

## OILSEED

27<sup>th</sup> July 2005

- Rapeseed Market Traded Range Bound Amidst Declining Buyer's Support

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Rapeseed August Contract** opened weak but continued range bound for the day amidst increased selling pressure and declining retail demand.

**Stochastic Oscillators:** The %K - line continued up in the neutral region indicating to the increasing strength in the prices. The % D-line also continued up in the neutral region indicating the rising strength in the market.

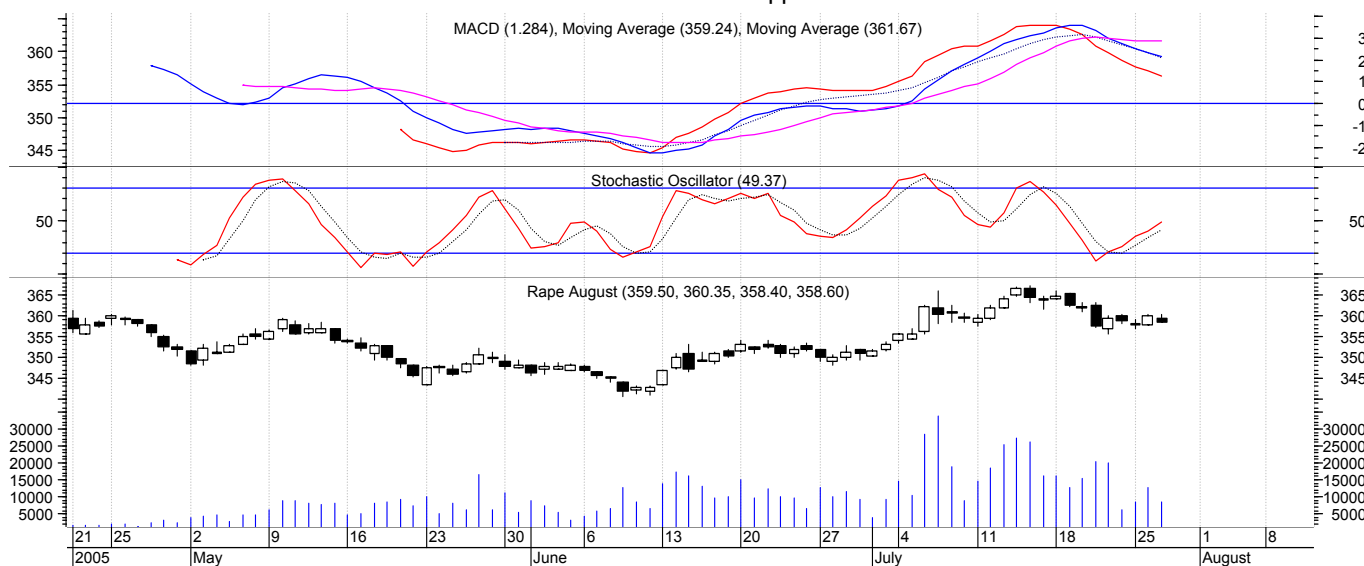
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 5 period(s) ago. Since the MACD crossed its moving average, Rape August's price has increased 0.29% and has ranged from a high of 363.15 to a low of 355.65. The 7-Day MA dipped further lower hinting to the continuing weakness in the prices along with the 14-Day MA.

##### Market advice:

Trade is expected to open range bound but continue trading marginally higher for Thursday. Go long with intra-day outlook.

##### Advisable trade limits:

Support at 358.00 and Resistance 362.00



#### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Soybean seed August Contract** opened weak and traded further on the lower side for the day amidst declining support from the international markets as well as retail demand. The heavy rain in Mumbai was also an important cause behind the falling prices.

**Stochastic Oscillators:** The %K - line continued lower in the neutral region indicating to the increased unsteadiness in the prices. The % D-line also declined marginally in the neutral region supporting the downward trend in the market.

Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 2

period(s) ago. Since the MACD crossed its moving average, August Soybean's price has decreased 0.83% and has ranged from a high of 1,347.00 to a low of 1,320.00.

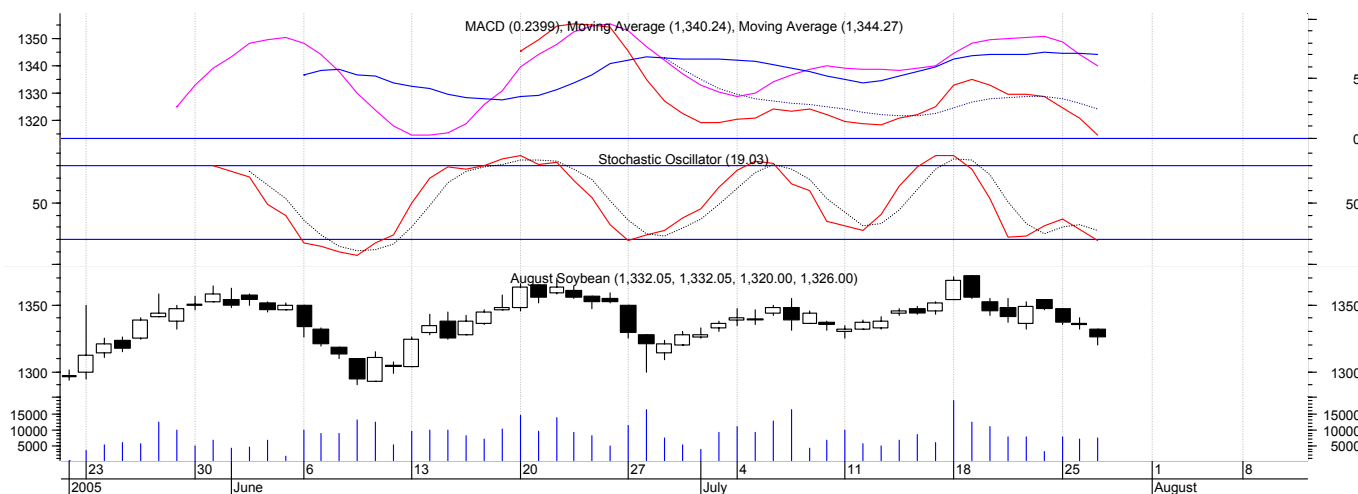
The 14-Day MA declined marginally hinting to the weakening sentiments in the markets and the 7-Day MA continued further lower hinting to existing weakness in the prices.

##### Market advice:

Market is expected to open and trade range bound with slight improvement towards the end session of Thursday. Go long with very short-term outlook.

##### Advisable trade limits:

Support at 1320.00 and Resistance at 1333.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened range bound and traded lower for most of the day amidst lack of support from the buyers. The heavy rains almost paralysed the trading activity in the areas of in and around Mumbai leading to significant decline in the soybean oil prices at the futures.

The international market traded mixed with the screen trade partially supporting the domestic trade towards the end of the session. At the time of closure the NCDEX August Contract was at Rs. 1326.00 (Down by Rs. 9.95).

The Hazir market continued range bound in the negative region amidst declining support from the retail demand and futures market.

The price of soybean in Kota market was quoted at Rs. 1220 per quintal. In Madhya Pradesh it was Rs. 1360, in Karnataka it was Rs. 1250 and in Maharashtra it was Rs. 1240.

The market is expected to open range bound but trade positive towards the end session for Thursday amidst expected support from CBOT Soybean.

### Rapeseed/Mustard:

The rapeseed market today lowered marginally in the spot as well as in the futures markets amidst consistent decline in the retail demand and uncertainty in NAFED's sale of mustard in the open market.

NAFED has already an open sale rate of Rs. 1680 for the markets of Rajasthan, Haryana and Punjab. But till now no trader have shown interest in taking the deliveries at such higher rates as the market prices is well below the quoted price.

The unsteady progress of sowing of other oilseed crops, continuing dry spell in major growing areas and very heavy rain in the areas adjoining Mumbai is still holding the prices. In the spot markets the price remained range bound amidst lack of fresh trading initiatives from the retail traders.

Today the new crop arrival 0.20-0.25 lakh bags in Rajasthan.

The rapeseed market is expected to trade on the higher side on Thursday as the buyers' support is expected to improve.

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

Markets	Prices	Arrivals (Bags)
Jaipur (C)	1815-1820	-
Alwar(C)	Closed	-
Delhi(C)	1820	1000
Agra(C)	1880	-
Sri Ganganagar (NC)	1570-1575	500
Kota (NC)	1570-1610	1500

### Groundnut

Groundnut improved marginally at various centres amidst continuing uncertainty in the edible oil markets and heavy rains in Mumbai.

The heavy rains in the Mumbai region has hampered the normal movement of the commodities leading to wide spread uncertainty in the markets. As per the latest report, the sowing of groundnut is almost normal but the late sowing done for groundnut is bound to reduce the overall production prospects. The heavy rains after the sowing is also expected to hamper the normal crop progress, the extent of which could be estimated in the days to come.

In other edible oil markets, the price movement is providing sufficient support. The trade in the other edible oil markets is declining day by day leading to further uncertainty in the prices.

The domestic market is expected to continue trading range bound on the higher side on Thursday amidst continuing support from the retail demand and declining supplies.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2790 per quintal, the bold (60-70 Count) is Rs. 3000 per quintal, the 50-60 count seed is Rs. 2950 and for 40-50 count the rate is Rs. 2400 in Mumbai market.

### Vayda Quotes

#### Mustard futures as on 27<sup>th</sup> July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	344.80	344.50	345.60	344.40	-0.70	344.10
Hapur	5-Aug	367.20	366.50	367.90	366.00	-0.70	366.50
Bikaner	5-Aug	347.80	348.00	348.00	348.00	0.20	348.00
Hisar	5-Aug	334.90	334.25	335.30	334.10	-0.70	334.20

## CBOT

### CBOT Soy Futures Continued Higher Amidst Outlooks for Warmer & Drier Crop Weather

Soybean futures at the Chicago Board of Trade ended moderately higher on Tuesday, but scaled back earlier gains, as cooler, wetter midday weather forecasts uncovered speculative selling.

The soybean crop developing faster than expected, with blooms and pod setting well above the average pace, placed a greater emphasis on near-term weather in early trade. Talk of disappointing rains totals from a weather system in the western belt and outlooks for warmer, drier conditions sparked speculative buying, until a band of showers in midday forecasts took some the edge off prices.

Commercial selling turned more active and when mid-day weather models were a little wetter, speculative long liquidation set-in to push futures to just 1 1/2 cent higher on the day late.

The weekly crop progress report, released Monday afternoon, showed that 54% of the crop was in good to excellent condition, up 1% from last week but still down from 60% as the 15-year average for this time of the year. Poor to very poor crops were unchanged at 16% from 10% as the 15-year average.

The market remains highly sensitive to the weather outlook into early August as the soybean crop is entering a more sensitive time frame for yield development and the potential stressful weather could cause the average yield outlook to move below average.

With a huge demand base, ending stocks could tighten significantly to historic levels if average yields fall 3-5% below trend line averages.

In pit trades, ADM Investor Services, ABN Amro, Man Financial and RJ O'Brien each bought 500 November, Citigroup bought 400 November, Goldenberg Hehmeyer bought 1,500 November, Refco bought 800 November, and UBS Securities bought 600 November. ADM Investor Services, Cargill, Refco and Tenco each sold 300 November, Bunge Chicago and Merrill Lynch each sold 500 November.

The US soybean is expected to continue range bound on the higher side amidst bullish undertone and uncertain crop weather.

#### CBOT Soy oil futures as 26 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	669.6	684.0	696.0	663.0	+6.4	676.0
Aug'05	674.4	687.0	701.0	677.0	+4.8	679.2

CBOT remains closed on Saturday and Sunday.

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### South American Soybean Improved Marginally Amidst Prospects of Increased Demand from China

August South American soybeans closed 10 1/2 cents higher on the session. Ideas that China buying power is enhanced with last week's currency adjustment combined with lower freight rates helped to support the idea of stronger demand for Brazil soybeans over the near term.

End user interest is in Brazil at this time of the year with supply focus on the US crop. With South America pricing in better demand and the US market still correcting from the weather threat, South America has been gaining on Chicago soybeans and the August/August spread moved to a contract low.

The rains across the Midwest today will be welcomed, but the lack of rain in the forecast for the next ten days and the possible return of hot weather from time to time does not appear to be the type of weather needed to see a continued recovery in crop conditions to a level which might support normal to above normal yields.

While the corn market may be pricing in a 5-7% drop in yields below trend line yield, the threat of a 5% drop in yields below trend line yield of 39.9 bu/acre for soybeans could send prices soaring, as this reduction would likely force usage estimates lower due to tight supply.

Traders are likely to see weather that might stress soybean crops into August as a threat, and the building of a weather premium could support futures. There were no surprises in the weekly crop progress reports with a slight improvement in conditions.

The Latin American soybean market is expected to continue range bound amidst growing uncertainty in crop weather in the coming days and adjustment of freight charges by China.

#### Forex Rates (As on 27.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.61
European Union	Euro	52.29
United Kingdom	GBP	75.65
Japan	100 Yen	38.67