

## OILSEED

16<sup>th</sup> July 2005

- Rapeseed Market Traded Range Bound Amidst Uncertain Futures and Unsteady Demand

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX July Contract

**Rapeseed July contract** opened weak and continued trading on the lower for the day. The market traded today amidst lack of trade initiatives by majority of traders. Most of the traders are 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.

**Stochastic Oscillators:** The %K - line moved downward in the over bought region and is about to make a bearish cross over of the % D-line indicating to the unsteadiness in the prices. The % D-line on the other hand continued up in

the neutral region indicating the existing strength in the market.

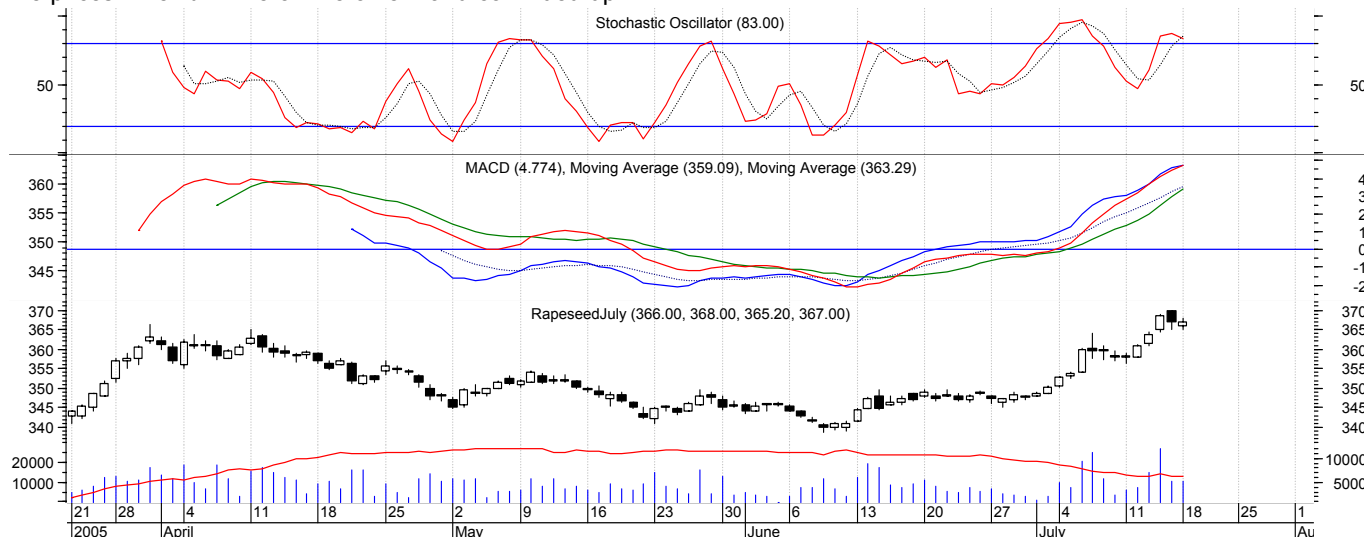
Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 28 period(s) ago. Since the MACD crossed its moving average, Rapeseed July's price has increased 5.67% and has ranged from a high of 370.00 to a low of 344.50. The 7-Day MA continued moving sharply up along with the 14-Day MA still supporting the strength in the market prices.

##### Market advice:

Trade is expected to open range bound and trade marginally on the higher side for Monday. Go long with short-term outlook.

##### Advisable trade limits:

Support at 366.20 and Resistance 370.00



#### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

##### NCDEX July Contract

**Soybean seed July contract** opened lower but continued marginally higher for most of the day before declining marginally towards the end session amidst declining support from the retail traders.

**Stochastic Oscillators:** The %K continued up along with the % D-line in the neutral region indicating the continuing strength in the domestic prices.

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

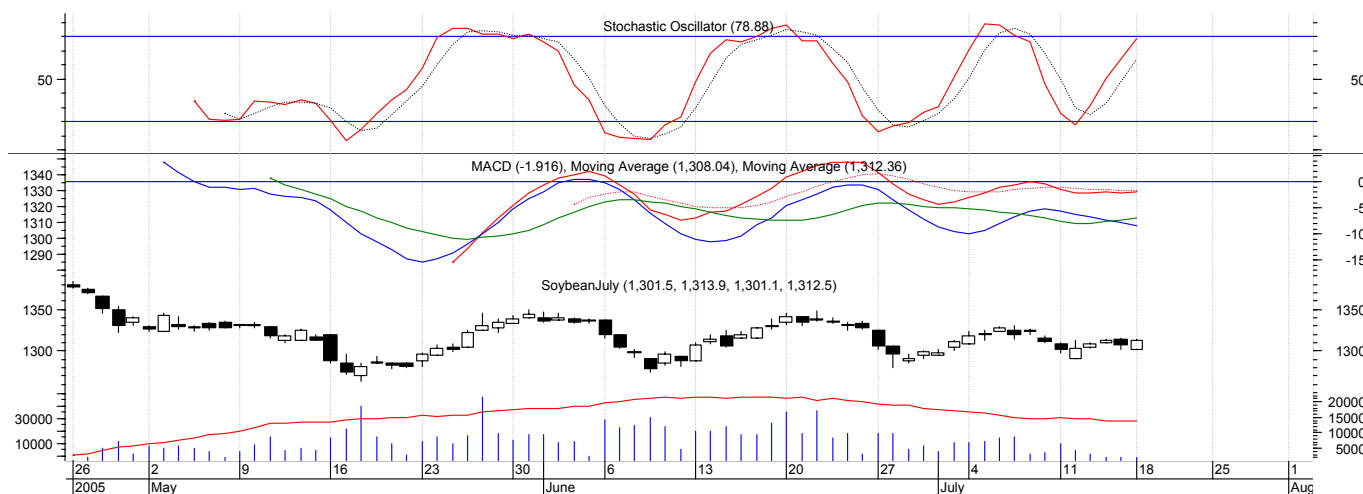
average, Soybean July's price has increased 0.81% and has ranged from a high of 1,314.85 to a low of 1,291.00. The 14-Day MA continued up showing the improving sentiments in the markets but the 7-Day MA is still hinting to the increasing weakness in the prices in the market after making a bearish cross over of the 14-Day MA.

##### Market advice:

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

##### Advisable trade limits:

Support at 1304.00 and Resistance at 1320.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened range bound but continued upward for the day amidst increased buyer's support and absence of indications from the international markets.

The international market traded range bound at the CBOT amidst wide spread uncertainty in the weather and declining export demand. As per NOPA, the US crush report is more than the expected quantum, which is expected to impart slight bearishness in the market. The long-term prospect in the US market is still expected to be bullish as the warm weather is predicted in the coming week. At the time of closure the NCDEX July Contract was at Rs. 1312.50 (Up by Rs. 5.65).

The Hazir market traded range bound in the positive region amidst uncertain sentiments at the futures and partial support from the international markets.

The price of soybean in Kota market was quoted at Rs. 1280 per quintal. In Madhya Pradesh it was Rs. 1445, in Karnataka it was Rs. 1260 and in Maharashtra it was Rs. 1270.

The market is expected to open steady for Monday and trade range bound on the higher side as the day progresses.

### Rapeseed/Mustard:

The rapeseed market today improved marginally at the futures amidst increased support from the buyers.

The traders are still expressing their concern over the declining supply in the retail market. The regular miller's demand is keeping the market tight.

The policy of the NAFED regarding the mustard seed sale is not yet clear.

Today, the rapeseed found increased support from the buyers at major exchanges amidst the unsteady progress of sowing of other oilseed crops and declining weather in major growing areas. In the spot markets the prices moved marginally ahead on amidst increasing demand.

Today the new crop arrival reached 0.15 lakh bags in Rajasthan.

The rapeseed market is expected to continue trading range bound for Monday as the buyers' support is expected to be on the rise further.

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

Markets	Prices	Arrivals (Bags)
Jaipur	1835-1840	-
Alwar	1730	-
Delhi	1835-1840	100-1200
Agra	1890	-
Sri Ganganagar	1580	500
Kota	1580-1600	500

### Groundnut

Groundnut today traded mixed at various centres. In the southern markets the prices increased marginally amidst stable demand while the demand in the western markets is still indecisive and is based on the progress on the monsoon and the ongoing sowing process.

The Gujarat market lowered marginally amidst wide spread uncertainty while the Hyderabad and Chennai market witnessed significant improvement.

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.

The domestic market is expected to continue trading range bound on Monday amidst growing 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 16<sup>th</sup> July 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	349.60	349.50	350.30	348.30	0.70	350.30
Hapur	5-Aug	371.50	371.20	372.70	369.50	0.80	372.30
Bikaner	5-Aug	342.00	342.00	342.00	342.00	0.00	342.00
Hisar	5-Aug	347.00	346.70	347.50	345.60	0.70	347.70

## CBOT

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

The market continues to find support from the 10-day weather outlook for hot and dry weather for most of the Midwest. A chance of some scattered rains for early next week, ideas that the market is overbought and continued favorable weather for Indiana and Ohio for the next few days has kept traders quick to take profits and has kept the trade very volatile.

DTN Meteorlogix said a drier- and hotter-than-normal weather pattern is on tap for the western Midwest. There will be some chances for thundershowers Sunday into Monday, but it will be hot until then and will likely get hot again after that period. A similar pattern is on tap for moisture- starved areas of central and northwest Illinois with no significant rains forecasts for the next 10 days.

Demand concerns are also surfacing from China with talk of poor crush margins and some crush plants even shutting down in the short-term which might slow demand for imports which typically come from Brazil at this time of the year.

In trades, ADM Investor Services, Citigroup, Fimat and Rand Financial each bought 300 November, Refco bought 700 November and DT Trading bought 800 November. On the sell side, Cargill sold 300 August and 500 November, Cargill Investor Services sold 700 November, Fimat sold 300 November, and Rand Financial, Refco and Shatkin/Arbor each sold 200 November. Commodity funds were estimated buyers 1,000 contracts, and commercial firms were net sellers.

The US soybean is expected to remain bullish on expectation of continuing dry and warm weather.

#### CBOT Soy oil futures as 15 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	720.0	735.0	736.0	717.0	+1.0	721.0
Aug'05	722.2	737.0	738.0	711.0	+2.2	724.4

CBOT remains closed on Saturday and Sunday.

### South American Soybean Futures Traded Marginally Lower On Indecisive Export Demand

August South American soybeans closed lower. The focus of attention is still on threatening weather in the US, but news of weakening demand from China due to declining crush margins which might cause some crush plants to shut down temporarily could cause Brazil soybeans to weaken relative to US prices.

A slower China demand tone is coming at a time when China demand is usually focused on Brazil soybeans. Producer selling in South America has also increased significantly on the recent rally.

Talks that the new hurricane, Emily, could bring rains to the Midwest helped trigger aggressive long liquidation selling from funds and speculators late in the session yesterday.

Trade is expected to be extremely volatile, as the hot and dry forecast for the central and western US Corn Belt for the next 10 days could cause deteriorating crop conditions for soybeans going into the key reproductive time frame in August.

Demand news appears weak and could be limiting the impact of the threatening weather, but the commercial buying interest on the break yesterday was impressive. A commercial field in Alabama has reportedly been found with the Asia rust fungus, which would be the first this year, according to the USDA.

The central and western regions of the US Corn Belt look to see much above normal temperatures (mid to upper 90's) and below normal precipitation in the next 10 days, with 0.25 to 0.75 inches of scattered rains with a cold front called for early next week before the heat returns later in the week.

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 16.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.47
European Union	Euro	52.37
United Kingdom	GBP	76.27
Japan	100 Yen	38.79

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