

## OILSEED

18<sup>th</sup> February, 2006

Mustard and Soybean moving contracts improving

### TECHNICAL ANALYSIS

#### Commodity: SOYBEAN

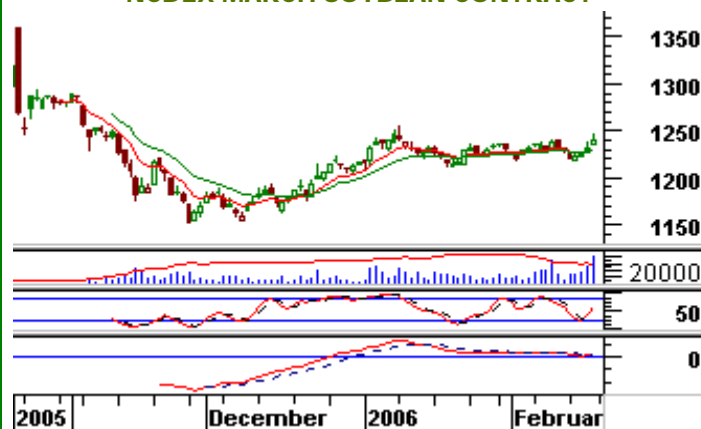
##### Indicators

1. Candlestick showing bullish market sentiments
2. Prices closed above the 9-day and 18-day EMA showing bullish sentiments.
3. %K is moving upward after bullish cross over with % D line showing bullish market sentiments.
4. MACD is about to make bullish cross over

##### Market advice:

Buy above 1241.00, target near 1243.51 and stop loss at 1239.50

#### NCDEX MARCH SOYBEAN CONTRACT



#### Soybean Future Closing price

| Contract | 16.02.06 | 17.02.06 | Chg    |
|----------|----------|----------|--------|
| March    | 1231.00  | 1241.00  | +10.00 |

#### Expected Support and Resistance Levels

| Contract | Supports | Resistances |
|----------|----------|-------------|
| March    | 1218.00  | 1252.00     |
|          | 1208.00  | 1264.00     |

#### Commodity: RAPESEED

##### Indicators

1. Candlestick showing indecisive market sentiments.
2. Prices closed above the 9-day and the 18-day EMA showing bullish market sentiments.
3. %K line is moving upward after bullish cross over with % D line showing bullish market sentiments.
4. MACD moving below its signal line with wide gap showing the trend is likely to continue.

##### Market advice:

Market at this juncture is risky, better to avoid taking position. Risk lovers can go for long near 338.70

#### NCDEX MAY MUSTARD CONTRACT



#### Mustard Future Closing price

| Contract | 16.02.06 | 17.02.06 | Chg   |
|----------|----------|----------|-------|
| May      | 338.50   | 338.60   | +0.10 |

#### Expected Support and Resistance Levels

| Contract | Supports | Resistances |
|----------|----------|-------------|
| May      | 337.00   | 340.50      |
|          | 336.00   | 341.90      |

## DOMESTIC MARKET COMMENTARY

### Soybean:

NCDEX March contract opened firm at 1226.50 with bearish tone up to 10.30 am. Steep hike was seen after 10.45 am and reached to its highest value 1247.0 at 12.00 pm. Prices then decline up to 12.45 pm and remain range bound till 2.30 pm. It then taken a dip again and remained steady with bullish sentiments. Prices finally settled at 1241.0. Overall market sentiment remained bullish today. Prices at physical market remained range bound and steady with slight improvements. Mandi rate at Indore was Rs.1150-1170/Qtl. Plant delivery of at remained same as that of previous day at Rs. 1210-1230 per qtl. In Madhya Pradesh, Maharashtra, Rajasthan markets arrivals were 60,000-70,000, 30,000-35,000 and 8000-10,000 bags respectively. Due to hike in tariff rate by the Govt, the market sore high due to active buying by the bulls. Prices is expected to remain firm for another 2-3 days and trend is expected to remain bullish for medium term but may influenced by international trding reports. The long term trend expected to remain bullish owing to reduce arrivals and fast depleting stocks. Recent hike in custom duty from government sources leads to constant rise of prices.

### Rapeseed/Mustard:

NCDEX May contract opened firm today at 339.0 than the previuos closing price and started to decline then after up to 11.00 pm. Sentiments then tried to improve but reaced to the day's lowest value 338.51 at 11.30 but closed firm. It then followed upward trend upto and reached to its highest value 339.80 at 12.15 pm. The prices then oscillate between 339.70-338.80 due to bears and bull fighe. Finally settled at 338.60. Overall market sentiments remain indecesive today. Mustard seed prices at physical market were mostly range bound and increased slightly in few pockets. The prices of Jaipur, Alwar, Delhi and Agra are quoted at Rs 1710, 1620, 1750 and 1815 per quintal respectively. Prices in Kota improved slightly and ranged between 1470-1515. Arrival of mustard seed is reported to be 4000, 6000, 200-300 bags in Jaipur Alwar and Delhi. Arrivals from Agra were quoted at 3900/(Q), same as that of previous day. Arrival from Kota is reported to be 10000 bags. Total arrival of Rajasthan is reported to be 60,000-70,000 bags. Arrivals of new mustard seed started to flush in Rajasthan market. Hike in tariff rate on imported oils results into steep upward movement of prices in Vayda market. It is expected that the prices will remain on the higher side for 2-3 more days until the picture get cleared for another possible hike. Long term futures is expected to remain bearish on account of arrival pressure of mustard seeds.

### Status of Price & Supply of the New Crop 17.02.06

| Markets    | Prices Rs/Qtl) | Arrivals (Bags) |
|------------|----------------|-----------------|
| Jaipur (C) | 1710           | 4000            |
| Alwar(C)   | 1620           | 6000            |
| Delhi(C)   | 1750           | 200-300         |

|                      |           |          |
|----------------------|-----------|----------|
| Agra(C) Katchi Ghani | 1815      | 3900/(Q) |
| Sri Ganganagar (NC)  | 1480      | 100      |
| Kota (NC)            | 1470-1515 | 10000    |

### Vayda Quotes

#### Mustard futures as on 17.02.06

| Spot  | M  | PCP   | O     | H     | Low   | Ch   | C     |
|-------|----|-------|-------|-------|-------|------|-------|
| Delhi | MA | 339.0 | 339.2 | 339.6 | 338.3 | 0    | 339.0 |
| Hapur | MA | 348.4 | 348.2 | 348.7 | 347.8 | -0.2 | 348.2 |
| Hisar | MY | 333.0 | 332.7 | 332.9 | 332.6 | -0.3 | 332.7 |

M: Month; MA: MARCH; MY: May

### Groundnut

Price for groundnut remains range bound and steady due to equality in demand and supply. Arrival of groundnut in the Gujarat market remained 45,000-50,000 bags. Groundnut seed in Rajkot Mandi traded at Rs 335 per 20 kg and groundnut oil at Rs 438 per 10 kg. Demand for groundnut seed remained same as that of previous day. Prices of groundnut oil decreased by Rs. 2 as compared to previous day price on account of tariff hike on base import duty on Soy and palm oil. The groundnut seed rate is expected to increase in future due to depleting present stock and growing demand.

### Spot Rates of Groundnuts in Mumbai

| Groundnut   | (Rates in Rs. Per 100 Kg) |          |
|-------------|---------------------------|----------|
|             | 17.02.06                  | 16.02.06 |
| Gr Kernel   | 2185*                     | 2190*    |
| Bolds 60/70 | 2695*                     | 2695*    |
| Javas 60/70 | 3025*                     | 3000*    |
| Javas 70/80 | 2925*                     | 2890*    |
| Javas 80/90 | 2800*                     | 2790*    |

\*Plus Tax / Against Form, X CST Paid, @ VAT Exempted

### CBOT

#### CBOT Soy Future Strengthen:

March Soybeans settled up 4.50 cents at \$5.9150/bushel, 0.50 cents off the high and 9 cents up from the low. May Soybeans settled up 5.25 cents at \$6.0425/bushel which was 9.75 cents up from the low and 0.75 cents off the high. March Soymeal settled up \$1.0 at \$183.4/ton that was \$2.0 up from the low and \$0.4 off the high. March Soybean Oil settled up 0.3 cents at 22.57 cents/pound, 0.03 cents off the high and 0.44 cents up from the low. Strong cash basis level on advent of harvesting of Brazil crop helped to support the market up. There is still talk of possible yield and crop loss for Argentina due to hot and dry weather forecast for next week. Sellers are reluctant for going short due

to expected increase of expected fund buying. Weekly US export sales for soybeans remain at 529,700 metric tonnes which remained in the range of trade expectations between 400,000-600,000. Meal sales remain high at 153,000 metric tonnes as compared to trade expectations between 75,000-125,000. Oil export sales remain on the lower reaches at 2,100 tonnes as compared to trade expectations between 0-10,000.

#### CBOT Soybean Futures as on 16.02.06

| Month  | PCP   | O     | H     | L     | Ch   | Close |
|--------|-------|-------|-------|-------|------|-------|
| Mar 06 | 587.0 | 585.0 | 592.0 | 582.4 | +4.4 | 591.4 |
| May 06 | 599.0 | 596.4 | 605.0 | 594.4 | +5.2 | 604.2 |

#### South American Soybean Futures Improved

South American soybean futures settled high on Friday. March South American soybeans settled 4 cents higher at \$6.37/bushel and remain at the highest level since January 5th. Active fund flow from both the sides helps to move the market up. Stressed weather condition for Argentina crop remain a concern which boost the market up. The region is expected to remain hot and dry till the end of last week. Crush report from Argentina in December showing improvement at 2.585 million tonnes as compared to 1.659 million tonnes in previous year. Argentina crop is expected at 38.5-40.0 million tonnes as compared to the previous forecast of 40.5 million tonnes by USDA in the last supply and demand report.

#### GOVERNMENT LIKELY TO HIKE IMPORT DUTY

India's agriculture ministry has proposed a hike in the import duty on palm oils and checks on soyoil imports for a better management of mustard seeds and edible oils prices according to government official. The ministry has suggested that an agency could be set up to regulate imports of soyoil made from genetically modified soybeans and to differentiate them from non-genetically modified ones. The proposals have been mooted in the wake of local rapeseed prices prevailing below the government-set intervention price of Rs. 1715/quintal. This compels the government to purchase large volumes of rapeseeds at the intervention price despite a paucity of funds and storage space. If the imports of edible oils are regulated through higher tariffs and non-tariff controls it could have a psychological upward impact on prices and the government may not have to procure huge quantities of rapeseeds. In 2005, government purchased a record 2.09 million tons of rapeseeds, of which 1.67 million tons are still lying in the warehouses. It caused a huge burden on the exchequer of around Rs. 35.0 billion. According to the senior official, these are suggestions, and the views of other ministries such as Food and Public Distribution, Commerce, Consumer Affairs and Finance are also crucial before a final decision is taken. The finance ministry, if any, can only make changes in tariffs. India currently imposes an 80% duty on crude palm oil and a 90% duty on refined bleached and deodorized palm olein. Under World Trade Organization

rules, these tariffs can be increased up to 300%. The import duty on soyoil is 45% and cannot be increased above this level under WTO rules. The issue of genetically modified soyoil needs reconsideration, as when the WTO ceiling was fixed there was no differentiation between soyoil made from genetically and non-genetically modified seeds. However, it remains it is to be worked out how to distinguished between the two. In India, soyoil is currently cheaper than other oils and its crude imports rose in the marketing year to October 2005 to 2.0 million tons from 890,695 tons in 2003-04.

#### LATEST WEATHER WATCH: 16.02.2006

##### Forecast valid for next 72 hours

Mainly dry weather conditions are likely to prevail over the country for the next 2 days outside northeastern States where isolated to scattered rain/thundershowers are likely.

A fresh western disturbance is likely to cause scattered rain/snowfall over Jammu & Kashmir and Himachal Pradesh from 19<sup>th</sup> to 21<sup>st</sup> February.

The day & night temperature over Rajasthan, Haryana, West Uttar Pradesh and adjoining northwest Madhya Pradesh are above normal by 6-8°C. This scenario is likely to continue for next 3-4 days.

**NORTH-WEST INDIA:** Largely dry weather is likely over the region. Light rain/snow likely over Jammu & Kashmir and Himachal Pradesh on 19<sup>th</sup>.

**EAST INDIA:** Isolated rain/thundershowers is likely over Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Day & night temperature over the region is likely to remain 2-5 °C above normal.

**NORTHEAST INDIA:** Rain/thundershowers are likely over at a few places over Assam & Meghalaya and Arunachal Pradesh and isolated over the rest region.

**SOUTH INDIA:** Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. Night temperatures over the Peninsula are likely to remain near normal.

**WEST INDIA:** Weather will be mainly dry over the region. Day and Night temperatures over Rajasthan and Gujarat are likely to remain significantly above normal.

**CENTRAL INDIA:** Weather will be mainly dry over the region. Day and Night temperatures over Madhya Pradesh and Chhattisgarh are likely to remain significantly above normal.

**Source: MDI, GOI**

#### Forex Rate on 17.02.06

| Country/<br>Continent | Currency | Value in Rupees |
|-----------------------|----------|-----------------|
| USA                   | Dollar   | 44.46           |
| European Union        | Euro     | 52.86           |
| United Kingdom        | GBP      | 77.18           |
| Japan                 | 100 Yen  | 37.64           |

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