

OILSEED

17th August 2005

- Rapeseed Prices Continued Lower Amidst Declining Retail Demand

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 soybean oil markets and declining retail demand.

Stochastic Oscillators: The %K - line continued lower in 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 21 period(s) ago. Since the MACD crossed its moving average, Rape August's price has decreased 1.43% and has ranged from a high of 363.15 to a low of 351.00.

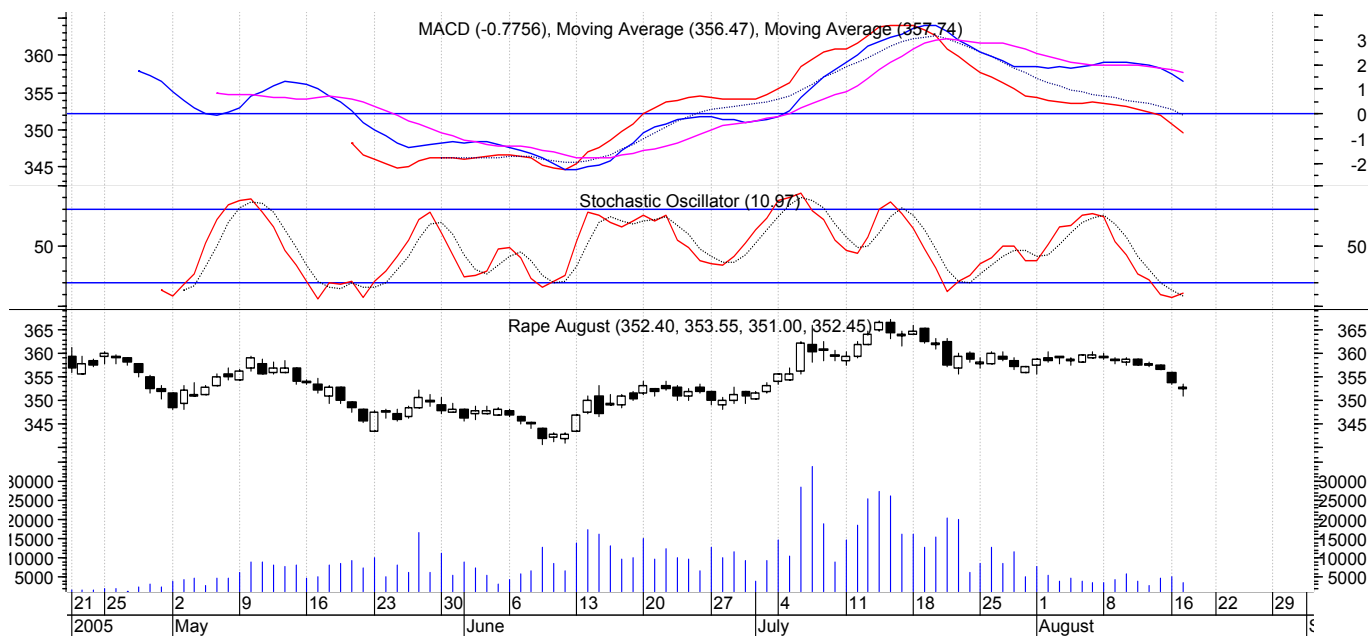
The 7-Day MA continued further lower along with the 14-Day MA hinting to the increasing weakness in the prices.

Market advice:

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

Advisable trade limits:

Support at 351.50 and Resistance 353.80



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 lack of retail demand.

Stochastic Oscillators: The %K - line continued further 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 18

period(s) ago. Since the MACD crossed its moving average, August Soybean's price has decreased 6.14% and has ranged from a high of 1347.00 to a low of 1250.00.

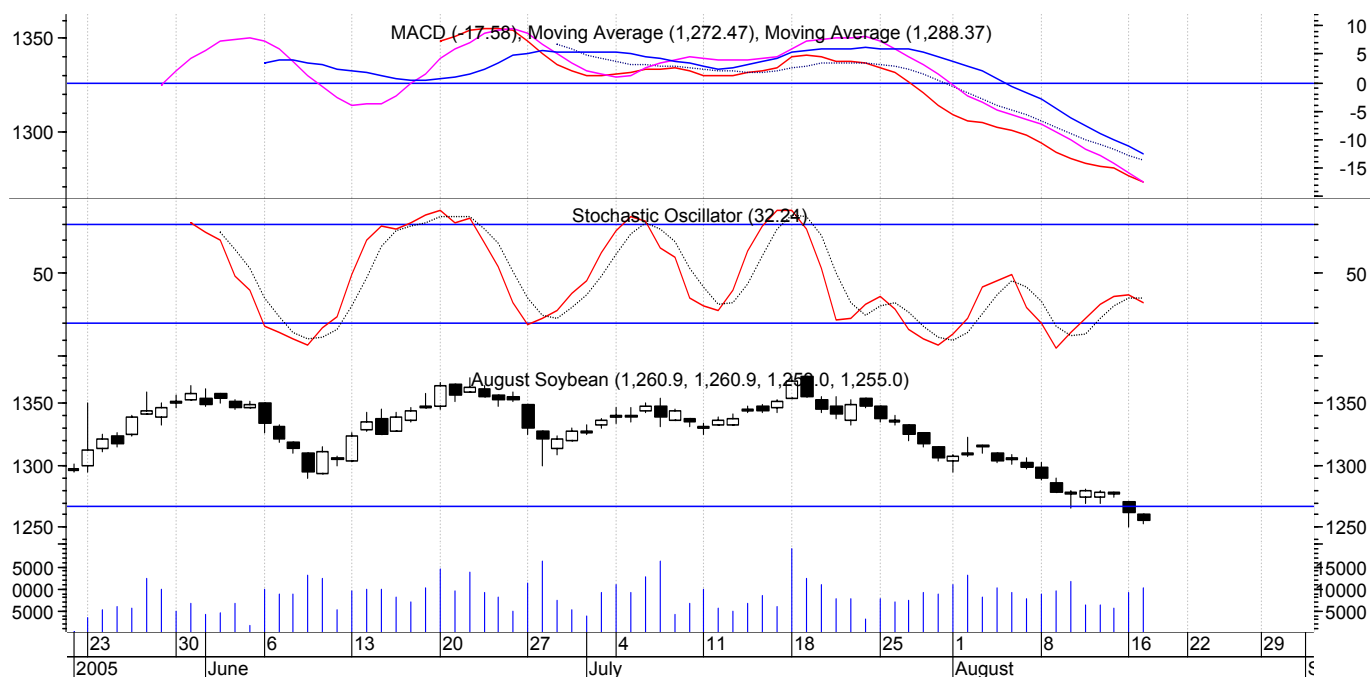
The 14-Day MA continued lower along with the 7-Day MA supporting the increased weakness in the market prices.

Market advice:

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

Advisable trade limits:

Support at 1246.00 and Resistance at 1266.00



DOMESTIC MARKET COMMENTARY

Soybean:

The domestic market opened weak and continued range bound on the lower side for the day amidst increased selling and declining sentiments in international markets.

The US soybean market improved marginally yesterday evening in spite of the overall weakness in the US market amidst mild technical correction. The news of improving crop weather in the major growing areas is still pressuring the US soybean market.

Following the increased weakness in the international markets the domestic market is also continued lower. The domestic market is also pressured by the sharp decline in the retail demand. At the time of closure the NCDEX August Soybean Contract was at Rs. 1255.00 (Down by Rs.6.30).

The trade at the domestic exchanges is greatly volatile on the following pressure of expected bumper soybean crop owing to good rains and improving crop weather.

In the month of August, India has imported about 1.56 lakh tonnes of soybean oil till 17.08.05. 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 continue weak for Thursday 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 retail demand and continuing indecisiveness of NAFED regarding the sale of mustard in the market.

Today the mustard arrival was 0.15 lakh bags in Rajasthan.

The rapeseed market is expected to continue range bound on the lower side on Thursday, 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)	1690-1700	700-800
Delhi(C)	1780-1785	700-800
Agra(C)	1840	-
Sri Ganganagar (NC)	1550	500
Kota (NC)	1560-1500	1500

Groundnut

Groundnut today continued marginally lower amidst increased 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 at 50.24 lakh hectares against the last year's acreage of 53.52 lakh hectares. The decline in the area and the late sowing in the Gujarat region are expected to pull down the overall prices in the groundnut market.

The heavy import of the other edible oil in the domestic market has also pressured the market. Till 17.08.05 the country has imported 4.11 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. 2480 in Mumbai market.

Vayda Quotes

Mustard futures as on 17 August 2005

Centre	Months	Prev. Settle	Open	High	Low	Change	Close
Delhi	Aug	341.80	341.00	341.80	340.40	-0.10	341.70
Delhi	Nov	335.80	336.00	336.50	335.00	-0.10	335.70
Hapur	Aug	363.00	362.90	364.10	362.80	0.50	363.50
Hapur	Nov	356.60	355.50	357.20	355.50	-0.20	356.40
Bikaner	Aug	348.00	348.00	348.00	348.00	0.00	348.00
Hisar	Aug	333.70	333.00	333.20	332.60	-0.80	332.90
Hisar	Nov	333.90	333.40	333.80	332.80	-0.30	333.60

CBOT

CBOT Soy Futures Improved Marginally Witnessing Mild Technical Correction

Soybean futures at the Chicago Board of Trade ended moderately higher on Tuesday, rebounding from Monday's setback on speculative buying attributed to ideas that recent declines were overdone.

Despite sustaining a firm tone throughout the day, market bulls still had little to hang their hats on, with favorable weather conditions for Midwest soy crops, which are moving through their critical pod-filling stage, a quiet export market and the lack of any surprises in Monday's crop progress report curtailing upside momentum.

Ideas that there is enough rain in the forecast to support improving crop conditions for next weeks update combined with a late break in wheat helped trigger the weakness into the close but the market still managed to hold on to part of the gains.

The oversold condition of the market basis traditional technical indicators and ideas that funds may have liquidated a good portion of their net long position helped support the bounce.

Crop conditions did not improve in the weekly crop progress report and only 51% of the crop is in good to excellent condition as compared with 69% last year and 58% as the 15-year average for this time of the year.

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

CBOT Soybean futures as 16 August 2005 (Cents/bushel)

Months	Previous Settle	Open	High	Low	Change	Close
Sept '05	612.6	613.0	619.0	613.4	4.0	616.6
Nov '05	619.6	620.0	627.4	620.0	5.4	625.0

CBOT remains closed on Saturday and Sunday.

South American Soybean Declined Marginally on Improving Prospects of US Crop

November South American soybeans closed marginally lower amidst increased uncertainty in the US crop weather.

The Brazil government lowered import tariffs on fertilizer products to 2% from 6% recently in order to help the agriculture sector recover from a poor year. The outlook for a large South American crop for the coming year allowed the USDA to revise US exports lower, and the resulting cut in total usage was seen as a bearish force for the USDA reports.

Brazil production is expected to recover to 62 million tonnes compared to 51 million tonnes this past season and 50.50 million tonnes last year. Argentina production is expected to come in near 39 million tonnes, unchanged from this past season and up from 33 million tonnes last year.

China protein meal demand is expected to increase by about 8% this season due to the expanding economy and the increased use of meal for pork, poultry and aquaculture. China is expected to import 27 million tonnes of soybeans for the 2005/2006 season from 24 million tonnes (revised from 23.2 million in July) this past season.

The market experienced a major sell-off yesterday with good weather for much of the Midwest on the weekend and good weather to see crops recover in the forecast helping to provide the ammunition for the selling.

There may be some debate on the extent of recovery for the Illinois crop with 39% of the crop rated in poor to very poor condition as of August 14th. Funds were noted sellers of nearly 15,000 soybeans, 8,000 meal and 5,000 oil contracts.

The weekly crop progress report showed that crops rated in good to excellent condition stayed steady on the week at 51% from 69% last year and 58% as the 15-year average for this time of the year. Crops in poor to very poor condition remained at 19% for the second week in a row as compared with 12% on average for this time of the year.

The Latin American soybean market is expected to trade bullish on Wednesday amidst expected improved crop conditions in US.

Forex Rates

(As on 17.08.2005)

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.54
Malaysia	Ringgit	11.57
European Union	Euro	53.58
United Kingdom	GBP	78.55
Japan	100 Yen	39.64

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