

OILSEED

02nd July 2005

- Rapeseed Market Improved Further on Increased Buying Support

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX July Contract

Rapeseed July contract opened higher and continued on the higher side in day's session. The market is expected to move further in the positive side amidst expected support from the other edible oils.

Stochastic Oscillators: The %D-line continued up in the neutral 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 prices.

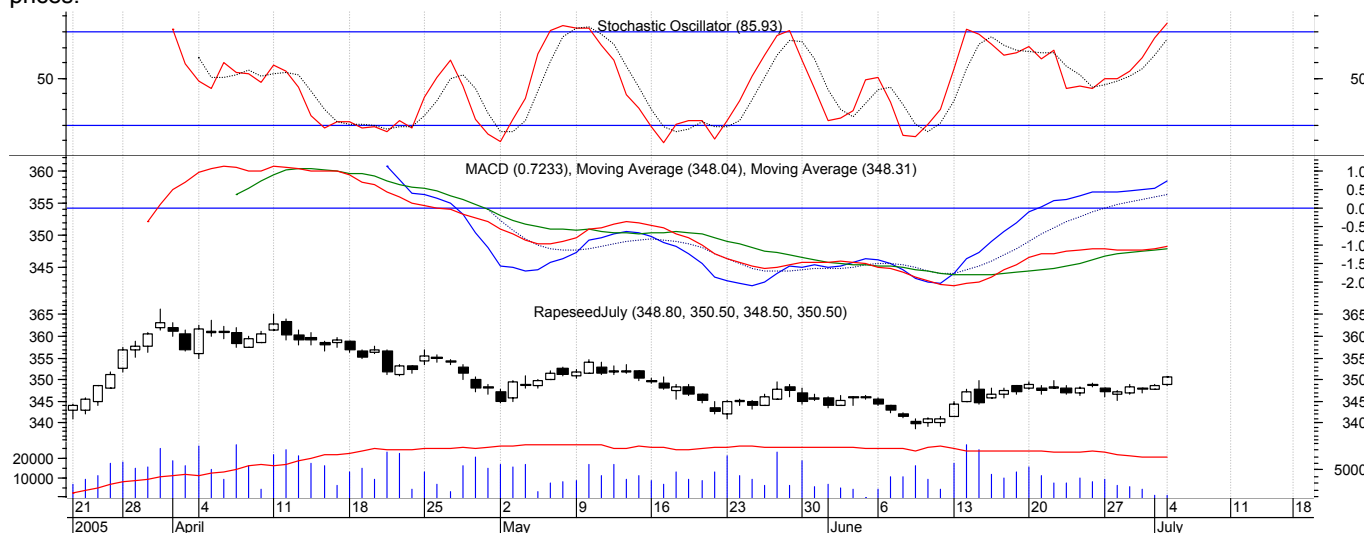
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 16 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 0.92% and has ranged from a high of 350.50 to a low of 344.50. The 7-Day MA continued up along with the 14-Day MA hinting to the rising sentiment in the market.

Market advice:

Trade is expected to open firm and trade range bound on the higher side for Monday. Trade cautiously with an eye on support and resistance level given below. Can go long for short-term and trade with intra-day outlook.

Advisable trade limits:

Support at 349.30 and Resistance 352.15



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX July Contract

Soybean seed July contract opened on the positive side but continued higher for the day following the positive development buyer's demand.

Stochastic Oscillators: The %K line continued up in the neutral 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.

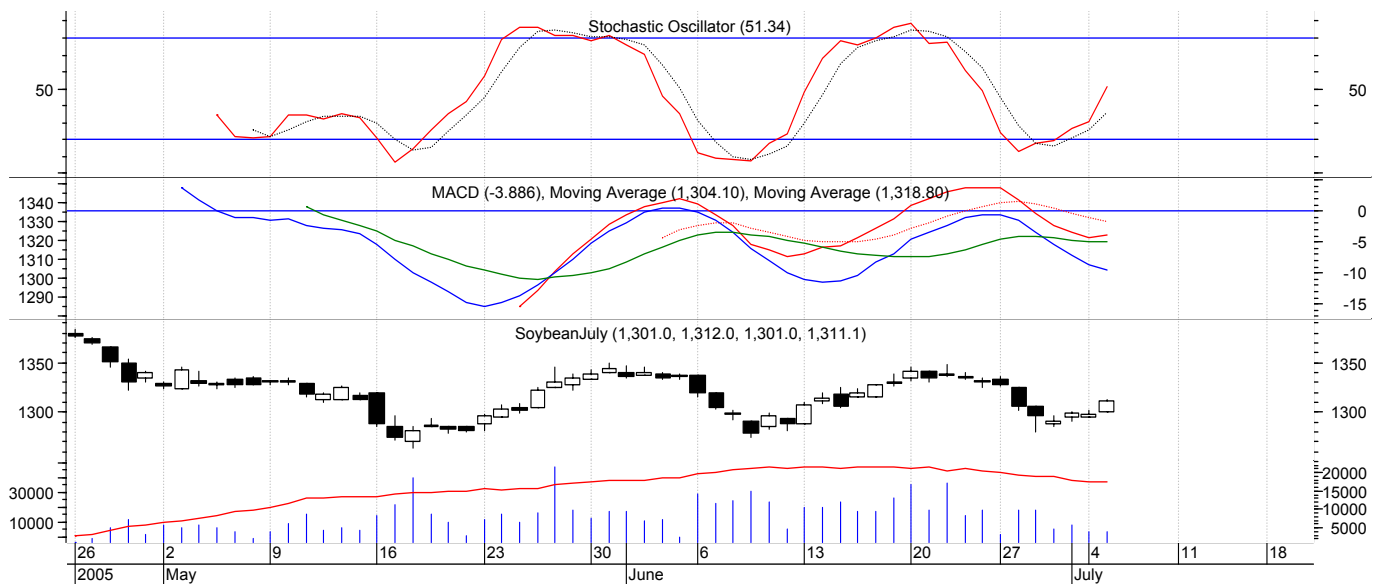
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 4 period(s) ago. Since the MACD crossed its moving average, Soybean July's price has increased 1.18% and has ranged from a high of 1,312.00 to a low of 1,280.00. The 7-Day MA continued lower showing the weak sentiments in the markets along with the 14-Day MA.

Market advice:

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

Advisable trade limits:

Support at 1305.00 and Resistance at 1325.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened range bound but improved significantly towards the end of the trade amidst increased buyers support.

The domestic future market trading started on a steady note but traded on the high amidst increasing buyers' support from the retail as well as the international markets. The international market is also supporting the up trend in the market for long run, but the status and progress of Indian monsoon is still 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. 1311.05 (Up by Rs. 12.90).

The Hazir market today improved marginally and owing to the increasing retail demand.

The price of soybean in Kota market was quoted at Rs. 1310 per quintal. In Madhya Pradesh it was Rs. 1470, in Karnataka it was Rs. 1290 and in Maharashtra it was between Rs. 1290-1300.

The market is expected to continue trading higher for Monday amidst news of smooth monsoon progress.

Rapeseed/Mustard:

A rapeseed market improved marginally amidst support from the buyers at soybean oil futures and growing uncertainty in the supply and worsening flood situation in Gujarat.

The unsteady progress of the monsoon in the parts of Madhya Pradesh and Rajasthan is 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 prolonged progress of monsoon. In the spot markets the prices continued on the higher side amidst increased uncertainty in the other edible oil markets.

Overall, it is expected that the rapeseed will continue trading on higher side for Monday 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	1735-1740	-
Alwar	1670	1500
Delhi	1765	1500
Agra	1800	-
Sri Ganganagar	1525-1530	1000
Kota	1520-1540	4000

Groundnut

Groundnut today continued improving at various centres due to possibility of declining crop prospects in lieu of the spreading floods in Gujarat.

The domestic demand is not expected to improve significantly in the coming days amidst growing uncertainty in the other edible oil markets.

The range-bound positive trade in groundnut oil prices is expected to continue in the coming days amidst unsteady retail demand.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2595 per quintal, the bold (60-70 Count) is Rs. 2850 per quintal, the 50-60 count seed is Rs. 2800 and for 40-50 count the rate is Rs. 2285 in Mumbai market. In Gujarat the price varied from Rs. 1480, in Tamil Nadu it was between Rs. 1340-1350 in Rajasthan it was between Rs. 1360-1370, in Karnataka it was between Rs. 1470-1480 and in Andhra Pradesh it was Rs. 1410.

Vayda Quotes

Mustard futures as on 02nd July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5Aug	342.00	342.50	342.60	342.00	1.10	343.10
Hapur	5Aug	362.00	362.30	364.00	361.80	1.70	363.70
Bikaner	5Aug	337.50	337.60	337.60	337.60	0.10	337.60
Hisar	5Aug	340.40	340.60	341.60	340.50	1.20	341.60

CBOT

CBOT Soy Improved Significantly Amidst Continuing Uncertainty in Crop Weather

The exhaustion of aggressive selling pressure seen throughout the week coupled with warmer, drier extended weather outlooks for parched areas of the eastern Midwest served as the catalyst to trigger a minor bounce from previous losses.

Ideas that next week's rain event in Illinois will show only scattered thunderstorms, disappointing rain amounts for yesterday and the short-term oversold condition of the market helped support impressive buying early in the session today.

A higher US dollar may have helped limit the buying support, but commercial buyers are expected to provide some support today with traders not wanting to hold a hefty short position over the long weekend just in case the weather forecasts shifts to a drier pattern next week.

India weather officials this morning indicated an outlook for normal monsoon rains this month and this news may have limited the support in oil. Traders expect increased volatility on Tuesday morning due to weather forecast uncertainties.

The Meteorlogix forecast said a ridge is deflecting wet weather away from a chain of areas being hit by drought, which runs from the southern tip of Texas through Louisiana, southeast Oklahoma, Arkansas, most of Missouri, Illinois and into Indiana. That line of dry weather looks like a line of storms on the drought map, but might be characterized as anti-storms.

In trades, Cargill Investor Services bought 800 November, ADM Investor Services, ABN Amro, and Citigroup each bought 200 November, and Refco bought 700 November. On the sell side, Cargill Investor Services sold 1,000 November, Merrill Lynch and Refco each sold 500 November, Goldenberg Hehmeyer sold 300 November, and O'Connor sold 400 November. Commodity funds were estimated sellers of 2,000 contracts.

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

CBOT Soy oil futures as 01 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	651.6	665.4	673.4	658.0	21.8	673.4
Aug'05	656.0	670.0	676.0	662.0	20.0	676.0

CBOT remains closed on Saturday and Sunday.

South American Soybean Improved Significantly on Expected Declining End Stock

Producer selling in Brazil had been very active over the past several weeks but slowed to a crawl on the US break, and some demand has emerged to support South American beans on the spread.

As the weather premium came out of the US market, prices appear to have moved low enough to attract commercial demand in South America. The move to a new 3-year peak for the Brazilian real this morning could influence activity in the cash market.

The outlook for a tighter supply in the US for the coming season and the outlook for lower plantings in Brazil helped provide some underlying support.

The USDA reports showed smaller stocks and smaller planted acreage than expected. As a result, the beginning stocks for the 2005/2006 season should be revised down by about 15-20 million bushels in the next supply/demand outlook. As a result of the lower stocks and the revision lower in planted acreage, it will be even more important for average yields this season at least reach the trend line.

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.

Asia rust was confirmed in Alabama yesterday by the USDA with the disease spreading to a third state and conditions look favorable for further spreading.

The fast moving system yesterday left only scattered rains across Illinois, and the region will need to see good rains for the middle of next week in order to avoid further crop deterioration soon.

The Latin American soybean market is expected to continue higher amidst expected support from the growing uncertainty in US crop weather.

Forex Rates (As on 02.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.57
Malaysia	Ringgit	11.47
European Union	Euro	52.07
United Kingdom	GBP	77.05
Japan	100 Yen	39.00

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