

OILSEED

11th August 2005

- Groundnut Prices Remained Steady Today

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX August Contract

Rapeseed August Contract almost opened unchanged today amid steady market sentiments. The contract remained weak throughout the day and closed near the day's low.

Stochastic Oscillators: The %K - line and also the % D-line are going down. However, both are in the neutral region.

The %K-line is approaching towards the over sold region. The indicator is indicating the decreasing strength of the price.

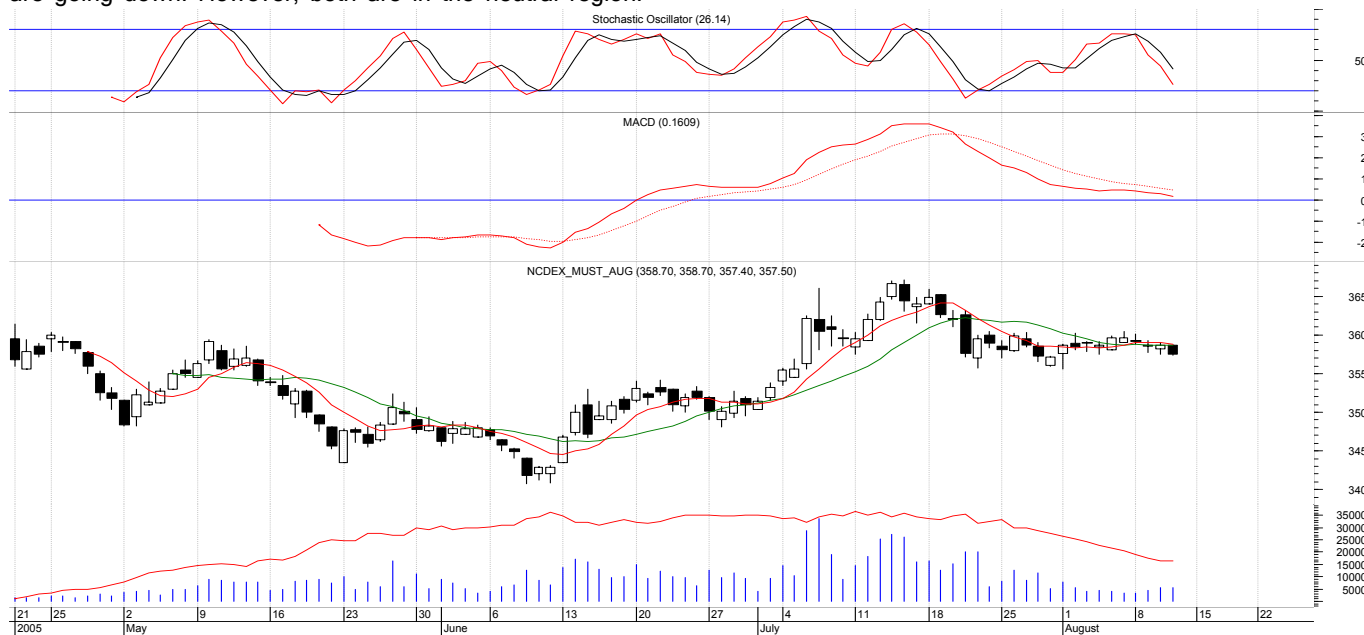
Currently the MACD is in the positive territory however, it is going down and remained below its signal line. This is bearish. The MACD however, failed to generate any signal.

Market advice:

Further weakness is expected to continue tomorrow according to the candlestick formation.

Advisable trade limits:

Support at 357.00 and Resistance 358.60



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX August Contract

Soybean seed August Contract opened weak today however, improved thereafter significantly and closed near the day's high.

Stochastic Oscillators: The %K - line has just made a bullish crossover with the %D-line and moved up from the oversold region. An indication of a trend reversal.

Currently the MACD is in the bearish zone and also below its EMA. After the bearish crossover the MACD moved down smoothly.

Both the 14 day and 7 day MAs are going down smoothly and the faster MA is below than the slower MA.

Market advice:

Though the indicators are not clearly showing any direction it is expected that the market would open tomorrow at the upper side. The intra-day movement may remain positive.

Advisable trade limits:

Support at 1273.00 and Resistance at 1285.00



DOMESTIC MARKET COMMENTARY

Soybean:

Today also the soybean market opened week but after that recovered amid improvement in the demand that supported some buying. The spot rates were guided by the vayda rates according to the market sources.

The steady sentiment of the market can be attributed to the prices of soymeal and soy oil at the domestic markets.

The US soybean remained yesterday unchanged amid choppy trading. The steady sentiments are likely to continue here. Today the NCDEX August Soybean Contract closed at Rs. 1279.90 (Up by Rs.2.90).

Throughout the trading at the NCDEX the August contract improved amid good buying support. The contract today closed near the day's high.

The price of soybean in Kota market was quoted at Rs. 1230 per quintal. In Madhya Pradesh it was Rs. 1260, in Karnataka it was Rs. 1190 and in Maharashtra it was Rs. 1240.

The steadiness is likely to continue in the domestic soybean market ahead also.

Rapeseed/Mustard:

Prices of rapeseed today remained weak overall. Lack of buying interest in the markets pulled down the prices. The movement maintained steadiness today in all the major markets. The overall weakness in the oil market put pressure on the market sentiments.

NAFED is still trying to get tenders from the buyers at a price of Rs 1700. The buyers are not likely to buy at these prices.

The arrival of mustard in Rajasthan remained at around 0.20 lakh bags today.

The range-bound movement in the prices of mustard is expected to continue in the coming few days.

Status of Price & Supply of the New Crop

Markets	Prices	Arrivals (Bags)
Jaipur (C)	1790-1795	15000-20000
Alwar(C)	1710-1715	1000-1200
Delhi(C)	1800	600-700
Agra(C)	1840	-
Sri Ganganagar (NC)	1550	500
Kota (NC)	1560-1580	1500

Vayda Quotes

Mustard futures as on 10 August 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	Aug	344.90	344.7	344.7	344.1	-0.4	344.5
Delhi	Nov	339.30	339.3	339.7	339.0	0.0	339.3
Hapur	Aug	366.90	366.3	366.6	365.9	-0.4	366.5
Hapur	Nov	361.20	361.0	361.0	359.7	-0.3	360.9
Bikaner	Aug	348.00	348.0	348.0	348.0	0.0	348.0
Hisar	Aug	334.30	334.0	334.8	334.0	+0.4	334.7
Hisar	Nov	332.80	332.8	333.5	332.5	+1.1	333.9

Groundnut

Groundnut market maintained the steadiness amid no significant activities by the buyers as well as sellers. Some exporters are asking for groundnut ahead of Ramjan in the coming month.

The overall production is likely to go down in view of the latest sowing reports that show decrease in the area by 5 per cent. However, the market players in Gujarat are expecting a record crop this season.

Along with this fact the heavy imports of edible oil is also putting weight on the prices. On the other hand there is some buying also ahead of Janmastami.

With the current scenario it is expected that the prices of Groundnut would remain steady with range-bound movement in the coming few days.

The rate of the Export Quality (80-90 Count) groundnut is Rs. 2875 per quintal, the bold (60-70 Count) is Rs. 3075 per quintal, the 50-60 count seed is Rs. 2920 and for 40-50 count the rate is Rs. 2480 in Mumbai market.

CBOT

CBOT Soy Futures Traded Range Bound Amidst Growing Uncertainty in Crop Weather

Soybean futures on the Chicago Board of Trade ended near unchanged on Wednesday after a choppy two-sided session, as the market consolidated from Tuesday's speculative selloff.

The outlook for rains across the northern cornbelt for late this week and into the weekend helped pressure the market as rains in the drier areas of northern Illinois and southern Iowa are expected to boost crop prospects. As a result, large and small speculators continue to liquidate long positions ahead of the USDA Crop Production and Supply/demand report for release Friday morning.

Traders are looking for ending stocks for the 2005/2006 season to be adjusted lower to near 172 million bushels for Friday morning's release (range 115-210) as compared with last month's estimate at 210 million bushels and 290 million bushels for the 2004/2005 season.

For the weekly export sales report, released before the opening, traders are looking for soybean sales near 100,000-250,000 tonnes as compared with 250,600 tonnes last week. Meal sales are expected near 50,000-110,000 tonnes with oil sales near 1,000-5,000 tonnes.

The bearish influence of weather forecasts projecting cooler and wetter conditions for soybean crops in the Midwest was seen keeping a defensive theme in the market. However, without an aggressive speculative presence, uncertainty surrounding yield and production potential as well as ideas that recent declines were a bit overdone provided underlying support.

In trades, Fimat bought 1,000 November, Refco bought 900 November and RJ O'Brien bought 500 November. On the sell side, Cargill Investor Services sold 300 November, UBS Securities sold 1,000 November, and Refco sold 500 November.

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

CBOT Soybean futures as 10 August 2005 (Cents/bushel)

Months	Previous Settle	Open	High	Low	Change	Close
Aug'05	644.0	644.0	644.0	643.0	-1	643.0
Oct'05	644.2	644.0	647.0	643.4	-2.4	646.4

CBOT remains closed on Saturday and Sunday.

South American Soybean Continued Lower Amidst Forecast of Improving Crop Weather in US

November CBOT soybeans traded lower on the session today, as forecasts for rains in the driest areas of the US Corn Belt have kept the market in a long liquidation mode over the past several trading sessions.

The increased focus on South American short-term export news could keep commercial traders interested. With the US market vulnerable to more long liquidation selling ahead of the USDA report, the spread may continue to firm.

The USDA Supply/Demand and Crop Production reports on Friday morning should carry a bullish tilt, but the primary focus of the market is on the weather outlook and ideas that the crop will quickly recover from poor conditions if the forecast for hefty rain totals in the central Midwest are verified in the next few weeks.

This dry weather could hurt yield, the outlook for several inches of rain in the next two weeks led by active thunderstorm activity for the northern half of the Corn Belt this coming weekend helped pressure futures.

If the average trade estimate for soybean production is correct (76.42 million tonnes) and there are no changes made to the demand outlook (80.91 million tonnes), ending stocks for the 2005/2006 season could come in near 3.29 million tonnes, which would be the second lowest in the past 29 years. This would equate to a stocks/usage ratio of 4.1%, which would be the lowest in over 30 years.

Funds were noted sellers of nearly 7,000 soybeans, 5,000 oil and 2,000 meal contracts yesterday, with futures in a long liquidation mode into the report. South Korea is tendering to buy 50,000 tonnes of US soybeans. Rust was reported in a fourth county in Alabama, and a suspected spore was found in Missouri yesterday.

While the trade assumes improving crop conditions for the US soybean crop for the second half of August, India monsoons appear to be relatively weak for soybean and oilseed areas, which could begin to provide some underlying support. The higher Brazil real combined with declining world values helped trigger a slowdown in producer selling and talk that some Brazil producers pulled offers for cash trades.

The Latin American soybean market is expected to trade range bound on the lower side amidst improving weather in the US.

Forex Rates

(As on 11.08.2005)

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.58
Malaysia	Ringgit	11.62
European Union	Euro	54.03
United Kingdom	GBP	78.33
Japan	100 Yen	39.49

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