

OILSEED

10th August 2005

- Rapeseed Prices Moved In Positive Region Amidst Improving Retail Demand

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX August Contract

Rapeseed August Contract opened weak but traded range bound on higher side for the day amidst increased selling amidst growing uncertainty in the other edible oil markets and improving retail demand.

Stochastic Oscillators: The %K - line continued lower in the neutral region indicating to the weakness in the market. The % D-line also moved further down in neutral region indicating the declining strength in the market prices.

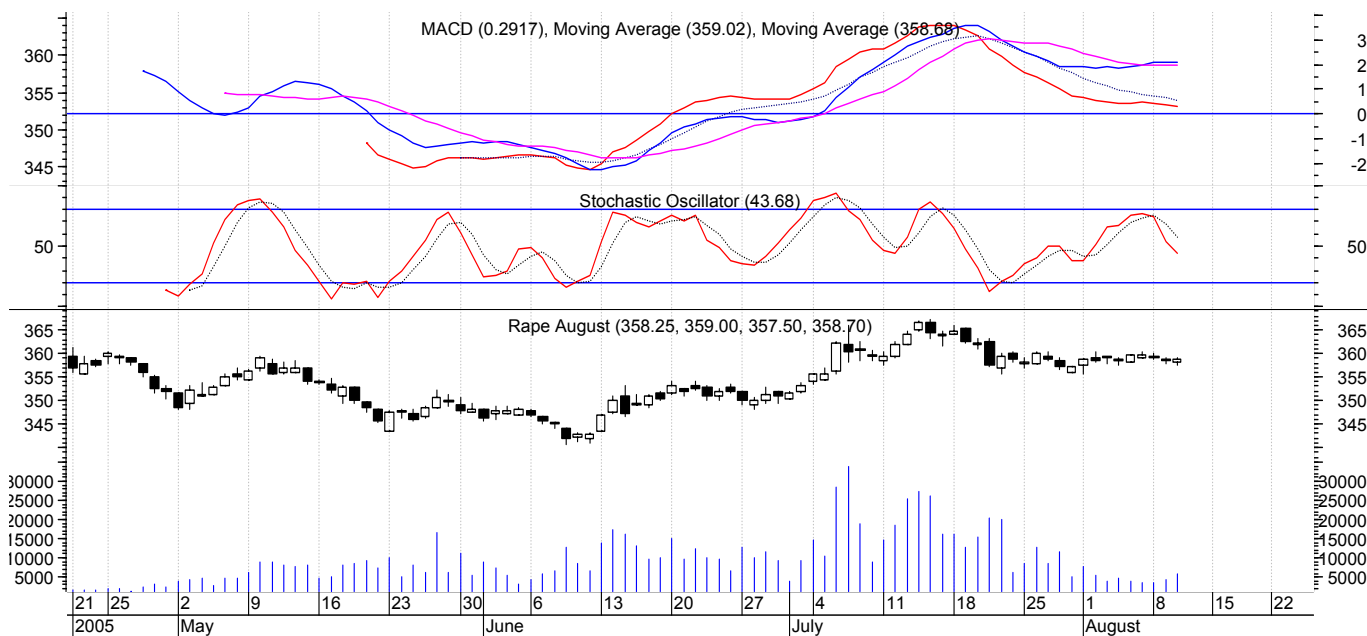
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 16 period(s) ago. Since the MACD crossed its moving average, Rape August's price has increased 0.32% and has ranged from a high of 363.15 to a low of 355.60. The 7-Day MA continued lower along with the 14-Day MA hinting to the weak sentiments in the prices.

Market advice:

Market is expected to continue range bound in the positive side for Thursday. buy with very short-term outlook.

Advisable trade limits:

Support at 358.20 and Resistance 360.00



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX August Contract

Soybean seed August Contract opened firm, dipped sharply lower but recovered marginally towards the end and traded amidst increased uncertainty in the edible oil markets.

Stochastic Oscillators: The %K - line moved up marginally in the neutral region indicating to the changing sentiments in the market. The % D-line continued lower in the neutral region supporting downward in the market.

Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 13 period(s) ago. Since the MACD crossed its moving average, August Soybean's price has decreased 4.50% and has ranged from a high of 1347.00 to a low of 1266.10.

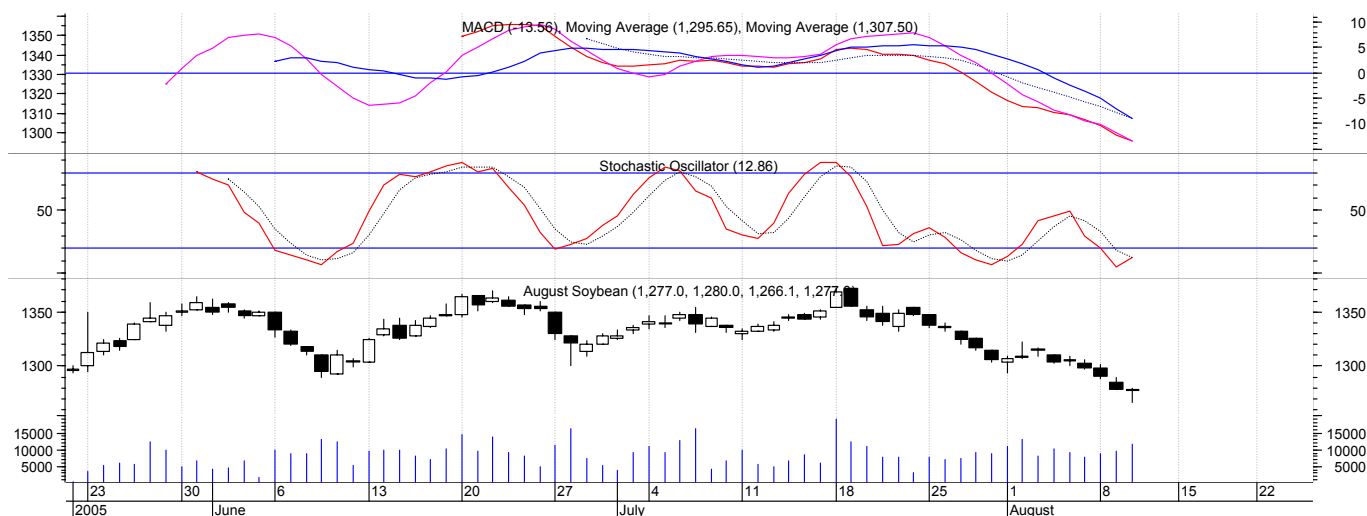
The 14-Day MA continued lower along with the 7-Day MA supporting the extended weakness in the market prices.

Market advice:

Market is expected to open range bound and trade lower for Thursday. Do not make fresh entry at this point.

Advisable trade limits:

Support at 1273.00 and Resistance at 1290.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened weak but traded marginally on the positive side for the day amidst increased buying support and partial improvement of demand in the retail market.

The US soybean market is expected to open on a weak note but trade positive as the trading progresses. The lower trade could be attributed to the expectation of good rains in the major growing areas and declining exports. Following the international uncertainty, the domestic market continued trading range bound. At the time of closure the NCDEX August Soybean Contract was at Rs. 1277.00 (Down by Rs.1.40).

The trade at the domestic exchanges is greatly volatile on the following pressure of expected bumper soybean crop owing to good rains and the approach of the first cut for the August contract at Indore's NBOT exchange.

In the month of August, India has imported about 1.29 lakh tonnes of soybean oil till 10.08.05. The Hazir markets continued range bound amidst increased uncertainty at the futures and uncertain retail demand.

The price of soybean in Kota market was quoted at Rs. 1225 per quintal. In Madhya Pradesh it was Rs. 1255, in Karnataka it was Rs. 1190 and in Maharashtra it was Rs. 1230.

The market is expected to open steady for Thursday and continue range bound amidst indecisive support from the buyers and increased pressure from the imports.

Rapeseed/Mustard:

The rapeseed market today improved marginally in the domestic markets and traded range bound at the futures amidst uncertain buying support and continuing lack of demand in the other edible oil markets.

The declining retail demand is pressuring the domestic prices. Still no break through has been achieved in the decision for the selling of the mustard seed by NAFED. NAFED is inviting daily tenders, but the rate quoted is on the higher side (Rs. 1700.00) at which the domestic traders are reluctant to purchase.

Today the mustard arrival was 0.20 lakh bags in Rajasthan.

The rapeseed market is expected to continue range bound with marginal improvement on Thursday, as the buyers' support is decline further.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur (C)	1790-1795	-
Alwar(C)	1710-1715	500-700
Delhi(C)	1800	600-700
Agra(C)	1840	-
Sri Ganganagar (NC)	1565-1570	500
Kota (NC)	1570-1600	1500

Groundnut

Groundnut today traded range bound amidst continuing uncertainty regarding the supply in the market and declining sentiments in the other edible oil markets.

The prospect of declining production is expected to impart bullishness in the market in the coming days. The latest sowing progress of the groundnut seed shows that the crop acreage is still down by 5.43 per cent over the last year. The current acreage is 50.24 lakh hectares against the last year coverage of 53.45 lakh hectares. The incidence of the tikka disease in the groundnut crop is also expected to damage major crops in the Gujarat.

The heavy import of the other edible oil in the domestic market has also pressured the market. Till now the country has imported 2.64 lakh tonnes of edible oil (includes palm oil & soybean oil).

The domestic market is expected to continue trading range bound on the positive side on Thursday amidst growing uncertainty in edible oil markets.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2880 per quintal, the bold (60-70 Count) is Rs. 3085 per quintal, the 50-60 count seed is Rs. 2965 and for 40-50 count the rate is Rs. 2490 in Mumbai market.

Vayda Quotes

Mustard futures as on 10 August 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	Aug	345.10	344.80	345.10	344.10	-0.60	344.50
Delhi	Nov	338.80	338.20	338.60	337.50	-1.00	337.80
Hapur	Aug	367.40	367.00	367.30	366.30	-0.60	366.80
Hapur	Nov	361.70	361.00	361.40	359.10	-1.90	359.80
Bikaner	Aug	349.00	348.00	348.00	348.00	-1.00	348.00
Hisar	Aug	335.30	334.70	334.70	334.00	-1.10	334.20
Hisar	Nov	333.00	332.20	332.30	331.30	-0.80	332.20

CBOT

CBOT Soy Futures Plummeted Sharply on Increasing Prospects of Beneficial Rains in Soybean Belts

Soybean futures on the Chicago Board of Trade fell Tuesday, settling at over two-month lows as prospects for beneficial rains to move into dry areas of the soybean belt sent buyers running for cover.

The outlook for increasing rain and cooler weather for the next few weeks beginning late this week helped trigger the sharp losses early in the session.

The market was called to open just 5-10 lower on the session but a near lack of new buying interest early in the session was enough to drive the market sharply lower as stops were activated under Friday's lows.

The weekly crop progress report, released late yesterday showed that 51% of the US crop was in good to excellent condition as compared with 54% last week and 59% as the 15-year average for this time of the year. Traders were looking for a 1-3% drop in conditions so the news failed to support and with the bearish weather outlook, long liquidation selling ahead of the Crop Production report for later this week was active. Poor to very poor ratings jumped to 19% from 16% last week and from 12% on average for this time of the year.

Export news is slow and the market seems convinced that soybean crop conditions can improve significantly in the weeks just ahead with the trade now anticipating a major shift in the weather pattern.

For the Crop Production report on Friday, traders are looking for a production estimate near 76.02 million tonnes (range 74.68-77.75) as compared with last years crop at 85.45 million tonnes. Ending stocks for the 2005/2006 seasons are expected to come in near 4.68 million tonnes (range 3.13-5.72) as compared with last months estimate at 210 million bushels.

The rain potential has taken upside urgency from the market, with speculative funds whittling down some of their non-performing long positions. The absence of strong export demand coupled with weak technically failed to provide any incentive for bullish traders to take a stand

heading into Friday's U.S. Department of Agriculture crop report.

The US soybean is expected to trade further on the lower side on Wednesday evening amidst increasing expectation of good crop weather in the coming days.

CBOT Soybean futures as 09 August 2005 (Cents/bushel)

Months	Previous Settle	Open	High	Low	Change	Close
Aug'05	660.4	640.0	648.0	640.0	-17.4	643.0
Oct'05	664.2	640.0	652.0	640.0	-18.0	646.2

CBOT remains closed on Saturday and Sunday.

South American Soybean Declined Marginally Amidst Improving Crop Prospects in US

November soybeans are called 5-8 cents lower on the opening, as declining crop conditions were not a surprise and forecast models confirmed improving crop weather ahead.

The increased focus on South American short-term export news could keep commercial traders interested in the new contract. November South American soybeans have been gaining on November US soybeans.

While crop conditions deteriorated over the past week, the outlook for above normal rainfall and below or normal temperatures for the next few weeks keeps futures in a long liquidation mode over the short term. If the weather outlook continues to improve, long liquidation selling might persist into the USDA Crop Production and Supply/Demand reports for release before the opening on Friday.

With August weather having a huge influence on the final crop of the past several years, the market has already discounted the poor start to the crop, and futures are pricing in excellent weather for the second half of the month. Illinois soybeans are rated 41% in poor to very poor conditions as of August 7th, but the trade is counting on improving conditions with improving weather for the next 3 weekly reports.

Taiwan bought 58,000 tonnes of soybeans from Brazil for September 15th to 29th delivery, but there is talk that US soybeans might be cheaper for delivery in October through December. The Latin American soybean market is expected to trade range bound amidst improving prospects of US Soybean crop.

Forex Rates

(As on 10.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
Malaysia	Ringgit	11.62
European Union	Euro	53.90
United Kingdom	GBP	77.92
Japan	100 Yen	39.16

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