

OILSEED

18th July 2005

- Rapeseed Market Traded Lower on Increased Selling Pressure

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX August Contract

Rapeseed August Contract opened weak and declined further towards the end of the session, hinting to the increasing weakness in the prices. The market traded today amidst lack of buying support and pressure of the Closure of the July contract at NCDEX. Most of the traders were also waiting for the convincing trading moves of the NAFED, which is about to sell 4-5 lakh tonnes of mustard in domestic market through domestic tenders to be declared tomorrow evening.

Stochastic Oscillators: The %K - line continued downward in the neutral region after making a bearish cross over of

the % D-line indicating to the weakness in the prices. The % D-line also moved lower in the neutral region indicating the growing weakness in the market.

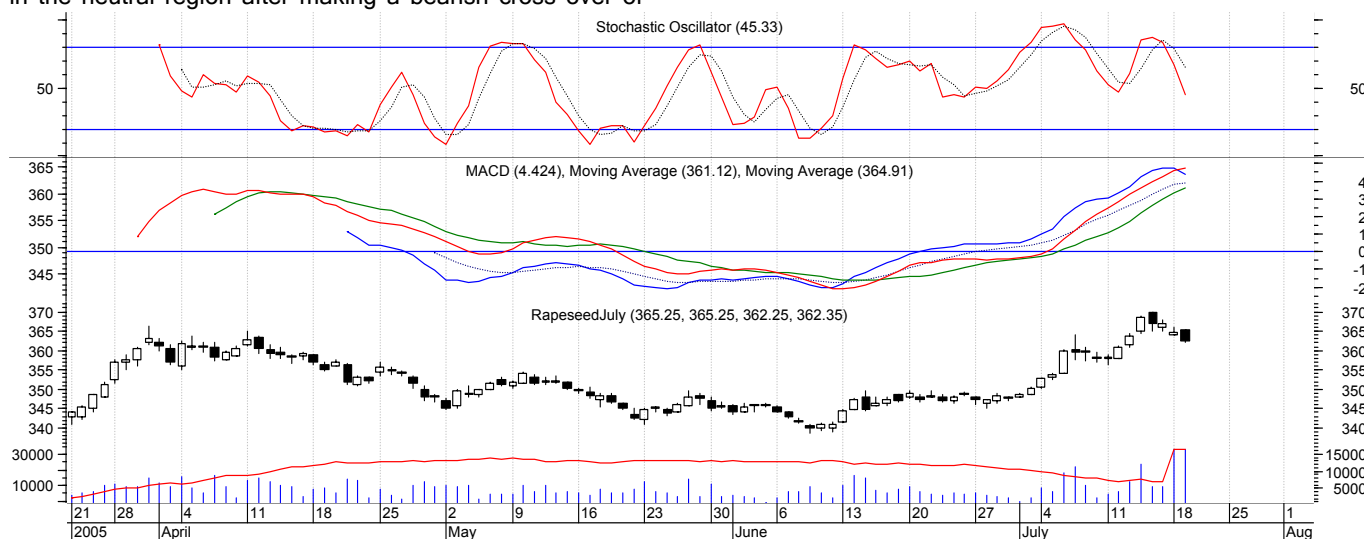
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 30 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 4.33% and has ranged from a high of 370.00 to a low of 344.50. The 7-Day MA is still moving sharply up along with the 14-Day MA still supporting the stability in the market prices.

Market advice:

Trade is expected to open lower and continue marginally on the lower side for Wednesday. Go short with very short-term outlook.

Advisable trade limits:

Support at 360.30 and Resistance 364.00



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX August Contract

Soybean seed August Contract opened firm but continued significantly lower for the day amidst increased selling pressure ushered by the wide spread uncertainty in the edible oil markets.

Stochastic Oscillators: The %K turned lower along with the % D-line indicating the creeping weakness in the domestic prices.

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 0.90% and has ranged from a high of 1,372.00 to a low of 1,343.00.

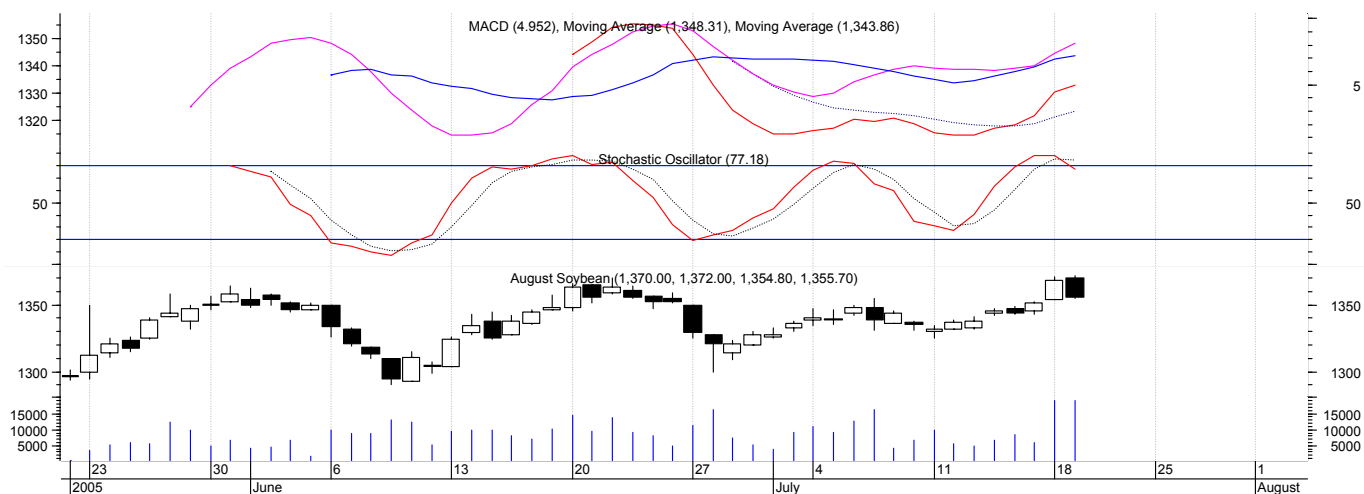
The 14-Day MA is still moving up showing the improving sentiments in the markets along with the 7-Day MA.

Market advice:

Market is expected to open and trade range bound on the lower for Wednesday in the positive region. Go long with short-term outlook.

Advisable trade limits:

Support at 1348.00 and Resistance at 1363.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened weak and continued further lower for the day amidst increased selling pressure and lack of clear indications from the international markets.

The international CBOT market was range bound. The expectation of rains in Iowa, Indiana and Ohio weakened the sentiments and the fund traders observed increased selling. At the time of closure the NCDEX August Contract was at Rs. 1355.70 (Down by Rs. 12.20).

The Hazir market traded range bound in the negative region amidst marginal strength in the futures market.

The price of soybean in Kota market was quoted at Rs. 1280 per quintal. In Madhya Pradesh it was Rs. 1460, in Karnataka it was Rs. 1310 and in Maharashtra it was Rs. 1270.

The market is expected to open marginally weak for Wednesday but is expected to improve in the afternoon session after the final cut of the July contract at NCDEX.

Rapeseed/Mustard:

The rapeseed market today declined marginally at the futures amidst declining support from the buyers and increased pressure of the closure of the July contract at NCDEX.

The traders are still expressing their concern over the declining supply in the retail market. The regular miller's demand is expected to keep the prices under tight check.

The policy of the NAFED regarding the mustard seed sale is not yet clear. It is going to open the domestic tender prices tomorrow evening by 3.30 PM. The development on that front would seriously affect the price sentiments. If the NAFED offer the traders accept price, then the increased supply would pour in the market leading to further decline in the prices. Though in long run the decline is expected to stabilise.

The unsteady progress of sowing of other oilseed crops and declining weather in major growing areas is still helping the prices. In the spot markets the prices moved slightly ahead on amidst increasing demand.

Today the new crop arrival reached 0.20 lakh bags in Rajasthan.

The rapeseed market is expected to continue trading range bound on the lower side as the buyers' support is expected to decline further.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur	1840	-
Alwar	1745	800
Delhi	1835	1500
Agra	1900	-
Sri Ganganagar	1600	500
Kota	1600-1620	1000

Groundnut

Groundnut today continued range bound at various centres. In all the major markets the prices remained steady amidst stable demand increased uncertainty in the other edible oil markets.

The Gujarat and Mumbai market traded range bound amidst continuing uncertainty in demand while the Hyderabad and Chennai market witnessed marginal decline.

The progress of the current monsoon is still the main cause of the increase in the prices, which is hindering the smooth sowing of the new crop.

Apart from the uncertain and slow sowing progress, the import of the other competitive edible oil is also not in large amount, imparting increased pressure on the domestic groundnut prices.

The domestic market is expected to continue trading range bound on Wednesday amidst continuing 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 19th July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	350.80	350.30	350.30	348.80	-1.70	349.10
Hapur	5-Aug	372.40	371.50	372.60	370.80	-1.20	371.20
Bikaner	5-Aug	342.00	344.00	344.00	344.00	2.00	344.00
Hisar	5-Aug	348.40	348.20	348.20	346.10	-2.30	346.10

CBOT

CBOT Soy Futures Traded Range Bound on Indecisive Sentiments and Expected Dry Weather

Expectations that Iowa, Indiana and Ohio received beneficial rains over the weekend to help cope with a hot and dry week helped pressure the market early. Northern Illinois received some scattered light rains this morning but not enough to slow the crop deterioration of the drought condition.

Traders are expecting crop conditions to decline by about 2% for tonight's weekly crop outlook. In spite of the rally in corn and the forecast for very hot weather for the mid-west for next week, traders continue to view the longer-range maps, which show more normal precipitation and temperatures for the Midwest by August as a bearish development.

The DTN Meteorlogix weather service said temperatures will rebound into the mid to upper 90s Fahrenheit during the balance of this week. Crop stress will continue to be excessive in eastern Iowa through Illinois due to the intense heat and a lack of shower development in this sector of the Corn Belt.

Weekly export inspections came in at 2.49 million bushels as compared with trade estimates for 5-9 million bushels and 11.1 million bushels necessary each week to reach the USDA projection. Cumulative exports have reached 93.1% of the USDA forecast for the season as compared with 94% as the 5-year average for this time of the year.

The market is also finding selling pressure from ideas that both temperatures and precipitation move toward normal in the extended models for near August 1st.

In trades, Cargill bought 900 November, Calyon Financial bought 500 November, Refco bought 600 November, Man Financial bought 500 November and Goldenberg Hehmeyer bought 200 November. On the sell side, ADM Investor Services, Bunge Chicago, ABN Amro and Iowa Grain each sold 300 November, and Cargill Investor Services and Refco each sold 600 November.

The US soybean is expected to remain range bound on expectation of continuing uncertainty in the weather forecasts.

CBOT Soy oil futures as 18 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	721.0	731.0	731.0	709.0	-3.8	717.2
Aug'05	724.4	739.4	739.4	714.0	-3.8	720.6

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Traded Lower on Declining Demand from China

After a reversal from a contract high on Thursday, August South American soybeans closed 3 cents higher on Friday at 716 but stayed inside of Thursday's range.

The focus of attention is still on threatening weather in the US, but news of weakening demand from China due to declining crush margins and hefty supplies of edible oils in China helped to pressure. A slower Chinese demand tone is coming at a time when their demand is usually focused on Brazilian soybeans.

The excessive volatility should continue in the soybean market over the near term. With some rains today, the soybean crop in the Midwest will be better equipped to withstand high temperatures and a generally dry outlook for the next ten days.

The longer-term maps into early August, however, show a shift to more normal temperatures and precipitation for the Midwest. A minor dip in yields can leave the price outlook bullish with a significant tightening of US ending stocks. On the other hand, August weather is normally the key to the soybean yield outlook, as poor fields can recover with timely rains during that time.

China's short-term demand for soybeans (due to poor crush margins) and oil (due to hefty near term supply) looks weak and could keep demand slow for South American soybeans and products. While monsoon rains have improved recently for India, soybean areas look to receive less rain over the near term, which might trigger a jump in temperatures.

The Latin American soybean market is expected to continue on the high amidst the weather models for the Midwest predictions of dry and warm cropping weather.

Forex Rates (As on 19.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
Malaysia	Ringgit	11.47
European Union	Euro	52.34
United Kingdom	GBP	75.91
Japan	100 Yen	38.81

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