

## OILSEED DAILY

### SOYBEAN

November 11<sup>th</sup>, 2006

#### FUNDAMENTALS:

A significant increase in arrivals at Rajasthan and Maharashtra eased the rates to marginal extent. However rates firmed up in MP due to firm demand for soy oil in domestic market. The observation for projected decline in rapeseed production besides the same for groundnut also supported spot market sentiments in MP. Producers too are holding their stocks in anticipation of availing higher prices later. Thus supply pressure would further extend to second fortnight of this month. Offtake by millers, local processors and solvent extraction units was again a regular phenomenon observed thus keeping the demand continuous and intact. The decline in rates at plants was largely due to weak soy futures in International market and is likely to retrace back. The NCDEX Dec contract traded with bullish sentiments due to increase in buying interest. Restricted selling from producers and stockists amidst firm demand for soy oil gave additional support to bullish sentiments.

#### PRICE DRIVERS:

1. Good demand for soy oil in domestic market.
2. Millers & stockists building up huge inventories to sustain future demand.
3. Bearish soy complex in overseas.
4. Speculative buying in domestic futures market.
5. Producers holding stock in anticipation for higher prices.

#### WEATHER:

Weather would be normal in most of the soybean growing areas.

#### TECHNICALS

Un-filled candlestick with long body with long lower shadow indicates bullish market sentiments with certain retracement level. Stochastic is in overbought region and heading northwards indicating possible bullish cross over. The prices closed above 9 day and 18 day EMA indicating firmness. MACD is heading northwards with increasing divergence-indicating firmness. Volume decline and open interests remain almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	1356.10	1367.00	1379.0	1392.30	1404.10

#### TRADE RECOMMENDATION: (Intraday)

Buy NCDEX December contract above 1376.00, T1-1390.00, and stop loss below 1368.00.

#### SPOT MARKET PRICES

Centers	Market	10.11.06	09.11.06	Change	Arrivals (Bags)
Indore	Plant	1335-1345	1320-1350	-5	10,000 -15,000 - Indore 4,25,000 -5,00,000 - MP
Indore	Mandi	1260-1290	1230-1260	+30	
Maharashtra	Plant	1310-1350	1320-1365	-15	1,50,000 to 2,30,000
Maharashtra	Mandi	1270-1300	1270-1300	0	
Kota	Plant	1325-1350	1350-1360	-10	25,000 to 30,000 -Kota 1,20,000 - 1,50,000 Rajasthan
Kota	Mandi	1270-1300	1290-1310	-10	

## MUSTARD

### FUNDAMENTALS:

Producers shift in acreage towards winter vegetables and spices in Rajasthan is normally on account of getting better returns from these crops. The increase in returns would suffice for projected loss in production of Rabi mustard. Offtake by millers and stockists kept the demand intact. Stockists are holding back seeds so as to sell it off during harvesting time for Rabi mustard when rates would be at its peak. NAFED was reported to sold seeds near MSP. The revised rate for new stock of seeds stands at Rs 1720/qt Prevailing open market price is Rs 5 higher than previously quoted rates. Spot market sentiments adjusted accordingly. Higher buying interest and NAFED selling seeds near MSP firmed up the NCDEX Dec contract. Gradually depleting private seed stock gave additional support to bullish sentiments in futures market.

### PRICE DRIVERS:

1. Normal demand in physical markets.
2. Higher buying interest in futures market.
3. NAFED selling seeds near MSP.
4. Decline in Rapeseed production can't be ruled out.
5. Gradually depleting private seed stocks.

### WEATHER

Weather seems to be conducive for mustard crop in Rajasthan.

### TECHNICALS

Doji formation by the candlestick indicates certain level of indecisiveness with bullish tinge. Stochastic is moving downward indicating weak market sentiments. MACD declining with wide divergence indicating bearish sentiments likely to continue. The prices closed above 9 day and 18 day EMA indicating slight improvement. Volume decline while OI remain almost steady.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	377.8	379.7	381.5	383.8	385.6

### TRADE RECOMMENDATION:

Buy NCDEX December contract above 381.50, T1-383.50 and stop loss below 380.00.

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

Markets	10.11.06	09.11.06	Change	Arrivals (Bags)
Jaipur (C)	1855-1860	1850-1855	+5	15,000 - 20,000 -Rajasthan.
Alwar(C)	1780-1790	1760-1775	+15	1000-1500
Delhi(C)	1860-1865	1860-1865	0	300-400
Agra(C)/Katchi Ghani	1975/4600	1975/4600	0	-
Sri Ganganagar (NC)	1620-1625	1610-1615	+10	300-350
Kota (NC)	1620-1650	1620-1640	+10	1200-1300

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET

Spot market sentiments declined marginally on account of weak physical demand. Rates for groundnut seeds were quoted at Rs 380-388 per 20 Kg. Groundnut oil was quoted at 505 to 510 per 10Kg. Arrivals were not reported for today. 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 estimates in Andhra Pradesh belt and Karnataka.

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