

## OILSEED DAILY

May 31, 2006

### SOYBEAN

#### SPOT MARKETS

Spot market decline sharply amid yesterday's loss in the futures market. The traders are expecting further decline if the spot will not get support from futures. Much will depend on the demand of soy oil and DOC. The speed at which monsoon is approaching, creating favourable environment for sowing of seeds as pre-monsoonal showers in MP and in Maharashtra near Solapur helps in tillage operation and increase the soil moisture condition. Almost all the centers witnessed decline in the prices while in Kota Mandi slight increase was observed.

#### FUTURES MARKETS:

NCDEX June contract tried to gain strength in the futures market and score high on the rumour of possible increase in tariff on palm oil. But the market didn't get support further as there were no confirmation on the issue and slide down near its opening. The June contract traded between 1260.25-1292.00 and finally closed at 1280.50.

#### PRICE DRIVERS:

##### Bullish:

1. Futures prices align with spot market
2. Rumor about tariff hike on imported palm oil

##### Bearish:

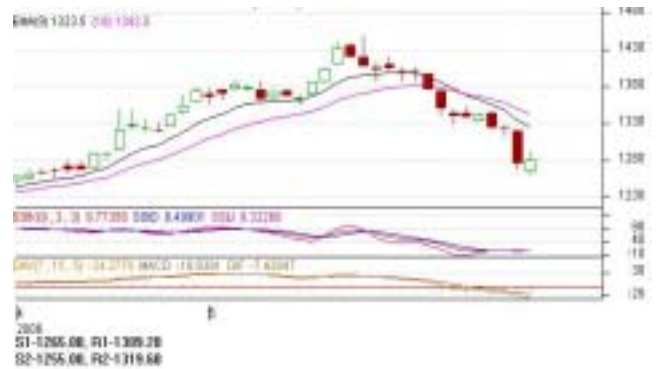
1. Monsoon likely to hit Goa and Maharashtra on 1<sup>st</sup> June.
2. Weak demand of DOC for export
3. Low demand by the plants

##### Weather

Early advances of monsoon result into early planting of soybean and expected to have good crops.

#### TECHNICALS

The candlestick formation reveals improvement in the soybean futures but long upper shadow still indicates the dominance of bears in later half. Though stochastic made a bullish crossover the market is in still vulnerable condition. Both volume and open interest decline indicating little strength into the market. The market at this stage is volatile and traders are advised to trade cautiously.



#### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
June	1265.0	1255.0	1309.2	1319.6

#### TRADE RECOMMENDATION:

Buy above 1278.20, T1- 1292.60; and stop loss at 1271.00

#### SPOT MARKET PRICES

Centers	Market	30.05.06	29.05.06	Change	Arrivals
Indore	Plant	1260-1280	1290-1300	-30.00	25000-30000
Indore	Mandi	1200-1240	1250-1270	-50.00	
Maharashtra	Plant	1310	1340.00	-30.00	10000-15000
Maharashtra	Mandi	1250-1280	1270-1280	-20.00	
Kota	Plant	1280-1290	1290-1300	-10.00	3500-4000
Kota	Mandi	1260-1270	1250-1260	+10.00	

## MUSTARD

### SPOT MARKETS

Almost all the centers witnessed decline in spot market prices amid low demand from the millers and stockist. Though NAFED started selling of the seeds in Punjab but there is not much enthusiasm to buy the produce at the minimum rate of Rs.1600. Demand of seeds by Punjab from Rajasthan also slacken as the seeds are available at cheaper rate in Punjab itself and therefore results into low demand from Rajasthan. The prices are expected to decline further until the demand of oil and mustard DOC rekindle.

### FUTURES MARKETS:

With strong opening and initial gain indicated some improvement but later on due to sluggishness in the physical market, futures market lack luster and stumble amid lower demand of oil in near term. The demand of mustard oil decline in Punjab and Jammu, the two major buying states from Rajasthan, which added further to its bearish tone. The June contract traded between 345.30-349.20 and finally ended at 346.45.

### PRICE DRIVERS:

#### Bullish:

1. Low arrivals
2. Expected increase in demand in rainy season

#### Bearish:

1. Low demand from Punjab
2. NAFED to sell 2 lakh ton per month.
3. Weak mustard oil demand

### Weather

Early arrival of Monsoon is expected to have bearish impact over mustard.

### TECHNICALS

Candlesticks pattern indicates bearish sentiments into the market. Stochastic oscillator again made a bearish crossover but creeping in the oversold region indicating high volatility. MACD still moving in the downward direction in negative zone confirming volatile situation. Volume decline while open interest remain steady. Trade cautiously to evade any loss.



### SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
June	343.75	342.00	348.60	350.50

### TRADE RECOMMENDATION:

Sell below 347.30, T1- 345.25; and stop loss at 348.20

### Status of Price & Supply of Mustard (Rs./Qtl)

Markets	30.05.06	29.05.06	Change	Arrivals
Jaipur (C)	1700	1705-1710	-5.00	2000
Alwar(C)	1650	1670	-20.00	3000
Delhi(C)	1735	1740-1745	-5.00	1200
Agra(C)/Katchi Ghani	1765-1770/4000-4025	1780-1790	-15.00	-
Sri Ganganagar (NC)	1490-1520	1500	-10.00	1000-1500
Kota (NC)	1525-1550	1530-1560	-5.00	1200

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET

Groundnut seed prices at the physical market decline slightly from previous day level on weak demand and favourable weather condition for groundnut planting as the monsoon is expected to arrive early. Groundnut seed in Rajkot Mandi remain at Rs 340 per 20 kg and groundnut oil at Rs 450 per 10 kg. Overall sentiments are expected to depend on the demand and supply scenario of upcoming crop. Arrivals of seed are recorded nearly at 25000 bags in Gujarat Mandi.

### Spot Rates of Groundnuts in Mumbai

Groundnut	(Rates in Rs. Per 100 Kg)	
	30.05.06	29.05.06
Gr Kernel	2350*	2350*
Bolds 60/70	2800*	2800*
Javas 60/70	3000*	3000*
Javas 70/80	2925*	2900*
Javas 80/90	2825*	2775*

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

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