

OILSEED

22nd July 2005

- Rapeseed Market Expected To Improve on Renewed Buyer's Support

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX August Contract

Rapeseed August Contract opened weak and continued further lower for the first couple of hours but improved thereafter owing to renewed buyer's support.

Stochastic Oscillators: The %K - line improved re-entering 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.

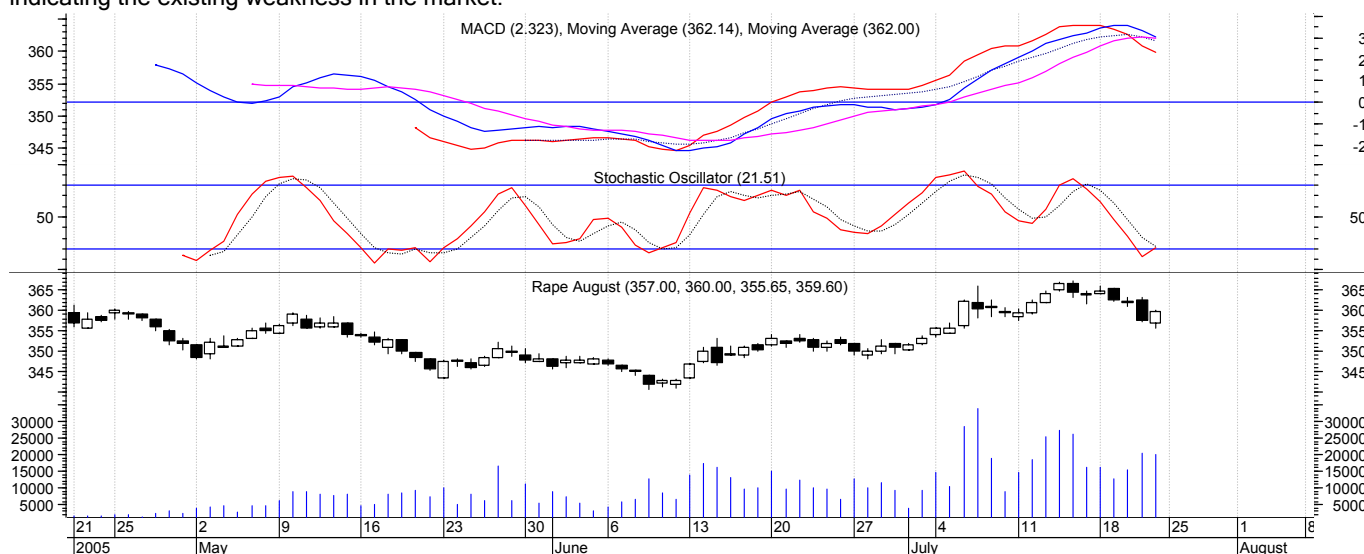
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 1 period(s) ago. Since the MACD crossed its moving average, Rape August's price has increased 0.57% and has ranged from a high of 363.15 to a low of 355.65. The 7-Day MA dipped lower hinting to the continuing weakness in the prices along with the 14-Day MA.

Market advice:

Trade is expected to open and continue on the higher side for Saturday. Go long with intra-day outlook.

Advisable trade limits:

Support at 358.90 and Resistance 362.00



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX August Contract

Soybean seed August Contract opened range bound on the lower side, traded sharply lower for the first few hours of the trade but improved towards the end of the day amidst increased buying support as the screen trade of the US CBOT supported the positive move.

Stochastic Oscillators: The %K - line improved 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 existing 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 0.46% and has ranged from a high of 1,372.00 to a low of 1,332.00.

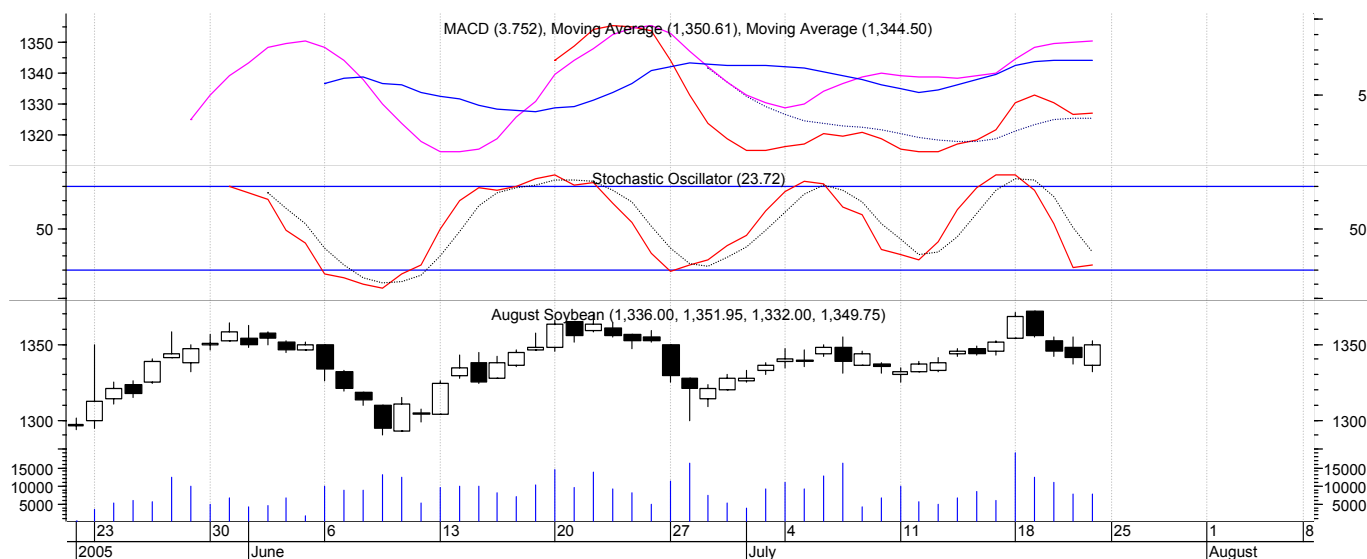
The 14-Day MA is still moving up showing the improving sentiments in the markets whereas the 7-Day MA turned up hinting to the rising strength in the market.

Market advice:

Market is expected to open and trade range bound on the positive side for Saturday. 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 weak, continued further weak for first few hours of the trade, but improved in the last session of the day amidst increased buying and improving sentiments in the US soybean complex market.

The international CBOT market dipped sharply lower yesterday evening following the terrorist attack at London's metro railway stations. The news of the terrorist attack was soon followed by the news of the revaluation of the Chinese's currency. This revaluation is bound to reduce the importing cost of Chinese, creating a favourable situation for the US soybean market. Continuing on the yesterday's sentiment, the screen trading is clearly reflecting the positive sentiments for today's evening trade. At the time of closure the NCDEX August Contract was at Rs. 1349.75 (Up by Rs. 8.95).

The Hazir market continued range bound in the negative region amidst declining 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. 1290 and in Maharashtra it was Rs. 1240.

The market is expected to open range bound and trade positive for Saturday amidst expected positive support from CBOT Soybean futures today evening.

Rapeseed/Mustard:

The rapeseed market today improved marginally at the futures amidst increased buyer's support towards the end session of the trade.

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 waiting 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 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 0.30 lakh bags in Rajasthan.

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

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur	1800	-
Alwar	1685-1680	1000
Delhi	1810	1000
Agra	1860	-
Sri Ganganagar	1560	500
Kota	1575-1620	2000

Groundnut

Groundnut continued range bound at various centres. In all the major markets the prices remained steady amidst uncertain price movements the prices of other edible oils.

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

The domestic market is expected to continue trading range bound on Saturday 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	343.50	342.70	344.00	341.90	1.00	344.50
Hapur	5-Aug	365.60	365.00	366.50	363.20	1.20	366.80
Bikaner	5-Aug	344.00	344.00	344.00	344.00	0.00	344.00
Hisar	5-Aug	339.60	338.50	339.20	337.60	0.40	340.00

CBOT

CBOT Soy Futures Lowered Significantly on Improving Crop Weather

The overnight weather models presented no new evidence to slow the selling trend of the fund traders of the past few days and more rain across Iowa overnight ahead of a hot weekend was enough to trigger more speculative selling early in the session.

Funds were noted sellers of near 4500 contracts into the mid-session as the outlook for cooler and wetter weather into the middle of next week kept the market down. The longer-term weather maps show a shift to normal temperatures and normal precipitation into early August and traders believe that soybean crop conditions will improve under this scenario.

Weekly US export sales for soybeans came in at 66,600 metric tonnes, well below trade expectations. Cumulative sales have reached 99.9% of the USDA forecast as compared to 102.2% on average over the last five years. Meal sales were 45,000 metric tonnes; also below the range of trade estimates and Oil sales were 7,100 metric tonnes, which was slightly above trade expectations.

The news overnight that China revalued their currency should help improve the buying power of China importers while exports from China for Agricultural products may become less competitive. This should have a positive influence for the demand outlook for soybeans and a positive influence for the supply outlook for meal.

In trades, Man Financial, Prudential Financial, and Rand Financial each bought 300 November, Refco, RJ O'Brien and UBS Securities each bought 500 November, and Cargill bought 600 November. On the sell side, Cargill Investor Services sold 2,000 November, Refco sold 1,500 November, RJ O'Brien sold 1,000 November, Calyon Financial, Citigroup, Shatkin/Arbor and UBS securities each sold 500 November. Commodity funds were estimated sellers of 6,000 contracts.

The close above the opening and near the highs of the day suggests that selling eased late in the day. The US soybean is expected improve marginally amidst bullish undertone growing uncertainty in the weather forecasts and lack of new export potentials.

CBOT Soy oil futures as 21 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	684.4	658.0	671.0	658.0	-15.0	669.4
Aug'05	688.6	666.0	674.4	664.0	-14.2	674.4

CBOT remains closed on Saturday and Sunday.

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South American Soybean Continued Range Bound on Speculative Liquidation Pressures

August South American soybeans closed 4 cents higher. Brazil cash news and short-term world demand factors were less prominent factors. 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.

With rain ahead of and after a string of several days of very high temperatures, traders see the impact as bearish as crop conditions may actually improve this week in spite of the call for 100 degree heat. Soybean plants have a tendency to act like a weed until the important reproductive period in August.

Even with poor weather in July, normal weather in August can improve crop conditions dramatically and bring yields in above average. The opposite has also occurred when crop conditions have been nearly ideal at the end of July and then poor weather in August triggered poor yields.

The point of this exercise is to illustrate that July weather makes or breaks the corn yield but August weather is more important to determine soybean yield.

Cash market news is slow but Chinese currency action should make it easier for Chinese buyers to extend coverage. Weekly export sales report, released before the opening, came in at 65,700 metric tons for the current crop and 900 for new crop for a total of 66,600, well below expectations.

The Latin American soybean market is expected to continue range bound on the positive side amidst expected increase in demand from China.

Forex Rates (As on 22.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.39
Malaysia	Ringgit	11.36
European Union	Euro	52.85
United Kingdom	GBP	76.14
Japan	100 Yen	39.11