

OILSEED DAILY

SOYBEAN

November 29th, 2006

FUNDAMENTALS:

Both the spot market and futures market reacted sharply to the news confirming Bird Flu outbreak in South Korea. The 'H5N1' Strain of bird flu was officially confirmed for the second time by the agriculture ministry of South Korea. The news would cancel further consignments for soymeal export to this nation. Spot market showed steady sentiments due to average physical demand at major spot markets. Yesterday's indecisiveness in soybean futures was well reflected in today's spot market sentiments. In Maharashtra the quantum of offtake was reported to be relatively less under assumption that rates may ease down for the days to come. The NCDEX Dec contract was bearish on rumors of a likely revision in the base prices for imported edible oils. However on lack of confirmation to this, market reacted, which led to some bearishness. An official confirmation for Bird Flu incidence in South Korea gave additional support to bearishness observed in soybean futures.

PRICE DRIVERS:

1. Steady soymeal demand in domestic market.
2. Relative decline in base arrivals.
3. Bird flu outbreak in South Korea.
4. Relatively average physical demand.

WEATHER:

Weather is reported to be clear and dry to continue arrivals.

TECHNICALS

Dark candlestick with a prominent lower shadow indicates bearishness with higher selling interest. Stochastic is moving down, indicating bearish sentiments ahead. MACD reflects slight gain in positive momentum. The prices closed between 9 day and 18 day EMA with divergence likely to narrow indicating possible decrease in positive momentum. Volume increased considerably whereas OI declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	1385	1392	1407.15	1420	1426

TRADE RECOMMENDATION: (Intraday)

Sell NCDEX December contract below 1410, T1-1402, T2-1396 and stop loss above 1412.

SPOT MARKET PRICES [Not Reported -NR]

Centers	Market	28.11.06	27.11.06	Change	Arrivals (Bags)
Indore	Plant	1420-1430	1420-1430	0	6000- 8,000 - Indore 3 to 3.75 lakhs - MP
Indore	Mandi	1380-1400	1380-1400	0	
Maharashtra	Plant	1450-1455	1450-1455	0	1.2 to 1.25 lakh
Maharashtra	Mandi	1390-1420	1390-1430	-10	
Kota	Plant	1420-1430	1420-1435	-5	7,000 9,000 -Kota 35,000 - 40,000 - Rajasthan.
Kota	Mandi	1965-1385	1370-1385	0	

MUSTARD

FUNDAMENTALS:

The open market rates for mustard seed [last years stocked seeds] declared by NAFED stood at Rs 1870 per quintal. Rates were Rs 10 cheaper to yesterday's rates. As per market observers and traders despite relaxation in open market rates, buyers are reluctant to purchase seeds at higher prices amidst marginal hike in arrivals. Stockists and millers have maintained regular offtake, but in relatively lesser proportions. The assumption underlying the very observation is 'buy more at less'. With lesser offtake, open market prices are expected to ease down for the days to come thus prompting active buying at major physical markets across the states. The NCDEX Dec contract showed bearish sentiments due to weak spot market sentiments and profit booking during second half of trading session. Lack of active buying at higher prices led to observed bearishness.

PRICE DRIVERS:

1. Lack of active buying at higher prices.
2. Sole availability of mustard seeds with NAFED.
3. NAFED selling seeds at Rs 1870/qt.
4. Mustard acreage giving way to pulses and cereals.
5. Marginal hike in arrivals.

WEATHER

Dry weather over the region is conducive for mustard

TECHNICALS

Dark candlestick with a prominent lower shadow indicates bearishness with higher selling interest. Stochastic moving down indicates bearishness ahead. MACD has also made a bearish cross over. The prices closed below 9-day and 18 day EMA indicating steep fall in prices and possibility of divergence to narrow down for the days to come. Volume increased considerably whereas OI declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	382	386	395.20	400	405

TRADE RECOMMENDATION:

Sell NCDEX December contract below 396, T1-392, T2-388 and stop loss above 398.

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

Markets	28.11.06	27.11.06	Change	Arrivals (Bags)
Jaipur (C)	2020	2020-2025	-5	10,000 to 15,000 -Rajasthan.
Alwar(C)	1950	1940-1950	0	800-1000
Delhi(C)	2030-2035	2040-2050	-15	400-500
Agra(C)/Katchi Ghani	2125/4950	2125/5000	-	-
Sri Ganganagar (NC)	1760	1765-1770	-10	200-300
Kota (NC)	-	1850-1870	-	-

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET

Spot market sentiments remained steady due to steady demand from millers and feed meal industry. Rates for groundnut seeds were quoted at Rs 410 to Rs 415 per 20 Kg for different quality of seeds. Groundnut oil was quoted at 540 to 542 per 10Kg. Arrivals was reported to be steady to a tune of around 1-lakh bags. Demand from livestock industries has started off and would catch pace during second fortnight of this month. This year groundnut production has fallen down due to lower production in Andhra Pradesh belt and Karnataka region.

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