

OILSEED DAILY

December 20, 2006

SOYBEAN

FUNDAMENTALS:

Amidst steady arrivals and decline in rates for soybean, millers and stockists continued regular offtake. Due to slight improvement noticed in crushing margins for beans, processing plants disposed off meal at open market prices besides increasing their offtake from spot markets and stockists. Under apprehension for virtual scarcity of beans in market, profiteers have been reported to hoard up beans so as to reap profits later. The NCDEX January contract closed at 1350.0 against previous closing price of 1337.25. Good buying support amidst slight improvement noticed in soymeal demand across the domestic markets supported bullishness.

PRICE DRIVERS:

1. Steady arrivals across spot markets.
2. Weak soy oil demand in domestic market.
3. Improved demand for soymeal.
4. Stockpiling continued at millers end.

WEATHER:

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

TECHNICALS

Unfilled candlestick indicates bullishness. Stochastic has made a bearish cross over and scaling down. MACD has entered negative territory and indicates possible weak sentiments. The prices closed below 9-day & 18-day EMA. Volume increased considerably whereas open interest declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Jan	1323	1331	1350	1353	1361

TRADE RECOMMENDATION: (Intraday)

Buy NCDEX January contract above 1337, T1-1343, T2-1347 and stop loss below 1334.

SPOT MARKET PRICES [Not Reported -NR]

Centers	Market	19.12.06	18.12.06	Change	Arrivals (Bags)
Indore	Plant	1350-1365	1330-1350	+15	80,000 to 90,000 bags - MP
Indore	Mandi	1275-1300	1280-1310	-10	
Maharashtra	Plant	1340-1350	1365-1375	-25	45,000 to 60,000 bags
Maharashtra	Mandi	1270-1300	1270-1325	-25	
Kota	Plant	1345-1360	1350-1360	0	18,000 - 20,000 Rajasthan.
Kota	Mandi	1290-1310	1315-1320	-10	

MUSTARD

FUNDAMENTALS:

Open market prices ruled well below the MSP for mustard seed [Rs 1715 per qtl]. The open market rates for mustard seed [stocked during 2005-06] as declared by NAFED, was revised down and kept uniform at Rs 1700 per qtl, which is a steep reduction from yesterday's price of Rs. 1735 to 1775 per qtl. Rates scaled down owing to lesser buying support at previous price levels. Since stockists have procured seeds in bulk, much depends on rates at which they would resell the seeds to millers/crushing units. Overall demand for seeds remained weak and is expected to improve for the days to come. The NCDEX January contract reflected bearishness amidst considerable decrease in open market prices. The January contract closed at 371.7 against previous closing of 373.2.

PRICE DRIVERS:

1. Sole availability of mustard seeds with NAFED.
2. NAFED selling seeds at Rs 1700 per qtl in Rajasthan.
3. Reduced mustard acreage in UP, Haryana as per Centre's estimate, until second fortnight of Nov.
4. Weak rapeseed meal sentiments in domestic market.

WEATHER

Weather reported clear over mustard growing regions, but soil moisture levels needs to be restored amidst continuous dry spells.

TECHNICALS

Dark candlestick with prominent upper shadow reflects bearishness. Stochastic has declined steeply into oversold region. MACD too has scaled down indicating weak market sentiments. The prices closed well below 9-day and 18-day EMA indicating steep decline in prices. Volume increased and open interest declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Jan	356	360	371.7	379	384

TRADE RECOMMENDATION:

Sell NCDEX January contract below 373, T1-369, T2-362 and stop loss above 376.

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

Markets	19.12.06	18.12.06	Change	Arrivals (Bags)
Jaipur (C)	1895	1900	-5	10,000 to 12,000 -Rajasthan.
Alwar(C)	1825	1840-1850	-25	500-600
Delhi(C)	1940	1940-1945	-5	400-500
Agra(C)/Katchi Ghani	2000/4650	1950/4650	+50	-
Sri Ganganagar (NC)	1650	1670	-20	Arrivals not reported
Kota (NC)	1650-1690	1670-1700	-10	400-500

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET

Spot market rates for groundnut declined again on account increase in selling pressure. Rates for groundnut seeds were quoted at Rs 395 per 20 Kg for different quality/grades of seeds. Groundnut oil was quoted at 525 per 10Kg. This season the prospects for groundnut cultivation seems bright on account of good sowing progress reported from trade sources.

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