

## OILSEED DAILY

### SOYBEAN

November 13<sup>th</sup>, 2006

#### FUNDAMENTALS:

With projected increase in edible oil consumption for this oil year, the domestic production is unlikely to suffice for continuous consumption over a period of time. This would lead to increase in prices of oil, as edible oil would have to be imported in huge quantities. An overview of domestic market clearly indicates that due to projected downfall in rapeseed production besides similar downfall in groundnut for this year, soybean is expected to get higher product share from rising oil prices. Millers are more focused for soy oil due to decrease in crushing margins. However stocking is continuous and producers holding back the seeds have further firmed up the rates in spot markets. The NCDEX Dec contract traded with bullish sentiments in futures market. Weak overseas soy meal futures and firm soy oil in domestic and overseas market kept the sentiments range bound.

#### 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. Decrease in crushing margin for soy meal.

#### WEATHER:

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

#### TECHNICALS

Doji formation by the candlestick indicates certain level of indecisiveness with bullish tinge. 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 steady with increasing divergence-indicating firmness. Volume and open interests remained steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	1368.00	1373.00	1378.00	1385.00	1392.00

#### TRADE RECOMMENDATION: (Intraday)

Buy NCDEX December contract above 1365.00, T1-1374.00, and stop loss below 1356.00.

#### SPOT MARKET PRICES

Centers	Market	11.11.06	09.11.06	Change	Arrivals (Bags)
Indore	Plant	1300-1350	1335-1345	+5	10,000 -12,000 - Indore 4,50,000 -5,00,000 - MP
Indore	Mandi	1300-1320	1260-1290	+30	
Maharashtra	Plant	1360-1390	1310-1350	+40	1,50,000 to 2,00,000
Maharashtra	Mandi	1325-1350	1270-1300	+50	
Kota	Plant	1350-1360	1325-1350	+10	25,000 to 30,000 -Kota 1,20,000 - 1,25,000 Rajasthan
Kota	Mandi	1290-1320	1270-1300	+20	

## MUSTARD

### FUNDAMENTALS:

NAFED had further revised the rates for mustard seed in open market. The revised rate quoted at Jaipur was Rs 1725 - Rs1730 per qt for new stock of seed. Similarly at Sri Ganganagar the seeds were quoted at Rs 1705/qt for the new stock. The spot market adjusted accordingly at different spot markets respectively. The difference in prices at Ganganagar and Jaipur spot market is evident from the open market prices revised by NAFED. Offtake by millers and stockists kept the demand firm. Higher buying interest and NAFED selling seeds over MSP firmed up the NCDEX Dec contract. Gradually depleting private seed stock amidst demand for rapeseed meal from overseas buyers gave additional support to firmness in sentiments.

### PRICE DRIVERS:

1. Normal demand in physical markets.
2. Higher buying interest in futures market.
3. NAFED selling seeds over & above 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

Un-filled candlestick with short upper shadow indicates certain level of bullishness. 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 and OI increased marginally.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec	380.7	382.1	383.6	384.9	386.2

### TRADE RECOMMENDATION:

Buy NCDEX December contract near 381.36, T1-383.60 and stop loss below 378.00.

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

Markets	11.11.06	10.11.06	Change	Arrivals (Bags)
Jaipur (C)	1860-1865	1855-1860	+5	15,000 - 20,000 -Rajasthan.
Alwar(C)	1790-1800	1780-1790	+10	
Delhi(C)	1865-1870	1860-1865	+5	
Agra(C)/Katchi Ghani	2000/4600	1975/4600	+25	
Sri Ganganagar (NC)	1625-1630	1620-1625	+5	
Kota (NC)	1620-1650	1620-1650	0	

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET

Spot market sentiments improved marginally on account of good physical demand and offtake by millers. Due to firm veg oil in domestic markets, groundnut followed the suit. Besides this demand from feed industry also gave additional support to firmness in spot market sentiments. Rates for groundnut seeds were quoted at Rs 395 per 20 Kg. Groundnut oil was quoted at 525 per 10Kg. Arrivals were reported in a range of 1.5 to 1.75 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 estimates in Andhra Pradesh belt and Karnataka.

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