

OILSEED DAILY

JULY 4, 2006

SOYBEAN

SPOT MARKETS

Soybean prices at the physical market remain steady to range bound on the back of weak demand of seeds and oil in the physical market. Low demand of soy meal also results into the weak demand of soybean by the millers. According to latest available Govt data, soybean acreage as of 26th June 2006 is at 74.0 thousand hectares as against 1.39 lakh hectares at the same period of last year. Acreage increase is reported only from Karnataka (+50.0) where it received adequate rainfall before its due date. The overall decrease in the area of soybean compared to the last year sowing is recorded at 65 thousand hectare due to the deficit rainfall in the major soybean growing region. Figures in parenthesis are percentage increase/decrease over last year. Normal area under soybean is 63 lakh hectares.

FUTURES MARKETS:

NCDEX July soybean futures opened weak and gain momentum and traded side ways in lack of any fundamental strength. The contract is traded between 1208.05-1288.00 and finally closed at 1283.0.

PRICE DRIVERS:

Bullish:

1. Restricted soy seed s stocks
2. Talk about increase in tariff value on soy oil

Bearish:

1. Monsoon progress
2. Sowing started in MP and other region
3. Recent forecast of rains in couple of days

Weather

Soybean should be planted from last week of June to 2nd week of July. If there would be no rain during the period then there could be considerable yield reduction. Recent weather forecast indicating the sowing at proper time.

SPOT MARKET PRICES

Centers	Market	3.07.06	1.07.06	Change	Arrivals (Bags)
Indore	Plant	1260-1280	1260-1280	0	40000-45000
Indore	Mandi	1190-1220	1190-1220	0	
Maharashtra	Plant	1290-1320	1300-1320	-10.0	18000-20000
Maharashtra	Mandi	1230-1260	1220-1250	+10.0	
Kota	Plant	1250-1260	1250-1260	0	4000
Kota	Mandi	1205-1230	1205-1230	0	

TECHNICALS

Short unfilled candlestick with long upper shadow indicates inverted dragonfly formation with little strength into the market. The %K line is ruling over %D line indicating positive sentiments likely to continue in the market. DAV remains above MACD but still remain in the negative region indicating slight bullishness. Parabolic SAR continue to generate sell signal and further supported by DMI but needs further confirmation. Price line remains in between the 9 and 18 days EMA indicating indecisiveness. Volume decline while open interest almost remain steady.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
July	1271.3	1266.5	1293.5	1297.3

TRADE RECOMMENDATION:

Buy NCDEX July contract above 1280.0, T1- 1290.0; and stop loss at 1275.0.

MUSTARD

SPOT MARKETS

The mustard prices at spot market remain range bound and traded sideways as there was no fresh news to alter the prices in the market. The price of mustard seed is expected to remain steady and will much depend on the governmental intervention. Onset of rains in the North West region is expected to increase the mustard oil thereby likely to increase the seeds demand. Traders expect the prices will remain on the narrow range.

FUTURES MARKETS:

NCDEX August contract of mustard opened firm and then sharp decline witnessed on account of low mustard demand in the physical market combined with the recent decline of tariff on soy oil. The prices retrace afterwards with short covering and profit booking at higher levels. The prices traded in the range between 348.20-351.90 and finally settled at 349.80.

PRICE DRIVERS:

Bullish:

1. Restricted arrivals

Bearish:

1. Selling of Non conditioned mustard by ITC and NAFED
2. Low demand of mustard seed and oil.
3. Upcoming sesamum crop

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

Filled dark candlesticks indicate bearish sentiments into the market though lower shadow indicates certain level of retracement. %K line continues to move upward with %D line indicating bullish sentiments. DAV remains above MACD and moving upward with divergence bullish sentiments likely to continue for medium to long term. RSI moving above its average indicating bullish sentiments into the market. Volume increased while open interests remain steady.



SUPPORT / RESISTANCES:

Contract	S1	S2	R1	R2
August	346.75	344.3	351.85	353.0

TRADE RECOMMENDATION:

Sell NCDEX **August** contract below 350.0, T1- 348.0; and stop loss at 351.0.

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

Markets	3.07.06	1.07.06	Change	Arrivals (Bags)
Jaipur (C)	1710-1715	1710	0	3500
Alwar(C)	1625-1630	1615-1620	+10.0	500-700
Delhi(C)	1720	1715-1720	+5.0	600
Agra(C)/Katchi Ghani	1800/4000-4025	1800/3950	0	-
Sri Ganganagar (NC)	1465	1470	-5.0	300
Kota (NC)	1550-1580	-	-	1500

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET

The spot prices of groundnut oil remain improved on good demand. According to latest available Govt data, groundnut acreage as of 26th June 2006 is at 3.3 lakh hectares as against 3.4 lakh hectares at the same period of last year with slight decrease with decline of 10000 hectares. The total area for the groundnut is 55 lakh hectares. Increased acreage was reported from Chhattisgarh (176.3%) while decline in acreage was noticed in Rajasthan (56.5%) and TN (20%). Sharp decline in the area is expected in Gujarat amid possible shift in the area of groundnut with Bt cotton but till now no details is available for the area. The planting is dependent on the rainfall and the production is much dependent on the intensity and equitable distribution of the rainfall. Figures in parenthesis are percentage increase/decrease over last year. Normal area under soybean is 63 lakh hectares. Source: Ministry of Agriculture. Groundnut seed in Rajkot Mandi offered at Rs 369 per 20 kg and groundnut oil decline slightly at Rs 490 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 18000-20000 bags in Gujarat Mandi.

Spot Rates of Groundnuts in Mumbai

Groundnut	(Rates in Rs. Per 100 Kg)	
	3.07.06	1.07.06
Gr Kernel	2500*	2475*
Bolds 60/70	2875*	2875*
Javas 60/70	3050*	3050*
Javas 70/80	2990*	2990*
Javas 80/90	2890*	2890*

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

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