

## OILSEED DAILY

December 11, 2006

### SOYBEAN

#### FUNDAMENTALS:

As per traders, solvent extraction units, stockists are ready to procure beans at prevailing market prices. The very observation has kept the demand intact despite substantial reduction in arrivals at major spot markets. As per an observation, offtake of beans would remain steady for the days to come unless market rates are attractive enough for producers to sell required quantity at offered prices. Bearishness in soymeal demand has kept off millers from procuring hefty volumes of beans. The NCDEX Jan contract traded firm as bulls extended the recovery started on Thursday. Slight firmness in spot market gave additional support to soybean futures.

#### PRICE DRIVERS:

1. Weak soymeal sentiments in domestic market.
2. Base import price for soy oil remains unchanged.
3. Arrivals maintaining steady pace.
4. Weak soy oil sentiments in domestic market.
5. Producers slowed down their sales.
6. Persistent demand at these price levels.

#### WEATHER:

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

#### TECHNICALS

Small real body with prominent upper shadow indicates bullishness. Stochastic is surging up and has crossed oversold region. MACD is moving down indicating weak market sentiments. The prices closed just below 9-day and 18-day EMA indicating prices likely to retrace up. Volume and OI declined.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Jan	1356	1360	1372.3	1381	1385

#### TRADE RECOMMENDATION: (Intraday)

Buy NCDEX January contract above 1366, T1-1373, T2-1376 and stop loss below 1364.

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

Centers	Market	09.12.06	08.12.06	Change	Arrivals (Bags)
Indore	Plant	1360-1375	1350-1370	+5	90,000 to 1 lakh bags - MP
Indore	Mandi	1320-1350	1290-1320	+30	
Maharashtra	Plant	1390-1400	1395-1400	0	70,000 to 80,000 lakh bags
Maharashtra	Mandi	1350-1370	1320-1330	+40	
Kota	Plant	1370-1380	1360-1380	0	4000 - Kota 22,000 - 26,000 Rajasthan.
Kota	Mandi	1320-1335	1330-1340	-5	

## MUSTARD

### FUNDAMENTALS:

Physical demand for mustard seeds remained steady as NAFED hiked the open market rates by Rs 5 per qtl. As per market observers, spot market well follows the open market prices revised by NAFED from time to time basis. Since offtake of seeds is usually in large volumes, marginal hike in selling price of seeds adversely affects the offtake. Evidently volumes of offtakes decline and cumulative affect is overall decline in physical demand. The open market rates for mustard seed [stocked during 2005-06] declared by NAFED stood at Rs 1820-1860. However, continuous crushing of seeds at the back drop of increase in consumptive demand for edible oil in this oil year would probably keep the demand intact for the days to come. The NCDEX Jan contract traded bearish due to recurrent hike in open market prices by NAFED. Domestic mustard futures followed the suit.

### 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 1820 to 1860 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

Isolated rainfall or thunderstorm likely over North Rajasthan with minimum temperature would be around 8<sup>o</sup> C. Elsewhere weather is reported normal.

### TECHNICALS

Filled body indicates bearishness. Stochastic is surging up and has crossed oversold region. MACD is moving down indicating weak market sentiments. The prices closed well below 9-day and 18-day. EMA indicating steep fall in prices. Volume and OI hiked marginally.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Jan	382	386	389.7	400	404

### TRADE RECOMMENDATION:

**Sell** NCDEX January contract below 395, T1-391, T2-388 and stop loss above 398.

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

Markets	09.12.06	08.12.06	Change	Arrivals (Bags)
Jaipur (C)	1955-1960	1955-1960	0	10,000 to 12,000 -Rajasthan.
Alwar(C)	1860-1880	1890-1900	-20	500-600
Delhi(C)	1985-1990	1985-1990	0	300-400
Agra(C)/Katchi Ghani	2050/4850	2050/4850	0	-
Sri Ganganagar (NC)	1720-1725	1720-1725	0	150-200
Kota (NC)	1690-1745	1680-1730	+15	400-500

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET

Spot market sentiments reflected bearish tone on account of steady demand for groundnut meal and groundnut oil in domestic market amidst sluggish arrivals. Rates for groundnut seeds were quoted at Rs 394 to Rs 400 per 20 Kg for different quality of seeds. Groundnut oil was quoted at 530 per 10Kg. Arrivals was reported to be steady to a tune of around 80,000 to 90,000 bags. Demand from livestock industries has started off and would eventually catch up the pace. Lower groundnut production in Andhra Pradesh & Karnataka for this year amidst projected decline in acreage for 2006-2007 had its affect felt in major spot markets.

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