

OILSEED DAILY

SOYBEAN

November 7th, 2006

FUNDAMENTALS:

Domestic demand for medium quality meal from livestock and poultry industry besides good demand for yellow soymeal from Japan & South Korea have added to building up firm sentiments at major spot markets today. Regular offtake of seeds by millers and stockists besides the news of reduction in production of maize crop this year also helped to firm up the sentiments as maize finds good utilization as poultry feed. Stockpiling of seeds would continue on wake of foreseen demand for edible oil consumption to increase for this oil year. Harvesting is almost complete in major soybean rowing areas and as per an estimate around 11% of the soybean produced would be retained, as seed, direct consumption and for exports. Thus leaving enough stock for local processors, solvent extraction units and millers to continue crushing of beans at regular pace. Delayed sowing in few parts of MP and Rajasthan due to erratic rainfall means supply pressure to extend for second fortnight of this month. This would keep the rates from fluctuating to extremes. Domestic soy futures showed firm sentiments on account of good buying support but bearish sentiments in International markets limit the gains. The market seems have factored most of the bullish factors and thus some consolidation after sharp surge is likely.

PRICE DRIVERS:

1. Reduced production of maize crop.
2. Increased demand for soymeal in domestic & world market.
3. Millers & stockists building up huge inventories to sustain future demand.
4. Bearish soy futures in world market.
5. Estimated demand for edible oil to increase during this oil year.

WEATHER:

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

TECHNICALS

Upper long legged small body filled candlestick indicating indecisive market sentiments. Stochastic made bullish cross over indicating improvement in the market condition. The prices closed above 9 day and 18 day EMA indicating firmness. MACD made bullish cross over with parallel movement indicating steadiness. Volume and OI remains almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	1330.0	1335.9	1352.0	1357.3	1361.1

TRADE RECOMMENDATION: (Intraday)

Sell NCDEX December contract below 1349.80, T1-1340.00, and stop loss below 1355.00.

SPOT MARKET PRICES

Centers	Market	06.11.06	04.11.06	Change	Arrivals (Bags)
Indore	Plant	1270-1290	1275-1285	+5	15,000 -20,000 - Indore 4,50,000 - 5,00,000 - MP
Indore	Mandi	1225-1250	1230-1240	+10	
Maharashtra	Plant	1300-1350	1285-1325	+25	1,75,000 to 2,15,000
Maharashtra	Mandi	1200-1230	1190-1210	+20	
Kota	Plant	1300-1325	1285-1300	+25	20,000 to 25,000 -Kota 1,20,000 - 1,45,000 Rajasthan
Kota	Mandi	1265-1290	1230-1250	+40	

MUSTARD

FUNDAMENTALS:

The fall in production of Rabi mustard crop cannot be ruled out and the very sentiment would persist through out this cropping season. Since most of the mustard saplings during germination burnt out on account of temperature exceeding 35°C till first fortnight of October, projected output is likely to decline. Even if we assume that farmers unlikely to shift acreage to other crops, the delay in sowing would mean lesser crop duration and lower production. Since crushing of seeds is continuous, local demand from millers and stockists amidst comparatively lower arrivals at Delhi, Alwar and Ganganagar helped in improving the rates to marginal extent. The nominal decline in rates at Jaipur and Kota kept the rates almost range bound amidst normal demand. The huge surplus of carry forward stock of mustard seed with NAFED kept the sentiments steady. At NCDEX traders are buying Jan contract and selling Dec contract in order to bring down the differences in prices between both of the contracts. Similar sentiments prevailed at Delhi exchange thus attributing to mixed sentiments.

PRICE DRIVERS:

1. Average demand in physical markets.
2. Mixed sentiments in futures market.
3. Huge stock of mustard with NAFED.
4. Decline in Rapeseed production can't be ruled out.

WEATHER

Weather seems to be conducive for mustard crop in Rajasthan.

TECHNICALS

Filled body spindle top formation by the candlestick reveal indecisive market sentiments with bearish tinge. Stochastic is moving downward with divergence indicating weak market sentiments. MACD made bearish cross over indicating correction at these levels. The prices closed above 9 day and 18 day EMA indicating firmness. Volume and OI decline marginally.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	373.8	375.6	382.3	383.1	385.3

TRADE RECOMMENDATION:

Sell NCDEX December contract below 381.0.60, T1-378.30 and stop loss below 382.00.

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

Markets	06.11.06	04.11.06	Change	Arrivals (Bags)
Jaipur (C)	1800-1835	1825-1840	-5	2500- 3000 - Jaipur 13,000 - 15,000 -Rajasthan.
Alwar(C)	1780-1800	1780-1795	+5	700-800
Delhi(C)	1860	1840-1855	+5	350-400
Agra(C)/Katchi Ghani	1950/4475	1950/4450	0	-
Sri Ganganagar (NC)	1615-1630	1615-1625	+5	300-350
Kota (NC)	1700-1725	1700-1730	-5	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 per 20 Kg up by Rs 2 in comparison to last weeks price. Groundnut oil was quoted 3 Rs higher and now stands at 515-518 per 10Kg on account of 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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