

OILSEED

18th August 2005

- Groundnut Prices Remain Weak amid Lower Demand

TECHNICAL ANALYSIS

COMMODITY: MUSTARD SEED

Perspective: Very Short Term

NCDEX September Contract

Rapeseed September Contract opened slightly lower side. The contract tried to recover some losses but could not and the close was below the open.

Stochastic Oscillators: The %K - line is likely to cross the oversold region as well as the %D-line from below. This may be a positive sign.

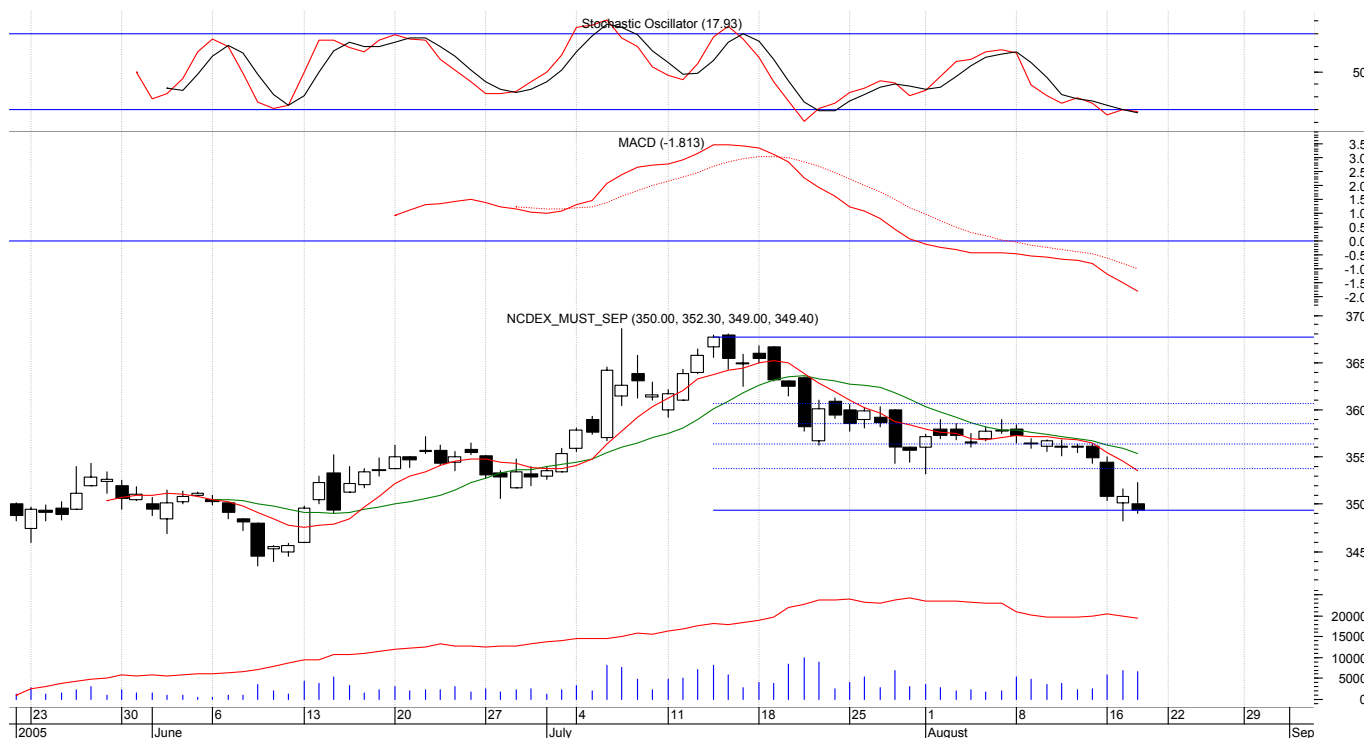
Currently the MACD is in the negative territory. The MACD is currently bearish and the prices decreased 3.63 per cent since the MACD crossed its signal line.

Market advice:

The prices may open lower but expected to recover partially.

Advisable trade limits:

Support at 348.00 and Resistance 353.50



COMMODITY: SOYBEAN SEED

Perspective: Very Short Term

NCDEX September Contract

Soybean seed September Contract opened lower today. After that the contract tried to recover marginally on the day.

Stochastic Oscillators: The %K - line has reached the oversold region. The % D-line also reached the oversold territory.

The MACD is in the bearish territory and the gap with its EMA is widening. The indication is bearish.

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

Market advice:

All the indicators are indicating towards the further weakness. Remain short.

Advisable trade limits:

Support at 1252.00 and Resistance at 1271.00



DOMESTIC MARKET COMMENTARY

Soybean:

Steadiness continued in the soybean prices today. The demand is steady at present. The low demand for soy oil and soy meal put pressure on the soy bean seed.

The soy oil prices at the NBOT, Indore improved today however, very marginally.

The US soybean futures at the CBOT declined yesterday - remained as a pressure for the market.

The soybean futures at the NCDEX opened on the lower side and maintained the weakness thereafter.

Throughout the trading at the NCDEX the September declined amid selling pressure. The contract today closed near the day's low. Today the NCDEX septt Soybean Contract closed at Rs. 1256.7.00 (Down by Rs.14.70).

The price of soybean in Kota market was quoted at Rs. 1235 per quintal. In Madhya Pradesh it was Rs. 1245, in Karnataka it was Rs. 1185 and in Maharashtra it was Rs. 1225.

The weakness in the prices of soybean is likely to continue in the coming days also unless there is fresh demand that may generate some buying interest.

Rapeseed/Mustard:

Prices of rapeseed remained weak today amid lack of demand. Buyers are reluctant over the current prices to purchase. All the stocks are presently with the NAFED according to the market sources. The government body was earlier asking Rs 1700 per quintal however, they declined the offer prices to Rs 1610 per quintal for new stocks. The buyers on the other hand bid for Rs 1568 per quintal.

The arrival of mustard in Rajasthan remained at around 0.05 lakh bags today.

There is no sign of any significant movement in the prices of mustard in the near futures. The good condition of soybean crop also is putting pressure on the prices of mustard in this regard.

Status of Price & Supply of the New Crop

Markets	Prices (Rs/Qtl)	Arrivals (Bags)
Jaipur (C)	1785-1790	15000-20000
Alwar(C)	1690-1700	1050
Delhi(C)	1800	700-800
Agra(C)	1850	-
Sri Ganganagar (NC)	1550	500
Kota (NC)	1560-1585	2000

Vayda Quotes

Mustard futures as on 12 August 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	Aug	344.50	344.0	344.0	344.0	-0.7	343.8
Delhi	Nov	339.30	338.7	338.7	338.1	-0.6	338.7
Hapur	Aug	366.50	366.2	366.5	365.7	-0.1	366.4
Hapur	Nov	360.90	360.6	360.8	360.3	0.00	360.9
Bikaner	Aug	348.00	348.0	348.0	348.0	0.00	348.0
Hisar	Aug	334.70	334.5	335.1	334.5	+0.4	335.1
Hisar	Nov	333.90	333.7	334.3	333.5	+0.8	334.7

Groundnut

Groundnut market maintained the steadiness today with a weak undertone. The crop condition in Gujarat and other states are reportedly good. This is also putting pressure on the prices of groundnut.

The bad quality oil is spreading in the markets rapidly and this is putting pressure on the pure quality oil. Thus, the demand for the raw material i.e. groundnut remains low.

Good rainfall in Gujarat, Karnataka and Andhra Pradesh are seen as the beneficial for the crop.

The heavy import of edible oils in this month put pressure on the prices of groundnut oil and seeds.

If the mixing of oil could not be stopped the prices of ground nut are likely to remain weak on low demand.

The rate of the Export Quality (80-90 Count) groundnut was Rs. 2800 per quintal, the bold (60-70 Count) is Rs. 2950 per quintal, the 50-60 count seed is Rs. 2850 and for 40-50 count the rate is Rs. 2425 in Mumbai market.

CBOT

CBOT Soy Futures Declined Marginally Amidst Improving Crop Weather

Chicago Board of Trade soybean futures ended mixed Wednesday, after a choppy, two-sided session, as the market continued its consolidation from Monday's speculative selloff.

Recent wet weather with moderating temperatures are expected to support improving crop conditions for the weekly crop report on Monday. This perception helped push the market lower early in the session. However, strength in the other grains, a lack of new fund selling pressure after the lower opening and talk that some areas of the southern and eastern cornbelt along with the delta could remain dry into next week helped to provide support. Forecasts calling for a rain system to bring beneficial moisture to the Midwest Thursday through Saturday pressured futures initially.

Commercial buyers were active in oil, which supported moderate gains and helped lead soybeans and meal higher on the day before meal and soybeans moved lower on the day in the final minutes of trade.

South Korea bought 25,000 tonnes of US soybeans overnight. Iran bought 15,000 tonnes of soybean meal from Brazil overnight.

For the weekly export sales report, released before the opening, traders are looking for higher soybean sales near 100,000-250,000 tonnes as compared with 154,000 tonnes last week. Meal sales are expected near 25,000-100,000 tonnes and oil sales near 0-5,000 tonnes.

In trades, Fimat bought 1,500 November, Rand Financial bought 500 November, RJ O'Brien and Refco each bought 600 November, and ADM Investor Services and Citigroup each bought 300 November. On the sell side, ABN Amro sold 400 September, Refco and Shatkin/Arbor each sold 500 November, and Citigroup and Iowa Grain each sold 200 November.

The US soybean is expected to trade marginally on the lower side on Thursday evening amidst continuously improving crop weather.

CBOT Soybean futures as 17 August 2005 (Cents/bushel)

Months	Previous Settle	Open	High	Low	Change	Close
Sep05	615.0	614.0	616.0	614.0	614.4	-0.6
Nov05	624.6	623.0	626.0	623.0	625.4	+0.8

CBOT remains closed on Saturday and Sunday.

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South American Soybean Improved Marginally Amidst Increased Demand from Asian Countries

November South American soybeans closed higher on the Thursday session. The tighter supply for the second half of the marketing year in Brazil could support a firm tone over the near-term for Brazil cash markets.

Uneasiness with the Brazil currency action and the political situation in Brazil triggered some selling over the past week, with cash markets at Paranagua still holding a stiff premium for October delivery (+45 to +36), which was steady to two cents lower on the session.

The market remains in a long liquidation mode with traders fearful that funds will continue to dump long positions and may begin to build a net short position. Demand factors look favorable, and there are still some areas in the Midwest and the delta, which need rain and cooler temperatures to help stabilize or improve crop conditions.

While the futures market acts like the crop is made, there are still a few more weeks of key growing season ahead, and agronomists in Missouri, Arkansas and Iowa believe the rains last week may have come too late to significantly improve the crop yields.

In addition, Asia rust, aphid problems and dry weather problems such as soybean cyst nematodes are all factors, which could dent, yields in some areas.

There is also talk that China demand is surfacing for US soybeans for fall delivery, as US prices are somewhat competitive with South American soybeans, which is not normally the case at this time of the year.

The market seems to have already priced in a significant improvement in the soybean crop and an improving yield outlook for the next USDA report. If weather or disease problems do not cooperate with this idea, commercial buying could support a good bounce.

The Latin American soybean market is expected to trade higher on Thursday amidst improving export prospects.

Forex Rates

(As on 18.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
Malaysia	Ringgit	11.62
European Union	Euro	54.47
United Kingdom	GBP	78.62
Japan	100 Yen	39.56