

## OILSEED DAILY

### SOYBEAN

December 6, 2006

#### FUNDAMENTALS:

Spot market witnessed normal to weak trading amidst reduced arrivals. Due to ongoing worker's strike in Indore Mandi, day-to-day trading was reported to have been affected slightly. Processing units and stockists continued their offtake of beans at relatively lower market prices. As per market observers, plants are reported to continue procuring beans directly from producers and "Choupals" of private companies in MP, besides their normal offtake from Mandi's. The very observation is supposed to have affected normal arrivals in major spot market especially in MP. Stockists are reluctant to dispose off major chunks of beans so as to sell off when prices turn out lucrative in long term. The NCDEX contract for soybean reflected bullish sentiments despite weak soy futures at CBOT. Price bounced back on short covering after recent sharp correction.

#### PRICE DRIVERS:

1. Weak soy oil demand in domestic market amidst weak Palm oil futures at BMD.
2. Base import price for soy oil remains unchanged.
3. Decline in regular arrivals.
4. Weak to average soymeal sentiments in domestic market.
5. Lack of active buying in Indore Mandi.
6. Parallel offtake of beans from private Choupals in MP.

#### WEATHER:

Weather is reported to be clear and dry over major soybean growing areas.

#### TECHNICALS

Unfilled candlestick indicates bullish sentiments. Stochastic and MACD reflects decline in positive momentum. The prices closed below 9 day and 18 day EMA with divergence likely to narrow indicating 'likely' weak sentiments ahead. Volume was steady and OI declined.



#### SUPPORT / RESISTANCES:

| Contract  | S2   | S1   | PCP  | R1   | R2   |
|-----------|------|------|------|------|------|
| NCDEX Dec | 1325 | 1335 | 1351 | 1370 | 1380 |

#### TRADE RECOMMENDATION: (Intraday)

Sell NCDEX December contract below 1358, T1-1349, T2-1343 and stop loss above 1363.

#### SPOT MARKET PRICES [Not Reported -NR]

| Centers     | Market | 05.12.06  | 04.12.06  | Change | Arrivals (Bags)                                      |
|-------------|--------|-----------|-----------|--------|--|
| Indore      | Plant  | 1330-1360 | 1370-1375 | -15    | 1.30 lakhs - MP                                      |
| Indore      | Mandi  | 1330-1340 | -         | -      |  |
| Maharashtra | Plant  | 1330-1360 | 1400      | -40    | 1.25 lakh bags                                       |
| Maharashtra | Mandi  | 1350-1360 | -         | -      |  |
| Kota        | Plant  | 1320-1355 | 1375-1380 | -25    | 4,000 - 5,000 -Kota<br>25,000 - 35,000<br>Rajasthan. |
| Kota        | Mandi  | 1350-1360 | 1330-1340 | +20    |  |

## MUSTARD

### FUNDAMENTALS:

Adverse weather conditions amidst normal physical demand kept the spot market sentiments range bound except for Delhi region. The open market rates for mustard seed [stocked during 2005-06] declared by NAFED stood at Rs 1815-1850 per quintal in Rajasthan, a marginal hike of Rs 10 over previous days price. The uncertainty over prevailing trend of open market prices for rapeseed aids in deciding physical demand at spot markets. NAFED is said to have 15.84 lakh tones of mustard seeds and would dispose 4 to 5 lakh tones of mustard seeds per month to maintain adequate supply of seeds in market. This means that by end of January 2007, the carry forward stock would be around 5 lakh tones. This would act as an important factor to decide price movements of mustard seeds later, amidst harvesting of Rabi mustard. The NCDEX Dec contract reflects slight bullishness amidst certain level of indecisiveness due steady to weak sentiments in major spot markets. The Centre's notification for compulsory use of 20% mustard oil in the manufacture of Vanaspati would prevent any abrupt downfall in prevailing prices for day to come.

### PRICE DRIVERS:

1. Sole availability of mustard seeds with NAFED.
2. Centre's directive to compulsorily add 20% mustard oil in Vanaspati.
3. NAFED selling seeds from Rs 1815 to 1850 per qtl in Rajasthan
4. Reduced mustard acreage in UP, Haryana as per Centre's estimate, until second fortnight of Nov.
5. Weak rapeseed meal sentiments in domestic market.

### WEATHER

Cloudy weather over few regions in Rajasthan amidst probability of rains within 24 hrs. The impact of prevailing western disturbances cant be ruled out. The minimum temperature is likely to be around 16<sup>0</sup> C.

### TECHNICALS

Small-unfilled candlestick with prominent upper and lower shadow reflects buying support amidst slight indecisiveness. Stochastic and MACD are moving down indicating bearishness ahead. The prices closed below 9-day and 18 day EMA indicating steep fall in prices and possibility of divergence to narrow down further for the days to come. Volume and OI declined.



### SUPPORT / RESISTANCES:

| Contract  | S2  | S1  | PCP   | R1  | R2  |
|-----------|-----|-----|-------|-----|-----|
| NCDEX Dec | 373 | 376 | 385.5 | 394 | 397 |

### TRADE RECOMMENDATION:

Sell NCDEX December contract below 388, T1-384, T2-378 and stop loss above 391.

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

| Markets              | 05.12.06  | 04.12.06  | Change | Arrivals (Bags)              |
|----------------------|-----------|-----------|--------|------------------------------|
| Jaipur (C)           | 1960-1965 | 1960-1965 | 0      | 10,000 to 15,000 -Rajasthan. |
| Alwar(C)             | 1900      | 1900      | 0      | 900-1000                     |
| Delhi(C)             | 1980-1990 | 2020-2030 | -40    | 200-250                      |
| Agra(C)/Katchi Ghani | 2050/4850 | 2050/4850 | 0      | -                            |
| Sri Ganganagar (NC)  | 1735      | 1730-1735 | 0      | 50-100                       |
| Kota (NC)            | -         | 1750-1760 | -      | -                            |

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET

Spot market sentiments remained steady on account of normal to weak demand for meal and oil in domestic market. Rates for groundnut seeds were quoted at Rs 405 to Rs 408 per 20 Kg for different quality of seeds. Groundnut oil was quoted at 530 to 535 per 10Kg. Arrivals was reported to be steady to a tune of around 80,000 to 1.10 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 in Andhra Pradesh belt and Karnataka region.

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