

OILSEED DAILY

21st March, 2007

SOYBEAN

SPOT MARKETS:

Major spot markets witnessed inactive trading successively on second weekday on account of "Cheti Chand", the new year of Sindhi community. Plants continued offtake of soybean at higher rates due to good consumption demand for soymeal in domestic market. Arrivals stood steady at previous levels. As per an observation, private stocks of soybeans with traders are declining steadily during lean period at the back of regular offtake from millers and solvent units. Crushing too is reported to be intensive across plants. As per the above observations made above, it is likely that rates for soybean would rule steady to firm till current crop year.

FUTURES MARKET: -

The most active April contract of soybeans at NCDEX opened at 1547.1/ctl against previous closing levels of Rs 1544.75/ctl. Futures traded firm amidst improved demand for soymeal in domestic market, to close at Rs 1546/ctl, marginally above the previous closing levels.

PRICE DRIVERS:

1. Cheti Chand - new year
2. Firm soymeal rates in domestic market.
3. Steady sentiments for soy oil in domestic market.
4. Gradual decline in inventories of soybeans at processors end
5. Stiff competition between soybean oil and palm oil to gain market share.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick pattern reflects tentativeness at higher levels. Prices closed over previous settlement prices and above 9 day and 18 day EMA. MACD has headed up and Stochastic has made bullish cross over in overbought region, indicating positive sentiments. Both Volumes and Open Interest declined.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - April	1523	1530	1546	1555	1560

Trade Recommendation:

Buy NCDEX April Soybean contract above 1540 with target T1 at 1549. Put SL at 1535.

SPOT MARKET PRICES: -

Markets	Market	20.03.07	19.03.07	Change	Arrivals (Bags)
Indore	Plant	1535-1555	1510-1535	+20	30,000 MP
Indore	Mandi	-	-	-	
Maharashtra	Plant	1600-1640	1600-1620	+20	15,000
Maharashtra	Mandi	-	-	-	
Kota	Plant	1550	1530	+20	6000 Rajasthan
Kota	Mandi	-	-	-	

MUSTARD

SPOT MARKETS:

As per market observers, NAFED has procured 3,000 MT of mustard seeds during Rabi season, which is relatively lower in comparison to same period last year. Adverse weather over North India and unseasonal rains during cropping period has been attributed for slower arrivals of mustard seeds into the market. Arrival of mustard in Alwar surpassed Mondays' arrivals by 4,000 bags. Overall arrivals across spot markets too improved by 75,000 bags. Despite subdued demand for mustard expeller oil in Rajasthan, resellers quoted higher rates for seeds. As per trade estimates, production of mustard seeds during 2006-07 would decline by 11% over last year's production. The very observation is likely to add firmness into the market sentiments despite arrivals projected to increase this fortnight.

FUTURES MARKET: -

The NCDEX May contract of mustard seeds opened at Rs 398.75/20 Kg against previous closing level of Rs 398.50/20 Kg. The mustard futures traded steady and closed near previous closing levels of 398.55/20 Kg.

PRICE DRIVERS:

1. Resellers quoted higher rates for mustard seeds
2. Harvesting of mustard seeds in progress at MP Gujarat and Rajasthan.
3. Steady demand for mustard oil.
4. NAFED has started seed procurement drive.
5. Projected crop loss on account of projected hailstorms and decline in acreage.

WEATHER:

Rain/thundershower is likely at a few places over West Rajasthan, South Haryana and Delhi during next 24 hours and scattered thereafter. Crops are in maturity stage and hence more prone to crop loss.

TECHNICALS: -

Candlesticks pattern reflects steady market sentiments. Prices closed near previous settlement prices but managed to close above short term EMA's. MACD and Stochastic are moving down indicating some caution on part of bulls. Volumes increased and Open Interest declined.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	390	394	398.55	408	412

Trade Recommendation:

Sell NCDEX Mustard May contract below 403 with target T1 at 397. Put SL at 405.

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

Markets	20.03.07	19.03.07	Change	Arrivals (Bags)
Jaipur (C)	1860-1880	1860-1870	+10	-
Alwar(C)	1760-1780	1710-1740	+40	15,000
Delhi(C)	1945	1925-1930	+15	500
Agra(C)/Katchi Ghani	2025/4450	2000/4625	+25	-
Sri Ganganagar (NC)	1700	1710	-10	1000
Kota (NC)	1740	1720	+20	20,000 -25,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

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. Rates for groundnut oil and groundnut stood steady at the back of daily arrivals standing between 8000 to 12,000 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 490/20 Kg. Prices for groundnut oil was quoted at Rs 638 per 10 Kg.

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