

## OILSEED DAILY

JULY 8, 2006

### SOYBEAN

#### SPOT MARKETS

The spot market prices at different centers observed mixed sentiments. The market at this stage seems to be confused at this juncture to see the implication of blending mustard oil with Vanaspati. This will results into the hike in the prices of soybean oil that in turn support the seeds. Area coverage under total kharif oilseeds as of 3rd July 2007 stands at 9.88 lakh hectares as against 11.16 lakh hectares during the same period of last year. Normal area under total kharif oilseeds is 151 lakh hectares. Heavy rains results into the favourable condition for sowing.

#### FUTURES MARKETS:

NCDEX July soybean futures opened open with firm note and remain bullish for consecutive two hourly sessions as it got support from blending mustard oil with Vanaspati and firmness in the soy oil. Some decline was seen then after on short covering and profit booking. Sharp decline was notices on speculative selling at end of the trading session on the talk in the market about postponement of GM norm issue for one more month. The prices is traded between 1272.1-1278.9 and finally closed at 1272.0.

#### PRICE DRIVERS:

##### Bullish:

1. Restricted soy seed stocks
2. Expected increase in soy oil demand

##### Bearish:

1. Monsoon progress
2. Sowing started in MP and other region

#### Weather

The planting of soybean is started in MP though there is no official data yet available. As per growers the climate looks favourable for sowing in MP and Maharashtra. Tilling operation is nearly completed and waiting for fresh showers for optimum moisture content of the soil.

#### TECHNICALS

Filled candlesticks with spinning top formation with long upper shadow indicating bearish sentiments. %K line ruling below %D line indicating bearish sentiments likely to continue for more time. DAV aligns with MACD with the formation of kick back pattern indicating bullish sentiments likely to continue for medium to long term. RSI is lying below its average and remain parallel indicating bearish sentiments into the market. %R is improving but could not be able to justify the possible trend. Volume increased and open interest decline marginally.



#### SUPPORT / RESISTANCES:

| Contract | S1     | S2     | R1     | R2     |
|----------|--------|--------|--------|--------|
| July     | 1263.0 | 1257.8 | 1279.5 | 1285.4 |

#### TRADE RECOMMENDATION:

**Sell** NCDEX July contract below 1275.0, T1- 1268.0 and stop loss at 1279.0.

#### SPOT MARKET PRICES

| Centers     | Market | 7.07.06   | 6.07.06   | Change | Arrivals (Bags) |
|-------------|--------|-----------|-----------|--------|-----------------|
| Indore      | Plant  | 1255-1275 | 1240-1260 | +15.0  | 40000-45000     |
| Indore      | Mandi  | 1200-1235 | 1190-1200 | +10.0  |                 |
| Maharashtra | Plant  | 1305-1310 | 1310      | -5.0   | 15000           |
| Maharashtra | Mandi  | 1230-1260 | 1230-1250 | 0      |                 |
| Kota        | Plant  | 1240-1250 | 1250-1260 | -10.0  | 5000            |
| Kota        | Mandi  | 1200-1210 | 1190-1200 | +10.0  |                 |

## MUSTARD

### SPOT MARKETS

The spot market prices at different centers remain mixed and waiting for getting any clear cut direction owing to the fact that government made it mandatory to blend 20% mustard oil with Vanaspati. The price of mustard seed is expected to increase in near term owing to the improvement in mustard oil. Multinational companies and local stockists are aggressively purchasing the seeds from mandis and NAFED. Indian vanaspati makers say they will follow the government's July 3rd order to use 20% locally produced mustard oil in their blends only after the Centre settles on an exact supply price, an industry official said Thursday. Manufacturers want mustard oil at 1,100 rupees less per tonne than the landed cost of the currently used crude palm oil.

### FUTURES MARKETS:

NCDEX August contract of mustard opened firm and then rose high on the talk of blending mustard oil with vanaspati. Prices decline for two hours as the market remain confused about the authenticity of the news. Later the market pick up the momentum as the news seems to be reliable. The prices traded in the range between 346.50-349.00 and finally settled at 348.50.

### PRICE DRIVERS:

#### Bullish:

1. Restricted arrivals
2. Blending of 20% mustard oil with Vanaspati now is mandatory

#### Bearish:

1. Selling of Non conditioned mustard by ITC and NAFED
2. Low demand of mustard seed and oil.
3. Canalization of Vanaspati import by NAFED

### Weather

Revival of monsoon is expected to speed up the Kharif sowing in different region, which will result into the early harvesting thereby early planting of mustard crop.

### TECHNICALS

Small body filled candlesticks with upper long shadow and comparatively short lower shadow indecisiveness into the market. %K line moving below %D line indicating bearish sentiments into the market. DAV is moving upward along with MACD indicating the bullish sentiments. RSI is moving upward with its average with divergence indicating bullish sentiments likely to continue. Volume decreased while open interests remain steady.



### SUPPORT / RESISTANCES:

| Contract | S1    | S2    | R1    | R2    |
|----------|-------|-------|-------|-------|
| August   | 348.0 | 346.7 | 352.5 | 354.8 |

### TRADE RECOMMENDATION:

**Sell** NCDEX **August** contract below 350.20, T1- 348.5, and stop loss at 351.5.

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

| Markets              | 7.07.06   | 6.07.06        | Change | Arrivals (Bags) |
|----------------------|-----------|----------------|--------|-----------------|
| Jaipur (C)           | 1700      | 1700           | 0      | 2500            |
| Alwar(C)             | -         | 1625-1630      | -      | -               |
| Delhi(C)             | 1730-1735 | 1730           | 0      | 1000            |
| Agra(C)/Katchi Ghani | 1790/4050 | 1780-1790/4025 | +10.0  | -               |
| Sri Ganganagar (NC)  | 1470      | 1475-1480      | -5.0   | 200-250         |
| Kota (NC)            | 1530-1560 | 1520-1550      | +10.0  | 1000            |

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET

Groundnut prices at the physical market improved on high demand. The prices are expected to move in the narrow range. Groundnut seed in Rajkot Mandi offered at Rs 370 per 20 kg and groundnut oil decline slightly at Rs 493 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 15000 bags in Gujarat Mandi.

### Spot Rates of Groundnuts in Mumbai

| Groundnut   | (Rates in Rs. Per 100 Kg) |         |
|-------------|---------------------------|---------|
|             | 7.07.06                   | 6.07.06 |
| Gr Kernel   | 2500*                     | 2500*   |
| Bolds 60/70 | 3000*                     | 2975*   |
| Javas 60/70 | 3100*                     | 3100*   |
| Javas 70/80 | 2975*                     | 2975*   |
| Javas 80/90 | 2950*                     | 2950*   |

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

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