

OILSEED DAILY

SOYBEAN

November 3rd, 2006

FUNDAMENTALS:

Arrivals for soybean are picking up fast in the major spot markets and would peak up by first fortnight of this month thereafter registering a gradual downfall. Owing to this phenomenon traders at each level from producer to millers are stocking up seeds in wake of selling it off later at remunerative prices. Millers are building up huge inventories to match future demand for edible oil and soymeal. The demand for soymeal generally picks up well during onset of winter and thus requires enough crushing to suffice demand from feed industry. Since Indian soymeal is offered at competitive prices in overseas market, millers have increased their offtake thus maintaining continuous demand for soybean seed. Good sentiments for soy futures in International market added up to impact domestic futures market that witnessed speculative buying. Bullish sentiments at NCDEX is likely to cross into overbought region if the trend persists for the days to come.

PRICE DRIVERS:

1. Steady arrivals.
2. Millers & stockists building up huge inventories to sustain future demand.
3. Speculative buying in futures market.
4. Demand from feed industry would increase in coming days.

WEATHER

Weather is reported to be normal in most part of the soybean growing areas.

TECHNICALS

Candlestick indicating bullish market sentiments. Stochastic made bearish cross over indicating slight bearish sentiments indicating possible correction at this stage. MACD is curving up and likely to make bullish cross over. The prices closed above 9 day and 18 day EMA indicating bullish market sentiments. Volume increased marginally while OI remains almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
November	1255.00	1261.00	1281.05	1297.30	1303.00

TRADE RECOMMENDATION: (Intraday)

Buy NCDEX November contract near 1279.00, T1-1291.00, and stop loss below 1273.00.

SPOT MARKET PRICES

Centers	Market	02.11.06	01.11.06	Change	Arrivals (Bags)
Indore	Plant	1220-1250	1235-1240	+10	9000 -10,000 - Indore 5,00,000 - MP
Indore	Mandi	1180-1215	1180-1210	+5	
Maharashtra	Plant	1280	1260	+20	2,00,000 to 2,25,000
Maharashtra	Mandi	1180-1220	1190-1230	-10	
Kota	Plant	1250-1270	1240-1250	+20	25,000 to 35,000 -Kota 1,00,000 - 1,25,000 Rajasthan
Kota	Mandi	1210-1230	1200-1215	+15	

MUSTARD

FUNDAMENTALS:

Since delivery of mustard seed stock could not match the quantity needed by millers and stockists, NAFED quoted the prices at 1725 Rs /qt which was 50 Rs dearer than one sold yesterday. Yesterday NAFED sold the stock at 1775 Rs/qt, which was the main reason for bullish spot market prices yesterday. Following the previous trend it was expected the rates to move upwards but softening of prices by NAFED amidst steady demand kept the rates range bound mostly in Jaipur, Alwar and Delhi. Speculative buying during the first half kept the prices up in NCDEX, later in second half prices crashed down owing to news of NAFED selling stock at 1725/qt. Since market highlighted the overbought conditions during first session of trading it needs a technical correction so as to generate fresh sentiments. The NCDEX futures well followed the sentiments prevailing in Hapur exchange.

PRICE DRIVERS:

1. Steady domestic demand.
2. Speculative buying in futures market.
3. NAFED liquidating stock slightly above MSP, but well below yesterday's quoted rates.
4. Delivery mismatch with expected demand.

WEATHER

Weather seems to be conducive for mustard crop in Rajasthan.

TECHNICALS

Long filled candlestick with short upper and lower shadow indicating bearish market sentiments. Stochastic made bearish cross over in overbought region indicating possible correction at this stage. MACD maintained its divergence but slight curving could be seen indicating slight weakness. The prices closed above 9 day and 18 day EMA indicating bullish market sentiments. Volume and OI remains almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
November	363.0	365.40	370.0	371.20	372.60

TRADE RECOMMENDATION:

Sell NCDEX November contract below 369.70, T1-367.10 and stop loss below 371.

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

Markets	02.11.06	01.11.06	Change	Arrivals (Bags)
Jaipur (C)	1860	1845-1850	+10	4000 - Jaipur 15,000 - 20,000 -Raj
Alwar(C)	1790-1800	1800	0	2000
Delhi(C)	1860	-	0	400-500
Agra(C)/Katchi Ghani	1950/4400	1950/4400	0	-
Sri Ganganagar (NC)	1560-1570	1570-1575	-5	200-250
Kota (NC)	1710-1750	1690-1740	+10	400

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET

Spot market sentiments showed slight improvement on account of demand from feed industry amidst good arrivals. Rates for groundnut seeds were quoted at Rs 388 per 20 Kg higher by 5 Rs in comparison to last days price. Groundnut oil was quoted 5 Rs higher and now stands at 505 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.

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