

OILSEED

27th August 2005

- Groundnut Prices Maintain Steady Movement

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX September Contract

Rapeseed September Contract opened lower and went down thereafter smoothly. The contract then recovered and closed at the open price.

Stochastic Oscillators: The %K - line after cutting the %D-line from the above is going down.

The MACD remains above the signal line and the gap with the EMA is widening.

The 7-day MA has crossed the 14-day MA from below.

Market advice:

There is indication of a typical reversal on Monday. Buy below 355.00 and sell above 356.50.

Advisable trade limits:

Support at 354.40 and Resistance 356.40



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX September Contract

Soybean seed September Contract opened higher however, after that declined smoothly.

Stochastic Oscillators: The %K - line has reached the oversold region. The %D-line is following it.

The MACD is about to make a bullish crossover with the EMA however.

The 7-day MA is below the 14-day MA. The slower MA has bend upward. The RSI (26.72) is in the oversold region.

Market advice:

The contract is likely to trade range-bound. The intra-day movement may be positive.

Advisable trade limits:

Support at 1253.52 and Resistance at 1271.00



DOMESTIC MARKET COMMENTARY

Soybean:

Soybean prices today maintained the steadiness amid lack of market activities. In some markets activities was almost nil on the occasion of Janmastami. There was little rain in Indore today.

The soy oil prices at the NBOT declined today. The DOC prices today also declined at the major spot markets.

Soybean futures at the NCDEX today declined sharply after opening significantly higher. The NCDEX September contract today closed at Rs1258.00 (Down by Rs.0.80).

The price of soybean in Kota market was quoted at Rs. 1240 per quintal. In Madhya Pradesh it was Rs. 1260, in Karnataka it was Rs. 1190 and in Maharashtra it was Rs. 1245.

If the CBOT declines and rain continues then there may be further weakness in the soybean prices.

Rapeseed/Mustard:

Rapeseed prices maintained the range-bound movement today also. However, the commodity traded at the upper side of the range. The arrival remained lower and the markets activities also remained subdued due to holiday sentiments on the occasion of Janmastami.

The major vayda exchanges remain closed today.

The September contract at the NCDEX today after opening on the lower side declined smoothly however recovered during the close. The movement remained rang-bound. The September contract at the NCDEX closed at the day's open at Rs 355.40 per 20 kg.

The arrival of mustard in Rajasthan remained at around 0.10-0.15 lakh bags today.

The prices of rapeseed are likely to maintain the range-bound movement on Monday also. If there is no rainfall within next few days the prices may go up.

Status of Price & Supply of the New Crop

| Markets | Prices (Rs/Qtl) | Arrivals (Bags) |
|---------------------|-----------------|-----------------|
| Jaipur (C) | 1810 | 10000-15000 |
| Alwar(C) | 1700-10 | NA |
| Delhi(C) | 1810 | 750 |
| Agra(C) | 1860 | - |
| Sri Ganganagar (NC) | 1540-50 | 200-300 |
| Kota (NC) | 1560-1590 | 1000 |

Vayda Quotes

Mustard futures as on 26 August 2005 (Closed today)

| Centre | Months | Prev. Settle | Open | High | Low | Change | Close |
|---------|--------|--------------|-------|-------|-------|--------|-------|
| Delhi | Aug | 345.80 | 345.8 | 345.8 | 345.8 | 0.0 | 345.8 |
| Delhi | Nov | 338.80 | 338.7 | 338.7 | 338.2 | -0.3 | 338.5 |
| Hapur | Aug | 368.60 | 367.5 | 368.8 | 367.5 | 0.0 | 368.6 |
| Hapur | Nov | 361.60 | 361.0 | 361.0 | 359.9 | -0.7 | 360.9 |
| Bikaner | Aug05 | 348.30 | 348.3 | 348.3 | 348.3 | 0.0 | 348.3 |
| Hisar | Aug | 334.80 | 333.5 | 333.7 | 333.0 | -1.8 | 333.0 |
| Hisar | Nov | 336.70 | 336.3 | 336.5 | 335.6 | -0.9 | 335.8 |

Groundnut

The mandi in Gujarat remained closed on the occasion of Janmastami. In other major groundnut producing states also the prices remained almost unchanged. The market activities remained low.

Groundnut oil prices are likely to remain strong on expected continuation in the demand.

Groundnut prices are likely to remain stable in the coming week. If the arrival increases in Karnataka the prices may find new direction.

The rate of the Export Quality (80-90 Count) groundnut was Rs. 2840 per quintal, the bold (60-70 Count) is Rs. 2970 per quintal, the 50-60 count seed is Rs. 2850 and for 40-50 count the rate is Rs. 2430 in Mumbai market.

CBOT

CBOT Soy Futures Improved Marginally on Revival of Chinese Demand

Soybean futures on the Chicago Board of Trade ended moderately higher Friday, staging a modest bounce off Thursday's lows, with rumblings of Chinese demand underpinning prices.

Talk of increased buying from China helped support a jump in the cash basis levels at the gulf and also underpinned futures. Rumours spread that China may have bought up to 5 cargoes of US soybeans and nearby shipment basis jumped sharply.

The supportive tone was consistent throughout the day, as the market consolidated from recent lows, but advances remained limited on improved crop prospects amid beneficial rains moving across the Midwest.

In addition, the crop in the delta is still being hit with high temperatures and dry soils in some areas. Stats Canada pegged the Canadian canola crop at 8.3 million tonnes, which is up 7.7% from last year, and this news helped pressure the soybean oil market.

Allendale Inc., a research and brokerage firm in McHenry, Ill. released the results from its 16th annual Farmer Crop Survey. The producer survey suggested soybean production at 75.33 million bushels, with a yield of 1.05 tonnes an acre.

In trades, Rand Financial bought 500 November, FCStone bought 300 November, and ADM Investor Services, Cargill and ABN Amro each bought 200 November. On the sell side, Prudential Financial sold 400 November, Refco and Man Financial each sold 300 November, and ADM Investor Services and Cargill each sold 200 November.

The US soybean is expected to continue range bound on the lower side on Monday evening amidst expectation of increased production of soybean.

CBOT Soybean futures as 26 August 2005 (Cents/bushel)

| Months | Previous Settle | Open | High | Low | Change | Close |
|--------|-----------------|-------|-------|-------|--------|--------|
| Sep05 | 587.0 | 587.0 | 592.0 | 587.0 | +4.0 | 591.60 |
| Nov05 | 597.6 | 598.0 | 602.4 | 598.0 | +4.4 | 602.0 |

CBOT remains closed on Saturday and Sunday.

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South American Soybean Declined Marginally on Improving Crop Prospects in Brazil

November South American soybeans moved to a new contract low yesterday. The sharp drop in prices is discouraging Brazil producers from selling, but enormous debt and increasing needs to prepare for the planting season just ahead is keeping some beans moving.

The focus of attention for now is still on the size of the US crop and concerns that the USDA production forecast in September will be higher than the August forecast due to better than expected yield potential for the northwestern Corn Belt.

When the coverage area of the rains expanded in the mid-day weather models, selling intensified and the market collapsed to close at the lowest level since March 29th for November soybeans yesterday.

The consumer shift away from trans fats has caused many food processors to redo recipes, and with palm oil and other edible oils priced relatively cheap compared with soybean oil, a shift in demand could be a bearish influence in the months ahead.

China demand is also shifting to lower priced oils for import. For soybean oil, China imports for 2005 through July are down 41% from last year's pace while China palm oil imports over the same time frame are up 30% from last year.

Basis levels at the port of Paranagua in Brazil were steady yesterday with September trading at 37-40 premium to Chicago futures, which is slightly better than last week. The discount of palm oil to soybean oil on the world market and possible shifts in domestic demand to other edible oils could more than offset the possible improvements in demand from bio-diesel usage.

Amidst improving crop sentiments in Brazil, the South American Soybean market is expected to continue range bound on the lower side.

Forex Rates

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 43.73 |
| Malaysia | Ringgit | 11.61 |
| European Union | Euro | 53.82 |
| United Kingdom | GBP | 78.86 |
| Japan | 100 Yen | 39.72 |