

## OILSEED

08<sup>th</sup> July 2005

- Rapeseed Market Traded Range Bound Amidst Uncertain & Declining Retail Demand

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX July Contract

Rapeseed July contract opened range bound and continued so for most of the day. The market is expected to open steady but trade range bound in the positive territory.

**Stochastic Oscillators:** The %K - line continued down entering the neutral region hinting to unsteadiness in the prices. The % D - line also dipped down in the overbought region indicating the growing support for the weakening trend in the prices.

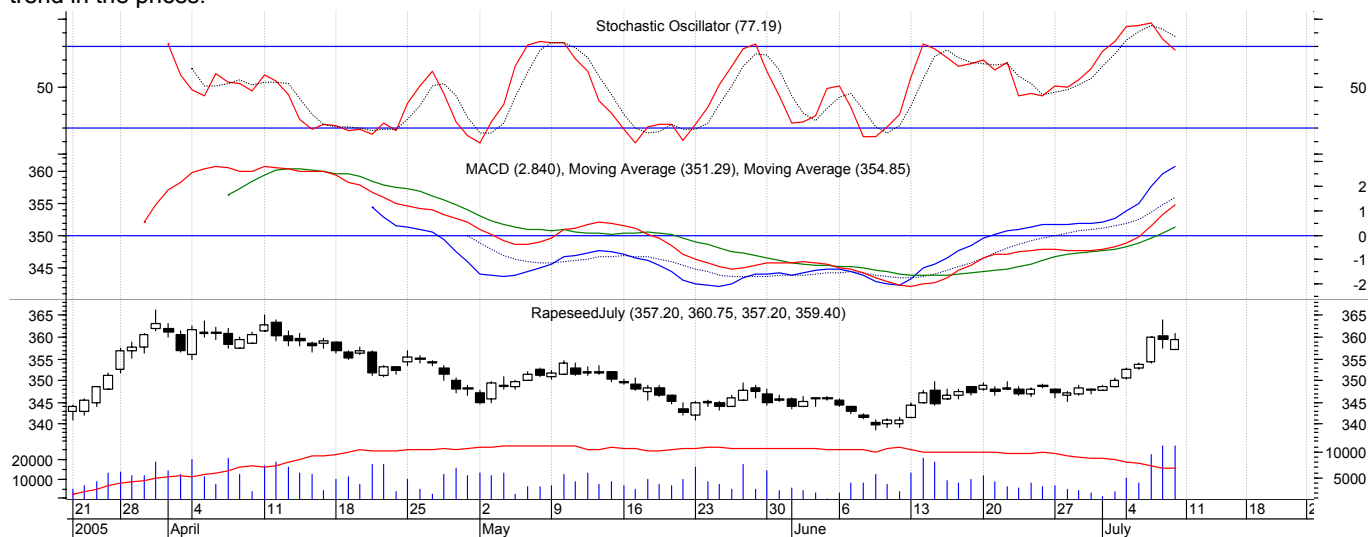
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 21 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 3.48% and has ranged from a high of 364.10 to a low of 344.50. The 7-Day MA continued up along with the 14-Day MA hinting to the continuing strength in the market prices.

##### Market advice:

Trade is expected to open and trade range bound on the higher side. Can go long with short-term as well as long-term outlook.

##### Advisable trade limits:

Support at 357.40 and Resistance 361.10



#### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

##### NCDEX July Contract

Soybean seed July contract opened on the positive side and continued range bound for the day.

**Stochastic Oscillators:** The %K line turned lower entering the oversold region indicating the increasing unsteadiness in the domestic prices. The % D-line also moved lower in the overbought region hinting to the declining sentiments in the market.

Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 2 period(s) ago. Since the MACD crossed its moving

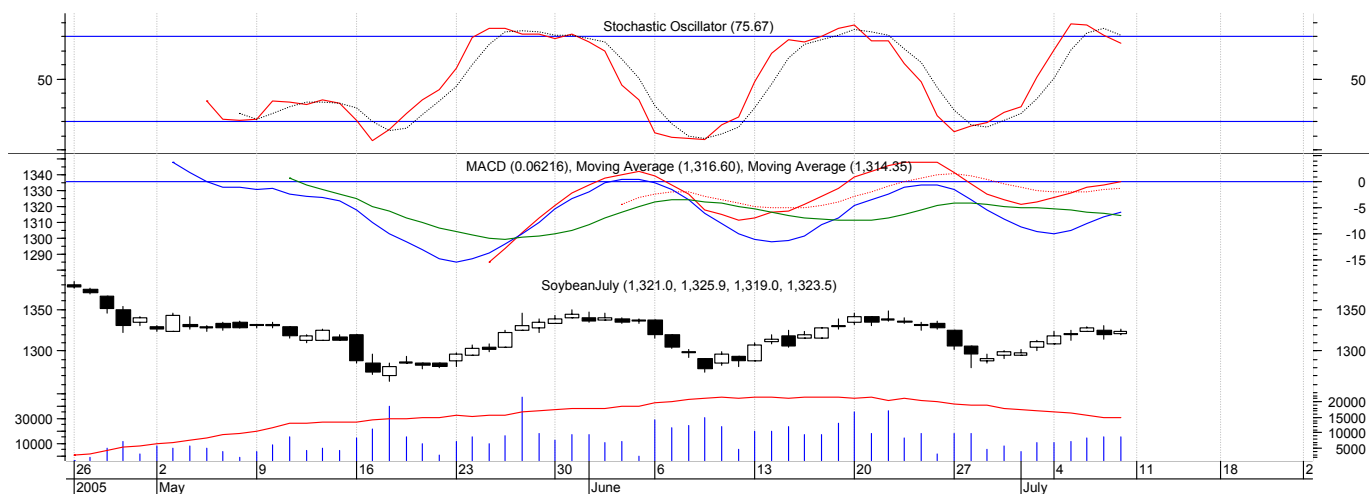
average, Soybean July's price has decreased 0.26% and has ranged from a high of 1,331.00 to a low of 1,314.50. The 7-Day MA turned up showing the improving sentiments in the markets but the 14-Day MA continued hinting to the existing weakness in the market. The bullish crossover of the 14-Day MA done by the 7-Day MA confirms the strength in the market.

##### Market advice:

Market is expected to open range bound but trade marginally on the higher side. Trade cautiously with an eye on support and resistance levels given below.

##### Advisable trade limits:

Support at 1318.00 and Resistance at 1328.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened firm continued range bound for the day amidst wide spread uncertainty in the domestic as well as the US markets.

The international market declined sharply at the CBOT screen trade amidst wide spread uncertainty in the weather caused by the Dennis Hurricane. At the time of closure the NCDEX July Contract was trading at Rs. 1323.50 (Up by Rs. 4.00).

The Hazir market declined marginally owing to the increasingly uncertain sentiments at the futures and the pressure of expected deliveries at Indore.

The price of soybean in Kota market was quoted at Rs. 1330-1340 per quintal. In Madhya Pradesh it was Rs. 1450, in Karnataka it was Rs. 1260 and in Maharashtra it was between Rs. 1275-1280.

The market is expected to open range bound and trade marginally on the higher side for Saturday on continuing sentiments of today.

### Rapeseed/Mustard:

The rapeseed market today traded range bound amidst increased panic selling towards the end of the day amidst growing uncertainty in the market.

The traders are still expressing their concern over the declining demand in the retail market, as the millers are not showing their interest in the rapeseed at such high rate.

Today, the rapeseed found marginal support from the buyers at major exchanges growing uncertainty regarding the unsteady progress of monsoon in the starting session. In the spot markets the prices increased marginally amidst declining supplies.

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

The rapeseed market is expected to continue trading on higher side for Saturday as the retail supply is expected to be on the declining side.

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

Markets	Prices	Arrivals (Bags)
Jaipur	1755-1760	-
Alwar	1690-1700	2500-3000
Delhi	1780	500
Agra	1825	-
Sri Ganganagar	1570-1525	500
Kota	1520-1540	2500

### Groundnut

Groundnut today declined marginally at various centres owing increasing uncertainty in the other edible oil markets and declining retail support.

The domestic demand is expected to improve marginally in the coming days amidst growing uncertainty in the cultivation of the new crop.

Currently, sowing has been hampered in the groundnut growing regions of Gujarat and adjoining areas of Madhya Pradesh due to flood.

The range-bound trade in groundnut oil prices is expected to continue for the coming days amidst continuing uncertainty about the upcoming crop.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2595 per quintal, the bold (60-70 Count) is Rs. 2860 per quintal, the 50-60 count seed is Rs. 2800 and for 40-50 count the rate is Rs. 2290 in Mumbai market.

### Vayda Quotes

#### Mustard futures as on 08<sup>th</sup> July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5Aug	348.30	348.20	348.30	346.80	-1.30	347.00
Hapur	5Aug	368.10	369.60	369.60	367.25	0.00	368.10
Bikaner	5Aug	338.00	338.00	338.00	338.00	0.00	338.00
Hisar	5Aug	344.60	345.40	345.40	344.50	-0.20	344.40

## CBOT

### CBOT Soy Declined Sharply on Concerns of Good Rains Due to Progressing Hurricane Dennis

Futures started the session sharply lower, amid general concerns that remnants from Hurricane Dennis could produce enough rain in the eastern Midwest to help alleviate near-term dryness issues. Emotional selling tied to bombings in London and light long liquidation ahead of increased margin requirements for soybeans.

November soybeans fell as far as 677 overnight as the shift in the hurricane track coincided with the terrorist activity in London, which contributed to active fund selling in a wide range of commodity markets.

Weather models assumed a westerly track yesterday and that the hurricane moisture would fall west of Illinois. This morning the track is a little more east, which opens the door (or increases the odds) that the moisture could track straight up to Illinois. The models are using a best guess on the landfall location and the direction of the hurricane when landfall is made.

In soybean trades, Bunge Chicago and Cargill each bought 1,000 November, and Refco bought 1,000 November, while Fimat and Rand Financial each bought 400 November. On the sell side, Cargill Investor Services sold 2,000 November, Rand Financial, Man Financial, O'Connor and Shatkin/Arbor each sold 300 November, RJ O'Brien sold 400 November, Refco sold 500 November, and UBS Securities sold 700 November. Commodity funds were estimated sellers of 3,000 contracts.

The US soybean is expected to continue marginally lower on amidst continued support from the possibility of good rains in the near days.

#### CBOT Soy oil futures as 08 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	696.2	679.0	700.0	679.0	-4.2	692.0
Aug'05	698.2	679.0	704.0	679.0	-3.8	694.4

CBOT remains closed on Saturday and Sunday.

### South American Soybean Futures to Improve in Short Run on Continuing Dry Weather

Fears that the hurricane track could shift to bring badly needed rains to Illinois turned the trend from higher to lower overnight, and terrorist attacks in London added to uncertainty and contributed to massive volatility in the financial markets.

Firm international demand tone for Brazil soybeans and increased uncertainty for the size of both the US and the upcoming Brazil crop helped to improve the demand tone in Brazil, but the focus of attention for the US market remains on weather.

Traders are also monitoring China's demand for South American soybeans, with the recent break and cheaper freight rates seen as factors, which might entice demand.

Several weather models show the moisture missing Illinois to the west and others show the possibility of the moisture moving up the Ohio valley to the east of Illinois, but as of late yesterday many models kept the moisture away from Illinois, so the odds seem to have increased for some relief.

The delta received good rains with the first tropical storm this week, and producers in Arkansas and Missouri see relief from dryness from the hurricane.

With extended weather models not showing much relief from hot and dry weather, Illinois crop conditions for the week ending July 17th will be highly dependent on the rain or no rain scenario for July 13th.

The Latin American soybean market is expected to trade lower on concerns of the declining trade at CBOT soybean futures but long-term sentiment is still bullish.

#### Forex Rates (As on 08.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.64
Malaysia	Ringgit	11.47
European Union	Euro	52.02
United Kingdom	GBP	75.99
Japan	100 Yen	38.85

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