

OILSEED DAILY

December 22, 2006

SOYBEAN

FUNDAMENTALS:

As per market observers, stockist's activity has taken up a back seat; whereas beans required by millers are being sourced either through commission agents or directly from spot markets. The winter demand for beans and soy oil has firmed in MP, thus maintaining regular offtake of beans from processing units. However, weak demand for soymeal kept the soybean prices under check especially in Maharashtra and Rajasthan amidst sluggish arrivals. The NCDEX January contract closed at 1385 against previous closing price of 1368.5. Good buying support amidst firm veg oil demand in domestic market coupled with firm soy oil futures at overseas firmed up the sentiments. However, weak demand for soymeal at export front would not allow rates to sustain at higher levels.

PRICE DRIVERS:

1. Steady arrivals across spot markets.
2. Weak demand for soymeal.
3. Firm soy oil futures at CBOT.
4. Stockpiling continued at millers end.
5. Outbreak of bird flu in Vietnam.

WEATHER:

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

TECHNICALS

Long unfilled candlestick indicates bullishness. Stochastic has made a bullish cross over and has curved upwards. MACD has entered negative territory and indicates possible weak sentiments. The prices closed above 9-day & 18-day EMA. Both Volume & open interest declined.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|------|------|------|------|------|
| NCDEX Jan | 1359 | 1365 | 1385 | 1388 | 1395 |

TRADE RECOMMENDATION: (Intraday)

Buy NCDEX January contract above 1373, T1-1378, T2-1381 and stop loss below 1370.

SPOT MARKET PRICES [Not Reported -NR]

| Centers | Market | 21.12.06 | 20.12.06 | Change | Arrivals (Bags) |
|-------------|--------|-----------|-----------|--------|----------------------------|
| Indore | Plant | 1350-1355 | 1350-1370 | -15 | 55,000 TO 65,000 in MP. |
| Indore | Mandi | 1320-1325 | 1310-1320 | +5 | |
| Maharashtra | Plant | 1350-1360 | 1360-1365 | -5 | 45,000 to 55,000 bags |
| Maharashtra | Mandi | 1290-1330 | 1300-1320 | +10 | |
| Kota | Plant | 1355-1360 | 1355-1360 | 0 | 18,000 - 20,000 Rajasthan. |
| Kota | Mandi | 1300-1310 | 1305-1320 | -10 | |

MUSTARD

FUNDAMENTALS:

The open market rates for mustard seed [stocked during 2005-06] as declared by NAFED, was quoted at Rs 1700 per quintal. NAFED had uniformly revised up the open market prices by Rs 10/qrtl across different spot markets. Spot market sentiments followed the suit. Stockists in Haryana, Delhi and Rajasthan actively purchased seed stocks in bulk and resold it to millers as per prevailing market prices. As per traders, weak demand for rapeseed meal amidst weak oil meal in domestic market would prevent open market prices for mustard seeds to soar a new high and thus facilitate active trading at prevailing price levels. As noted earlier, that buyers were hesitant to purchase seeds when prices were ruling over and above Rs 1850/qrtl. The NCDEX January contract reflected bullishness amidst buying support from traders. The January contract closed at 378.4 against previous closing of 375.40.

PRICE DRIVERS:

1. Sole availability of mustard seeds with NAFED.
2. NAFED selling seeds at Rs 1700 per qtl.
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. Forecast for rains during next 24 hrs over North Haryana, Western UP would be beneficial for mustard growing crop, as it would retain the much needed soil moisture necessary for healthy flowering in mustard crop.

TECHNICALS

Unfilled candlestick with prominent lower shadow reflects bullishness. Stochastic has made a crossover in oversold region and curving up. MACD has scaled down indicating weak market sentiments. The prices closed well below 9-day and 18-day EMA indicating further decline in prices. Volume declined and open interest increased marginally.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-----|-----|--------|-----|-----|
| NCDEX Jan | 366 | 369 | 378.40 | 386 | 391 |

TRADE RECOMMENDATION:

Buy NCDEX January contract above 373, T1-378, T2-383 and stop loss below 371.

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

| Markets | 21.12.06 | 20.12.06 | Change | Arrivals (Bags) |
|----------------------|-----------|-----------|--------|------------------------------|
| Jaipur (C) | 1880-1885 | 1870 | +15 | 12,000 to 15,000 -Rajasthan. |
| Alwar(C) | 1800 | 1800 | 0 | 600-700 |
| Delhi(C) | 1935-1940 | 1935-1940 | 0 | 200-300 |
| Agra(C)/Katchi Ghani | 1950/4600 | 1950/4600 | 0 | - |
| Sri Ganganagar (NC) | 1650 | 1660 | -10 | Arrivals not reported |
| Kota (NC) | 1660-1680 | 1645-1660 | +20 | 400-500 |

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET

Spot market sentiments for groundnut firmed up today also amidst demand for groundnut seeds from Andhra Pradesh and Karnataka. Amidst sowing time for groundnut in these states coupled with poor seed stocks carried forward from last season, the demand for seeds has firmed up at different spot markets of Gujarat. Arrivals were reported to be in the tune of 65,000 to 80,000 bags per day. Rates for seeds were reported to be around Rs 405 to 410 per 20 Kg. Prices for groundnut oil scaled up by Rs 10 over previous days price and touched a figure of Rs 540 to 545 per 10 Kg amidst firm veg oil in domestic market. The demand for meal is likely to catch up pace by end of this year.

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