

## OILSEED DAILY

### SOYBEAN

November 8<sup>th</sup>, 2006

#### FUNDAMENTALS:

A significant drop in arrivals at Maharashtra kept the rates scaled up amidst normal demand. Even though the offtake by millers and stockists is continuous, rates declined at most of the places on low demand compared to Monday. The spot market getting bearish cues from weakness in overseas market. Selling of seeds at the backdrop of stockpiling is just a reverse phenomenon normally observed under the assured supply conditions for the days to come. Few regions of soybean growing areas adopted late sowing measures on account of erratic distribution of rainfall. The very observation would keep the arrivals extend for second fortnight of this month. Reduced production of maize crop, stocking of seeds & projected edible oil consumption to increase for this oil year would retrace the physical market back to normal. The futures domestic market saw decline as the market was in overbought region for past few days, which results into speculative selling.

#### PRICE DRIVERS:

1. Normal demand for soymeal in domestic & world market.
2. Millers & stockists building up huge inventories to sustain future demand.
3. Weakness in soy complex in overseas.

#### WEATHER:

Weather is reported to be normal except for light showers in day or two.

#### TECHNICALS

Opening bozu filled candlestick indicating bearish market sentiments. Stochastic is in overbought region and heading northwards after bullish cross over indicating slight improvement in the market condition. The prices closed above 9 day and 18 day EMA indicating firmness. MACD is curving downward for possible bearish cross over indicating slackness. Volume decline while OI remains almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	1320.5	1325.8	1342.8	1354.1	1363.0

#### TRADE RECOMMENDATION: (Intraday)

Sell NCDEX December contract below 1347.00, T1-1334.50, and stop loss below 1354.00.

#### SPOT MARKET PRICES

Centers	Market	07.11.06	06.11.06	Change	Arrivals (Bags)
Indore	Plant	1270-1280	1270-1290	-10	15,000 -20,000 - Indore 4,50,000 - 5,00,000 - MP
Indore	Mandi	1225-1250	1225-1250	0	
Maharashtra	Plant	1300-1320	1300-1350	-30	1,00,000 to 1,40,000
Maharashtra	Mandi	1225-1270	1200-1230	+40	
Kota	Plant	1300-1315	1300-1325	-10	20,000 to 25,000 -Kota 1,20,000 - 1,40,000 Rajasthan
Kota	Mandi	1260-1280	1265-1290	-10	

## MUSTARD

### FUNDAMENTALS:

Observation for spot market reveal two balancing phenomenon, foremost is reduction in acreage and thus projected downfall in production and the other is huge carry forward stock with NAFED. As per existing data available around 60% of the acreage for rapeseed is presently under cultivation thus reassuring for a downfall in production. However enough stock is available with stockists and millers to continue crushing till the end of Rabi season, still further demand for seeds can't be ruled out in a long run. Thus the demand and supply conditions mostly rely on prevailing open market prices of mustard seeds as revealed by NAFED from time to time basis. NAFED has reduced the prices from 1730 Rs/qt to 1710 Rs /qt for new stock & thus declined rates at few places in the spot market. Stocking of seeds have firmed up the rates at few places with a view to sell it off later when prices would firm up mostly during harvesting of Rabi mustard. Sentiments for other spot markets declined largely due to average physical demand. The futures market declined sharply as NAFED lower its selling price for new stock. The Delhi futures declined sharply underpinning the NCDEX futures further.

### PRICE DRIVERS:

1. Average demand in physical markets.
2. Mixed sentiments in futures market.
3. NAFED declined open market rates to 1710 Rs /qt.
4. Decline in Rapeseed production can't be ruled out.

### WEATHER

Weather seems to be conducive for mustard crop in Rajasthan.

### TECHNICALS

Long filled body open bozu candlestick indicating bearish market sentiment. Stochastic is moving downward with divergence indicating weak market sentiments. MACD made bearish cross over with wide divergence indicating bearish sentiments likely to continue. The prices closed between 9 day and 18 day EMA indicating indecisiveness. Volume decline while OI remain almost steady.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	371.2	374.0	378.2	379.6	381.5

### TRADE RECOMMENDATION:

**Sell** NCDEX December contract below 377.90, T1-375.00 and stop loss below 379.30.

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

Markets	07.11.06	06.11.06	Change	Arrivals (Bags)
Jaipur (C)	1840-1845	1800-1835	+10	2500- 3000 - Jaipur 10,000 - 15,000 -Rajasthan.
Alwar(C)	1770-1780	1780-1800	-20	700-800
Delhi(C)	1865	1860	+5	350-400
Agra(C)/Katchi Ghani	1975/4500	1950/4475	+25	-
Sri Ganganagar (NC)	1610-1620	1615-1630	-10	300-350
Kota (NC)	1660-1690	1700-1725	-35	300- 500

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET

The slight recoveries in rates were notably due to projected increase in consumption of edible oil for the current oil year. Other factors that accounted for slight improvement were due to a decrease in acreage by around 18%, lower production estimate in Andhra belt and shifting of groundnut acreage to more remunerative oilseed crop notably in Gujarat. Spot market sentiments recovered marginally. Rates for groundnut seeds were quoted at Rs 390 -400 per 20 Kg. Groundnut oil was quoted 3 Rs lower and now stands at 510-512 per 10Kg on account of normal demand from crushing mills to meet domestic feed demands. Arrivals were reported to a tune of 1.75 lakh bags. Arrivals for groundnuts are likely increase by first fortnight of November. Demand from livestock industries has started off and would catch pace during ensuing weekdays.

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