11.60
European Union	Euro	52.66
United Kingdom	GBP	76.36
Japan	100 Yen	38.62