

OILSEED DAILY

SOYBEAN

November 2nd, 2006

FUNDAMENTALS:

The spot market for soybean improved in few locations in Maharashtra and Kota on reduced arrivals. The markets in MP remain steady on the wake of local festival being celebrated in the region that results into reduced arrivals in the Mandi compared to Tuesday. Millers are buying soybean seed and that results into stable prices in the spot market. As per the trade sources stockists are stocking soybean seeds, as the soybean remains lucrative at these price levels. Strong demand for Soymeal also supporting the soybean prices as crushing demand favours its offtake by the millers. The spot market is expected to maintain its current prices with slight improvement in near term as the arrivals are expected to remain low for a day or two. Bearish sentiments in the eCBOT on near completion of harvesting in US combined with higher arrivals had a bearish impact on the domestic futures market. The domestic futures market is expected to decline in near term on increased arrival pressure offsetting the demand in the spot market in near term.

PRICE DRIVERS:

1. Reduced arrivals.
2. Increase in demand from millers & stockists.
3. Bearish eCBOT cast shadow over the domestic market.
4. Increased demand of Soymeal results into higher offtake.

WEATHER

Dense cloud cover over the South-Eastern region of MP and few places of Maharashtra may not pose any serious threat as the cloud cover is still away from the main growing region and harvesting is at its tail end. The shower in harvesting region is expected to cause some damage as the soybean seeds are spread at the threshing floor in few region for drying.

TECHNICALS

Long filled candlestick indicating strong bearish sentiments into the market. Stochastic is converging in overbought region for any possible bearish cross over. MACD made bearish cross over indicating weak market sentiments and possible trend change. Prices closed inbetween 9 day and 18 days EMA indicating indecisiveness. Volume increased slightly while OI decline.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
November	1247.4	1252.0	1261.35	1267.0	1270.3

TRADE RECOMMENDATION: (Intraday)

Sell NCDEX November contract below 1261.00, T1-1254.70, and stop loss 1265.00.

SPOT MARKET PRICES

Centers	Market	1.11.06	31.10.06	Change	Arrivals (Bags)
Indore	Plant	1235-1240	1235-1240	0	15,000 -18,000 - Indore 350000 -MP
Indore	Mandi	1180-1210	1180-1215	0	
Maharashtra	Plant	1260	1240-1250	+20	200000
Maharashtra	Mandi	1190-1230	1170-1205	+20	
Kota	Plant	1240-1250	1240-1245	0	30,000 -Kota 150000 Rajasthan
Kota	Mandi	1200-1215	1170-1200	+30	

MUSTARD

SPOT MARKETS:

The spot market prices improved in most of the centers registering strong gain fuelled by hike in the selling prices by NAFED on Tuesday. Strong demand by the stockists' results into active stocking of mustard seed with a view to selling it at higher prices in future. The NAFED further increased the selling prices of mustard seed by Rs 25 to 1775, which further supported the prices up. Yesterdays gain in the futures market provided additional support to the spot market. Expected sharp decline in the acreage of mustard crop this year may results into run for stocking mustard seed for lean period. Increased demand of mustard oil during winter combined with the millers demand for mustard seed further provided additional support to the mustard seed in the spot market. Strong speculative buying at the futures market keeps the prices up in NCDEX as the prices further increased by the NAFED. The prices in the spot market will much depends on the selling prices of the NAFED and NAFED is closely watching the situation as the major portion of private stock is exhausted and therefore liquidating its hefty stock with constant pace at higher rates. The NAFED is having 20 lakh tonnes of stock till date. The price of the mustard seed is expected to remain range bound in the spot market and likely to increase further in the futures market as it getting strong buying support.

PRICE DRIVERS:

1. Stockists actively stocking the mustard seed.
2. Good demand by the millers
3. Expected sharp decline in the mustard acreage.
4. MSP of mustard seed kept constant.

WEATHER

The weather looks favourable for mustard sowing as the temperature is getting down. One shower at growing area is desirable for the proper germination of mustard crop but the sky is clear and there is no chance of rains in the region for near term.

TECHNICALS

Short filled candlestick with long upper shadow and short lower shadow indicates indecisive market sentiments. Stochastic is moving upward but converging. MACD is moving upward with wide divergence indicating bullish sentiments likely to continue. The prices closed above the 9-day and 18 day EMA indicating bullish market sentiments. Volume decline while OI decline slightly.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
November	369.0	370.0	373.0	376.2	377.8

TRADE RECOMMENDATION:

Buy NCDEX November contract above 373.00, T1-375.50 and stop loss below 371.5

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

Markets	1.11.06	31.10.06	Change	Arrivals (Bags)
Jaipur (C)	1845-1850	1800-1820	+45	3000
Alwar(C)	1800	1750-1770	+50	1000
Delhi(C)	1860	1820-1830	+40	600
Agra(C)/Katchi Ghani	1950/4400	1950/4375	0	-
Sri Ganganagar (NC)	1570-1575	1540-1550	+30	200-250
Kota (NC)	1690-1740	1560-1590	+30	500-700

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET

Spot market prices decline for groundnut seeds and oil on weak demand compared to Tuesday combined with high arrival pressure. Groundnut seed prices in shell in the Saurashtra region quoted at Rs 382 per 20 Kg. Groundnut oil was quoted at 500 per 10Kg. The decline noticed in Groundnut oil remains in tandem with the decline in other edible oil and weak sentiments in overseas market. Arrivals increased sharply at 1.75 lakh bags, which underpinned the market down. Arrivals for groundnuts are likely to increase further in coming days. Local demand from feed industry is likely to impact trade sentiments by first fortnight of next month.

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