

OILSEED DAILY

OCTOBER 18, 2006

SOYBEAN

SPOT MARKETS:

An increase in influx of soybeans across major mandis was a prominent trend observed, thus bringing down the rates. Domestic demand remained steady. Most of the soybean stocks are being procured by solvent extraction units to prevent any shortfall after festive season and thus expecting active trading to begin after Deepawali. An increase in supply pressure from producers has picked up the pace and thus rates showing a downtrend movement. Overall market sentiments remained more or less bearish.

FUTURES MARKETS:

Soybean futures largely showed weak sentiments on the NCDEX due to continued selling interest among the traders. In some contracts some speculative buying was seen but higher levels could not sustain later on and futures closed with weak sentiments on Tuesday. The most active November contract hovered in the range of 1231-1244.90. Due to on going harvesting season, soybean futures are largely expected to remain steady with bearish undertone. Government is expected to review the world market scenario and base import prices and tariff value in veg oil sector in few days.

PRICE DRIVERS:

1. Mixed sentiments with bearish undertone in spot market.
2. Steady fresh arrivals pressurizing spot market.
3. Selling pressure from producers

WEATHER

Weather is normal in most of the soybean growing areas in MP and MH.

TECHNICALS

In the November contract, chart pattern follows the previous day's weak trend as bears dominated the trade throughout the day. Prices closed above the 9-days and 18-days EMA. The divergence between DAV and MACD has declined indicating the bearish trend. RSI also support the bears. However, Stochastic is hinting towards firmness to prevail in coming days. Volume increased while open interest declined on Tuesday. Market is expected to remain weak on Wednesday.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
November	1215	1205	1237	1263	1271

TRADE RECOMMENDATION: (Intraday)

Sell NCDEX November contract near 1241, T1-1231, and stop loss above 1246.

SPOT MARKET PRICES

Centers	Market	17.10.06	16.10.06	Change	Arrivals (Bags)
Indore	Plant	1190-1220	1215-20	0	4,25,000 -4,50,000 [MP]
Indore	Mandi	1110-1160	1140-1185	-25	20,000 to 25, 000-Indore
Maharashtra	Plant	1210	1215	-5	2,00,000 -2,50,000
Maharashtra	Mandi	1100-1150	9050-1150	0	
Kota	Plant	1180-1195	1200-1210	-15	1,00,000 [Rajasthan]
Kota	Mandi	1130-1160	1170-1200	-40	20,000-25,000 Kota

MUSTARD

SPOT MARKETS:

The Spot market sentiments remained steady except for a marginal hike in demand for mustard seeds from Ganganagar & Alwar. Arrivals were reported to follow previous trend. Crushing of mustard seed is in progress and is likely to gather pace eventually. Steady regional demand has been accounted for firm market sentiments though enough stock is available with NAFED for any further liquidation. However withdrawal of festive season is likely to change market sentiments as trading would catch up its sluggish pace particularly for mustard seeds.

FUTURES MARKETS:

Mustard seed futures on the NCDEX exhibited mixed sentiments. Tuesday was the settlement day of the October contract, which settled at much lower prices from the opening level. November and December contracts also followed the same sentiments owing to huge physical stocks in the mandis and steady to weak spot market sentiments. However, due to delayed sowing and comparatively less sowing area under mustard till date as compared to the previous year figures pushed the later months futures prices to gain some momentum. The November contract is expected to continue its bearish undertone on Wednesday also.

PRICE DRIVERS:

1. Steady physical demand.
2. Hefty inventories with NAFED.
3. Impact of approaching festive season.

WEATHER

Mustard, being a rabi crop is not in existence in its growing areas. Weather seems to have a little impact on the mustard seeds in general.

TECHNICALS

On the NCDEX, in November contract, chart pattern indicates prevalence of strong bearish sentiments in this contract. Volume and open interest both increased on Tuesday. Prices closed below the 9-days and 18-days EMA. Technical indicators like MACD, RSI and Stochastic favour the bears. November contract is expected to trade with bearish sentiments on Wednesday.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
November	350	349	353	358	360

TRADE RECOMMENDATION:

Sell NCDEX November contract near 354, T1-352.00 and stop loss above 355.00.

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

Markets	17.10.06	16.10.06	Change	Arrivals (Bags)
Jaipur (C)	1710-1715	1710-1720	-5	15,000
Alwar(C)	1660-1665	1650	+5	700-800
Delhi(C)	1780	1780-1785	-5	300-400
Agra(C)/Katchi Ghani	1840/4200	1840/4150	+50	-
Sri Ganganagar (NC)	1475-1480	1465-1470	+10	200-250
Kota (NC)	1540	1540-1545	-5	1000-1200

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET

Spot market sentiments remained nearly firm on account of steady domestic demand. Groundnut oil was quoted at Rs 380-385 per 20 Kg. Arrivals reported were to a tune of 65,000 to 70,000 bags. Groundnut oil was reported to be quoted at Rs 525-530 per 10 Kg. Being a major groundnut producing state most of the stock gets sufficed to satisfy local and intrastate demand and sentiments would gather pace eventually with further arrivals. Supply pressure is likely to increase by first fortnight of November, by then enough demand generated from animal feed industry would add to improvement in spot market sentiments

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