

OILSEED DAILY

SOYBEAN

14th April 2007

SPOT MARKETS:

As per market news, the Finance Minister in consultation with the Prime Minister stated for contemplating for a likely cut in import tariff of edible oils besides increasing base import prices of edible oils to contain revenue losses. Finally, Centre has reduced the import duty on CPO to 50% from earlier 60% whereas duty on RBM Palmolein has reduced to 57.5% from earlier duty of 67.5%. The news is likely to induce bearishness in market sentiments. Overseas weakness in soymeal couldn't provide underlying strength to soybean domestically. Overseas weakness in grain market, slow pace of export sales of soybean, good prospects for soybean crop harvesting in South America were the key factors that drove down the meal sentiments. Improved sentiments for soybean oil supported spot market prices of soybean across the spot markets. Arrivals on Friday stood around 65,000-70,000 bags an improvement of 10,000 bags over previous day.

FUTURES MARKET: -

The most active May contract of soybeans at NCDEX traded firm gaining strength from firm soybean oil in domestic market. The futures opened up at Rs 1572/qrtl against previous close of Rs 1568/qrtl. Futures close up at Rs 1578/qrtl, Rs 10 above the previous closing levels.

PRICE DRIVERS:

1. Steady to weak soymeal rates in domestic market.
2. Firm sentiments for soy oil in domestic market.
3. Centre reduced import duty on CPO and RBD.
4. 77% harvest of soybean completed in Brazil.
5. Arrivals improved considerably on Friday.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick pattern shows bullishness. Prices recouped previous losses and closed above the 9-day and 18-day EMA. MACD is moving down and Stochastic has made a bullish cross over in oversold region. RSI is moving up. Both Volumes and Open Interest increased.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	1558	1563	1576	1583	1588

Trade Recommendation:

Sell NCDEX May Soybean contract below 1574 with target T1 at 1570 and T2 at 1566. Put SL at 1579.

SPOT MARKET PRICES: -

Markets	Market	13.04.07	12.04.07	Change	Arrivals (Bags)
Indore	Plant	1555-1570	1560-1570	0	35,000 - 40,000 in MP
Indore	Mandi	1490-1530	1510-1520	+10	
Maharashtra	Plant	1620-1660	1620-1660	0	20,000 - 22,000
Maharashtra	Mandi	1560-1600	1570-1620	-20	
Kota	Plant	1570-1580	1570-1575	+5	4000 - 5000 in Rajasthan
Kota	Mandi	1540-1555	1520-1550	+5	

MUSTARD

SPOT MARKETS:

The Centre's decision of reduction in import duty of CPO and RMD Palmolein to 50% and 57.5% respectively is likely to induce bearishness across spot markets. Spot market sentiments on Friday remained steady to weak. Trade activity in Uttar Pradesh remained subdued on Friday on account of ongoing polling for second phase of Assembly elections. Dull trade activity was noticed in Haryana too amidst celebrations of Baisakhi. The spill over affect was well noticed across spot markets as resellers quoted lower rates for seeds. However, expeller oil traded firm in Rajasthan, mostly tracking firm soybean oil sentiments in domestic markets. Arrivals stood steady at previous levels of 2.75 to 3 lakh bags. Despite good harvest of mustard seeds, arrivals have not yet picked up pace, as farmers and stockists are said to be hoarding seeds under anticipation for expeller oil sentiments to rule firm ahead.

FUTURES MARKET: -

The NCDEX May contract traded firm on account of speculative buying and slightly firm sentiments at Sirsa and Delhi exchange. It opened at Rs 422.6/20 Kg against previous closing of Rs 421.55/20 Kg. Futures closed up at Rs 424/20 Kg slightly above the previous closing levels.

PRICE DRIVERS:

1. Resellers quoted lower rates for mustard seeds
2. Arrivals steady at previous levels.
3. Steady to firm sentiments for mustard expeller oil.
4. NAFED and RSOA started off procurement drive in Rajasthan.
5. Dull trading likely in UP and Haryana on account of assembly elections and Baisakhi respectively.
6. Import duty on CPO and RBD reduced.

WEATHER:

Dry weather across mustard growing regions favouring

TECHNICALS: -

Candlesticks show bullishness with slight tentativeness at higher levels. Prices closed above the short term EMA's and are likely to face some resistance at 428 levels. Prices may find some support at 418 levels. MACD has become flat. Stochastic is heading up. RSI in overbought region indicating a possible correction lower. Volumes and Open Interest declined.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	410	415	424	426	428

Trade Recommendation:

Sell NCDEX Mustard May contract below 424 with target T1 at 420 and T2 at 418. Put SL at 426.

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

Markets	13.04.07	12.04.07	Change	Arrivals (Bags)
Jalpur (C)	2040	2050-2055	-15	-
Alwar(C)	2000	2000	0	10,000
Delhi(C)	2050	2100	-50	6000
Agra(C)/Katchi Ghani	2175/4900	2175/4850	0	-
Sri Ganganagar (NC)	1805	1810	-5	10,000
Kota (NC)	1860	1880	-20	30,000-40,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Groundnut oil tracked firm edible oil sentiments in domestic market. Rates for oil and nuts firmed up successively on Friday. Arrivals have declined further. 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 518/20 Kg. Rates for groundnut oil varied from Rs 672-675 per 10 Kg. 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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