

## OILSEED

06<sup>th</sup> July 2005

- Rapeseed Market Surged Ahead Sharply Amidst Increased Speculative Buying

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX July Contract

**Rapeseed July contract** opened higher and continued sharply on the higher side for day. The market is expected to move further in the positive side but witness technical correction in the second half.

**Stochastic Oscillators:** The %D-line continued significantly up in the overbought region hinting to increasing strength in the prices in the prices. The % K-line also continued up in the overbought region indicating the growing support for the up trend in the prices.

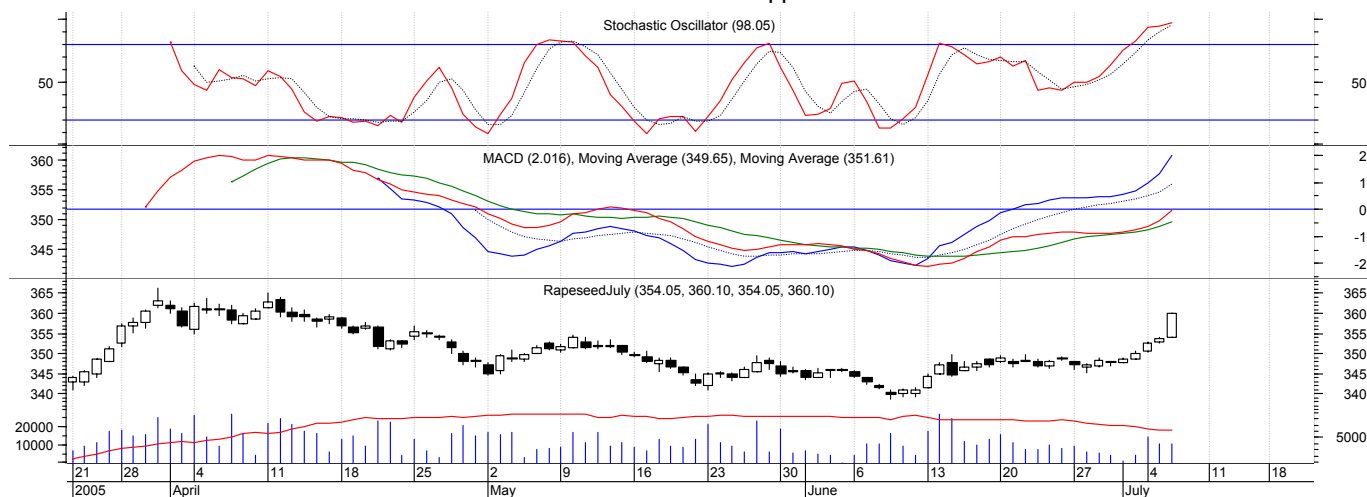
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 19 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 3.69% and has ranged from a high of 360.10 to a low of 344.50. The 7-Day MA continued up along with the 14-Day MA hinting to the continuing strength in the market prices.

##### Market advice:

Trade is expected to open firm but trade marginally lower witness short-term technical correction on the lower side. Trade cautiously with an eye on support and resistance level given below. Can go long for short-term and trade with long-term outlook.

##### Advisable trade limits:

Support at 356.90 and Resistance 361.50



#### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

##### NCDEX July Contract

**Soybean seed July contract** opened on the positive side and continued higher for end of the day amidst increased buyer's support in spite of the absence of any clear indications from the international markets.

**Stochastic Oscillators:** The %K line continued up entering the oversold region indicating the growing strength in the domestic prices. The % D-line also continued up in the neutral region hinting to the improving sentiments in the market. The short-term technical correction cannot be denied as the K-line is pointing to the down ward trend.

Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 0

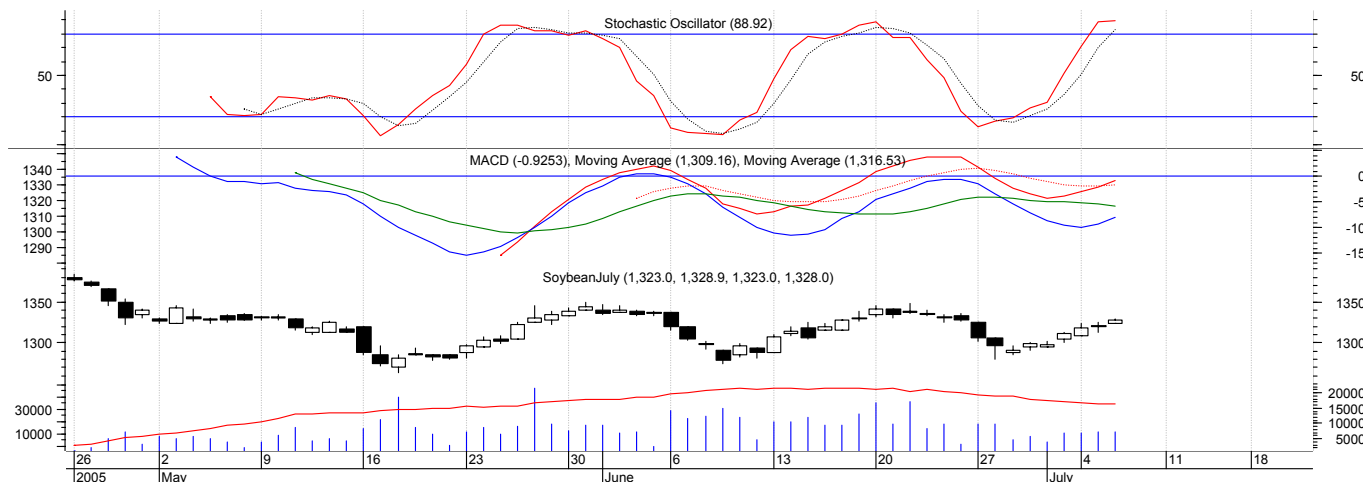
period(s) ago. Since the MACD crossed its moving average, Soybean July's price has been unchanged, and has ranged from a high of 1,328.90 to a low of 1,323.00. The 7-Day MA turned up showing the improving sentiments in the markets but the 14-Day MA continued hinting to the existing weakness in the market.

##### Market advice:

Market is expected to open steady and trade on the higher side for the first few hours of the day with the expected technical correction towards the end of the day. Trade cautiously with an eye on support and resistance levels given below.

##### Advisable trade limits:

Support at 1320.00 and Resistance at 1333.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened firm and traded further up for the day amidst uncertain sentiments in the domestic as well as international markets.

The international market is still supporting the up trend in the market for long run, but the status and progress of Indian monsoon is dominating over the international indicators keeping the market under tight check in spite of the underlying bullishness. The NCDEX (July Contract) exchange closed at Rs. 1328.00 (Up by Rs. 8.55).

The Hazir market continued improving marginally owing to the increasingly positive sentiments at the futures.

Till now Soybean sowing is down 87 per cent at 245,000 hectares compared with 1.9 million hectares last year. The low sowing is also expected to impart bullishness to the soybean market.

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 continue trading marginally for Thursday amidst gradual increase in retail demand.

### Rapeseed/Mustard:

The rapeseed market today traded significantly high amidst increased support from the buyers at the futures and declining supply.

The unsteady progress of the monsoon in the parts of Madhya Pradesh and fear of increasing flooding condition on expected to keep the prices under tremendous pressure in the coming days.

Today, the rapeseed found increased support from the buyers at major exchanges growing uncertainty regarding the unsteady progress of monsoon and increased speculative buying at the soybean futures. In the spot markets the prices continued on the higher side amidst growing uncertainty in the supply.

Today the new crop arrival reached 0.35-0.40 lakh bags in Rajasthan and about 0.12 lakh bags in Madhya Pradesh.

Overall, it is expected that the rapeseed will continue trading on higher side with slight technical correction for Thursday as the retail demand is expected to be on the rise

amidst uncertain progress in planting of other edible oil crops.

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

Markets	Prices	Arrivals (Bags)
Jaipur	1760-1765	-
Alwar	1700-1710	2000
Delhi	1780	1000
Agra	1825	-
Sri Ganganagar	1580	500
Kota	1525-1560	1750

### Groundnut

Groundnut oil today continued improving marginally at various centres owing to the uncertain crop prospects in lieu of the spreading floods in Gujarat and parts of western Madhya Pradesh.

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

As per the latest planting report the Groundnut sowing is down 63 per cent to 838,000 hectares compared to 2.3 million hectares last year. Delayed rains also held up sowing. Currently, sowing has been stopped in the groundnut growing regions of Gujarat and adjoining areas of Madhya Pradesh due to flood.

The range-bound positive trade in groundnut oil prices is expected to continue for the coming days amidst growing 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 06<sup>th</sup> July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	345.00	345.40	348.10	345.40	3.10	348.10
Hapur	5-Aug	365.90	366.75	369.60	366.40	4.00	369.90
Bikaner	5-Aug	338.00	338.00	338.00	338.00	0.00	338.00
Hisar	5-Aug	343.30	343.70	345.20	343.50	2.20	345.50

## CBOT

### CBOT Soy Improved Significantly Amidst Continuing Weather Uncertainty and Technical Support

The market's strength was half weather related, while the other half was pure technical.

The market essentially put some risk premium back into prices, with lower than expected coverage and precipitation totals in parched areas of the Midwest during the 4th of July weekend setting the stage for the gains. Dry weather outlooks for the next five-days in the Midwest coupled with concerns that tropical storm Cindy could bring Asian rust spores closer to Midwest growing areas was seen as an underlying supportive feature.

A lack of rain for the next two weeks for Illinois and concerns that heat entering the Midwest into the weekend with the dry weather could quickly leave crops in a stressful growing condition helped support the strong buying and sharply higher trade early in the session.

Strength in the market on the day after the long weekend is seen as a bullish technical development and has also supported increased interest in Argentina meal from European buyers.

The weekly soybean export inspections totaled 4.857 million bushels, down from 5.210 million last week, the U.S. Department of Agriculture reported. This was below the range of expectations for 5 million to 8 million bushels. For the current 2004-05 crop year, soybean inspections total 1.024 billion bushels, compared to 830.1 million at the same time one year ago.

In trades, ADM Investor Services, Citigroup and RJ O'Brien each bought 300 November, Cargill Investor Services, Fimat, and Refco each bought 1,000 November, ABN Amro, Iowa Grain, RJ O'Brien and UBS Securities each bought 500 November. On the sell side, Cargill sold 2,000 November, and Bunge Chicago and Man Financial each sold 200 November, Rand Financial and Refco each sold 300 November. Commodity futures were estimated buyers of 6,000 contracts.

The US soybean is expected to continue marginally higher on amidst continued support from the uncertain weather conditions.

#### CBOT Soy oil futures as 05 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	673.4	693.0	718.0	689.0	38.8	712.2
Aug'05	676.0	694.0	701.0	692.0	39.4	715.4

CBOT remains closed on Saturday and Sunday.

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### South American Soybean Improved Significantly Following Sharp Gains at US Futures

Traders are keenly watching if producer selling in South America increases on the recovery early this week, as producer selling was nonexistent with the \$1.00 break in the US market. Traders will also monitor China's demand for South America soybeans, with the recent break and cheaper freight rates seen as factors, which might entice demand.

Weather in the central US remains a key factor, and with heat in the extended forecast, crop conditions are likely to begin to deteriorate.

Traders seem to be leaning towards a slight improvement in crop conditions for tonight's USDA weekly crop progress report, but a lack of rains this week should contribute to deteriorating crops. The USDA reports last week showed smaller beginning stocks and smaller planted acreage. If trend line yield is achieved, the USDA in June and 320 million bushels should adjust ending stocks to around 217 million bushels as compared with the 255 million bushels that was projected for the 2004/2005 season.

If average yields come in at 5% below trend and usage is not adjusted, ending stocks would come in near 73 million bushels, a record low. If yield drops 10% from trend, production would come in nearly 70 million bushels below the current USDA projection for usage.

The Commitment of Traders report with options shows the market in a classic bullish setup with non-commercial traders (funds) net long and non-reportable traders (small specs) net short. The selling trend of the non-commercial traders is a bearish short-term factor.

The Latin American soybean market is expected to continue higher amidst expected support increasing export prospects from the Asian countries.

#### Forex Rates

(As on 06.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.57
Malaysia	Ringgit	11.47
European Union	Euro	52.05
United Kingdom	GBP	76.67
Japan	100 Yen	39.08