

OILSEED DAILY

30th March, 2007

SOYBEAN

SPOT MARKETS:

Soymeal prices have touched a fresh high on Thursday. Prices of soymeal are ruling firm on account of good prices offered in domestic markets at the back of good crushing and restricted selling from stockists of beans. Firm soymeal at CBOT supported domestic prices of soymeal to greater extent. The news of excess rainfall over soybean growing regions in Argentina aided firmness in soymeal futures at CBOT. Improved demand for soybean oil in domestic market, steady arrivals and view of medium to long-term firmness in soybean at the back of lean season supported soybean prices to stay firm. Pressure from mustard seed arrivals on soybean prices can't be ruled out in short term.

FUTURES MARKET: -

The most active May contract of soybeans at NCDEX opened low at 1599/qttl against previous closing levels of Rs 1596.65/qttl. Futures traded firm initially gaining strength from firm soy futures at CBOT but couldn't sustain gain for long and closed near opening levels at Rs 1599/qttl, though marginally above the previous closing levels.

PRICE DRIVERS:

1. Firm soymeal rates in domestic market.
2. Steady to 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 has formed a Doji pattern. It shows indecisiveness over price direction. The contract is facing stiff resistance at 1598 levels. Prices managed to close 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, indicating likely technical corrections. Volumes increased and Open Interest declined marginally.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	1572	1577	1599	1605	1610

Trade Recommendation:

Buy NCDEX May Soybean contract above 1588 with target T1 at 1596. Put SL at 1583.

SPOT MARKET PRICES: -

Markets	Market	29.03.07	28.03.07	Change	Arrivals (Bags)
Indore	Plant	1590-1610	1570-1610	0	15,000-20,000 MP
Indore	Mandi	1540-1550	1500-1540	+10	
Maharashtra	Plant	1650	1650	0	10,000
Maharashtra	Mandi	1610-1640	1580-1610	+30	
Kota	Plant	1590-1610	1575-1585	+25	8,000 Rajasthan
Kota	Mandi	1550-1560	1520-1530	+30	

MUSTARD

SPOT MARKETS:

As per official sources, around 19,000 to 19,500 MT of mustard seeds have been procured by NAFED, as on Wednesday. Arrivals of mustard are picking up gradually. Around 2.5 lakh bags arrived on Thursday, marginally ahead of Wednesday's arrivals by 25,000 bags. The daily average arrivals for this week have declined to 1.9 lakh bags from previous weeks daily average of 3 lakh bags. Despite reports of fresh harvests reported from Kota and Ganganagar region, farmers and stockists seem to be hoarding seeds so as to dispose off when rates firm up further. Better prices offered by private traders seemed to have lured farmers to sell off their produce at prices over and above the slated MSP. Firmness in mustard expeller oil and good demand from millers and oil extraction units further supported the spot market sentiments.

FUTURES MARKET: -

The NCDEX May contract reflected sideways with bearish undertone. The contract opened at Rs 415.2/20 Kg against previous closing level of Rs 414.45/20 Kg. The mustard futures traded firm due to firm spot market sentiments and firm mustard oil futures at Hapur, Delhi and Sirsa exchange to close futures at 417.50/20 Kg, slightly 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 31st March to 1st of April.

TECHNICALS: -

Prices continued to firm on rallies. 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	400	406	417.50	428	435

Trade Recommendation:

Buy NCDEX Mustard May contract above 413 with target T1 at 424. Put SL at 410.

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

Markets	29.03.07	28.03.07	Change	Arrivals (Bags)
Jaipur (C)	2050-2060	1970-1975	+85	-
Alwar(C)	2000	1910	+90	10,000
Delhi(C)	2110	2010-2015	+95	1500
Agra(C)/Katchi Ghani	2200/4650	2150/4800	+50	-
Sri Ganganagar (NC)	1850	1750-1780	+70	15,000-20,000
Kota (NC)	1800-1860	1760-1820	+40	35,000-40,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Rates for groundnut oil and groundnut firmed up on account of limited availability of nuts and good demand for groundnut oil at retail end. Arrivals were reported to be from 8000 to 10,000 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 500/20 Kg. Prices for groundnut oil was quoted at Rs 650-652 per 10 Kg. 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. As per market news, 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.

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