

## OILSEED DAILY

31<sup>st</sup> March, 2007

### SOYBEAN

#### SPOT MARKETS:

Dull market activity was witnessed across spot markets well before end of financial year. Market sentiments remained mostly mixed. Total daily arrivals declined on Friday. Firm sentiments for domestic soymeal amidst support from soybean oil helped prices to remain steady to firm. Regular consumption and domestic buying of meal would eventually taper exports from April onwards, indicating underlying bullishness. Continuous rise in prices of soymeal has declined its crushing margins to considerable extent, thereby keeping port delivery rates at steady levels.

#### FUTURES MARKET: -

The most active May contract of soybeans at NCDEX opened at 1602/ctl against previous closing levels of Rs 1598.7/ctl. Futures traded firm initially gaining strength from firm soy futures at CBOT but couldn't sustain gain for long and closed at Rs 1598/ctl, just near the previous closing level.

#### 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 pattern shows bearishness. The contract is facing stiff resistance at 1600-1602 levels. Prices managed to close above 9 day and 18 day EMA. MACD is heading up and Stochastic is hovering in the overbought region, indicating positive momentum. Higher levels warrant some caution on part of bulls. Both Volumes and Open Interest declined.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	1585	1590	1598	1608	1615

#### Trade Recommendation:

**Buy** NCDEX May Soybean contract above 1597 with target T1 at 1604. Put SL at 1594.

#### SPOT MARKET PRICES: -

Markets	Market	30.03.07	29.03.07	Change	Arrivals (Bags)
Indore	Plant	1600-1610	1590-1610	0	8000-10,000 in MP
Indore	Mandi	1550-1570	1540-1550	+20	
Maharashtra	Plant	1645	1650	-5	8,000
Maharashtra	Mandi	1610-1640	1610-1640	0	
Kota	Plant	1590-1600	1590-1610	-10	6,000 Rajasthan
Kota	Mandi	1550-1570	1550-1560	+10	

## MUSTARD

### SPOT MARKETS:

Well before fresh influx of mustard seeds from 1st week of April, prices of seeds have softened on Friday, thereby indicating short- term weakness at the back of bearish cues from Hapur exchange. The spill over affect was evident as resellers quoted lower prices across spot markets amidst steady demand from millers and expeller units. Total arrivals on Friday stood around 2 lakh bags, a decline of 50,000 bags from yesterday's arrivals. Stockists limited disposing off seeds as prices softened across spot markets. Good crushing of seeds across oil extraction plants amidst expeller oil demand at the back of upcoming marriage season in April month would prevent any abrupt fall in prices of seeds despite good arrival pressure.

### FUTURES MARKET: -

The NCDEX May contract opened at Rs 418.5/20 Kg against previous closing level of Rs 417.15/20 Kg. The mustard futures traded firm initially, but bearish cues from domestic exchange at Hapur, Delhi and Sirsa led the futures close at 418.2/20 Kg, marginally above the previous closing levels.

### PRICE DRIVERS:

1. Resellers quoted lower rates for mustard seeds
2. Seeds with less moisture and good oil content are fetching better prices.
3. Arrivals have declined
4. Steady to weak demand for mustard oil.
5. NAFED actively procuring fresh seeds.

### 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 have formed a Doji pattern, depicting indecisiveness over price direction. 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 declined and Open Interest increased.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	410	413	418.20	425	430

### Trade Recommendation:

**Sell** NCDEX Mustard May contract below 420 with target T1 at 416. Put SL at 422.

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

Markets	30.03.07	29.03.07	Change	Arrivals (Bags)
Jaipur (C)	2000-2045	2050-2060	-15	-
Alwar(C)	1950	2000	-50	4000-5000
Delhi(C)	2080	2110	-30	5000-6000
Agra(C)/Katchi Ghani	2130/4800	2200/4650	-70	-
Sri Ganganagar (NC)	1830	1850	-20	15,000-20,000
Kota (NC)	1760-1800	1800-1860	-60	20,000-25,000

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET: -

Rates for groundnut oil and groundnut on Friday firmed up further 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 502/20 Kg. Prices for groundnut oil was quoted at Rs 650-655 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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