

## OILSEED DAILY

29<sup>th</sup> March, 2007

### SOYBEAN

#### SPOT MARKETS:

The markets reopened with firm note after Tuesday's dull market sentiments on account of festive celebrations. Prices of soybean firmed up across plants amidst steep decline in arrivals and improved sentiments for soybean oil in domestic markets. Temporary weakness in soymeal prices and steady demand from millers and solvent units for soybeans featured the spot market sentiments. Domestic market seemed to have tracked overseas markets to greater extent. Weak soymeal futures at CBOT amidst harvest pressure of soybeans in South America was seen as a factor that limited the gains and hence softened port delivery rates for soymeal. However firm soy oil and palm oil in overseas gave additional support to domestic soybean oil sentiments. As per market observers, good crushing of mustard seeds is likely to pressure soybean oil in near term.

#### FUTURES MARKET: -

The most active May contract of soybeans at NCDEX opened low at 1585/qrtl against previous closing levels of Rs 1583.75/qrtl. Futures traded firm on account of firm soybean oil sentiments in domestic and overseas market. The futures closed up at Rs 1595.6/qrtl, Rs 11.85 above the previous closing levels.

#### PRICE DRIVERS:

1. Steady soymeal rates in domestic market.
2. Firm sentiments for soy oil in domestic and overseas market.
3. Gradual decline in inventories of soybeans at processors end
4. Stiff competition between soybean oil and palm oil to gain market share.
5. Pressure from mustard seeds arrivals.

#### WEATHER:

Weather is of little concern during lean period. Dry weather reported over the country.

#### TECHNICALS: -

Candlestick pattern shows firmness. Prices closed above 9 day and 18 day EMA. MACD is heading up and Stochastic has made a bearish cross over in the overbought region and is moving down. As indicated earlier higher price levels warrant some caution on parts of bulls. Both Volumes and Open Interest increased.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	1570	1575	1595.60	1598	1605

#### Trade Recommendation:

**Buy** NCDEX May Soybean contract below 1584 with target T1 at 1594. Put SL at 1580.

#### SPOT MARKET PRICES: -

Markets	Market	28.03.07	27.03.07	Change	Arrivals (Bags)
Indore	Plant	1570-1610	1580-1600	+10	15,000-20,000 MP
Indore	Mandi	1500-1540	-	-	
Maharashtra	Plant	1650	1645	+5	10,000
Maharashtra	Mandi	1580-1610	-	-	
Kota	Plant	1575-1585	1575	+10	8,000 Rajasthan
Kota	Mandi	1520-1530	-	-	

## MUSTARD

### SPOT MARKETS:

Spot market prices of mustard seeds continued to remain firm on Wednesday. Arrivals stood in a range of 2 to 2.3 lakh bags; it surpassed Tuesday's arrival by 1.5 lakh bags. Firm sentiments of mustard expeller oil, good demand from millers, improved demand for local rapeseed meal and firm edible oil sentiments in domestic market aided spot prices to rule firm. Crushing of mustard seeds is reported to be continuous and would catch pace at the back of fresh influx of seeds during first fortnight of April. Stockists and farmers are likely to hold back seeds on account of projected decline in oilseed production for Rabi 2006-07, besides view of long-term firmness in mustard complex.

### FUTURES MARKET: -

The NCDEX May contract reflected sideways with bearish undertone. The contract opened at Rs 407/20 Kg against previous closing level of Rs 406.2/20 Kg. The mustard futures traded firm due to aggressive buying to close futures at 414.9/20 Kg, Rs 8.7 above the previous closing levels.

### PRICE DRIVERS:

1. Resellers quoted higher rates for mustard seeds
2. Seeds with less moisture and good oil content are fetching better prices.
3. Arrivals have declined on account of festive celebrations.
4. Improved demand for mustard oil.
5. NAFED actively procuring fresh seeds.
6. Projected decline in oilseed production during Rabi 2006-07.

### WEATHER:

Dry weather reported across the country. However western disturbances is predicted to hit across North Indian states from 31<sup>st</sup> March to 1<sup>st</sup> of April.

### TECHNICALS: -

Candlesticks pattern shows firmness with slight tentativeness at higher levels. Prices closed above short term EMA's. MACD is moving up whereas Stochastic has entered the overbought region and is heading up thereby indicating positive momentum ahead. Volumes increased and Open Interest declined.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	396	400	414.90	420	425

### Trade Recommendation:

**Buy** NCDEX Mustard May contract above 406 with target T1 at 412. Put SL at 403.

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

Markets	28.03.07	27.03.07	Change	Arrivals (Bags)
Jaipur (C)	1970-1975	1955-1960	+15	-
Alwar(C)	1910	1900	+10	15,000
Delhi(C)	2010-2015	1960-1980	+35	1500
Agra(C)/Katchi Ghani	2150/4800	2125/4700	+25	-
Sri Ganganagar (NC)	1750-1780	1735-1740	+40	15,000-30,000
Kota (NC)	1760-1820	1740-1780	+40	35,000-40,000

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET: -

Rates for groundnut oil and groundnut improved marginally on account of general firmness in edible oils at the back of steady arrivals of 10,000 to 15,000 bags. Amidst limited availability of butts for crushing at the back of handful of solvent units to handle crushing of nuts, prices are likely to rule steady to firm. Rates for different qualities of nuts across different centres in the states were reported in a range of Rs 410 to 496/20 Kg. Prices for groundnut oil was quoted at Rs 645-646 per 10 Kg. Russia may ban groundnut from India on account of banned pesticides found in the Indian consignment exported to Russia. If proper quarantine norms are not met groundnut exports may be restricted. Long-term implications can't be ruled out. The estimates for summer grown output of groundnut is down by around 1 MMT over last year's production of 4.4 MT. The production estimate compiled by COOIT has revised down the production due to adverse weather over Gujarat during the month of August-September. On the same lines, groundnut acreage has given way to cotton as it was found to be more remunerative in terms of prices in open market.

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