

OILSEED

20th July 2005

- Rapeseed Market Declined Marginally on Strong Rumors of NAFED Tender Opening

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX August Contract

Rapeseed August Contract opened weak and declined further 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 confused by the strong rumours of the opening of the NAFED tenders.

Stochastic Oscillators: The %K - line continued downward in the neutral region indicating to the weakness in the prices. The % D-line also moved lower in the neutral region indicating the growing weakness in the market.

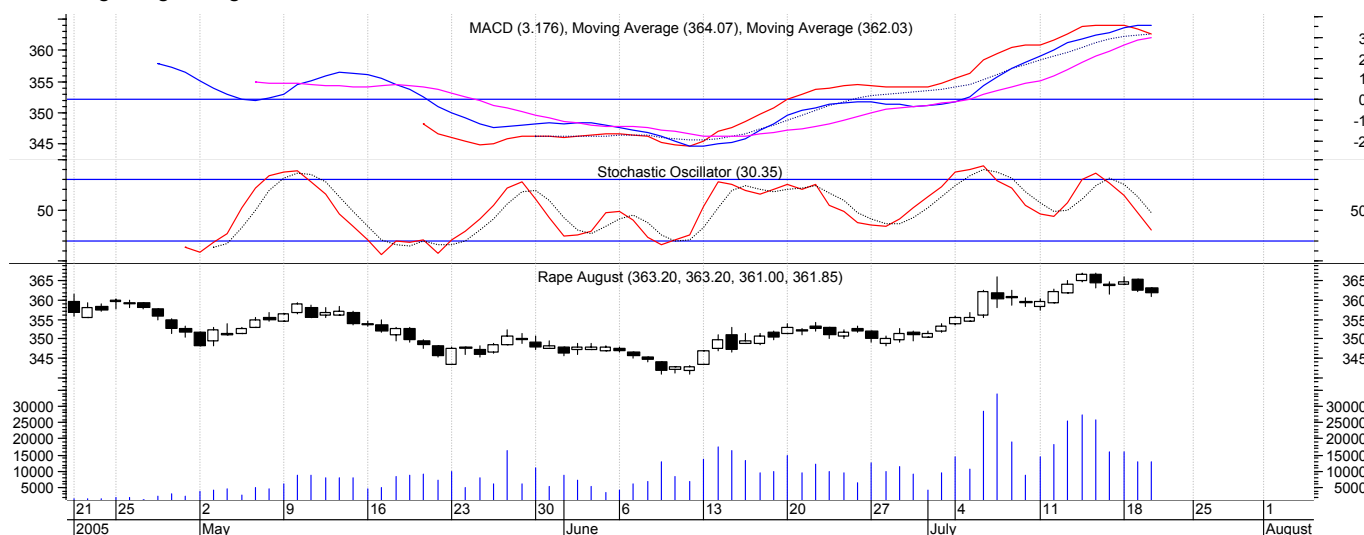
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 31 period(s) ago. Since the MACD crossed its moving average, Rape August's price has increased 3.40% and has ranged from a high of 367.10 to a low of 346.65. The 7-Day MA turned marginally lower hinting to the possible weakness in the prices while the 14-Day MA still supporting the strength in the market prices.

Market advice:

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

Advisable trade limits:

Support at 360.50 and Resistance 364.00



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX August Contract

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

Stochastic Oscillators: The %K turned lower along with the % D-line indicating the growing 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 0.32% and has ranged from a high of 1,372.00 to a low of 1,342.00.

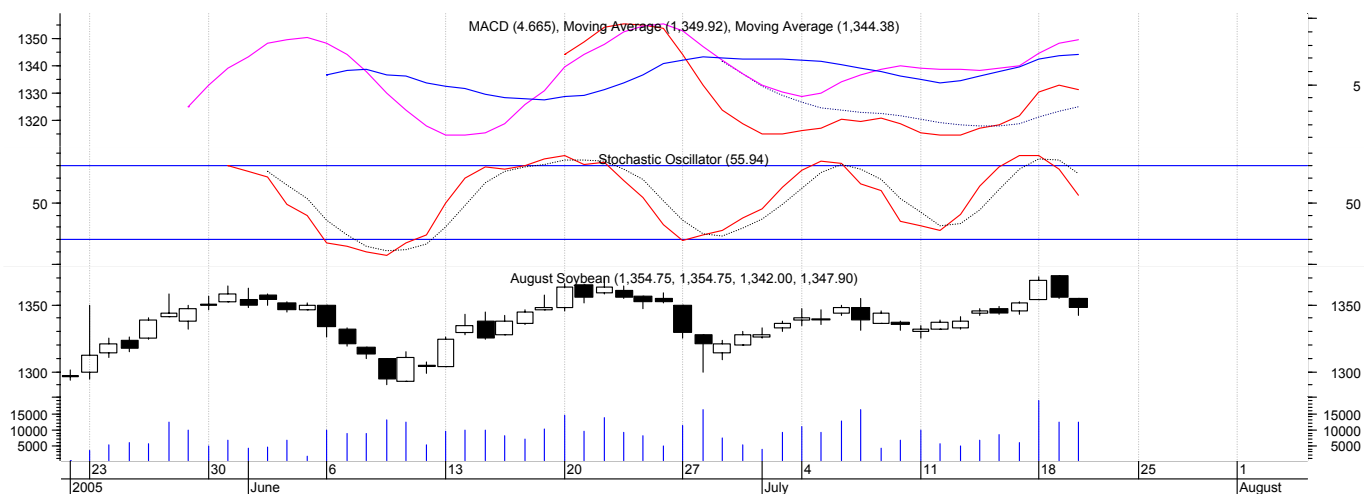
The 14-Day MA is still moving up showing the improving sentiments in the markets along with the 7-Day MA.

Market advice:

Market is expected to open and trade range bound on the lower for Thursday. Go short with short-term outlook.

Advisable trade limits:

Support at 1341.00 and Resistance at 1356.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened weak and continued sharply lower for the day amidst increased selling pressure and excessive decline in the US soybean complex market.

The international CBOT market closed sharply lower. The incidence of rains in Iowa, Indiana and Ohio weakened the sentiments and the fund traders observed increased panic selling. At the time of closure the NCDEX August Contract was at Rs. 1347.90 (Down by Rs. 7.70).

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. 1220-1230 per quintal. In Madhya Pradesh it was Rs. 1425-1430, in Karnataka it was Rs. 1310 and in Maharashtra it was Rs. 1260.

The market is expected to open marginally weak for Thursday but is expected to improve in the afternoon session if it is adequately supported by CBOT Soybean futures.

Rapeseed/Mustard:

The rapeseed market today continued declining at the futures amidst strong rumours of accepting domestic tender rate of NAFED by few traders.

The regular miller's demand is expected to keep the prices under tight check and would not allowing the prices to fall abruptly.

The policy of the NAFED regarding the mustard seed sale is not yet clear. The NAFED could not go through with the tender rate for the sale of mustard seed as the rates quoted is said to be much above the market rate.

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 stayed range bound amidst steady 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' uncertainty is expected to continue longer.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur	1815	-
Alwar	1700	1000
Delhi	1825-1830	1500
Agra	1850-1860	-
Sri Ganganagar	1580	500
Kota	1580-1620	2500

Groundnut

Groundnut today continued range bound in the positive side at various centres. In all the major markets the prices remained steady amidst sharp decline in the prices of other edible oils.

The Gujarat and Mumbai market traded range bound amidst continuing uncertainty in demand while the Hyderabad and Chennai market witnessed marginal upsurge as the retail demand improved marginally.

Apart from the uncertain and slow sowing progress, the import of the other competitive edible oil is also imparting increased pressure on the domestic groundnut prices.

The domestic market is expected to continue trading range bound on Thursday amidst continuing uncertainty and expectation of lower production in the ongoing crop season.

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. 3000 and for 40-50 count the rate is Rs. 2400 in Mumbai market.

Vayda Quotes

Mustard futures as on 20th July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	349.10	348.00	348.20	347.30	-1.00	348.10
Hapur	5-Aug	371.20	370.00	370.40	369.30	-0.90	370.30
Bikaner	5-Aug	344.00	344.00	344.00	344.00	0.00	344.00
Hisar	5-Aug	346.10	344.90	344.90	344.00	-1.50	344.60

CBOT

CBOT Soy Futures Traded Sharply Lower Amidst Rains in Major Growing Areas

Heavy speculative selling pressured soybean futures at the Chicago Board of Trade on Tuesday, as the market plunged amid talk of less-threatening long-term weather forecasts and technical weakness.

Expectation of Iowa, Indiana and Ohio received beneficial rains over the weekend to help cope with a hot and dry week ahead along with hopes for more scattered rains for tomorrow and Thursday helped pressure the market.

The fears of a shift in the weather pattern along with ideas that fund traders will exit a massive net long position helped pressure. The weekly crop progress report, released yesterday afternoon, contained no surprise showing that 53% of the crop is in good to excellent condition, down 1% from last week and down from 61% as the 15-year average for this time of the year.

Export news is slow with end user focus on South American soybeans at this time of the year. South Korea is tendering for India or South American meal.

In trades, Calyon Financial bought 500 November and Refco bought 200 November. On the sell side, ADM Investor Services sold 500 November, Cargill Investor Services sold 1,500 November, Man Financial and Goldenberg Hehmeyer each sold 1,000 November, Refco sold 2,500 November, Fimat sold 700 November and RJ O'Brien sold 800 November. Commodity funds were estimated sellers of 13,000 to 14,000 contracts.

The US soybean is expected to continue unsteady with bullish undertone on expectation of continuing uncertainty in the weather forecasts.

CBOT Soy oil futures as 19 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	717.2	708.0	708.0	677.0	-34.8	717.2
Aug'05	720.6	711.4	711.4	680.0	-35.2	720.6

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Traded Range Bound on Uncertain US Weather

The focus of attention is still on threatening weather in the US with some traders believing that Monday and Wednesday scattered rains across the Midwest will protect the crop against heat and dryness into next week.

A slower Chinese demand tone is coming at a time when their demand is usually focused on Brazilian soybeans. This, along with producer selling in Brazil helped pressure the basis and keep a lid on the rally.

Crop condition news overnight did not vary much from expectations, with crops deteriorating slowly over the past week. However, the deterioration process could accelerate this coming week with hot and dry weather for the Midwest and the delta.

The USDA reported a low level of soybean rust in Mississippi and a spore trap in Tennessee caught a few rust spores but not enough to confirm the fungus.

Afternoon showers and thunderstorms are possible for Wednesday/Thursday for the US Midwest before hot and dry weather hits for the weekend and early next week with 100 degree plus temperatures expected for parts of Iowa and Illinois.

More important to the soybeans is the longer-term forecast, which shifted to a bit warmer and drier from normal for the early August time frame.

The US weekly crop progress report showed that 53% of the crop is in good to excellent condition, down 1% from last week and down from 61% as the 15-year average for this time of the year. Poor to very poor condition crops hit 16% from 10% as the 15-year average.

The Latin American soybean market is expected to continue range bound on the higher side amidst the uncertain weather in US.

Forex Rates (As on 20.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.54
Malaysia	Ringgit	11.47
European Union	Euro	52.53
United Kingdom	GBP	75.62
Japan	100 Yen	38.48

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