

OILSEED DAILY

SOYBEAN

26th April 2007

SPOT MARKETS:

Amidst steady arrivals, rates of soybean continued to drag lower on third consecutive day on account of bearish cues from edible oil sentiments in domestic and overseas. Stockists liquidated oil stocks at the back of dull offtake of beans by millers. Rates of soymeal softened further on Wednesday dragging the prices to new lows. With Rupee appreciating continuously, Indian traders have struck deal with South American soy oil companies for importing the oil. If we consider that deals were made in past few weeks, shipments are likely to strike shores only after first fortnight of May this year keeping supply short of demand before shipments arrives at ports. However, soybean oil exported from South America would continue to gain competitive advantage in near term over prevailing prices of palm oils, if it does not witness minor corrections. Looking at soybean harvest progress in South America, harvest of beans is nearly complete in Brazil with some weather disruptions in Rio Grande, while rains and showers in Argentina further delay harvest of beans. On contrary, another school of thought states that good forecast for monsoon this year would boost oilseed production thereby curtailing edible oil imports due for next oil year. Traders believe that the very view would cap surging prices of palm and soybean oil till September 2007.

FUTURES MARKET: -

The most active May contract of soybeans at NCDEX traded weak amidst predominant selling interest and weak soy futures at CBOT. The futures opened up at Rs 1520/qrtl against previous close of Rs 1524.95/qrtl. Futures closed low at Rs 1497/qrtl, well below the previous closing levels.

PRICE DRIVERS:

1. Weak sentiments for soymeal and soy oil
2. Appreciating Rupee allowing more imports of oils
3. Good corn planting progress in US.
4. Soy oil competitively advantageous over palm oil
5. Arrivals were negligible in domestic market.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick has formed a hammer like pattern signifying immediate support at tip of lower shadow or bullish reversal at lower levels. Prices closed well below both EMA's. MACD has entered into negative territory and stochastic has fallen into oversold regions, both indicate decline in positive momentum. RSI has declined further indicating corrections lower. Prices may dip further if it breaches support levels at 1500 and 1492 levels. Prices may recover at lower levels. Both Volumes and Open Interest declined.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	1485	1490	1511.95	1515	1525

Trade Recommendation:

Sell NCDEX May Soybean contract below 1507 with target T1 at 1502 and T2 at 1496. Put SL at 1511.

SPOT MARKET PRICES: -

Markets	Market	25.04.07	24.04.07	Change	Arrivals (Bags)
Indore	Plant	1530-1550	1550-1560	-10	20,000
Indore	Mandi	1490-1500	1500-1510	-10	
Maharashtra	Plant	1580-1590	1620	-30	10,000
Maharashtra	Mandi	1550-1560	1580-1600	-40	
Kota	Plant	1530-1540	1530-1540	0	4,000
Kota	Mandi	1510-1520	1490-1510	+10	

MUSTARD

SPOT MARKETS:

Daily arrivals dipped on Wednesday to 2 lakh bags from previous day's arrivals of 2.5 lakh bags. Rates for seeds softened uniformly across spot markets on third consecutive day. Stockists are disposing oil stocks on account of subdued sentiments for edible oil in domestic market. Taking into account the current downtrend for mustard complex to persists for days to come, NAFED would be in a comfortable position to procure good stocks of seeds as open market prices of both conditional and non-conditional seeds would have softened to price levels at which NAFED is currently purchasing seeds across regions in Rajasthan. Since the contracted stocks of imported oil [soybean oil] are expected to arrive during second half of May, there is minor possibility of shortage of edible oil during first half of May which may support prices of seeds and oil to certain extent.

FUTURES MARKET: -

The NCDEX May contract traded on weaker side tracking soybean oil and bearish cues from domestic exchange for mustard. It opened at Rs 407/20 Kg against previous closing of Rs 408.15/20 Kg. Futures closed low at Rs 403.1/20 Kg well below the previous closing levels.

PRICE DRIVERS:

1. Resellers quoted lower rates for seeds.
2. Arrivals declined on Wednesday.
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: -

Candlesticks pattern shows hammer formation, which signifies bullish reversal at lower levels or new support levels. Prices closed well below both EMA's. MACD has entered into negative territory and stochastic is hovering in oversold region indicating decline in positive momentum. RSI has moved still lower. Prices may rebound at lower levels. Volumes increased and Open Interest declined.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	385	390	403.10	406	408

Trade Recommendation:

Sell NCDEX Mustard May contract below 402 with target T1 at 399 and T2 at 395. Put SL at 404.

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

Markets	25.04.07	24.04.07	Change	Arrivals (Bags)
Jaipur (C)	1975-1980	1990	-10	-
Alwar(C)	1925-1930	1935-1940	-10	10,000
Delhi(C)	1950	1960	-10	5000
Agra(C)/Katchi Ghani	2150/4950	2150/4950	0	-
Sri Ganganagar (NC)	1755-1760	1765-1770	-10	4000
Kota (NC)	1840	1820-1860	-20	25,000-35,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Rates for nuts and oil softened on third consecutive day. Rates for different qualities of nuts across different centres in the states were reported in a range of Rs 410 to 516/20 Kg for different qualities of nuts. Rates for groundnut oil varied from Rs 680 per 10 Kg. **Prices of nuts and groundnut oil softened on account of fresh selling of groundnut oil by stockists in wholesale markets and limited offtake by millers.** 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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