

OILSEED DAILY

19th March, 2007

SOYBEAN

SPOT MARKETS:

Prices of soybean in domestic market firmed up on account of interplay of several factors namely improved demand for soybean oil in MP and Maharashtra, firm port delivery rates for soymeal, good demand for meal from feed industry, steady arrival pressure on account of limited availability of quality soybeans in the market and stiff competition between soybean oil and palm oil to gain market share. As per market observers, exports of soymeal during current year are estimated to be around 3.5 MT a decline of around 15% in comparison to exports during last year [2006] due to strong domestic demand. Harvest progress of soybean in South America is seen as a bearish factor for the days to come. Looking at the global perspective, an estimated rise in demand for ethanol, prices of soybean are likely to stay firm as global supply of beans would fall short of demand and rally in corn prices would not allow rates of soybean to soften in long term.

FUTURES MARKET: -

The most active April contract of soybeans at NCDEX opened at 1537.55/qtl against previous closing levels of Rs 1531.3/qtl. Futures traded firm initially but profit taking at higher levels allowed futures to close at Rs 1533/qtl, marginally above the previous closing levels.

PRICE DRIVERS:

1. Restricted selling from stockists.
2. Firm port delivery rates for soymeal.
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:

Mainly dry weather is predicted across the country for coming days or two.

TECHNICALS: -

Candlestick pattern reflects bearishness. Prices closed over previous settlement prices and above 9 day and 18 day EMA. MACD has headed up and Stochastic has made bearish cross over in overbought region and is declining, indicating possible technical corrections. Both Volumes and Open Interest have declined.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - April	1502	1510	1533	1536	1542

Trade Recommendation:

Buy NCDEX April Soybean contract above 1519 with target T1 at 1530. Put SL at 1516.

SPOT MARKET PRICES: -

Markets	Market	17.03.07	16.03.07	Change	Arrivals (Bags)
Indore	Plant	1530	1520	+10	40,000-45,000 MP
Indore	Mandi	1450-1495	1430-1460	+35	
Maharashtra	Plant	1600-1620	1600-1620	0	15,000 - 20,000
Maharashtra	Mandi	1530-1560	1550-1560	0	
Kota	Plant	1510-1530	1500-1520	+10	8000- 10,000 Rajasthan
Kota	Mandi	1470-1490	1460-1470	+20	

MUSTARD

SPOT MARKETS:

Arrivals of mustard seeds on Saturday were steady at previous levels. Overall weak demand for mustard expeller oil in Rajasthan allowed resellers to quote slightly lower rates for mustard seeds at the back of steady demand from millers and solvent units. Demand for rapeseed oil cake and rapeseed DOC too stood steady and didn't affect open market prices of mustard seeds and hence demand from millers too remained steady as mentioned above. Weather over Rajasthan is clear to continue normal trading except for scattered rains predicted over Punjab and Haryana from 21st of this month. Standing crops in Haryana have already suffered crop loss on account of hailstorms during initial part of this week and yet another spell of adverse weather is likely to increase the magnitude of crop loss.

FUTURES MARKET: -

The NCDEX May contract of mustard seeds opened at Rs 401/20 Kg against previous closing level of Rs 400.25/20 Kg. The mustard futures traded sideways amidst profit taking at higher price levels and closed at Rs 398.50/20 Kg, marginally below the previous closing levels.

PRICE DRIVERS:

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

WEATHER:

Dry weather predicted over mustard grown areas for 2 to 3 days.

TECHNICALS: -

Candlesticks pattern reflects bearishness. Prices couldn't sustain gain at higher levels and closed below the previous settlement prices but managed to close above short term EMA's. Stochastic and MACD have become flat. Volumes declined and Open Interest increased.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	385	389	395.50	402	406

Trade Recommendation:

Buy NCDEX Mustard May contract above 394 with target T1 at 400. Put SL at 392.

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

Markets	17.03.07	16.03.07	Change	Arrivals (Bags)
Jaipur (C)	1900	1890	+10	-
Alwar(C)	1775-1800	1800-1810	-10	8000
Delhi(C)	1940-1950	1960-1970	-20	500-600
Agra(C)/Katchi Ghani	2000/4500	2025/4500	-25	-
Sri Ganganagar (NC)	1720	1725	-5	150-200
Kota (NC)	1730	1720	+10	25,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Rates for groundnut oil firmed up marginally on Saturday amidst slight improvement noticed in demand for edible oils in general. 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 488/20 Kg. Prices for groundnut oil was quoted at Rs 635-638 per 10 Kg.

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