

OILSEED DAILY

22nd March, 2007

SOYBEAN

SPOT MARKETS:

Arrivals on Wednesday surpassed Tuesday's arrivals by 20,000 bags. Stockists disposed off soybeans to millers and solvent units on account of better rates offered at the back of good demand for soymeal in domestic front. Rates of soymeal in domestic market are ruling firm as most of the meal is consumed domestically by poultry sector and livestock feed industry. Slight subdued demand for soybean oil at few places softened soybean rates across plants. As per sources from ministry of agriculture, the acreage under oilseed crops, harvested during March and April, were estimated [By COOIT] to be down by 12.5% in comparison to same period during last year. Evidently the oilseed output during the same period is forecasted to decline. The very observation is going to keep soybean sentiments firm for the days to come.

FUTURES MARKET: -

The most active April contract of soybeans at NCDEX opened at 1549/ctl against previous closing levels of Rs 1546/ctl. Futures traded firm amidst improved demand for soymeal in domestic market, to close at Rs 1555.1/ctl, Rs 9 above the previous closing levels.

PRICE DRIVERS:

1. Firm soymeal rates in domestic market.
2. Steady sentiments for soy oil in domestic market.
3. Gradual decline in inventories of soybeans at processors end
4. 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 firmness with slight 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 ahead. Both Volumes and Open Interest declined.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - April	1538	1542	1555.10	1558	1562

Trade Recommendation:

Buy NCDEX April Soybean contract above 1549 with target T1 at 1556. Put SL at 1545.

SPOT MARKET PRICES: -

Markets	Market	21.03.07	20.03.07	Change	Arrivals (Bags)
Indore	Plant	1540-1560	1535-1555	+5	40,000-45,000 MP
Indore	Mandi	1490-1525	-	-	
Maharashtra	Plant	1620-1635	1600-1640	-5	25,000
Maharashtra	Mandi	1550	-	-	
Kota	Plant	1500-1520	1550	-30	10,000 Rajasthan
Kota	Mandi	1450-1470	-	-	

MUSTARD

SPOT MARKETS:

Despite improved demand for mustard expeller oil in Jaipur and Sri Ganganagar, rates for mustard seeds softened across spot markets. The underlying reason for the very observation was attributed to considerable improvement in daily arrivals of mustard seed on Wednesday. Arrivals improved in Alwar, Delhi, Kota and Ganganagar regions. Total arrivals across spot markets stood at 2.5 to 2.75 lakh bags, which was 50,000 bags over and above Tuesday's arrivals. Fresh harvest from Ganganagar and Kota regions would flood spot markets by month end putting pressure on prices of seeds to soften. Weather, NAFED's procurement drive and demand from expeller units amidst mounting supply pressure of mustard seeds are key factors that needs to be keenly observed as it would feature market dynamics for the days to come.

FUTURES MARKET: -

The NCDEX May contract of mustard seeds opened at Rs 399/20 Kg against previous closing level of Rs 398.55/20 Kg. The mustard futures traded steady and closed at 397.80/20 Kg, marginally below the previous closing levels.

PRICE DRIVERS:

1. Resellers quoted lower rates for mustard seeds
2. Arrivals have increased.
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 with slight bearish undertone. Prices closed below 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 declined and Open Interest increased.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	392	395	397.80	403	406

Trade Recommendation:

Sell NCDEX Mustard May contract below 399 with target T1 at 397. Put SL at 401.

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

Markets	21.03.07	20.03.07	Change	Arrivals (Bags)
Jaipur (C)	1840-1845	1860-1880	-35	-
Alwar(C)	1775-1800	1760-1780	+20	20,000
Delhi(C)	1940-1945	1945	0	1500
Agra(C)/Katchi Ghani	1975/4450	2025/4450	-50	-
Sri Ganganagar (NC)	1640-1650	1700	-50	2000
Kota (NC)	1730	1740	-10	35,000 -40,000

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. 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. 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 636 per 10 Kg.

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