

## OILSEED DAILY

24<sup>th</sup> April 2007

### SOYBEAN

#### SPOT MARKETS:

The daily arrivals of soybean across spot markets improved marginally on Monday, but by large they are gradually declining and is likely to taper further from May onwards. Offtake by millers and solvent units have declined as they already have ample stocks meal for disposal but are not getting better prices for the same. With soymeal prices taking a down trend, millers are not showing interest in building up the inventories until soymeal sentiments show a sign of recovery in overseas. Sentiments for soybean oil were steady initially until bearish palm oil futures in late noon had a spill over affect on edible oil markets. The news of drier weather in US ahead would lead to higher corn planting eating into soybean acreages, is likely to firm up soybean sentiments at CBOT. The view is further strengthened, as China would hold off importing more beans from US and South America at higher premiums on account of falling soymeal prices and dampening buyers interest for soybean. Harvest of soybean in Argentina is further delayed on account of continuous rains. With rupee appreciating to 41.67 on Monday, chances of traders booking orders for importing higher volumes of edible oil imports is likely despite rise in ocean freight rates.

#### FUTURES MARKET: -

The most active May contract of soybeans at NCDEX traded weak amidst predominant selling interest and overseas weakness in palm oil. The futures opened up at Rs 1557/qrtl against previous close of Rs 1556.1/qrtl. Futures closed low at Rs 1535.1/qrtl, well below the previous closing levels.

#### PRICE DRIVERS:

1. Steady sentiments for soymeal.
2. Steady to weak sentiments for soy oil in spot market.
3. Ample stocks of beans with China
4. Good demand for soybean and soy oil from South America.
5. Arrivals were negligible.

#### WEATHER:

Weather is of little concern during lean period.

#### TECHNICALS: -

Chart pattern shows bearishness. Prices closed well below both EMA's. MACD is on the verge of dipping into negative territory and stochastic is moving down into oversold regions, both indicate decline in positive momentum. RSI is declining indicating further corrections. Volumes increased and Open Interest declined.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	1515	1520	1535.10	1553	1558

#### Trade Recommendation:

Sell NCDEX May Soybean contract below 1542 with target T1 at 1535 and T2 at 1525. Put SL at 1546.

#### SPOT MARKET PRICES: -

Markets	Market	23.04.07	21.04.07	Change	Arrivals (Bags)
Indore	Plant	1550-1560	1560-1580	-20	15,000-25,000
Indore	Mandi	1480-1510	1490-1525	-15	
Maharashtra	Plant	1600-1610	1620	-10	10,000-12,000
Maharashtra	Mandi	1540-1580	1520-1600	-20	
Kota	Plant	1550	1540-1550	0	4,000
Kota	Mandi	1520	1510-1520	0	

## MUSTARD

### SPOT MARKETS:

Around 2.5 lakh bags arrived on Monday, surpassing previous arrivals by 50,000 bags. Rates of seeds softened on account of bearish cues from spot market for edible oils. Mustard complex seem to have tracked soybean and soy oil to some extent in terms of market direction. Trade of expeller oil and mustard seeds in UP remained sluggish on account of assembly elections during previous weeks. With start of fourth round of polling in UP on Monday, the markets activity remained subdued again. The spot markets for seeds have not yet witnessed huge influx of seeds as major seed lots are being diverted to private inventories in Rajasthan and MP. Rapeseed meal in domestic market [Rajasthan] slipped low tracking oil and seeds sentiments.

### FUTURES MARKET: -

The NCDEX May contract traded on weaker side tracking soybean oil and bearish cues from domestic exchange for mustard. It opened up at Rs 417/20 Kg against previous closing of Rs 417.45/20 Kg. Futures closed low at Rs 410.25/20 Kg well below the previous closing levels.

### PRICE DRIVERS:

1. Resellers quoted lower rates for seeds.
2. Arrivals improved on Monday.
3. Steady to weak sentiments for mustard expeller oil
4. Slow procurement drive of NAFED.
5. Tight stock position.

### WEATHER:

Dry weather prospects for the days to come.

### TECHNICALS: -

A large dark candlestick shows expected technical corrections and profit booking at higher levels. Prices closed well below both EMA's. MACD has touched the neutral straight line and stochastic has taken a dip to lower levels. RSI is moving down showing short-term weakness. Volumes increased considerably as compared to Open Interest.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	404	407	410.25	416	419

### Trade Recommendation:

**Buy** NCDEX Mustard May contract above 410 with target T1 at 414. Put SL at 408.

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

Markets	23.04.07	21.04.07	Change	Arrivals (Bags)
Jaipur (C)	2010-2015	2025-2030	-15	-
Alwar(C)	1960-1970	1975-1980	-10	10,000
Delhi(C)	1980	1990	-10	5000
Agra(C)/Katchi Ghani	2150/4950	2175/5000	-25	-
Sri Ganganagar (NC)	1760-1770	1810	-40	6000
Kota (NC)	1840	1870	-30	30,000

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET: -

Rates for different qualities of nuts across different centres in the states were reported in a range of Rs 410 to 523/20 Kg. Rates for groundnut oil varied from Rs 689- 690 per 10 Kg. Prices of nuts have firmed up whereas the groundnut oil traded steady at previous levels on account of temporary weakness in prices of edible oils on during second half of trading on bearish cues from overseas. As per agriculture department of state government of Gujarat, oilseed production during 2006-07 has been estimated to decline to around 28.5 lakh MT, a steep decline against previous years production of 46.66 lakh MT. State government has taken initiatives to explore strategies to improve current years acreage and production of oilseeds

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