

## OILSEED

02<sup>nd</sup> August 2005

- Rapeseed Market Declined Marginally Amidst Lack of Retail Support

### TECHNICAL ANALYSIS

#### COMMODITY: MUSTARD SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Rapeseed August Contract** opened range bound but continued lower for the day amidst declining buyer activity and heavy rains in the major oilseeds growing areas.

**Stochastic Oscillators:** The %K - line continued up in the neutral region indicating to the improvement in the prices. The % D-line on the other hand moved lower in neutral region indicating the declining strength in the market prices.

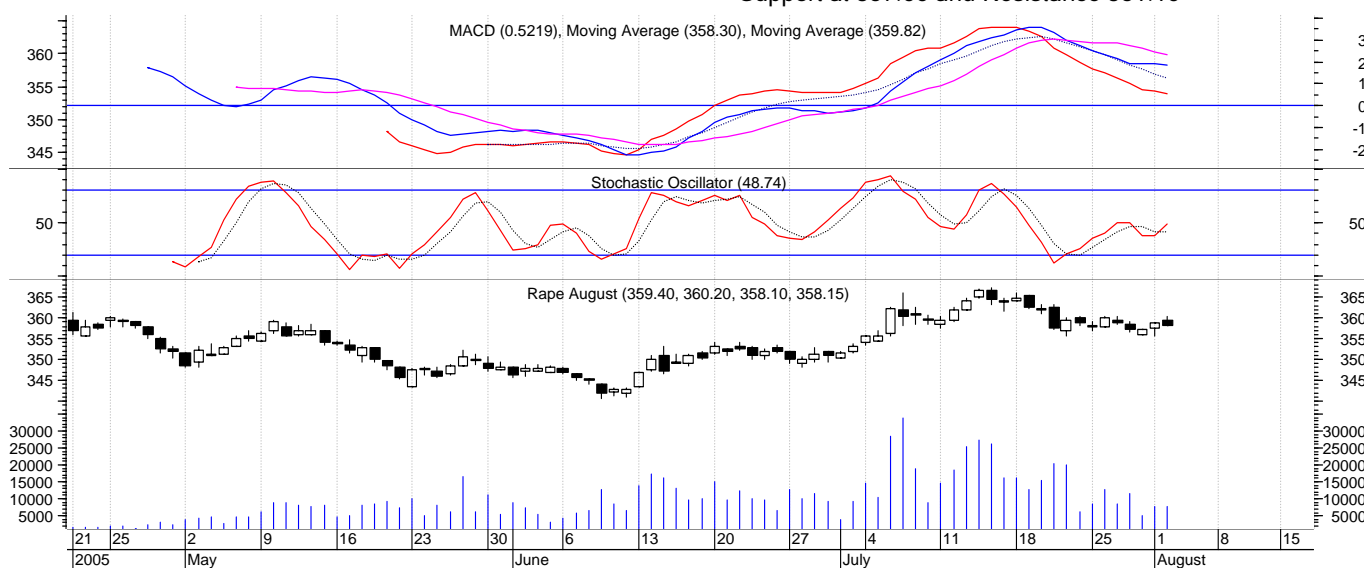
Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 9 period(s) ago. Since the MACD crossed its moving average, Rape August's price has increased 0.17% and has ranged from a high of 363.10 to a low of 355.60. The 7-Day MA continued lower along with the 14-Day MA hinting to the continuing weakness in the prices.

##### Market advice:

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

##### Advisable trade limits:

Support at 357.00 and Resistance 361.10



#### COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

##### NCDEX August Contract

**Soybean seed August Contract** opened positive but traded range bound for the day amidst heavy rains in the major growing areas and lack of significant volumes in the trade.

**Stochastic Oscillators:** The %K - line continued up entering the neutral region indicating to the growing strength in the prices. The % D-line also moved up in the oversold 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 6

period(s) ago. Since the MACD crossed its moving average, August Soybean's price has decreased 2.11% and has ranged from a high of 1347.00 to a low of 1294.00.

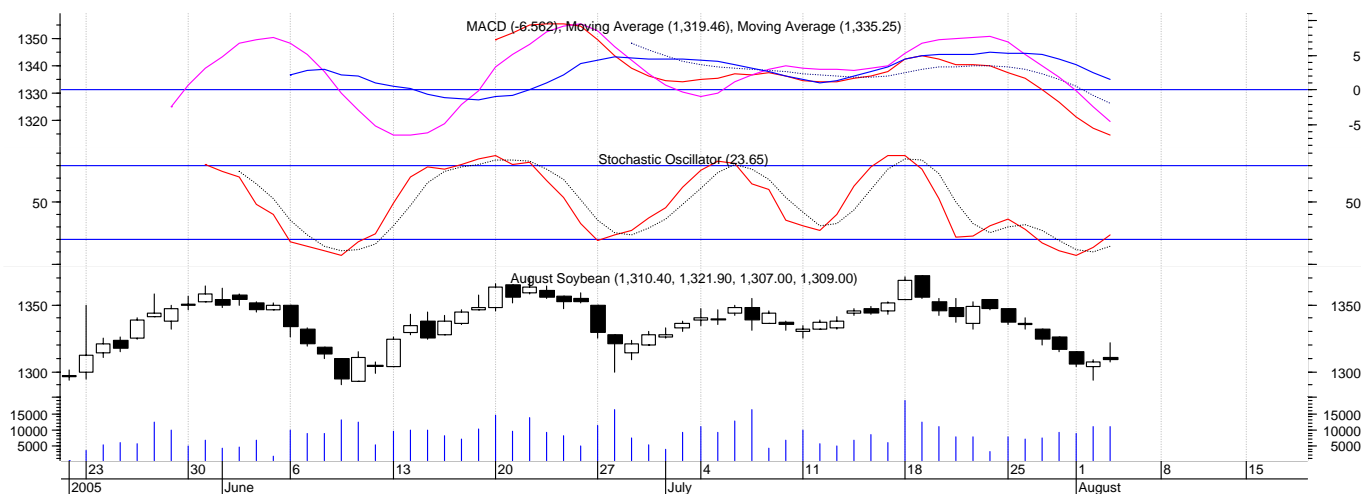
The 14-Day MA continued lower along with the 7-Day MA hinting to the existing weakness in the market prices.

##### Market advice:

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

##### Advisable trade limits:

Support at 1304.00 and Resistance at 1323.00



## DOMESTIC MARKET COMMENTARY

### Soybean:

The domestic market opened range bound and traded lower for the day amidst heavy rains at Indore and declining support from the international markets.

The international market traded on the lower side amidst increased deliveries pressure and lack of export demand. This declining sentiment in the international market is expected to continue for few more days as the export prospects is not finding fresh avenues and the weather is highly uncertain with expectation of good rain in the coming days. The uncertain sentiment in the soybean market was also seen in the domestic market, which declined marginally at the exchange markets. At the time of closure the NCDEX August Soybean Contract was at Rs. 1309 (Up by Rs. 1.50).

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, but the production figures is estimated to be lower. Current figures show the total production to be 58.51 lakh tonnes, down by 10.814 lakh tonnes. This decline in the production is expected to add bullishness to the market, which is trading directionless.

The Hazir markets continued trading range bound amidst declining support from the retail demand.

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 trade positive for Wednesday amidst growing support from the buyers following the recent SOPA's production estimates.

### Rapeseed/Mustard:

The rapeseed market today declined marginally in the spot as well as in the futures markets amidst lack of buyers' support and wide spread uncertainty in the other edible oil markets.

Heavy rains at Indore and uncertain sentiments at the soybean oil futures dictated the market sentiment for the day.

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 Wednesday as the buyers' support is expected to improve at the exchanges.

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

Markets	Prices	Arrivals (Bags)
Jaipur (C)	1810-1815	-
Alwar(C)	1725-1730	1500
Delhi(C)	1815-1820	1500
Agra(C)	1870	-
Sri Ganganagar (NC)	1570	500
Kota (NC)	1580-1615	1000

### Groundnut

Groundnut continued range bound at various centres amidst lack of significant change in 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.

In other edible oil markets, the price movement is providing no major support to the groundnut prices.

The domestic market is expected to continue trading range bound on Wednesday amidst continuing support from the retail demand and incidence of heavy rains in Madhya Pradesh, Maharashtra and Gujarat.

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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 02 August 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	5-Aug	344.60	344.60	345.30	343.70	-0.80	343.80
Hapur	Aug	343.70	345.00	345.00	341.60	-2.20	341.50
Hapur	Nov	367.30	367.50	368.20	366.60	-0.50	366.80
Bikaner	5-Aug	364.60	365.00	366.20	363.00	-1.20	363.40
Hisar	5-Aug	348.00	348.00	349.00	348.00	1.00	349.00

## CBOT

### CBOT Soy Futures Improved Marginally Amidst Lack of Clear Directions

Soybean futures at the Chicago Board of Trade ended modestly higher on Monday, capping off a choppy two-sided session that lacked any definitive features to provide a clear price trend.

The soybean market's early strength was undermined by a midday forecast calling for a little more moisture in the Midwest later this week than was previously indicated. Earlier in the day, a hot and dry pattern for early this week and ideas that the rains for later in the week may not be enough to stabilize crop conditions helped trigger some buying interest from speculators after the lower opening.

Weekly export inspections, released after the opening, came in at 2.77 million bushels, which was below expectations. Cumulative shipments have reached 94.1% of the USDA forecast for the season as compared with 96% on average for this time of the year. Exports need to average 13.5 million bushels per week to reach the USDA projection.

Weather continues remain the dominant influence on future price direction, with midday forecasts from private forecasters increasing the rain potential for the Midwest, as a cold front pushes through the region Wednesday through Friday paring the gains and briefly dropping prices in negative territory.

In trades, Cargill Investor Services, Citigroup, Fimat, and Refco each bought 400 November, Man Financial, O'Connor and Rand Financial each bought 300 November. On the sell side, Cargill and Refco each sold 300 November, Rand Financial sold 600 November.

The US soybean is expected to continue to trade range bound in a small range in the coming days.

### CBOT Soy oil futures as 01 August 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	671.6	678.0	680.0	669.4	1.4	673.0
Aug'05	677.0	680.4	684.0	674.0	0.2	677.2

CBOT remains closed on Saturday and Sunday.

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### South American Soybean Declined Marginally on Bearish Weather Forecast

November US soybeans were down 5 cents overnight, as forecast models still showed some thunderstorms and a cold front moving across the Corn Belt on Thursday and Friday this week.

Demand is flowing straight to South America, while bearish weather has eased fears of a US production problem. While there is not a lot of rain in the forecast, there seems to be enough to see crops maintain condition over the next week. After 4 days of temperatures in the 90's, a cold front should bring 1/2 inch of rain to many producing areas on Thursday night and Friday.

With weakness overnight, the market is obviously viewing this as enough to see the trend towards improving crop conditions to continue. In addition, monsoon rains have arrived to help support much improved crop conditions in India. With the late arrival of seasonal rains to the western oilseed areas of India, planted area is expected to be down, but the active monsoons of last week should help boost yields. Traders believe that soybean plantings will be down nearly 1 million hectares to 7.4 million and that groundnut plantings will be around 4.4 million hectares, down 400,000 from last year. India imports nearly half of its annual consumption of 11 million tons of edible oils.

Funds were noted sellers of 3,000 soybean contracts on Friday and 2,000 each for oil and meal. The Commitment-of-Traders report with options showed the market in a positive setup with non-commercial traders (funds) net long and buying more and non-reportable traders net short near 7000 contracts.

With a hefty net long position from large speculators and specs holding long the product markets, the market seems a bit overbought.

The Latin American soybean market is expected to trade marginally bullish amidst uncertainty in crop weather of US.

### Forex Rates (As on 02.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.47
Malaysia	Ringgit	11.59
European Union	Euro	52.98
United Kingdom	GBP	76.88
Japan	100 Yen	38.74