

## OILSEED

16<sup>th</sup> August 2005

- Rapeseed Prices Tumbled Sharply on Declining Buyer's Support

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Rapeseed August Contract** opened weak and traded further on lower side for the day amidst increased selling, growing uncertainty in the other edible oil markets and declining retail demand.

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

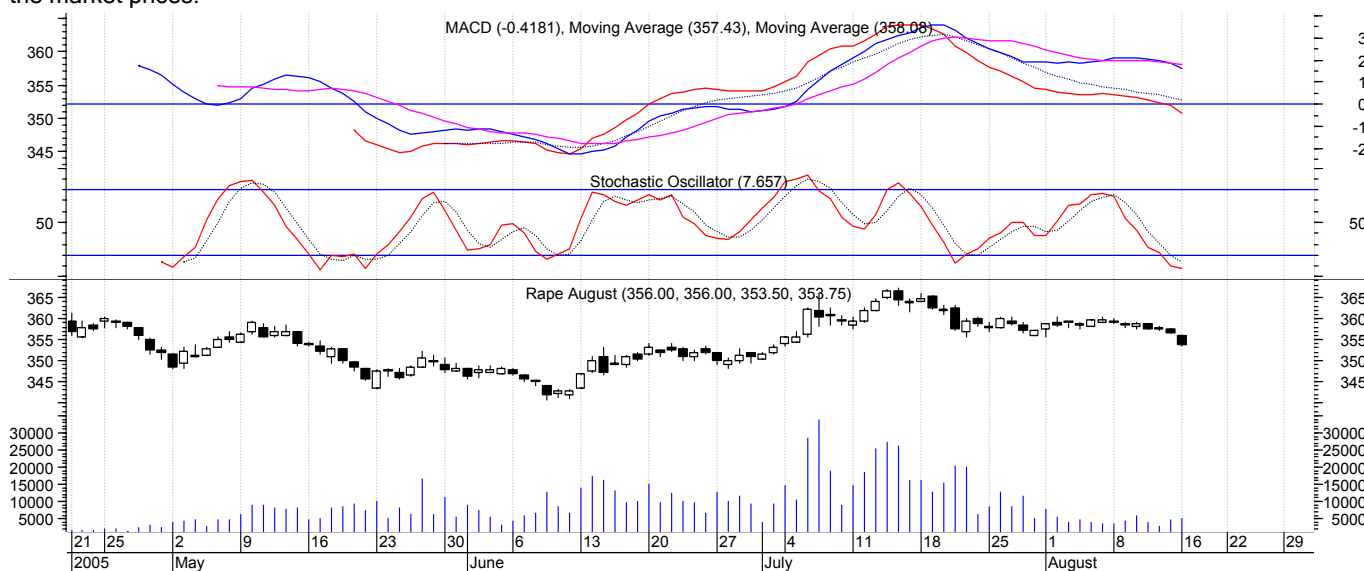
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 20 period(s) ago. Since the MACD crossed its moving average, Rape August's price has decreased 1.06% and has ranged from a high of 363.15 to a low of 353.50. The 7-Day MA continued further lower along with the 14-Day MA hinting to the increasing weakness in the prices.

##### Market advice:

Market is expected to continue range bound in the negative side for Wednesday. Short-term selling would yield profit.

##### Advisable trade limits:

Support at 353.20 and Resistance 355.50



#### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Soybean seed August Contract** opened weak and traded further on the lower side amidst increased uncertainty in the edible oil markets and declining retail demand.

**Stochastic Oscillators:** The %K - line continued lower in the neutral region indicating to increased weakness in the market. The % D-line also moved 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 17

period(s) ago. Since the MACD crossed its moving average, August Soybean's price has decreased 5.68% and has ranged from a high of 1371.00 to a low of 1250.00.

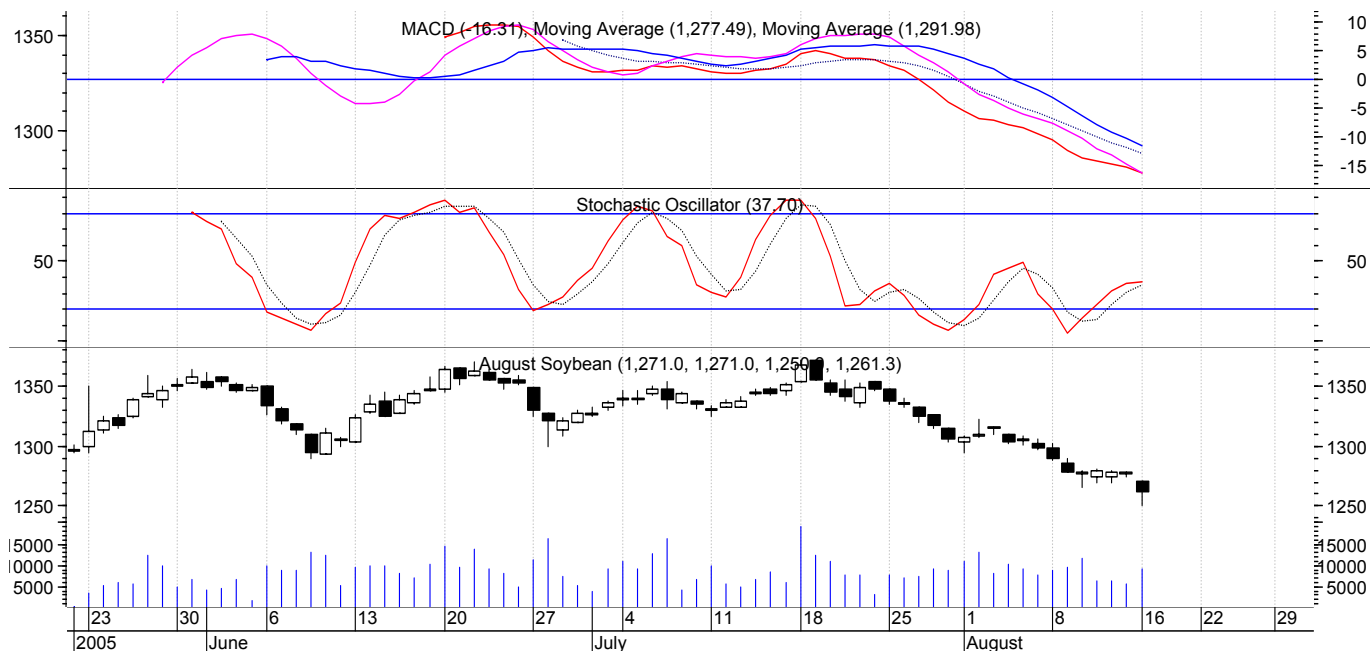
The 14-Day MA continued lower along with the 7-Day MA supporting the increased weakness in the market prices.

##### Market advice:

Market is expected to open range bound and trade lower for Wednesday. Selling would yield profit.

##### Advisable trade limits:

Support at 1246.00 and Resistance at 1270.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened weak and continued further lower for the day amidst increased selling and declining international markets.

The US soybean market traded significantly lower in spite of the bullish monthly crop progress report, which projected a lower production for current soybean crop. The news of improving weather crept in. the weather forecasters are still predicting good rains in the major growing areas, resulting in the sharp decline in the sentiments.

Following the increased weakness in the international markets the domestic market is also moved lower. At the time of closure the NCDEX August Soybean Contract was at Rs. 1261.30 (Down by Rs.15.60).

The trade at the domestic exchanges is greatly volatile on the following pressure of expected bumper soybean crop owing to good rains and the increased amount of imports of soybean oil at the ports.

In the month of August, India has imported about 1.56 lakh tonnes of soybean oil till 16.08.05. The Hazir markets continued lower amidst increased uncertainty at the futures and declining retail demand.

The price of soybean in Kota market was quoted at Rs. 1185 per quintal. In Madhya Pradesh it was Rs. 1240, in Karnataka it was Rs. 1175 and in Maharashtra it was Rs. 1180.

The market is expected to open and trade weak for Wednesday amidst declining support from the buyers. Selling with short-term outlook is advised.

### Rapeseed/Mustard:

The rapeseed market today continued on the lower side in the domestic markets and the futures amidst declining buying support and continuing deadlock between the traders and the NAFED regarding the sale of mustard in the market.

The lack of retail demand is pressuring the domestic market.

Today the mustard arrival was 0.20 lakh bags in Rajasthan.

The rapeseed market is expected to continue range bound on the lower side on Wednesday, as the buyers' support at the exchange is not expected to improve. Avoid new entry as the market is closing for a longer weekend. Short term selling can yield profit.

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

Markets	Prices	Arrivals (Bags)
Jaipur (C)	1775-1780	-
Alwar(C)	1680-1690	700-800
Delhi(C)	1790	1000
Agra(C)	1860	-
Sri Ganganagar (NC)	1560	500
Kota (NC)	1560-1590	1500

### Groundnut

Groundnut today declined marginally amidst continuing uncertainty regarding the supply in the market and increasingly low retail demand.

The latest sowing progress of the groundnut seed shows that the crop acreage is still down by 5.42 per cent over the last year. The decline in the area is expected to pull down the prices in the groundnut market.

The heavy import of the other edible oil in the domestic market has also pressured the market. Till 16.08.05 the country has imported 3.79 lakh tonnes of edible oil (palm oil & soybean oil).

The domestic market is expected to continue trading range bound on the lower side on Wednesday amidst growing uncertainty in edible oil markets and low retail demand.

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. 2950 and for 40-50 count the rate is Rs. 2485 in Mumbai market.

## Vayda Quotes

### Mustard futures as on 16 August 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	Aug	343.00	342.40	342.40	341.80	-1.20	341.80
Delhi	Nov	338.20	337.60	337.60	336.40	-2.40	335.80
Hapur	Aug	365.60	364.80	364.80	363.00	-2.60	363.00
Hapur	Nov	359.70	359.00	359.25	356.60	-3.10	356.60
Bikaner	Aug	348.00	348.00	348.00	348.00	0.00	348.00
Hisar	Aug	334.50	334.00	334.00	333.40	-0.80	333.70
Hisar	Nov	334.50	334.00	334.40	333.30	-0.60	333.90

## CBOT

### CBOT Soy Futures tumbled Succumbing to Increased Liquidation Pressure

Soybean futures on the Chicago Board of Trade tumbled lower Monday, succumbing to speculative long liquidation pressure as crop-enhancing rains in the Midwest took the wind out of bullish sails.

The short-term demand news look somewhat supportive with solid crush numbers from NOPA and rumors that China bought more than 5 cargoes of US soybeans over the weekend, however, the weather news remains bearish and speculators seem to be in a long liquidation mode.

With rain over the weekend and more rain in the forecast for this week, the trade is looking for improving crop conditions during the critical pod-setting period for much of the Midwest, which has helped to keep funds selling. The NOPA pegged July soybean crush at 133.76 million bushels as compared with expectations for 126-134.5 million bushels.

The news is supportive; especially after the USDA lowered their crush forecast in Friday's supply/demand report. Weekly export inspections came in at 4.817 million bushels as compared with trade expectations at 3-8 million bushels. Cumulative shipments have reached 96% of the forecast for the season as compared with 97.6% on average for this time of the year. Weekly exports need to average 15.3 million bushels per week to reach the USDA projection. Speculative long liquidation was a featured attraction in the market's slide to three-month lows, as the absence of a weather threat placed more emphasis on weak technical indicators with futures struggling to find buyers above support levels.

The US soybean is expected to trade marginally the higher side on Tuesday evening amidst increasing uncertainty in crop weather.

### CBOT Soybean futures as 15 August 2005 (Cents/bushel)

Months	Previous Settle	Open	High	Low	Change	Close
Sept '05	640.5	630.0	632.5	609.0	-27.9	612.6
Nov'05	648.0	637.0	640.0	616.0	-28.4	619.6

CBOT remains closed on Saturday and Sunday.

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### South American Soybean Declined Marginally on Improving Prospects of US Crop

November South American soybeans traded slightly lower in quiet trade overnight amidst key USDA reports.

Unless aphids, Asia rust or other weather and disease problems develop soon, the trade will assume a higher production forecast than the USDA estimate for this morning.

Dutch demand for increased bio-diesel usage in the years just ahead is picking up as investor projects are on the rise, and the recent surge in energy prices should put the correct incentives in place for expanded oilseed planted acreage in Europe and around the world.

Global demand for green fuels was 2.5 million tonnes last year, and it is expected to grow about 25% per year over the near-term. However, there is already talk that higher input costs and uncertain weather conditions could cause Brazil planted area to drop by 3-5% for the coming season.

The soybean market is called 3-5 cents lower on the opening as the data was not as supportive as anticipated and the focus will quickly shift to bearish weather. The USDA pegged soybean Crop Production at 2.791 billion bushels as compared with trade expectations at 2.8 billion bushels (range 2.744-2.857). Last year's crop was 3.14 billion bushels.

Ending stocks for the 2005/2006 season were pegged at 180 million bushels as compared with the average trade estimate at 172 million bushels (range 115-210) and last month's estimate at 210 million bushels. The USDA revised usage (both export and crush) down by 59 million bushels, which is seen as a bearish factor.

World ending stocks for the 2005/2006 season was pegged at 48.27 million tonnes from 50.7 million in last month's forecast and from 45.98 million tonnes this season.

A continuation of the downtrend leaves the next downside objective for November soybeans. The Latin American soybean market is expected to trade bullish on Tuesday amidst estimates of lower soybean production in US.

### Forex Rates (As on 16.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.55
Malaysia	Ringgit	11.60
European Union	Euro	53.86
United Kingdom	GBP	78.91
Japan	100 Yen	39.87