

## OILSEED

03<sup>rd</sup> August 2005

- Rapeseed Market Traded Range Bound Amidst Uncertain Buyers Activity

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Rapeseed August Contract** opened firm, traded lower in the first few hours and then closed at the opening rate amidst support from buyer activity and lack of NAFED's mustard selling in the market.

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

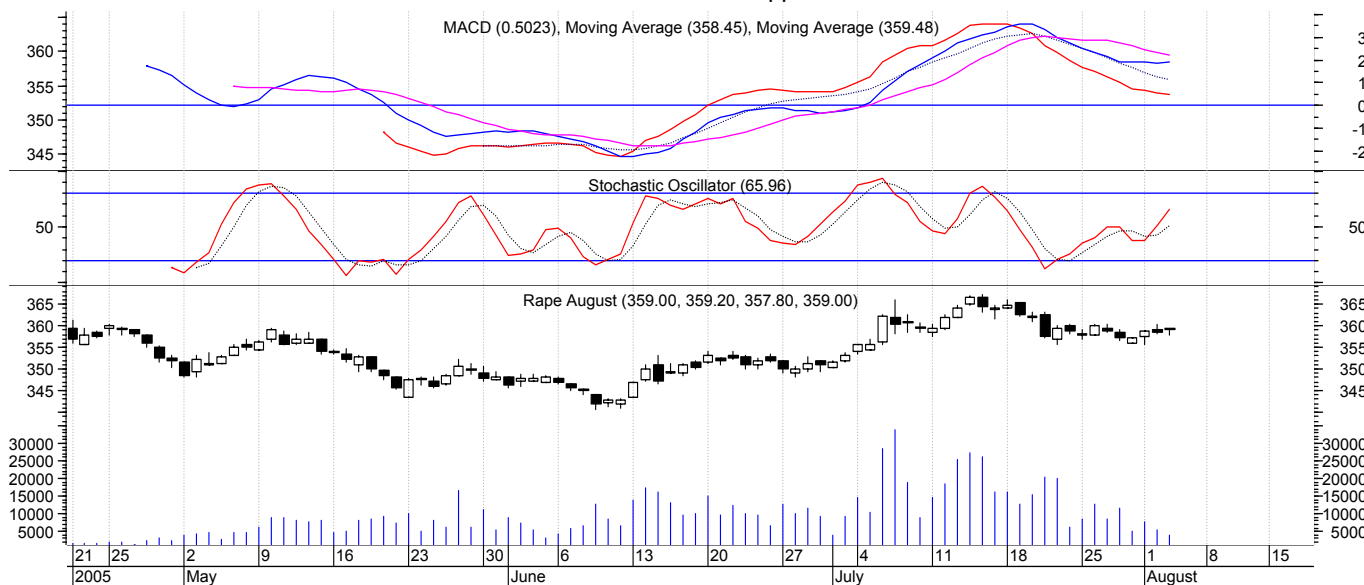
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 10 period(s) ago. Since the MACD crossed its moving average, Rape August's price has increased 0.41% and has ranged from a high of 363.15 to a low of 355.60. The 7-Day MA turned upward showing the rising strength in the prices while the 14-Day MA continued downward hinting to the continuing weakness in the prices.

##### Market advice:

Trade is expected to open and trade range bound with partial improvement for Thursday. Go long with short-term outlook.

##### Advisable trade limits:

Support at 358.50 and Resistance 361.10



#### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Soybean seed August Contract** opened positive and traded further higher for the day amidst heavy rains in the major growing areas and increased buyer's support.

**Stochastic Oscillators:** The %K - line continued up in the neutral region indicating to the growing strength in the prices. The % D-line also moved up entering the neutral region supporting uptrend in the market.

Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 7

period(s) ago. Since the MACD crossed its moving average, August Soybean's price has decreased 1.65% and has ranged from a high of 1347.00 to a low of 1294.00.

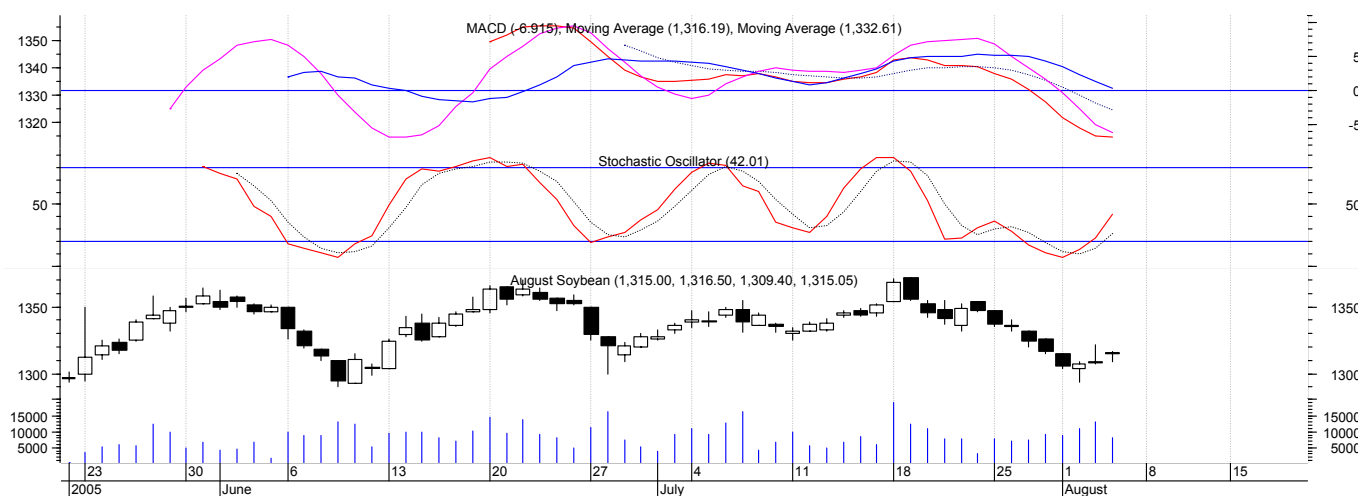
The 14-Day MA continued lower along with the 7-Day MA hinting to the existing weakness in the market prices.

##### Market advice:

Market is expected to open range bound but trade high for Thursday. Go long with short-term outlook.

##### Advisable trade limits:

Support at 1311.00 and Resistance at 1323.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened firm and traded range bound on the higher levels for the day amidst heavy rains at Indore and increased buying support from the domestic traders.

The international market traded positive amidst increased support from the speculative buyers. The increased buying in the US market was attributed to the increased concern over the declining crop conditions, which had reached 50 per cent on the good to excellent scale. The increase in the price of the crude oil in the global market is expected to impart rising support to the soybean market. Following the international trends the domestic trade moved in the positive direction. At the time of closure the NCDEX August Soybean Contract was at Rs. 1315.05 (Up by Rs. 6.85).

As per the latest production and acreage figures released by the SOPA, the total area sown has reached 69.076 lakh hectares compared to the last year figures of 64.555 lakh hectares. This decline in the area is expected to add bullishness to the market, which is trading directionless.

The Hazir markets continued trading range bound on the higher side following buyer's support at the futures.

The price of soybean in Kota market was quoted at Rs. 1540 per quintal. In Madhya Pradesh it was Rs. 1350, in Karnataka it was Rs. 1280 and in Maharashtra it was Rs. 1260.

The market is expected to open range bound and continue positive for Thursday amidst growing support from the buyers following the recent SOPA's production estimates.

### Rapeseed/Mustard:

The rapeseed market today continued lower in the spot as well as in the futures markets amidst lack of buyers' support and wide spread uncertainty regarding the sale of mustard seeds by NAFED.

As today is the day of the NAFED's domestic tender, there was anxiety in the market about the lower rate to be quoted by the officials. But as the sources the quoted rate was same at 1700 per tonne, at which the traders were least, interested resulting in status quo.

Today the new crop arrival 0.20 lakh bags in Rajasthan, which is significantly low.

The rapeseed market is expected to continue range bound with marginal improvement on Thursday as the buyers' support is expected to be on the rising side.

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

Markets	Prices	Arrivals (Bags)
Jaipur (C)	1810-1815	-
Alwar(C)	1715-1720	1000-1500
Delhi(C)	1820	1000
Agra(C)	1870	-
Sri Ganganagar (NC)	1570-1575	500
Kota (NC)	1580-1600	1000

### Groundnut

Groundnut continued range bound at various centres amidst continuing lack of retail demand.

Heavy rains in the major growing areas of Maharashtra and Gujarat have led to the uncertainty in the prospects of the new crop. These rains are expected to cause damage to the crop roots if water is logged in the fields for a longer duration, creating uncertainty in the overall out put after less than normal sowing. The prospect of declining production is expected to impart bullishness in the market in the days to come.

In other edible oil markets, the price movement is providing marginal support to the groundnut prices.

The domestic market is expected to continue trading range bound on Thursday amidst flood like condition in Madhya Pradesh, Maharashtra and parts of Gujarat.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2790 per quintal, the bold (60-70 Count) is Rs. 3100 per quintal, the 50-60 count seed is Rs. 2970 and for 40-50 count the rate is Rs. 2420 in Mumbai market.

## Vayda Quotes

### Mustard futures as on 03 August 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	Aug	343.80	344.60	344.60	343.70	0.70	344.50
Delhi	Nov	341.50	341.50	341.75	340.10	-0.90	340.60
Hapur	Aug	366.80	367.10	367.30	366.50	0.50	367.30
Hapur	Nov	363.40	363.75	363.75	362.00	-0.70	362.70
Bikaner	Aug	349.00	349.00	349.00	349.00	0.00	349.00
Hisar	Aug	333.40	333.90	334.40	332.70	0.90	334.30
Hisar	Nov	334.00	334.00	334.00	332.80	0.00	334.00

## CBOT

### CBOT Soy Futures Surged Ahead on Increased Speculative Buying

US soybeans opened stronger on a bullish crop conditions number and then rallied to their highest level in over a week after some weather forecasts indicated drier conditions ahead than had been previously forecasted.

Moisture in August is critical the pod filling, so the trade is watching the weather for the next few weeks very closely. In last night's conditions report, 54% of the soybean crop was rated in good to excellent condition, unchanged from last week but down from 70% a year ago and 60% as the 15-year average. Prior to the report, traders were looking for a 2-4% improvement in conditions. US Gulf basis was steady this morning and mixed in the central US.

Private weather forecasters pulling rain out of midday outlooks for key areas of the Midwest soybean belt during its key pod-filling stage of development served as the catalyst for the gains, raising the threat of declining yield potential.

In trades, Cargill Investor Services bought 1,000 November; Refco bought 1,500 November; ABN Amro, RJ O'Brien and Tenco each bought 400 November; and Calyon Financial and Citigroup each bought 500 November. Rand Financial sold 400 November and UBS Securities sold 300 November. Commodity funds were estimated buyers of 4,500 contracts.

The US soybean is expected to continue with its choppy trading sessions in the coming days amidst wide spread contradicting weather forecasts by several private forecasting agencies.

### CBOT Soy oil futures as 02 August 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	673.0	678.0	693.0	674.4	+16.4	689.4
Aug'05	677.2	683.0	698.4	679.0	+17.2	694.4

CBOT remains closed on Saturday and Sunday.

### South American Soybean Continued Up Amidst Support from Us Crop Weather

November SA soybeans were up 3 cents overnight as the weekly crop condition reports showed little improvement over last week despite some recent rains. Asian markets were jittery over hot and dry weather in the US Midwest.

Recent strengthening in the Real could continue, as the Dollar isn't finding support off its stronger economic readings. There appears to be growing chance of a persistent decline in the Dollar. With a September Dollar Index trade below 88.25, many traders might assume a major shift to the downside is underway.

The 6-10 day forecast for the US Midwest has some models calling for another rain event next Tuesday and with the Thursday event, that certainly limits the bulls' capacity in the short term.

Chinese soybeans overnight were slightly higher in what the press described as bargain hunting buying, but still it is clear that buyers are only partially interested in the long side. Given the latest COT report positioning, it is certainly possible that heavier than expected rains on Thursday followed up by rains next week could prompt a temporary washout to 6.58 in the November US beans, but there would seem to be enough uncertainty and an entire month of critical growing time still ahead to prevent a total capitulation.

With a rain event sandwiched in between hot and dry weather this week and next week for the US Midwest, it will be important for the coming event to reach expectations on Thursday, or one might expect soybean crop conditions to decline, or at best hold steady into next Monday.

The presence of Asian rust in Alabama is apparently a background item against a crop condition that seems to be precariously balanced between improving or denigrating into a more significant situation. However, the weather forecasts apparently offer just enough to keep the bulls from gaining the upper hand.

The Latin American soybean market is expected to continue bullish amidst uncertainty in crop weather and incidence of Asian soybean rust in US.

### Forex Rates (As on 03.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.60
European Union	Euro	53.04
United Kingdom	GBP	77.06
Japan	100 Yen	38.98

### Disclaimer

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