

OILSEED DAILY

SOYBEAN

11th April 2007

SPOT MARKETS:

On the sidelines of National Conference on Agriculture for Kharif Campaign on 4th April 2007, the Union Ministry of Agriculture presented the 3rd Advance estimate for oilseeds production during 2006-07. The soybean production [Kharif] was slated at 8.67 MMT against the final estimate of 8.27 MMT made during 2005-06. The Centre is trying to contemplate policy changes for reducing import duty on palm oil besides possibly allowing vegetable oil distribution through Public Distribution System [PDS]. No concrete evidence came out yet but market reacted immediately following selling pressure for soybean oil subsequently leading to softening of soybean prices amidst marked decline in daily arrivals. However, in overseas, an increasing spread between soybean/corn activities helped pressure soybeans during mid-session at CBOT. Moreover soybean prices at US are above par soybean prices in South America, which may weaken export sentiments for soybean from US ahead. Reacting to the very view, sentiments for soy complex shed off initial gains on weather-induced rally in wheat and corn. On the contrary, domestic soymeal prices remained firm on account of good local demand.

FUTURES MARKET: -

The most active May contract of soybeans at NCDEX traded weak. The futures opened at Rs 1569.50/qrtl against previous close of Rs 1572/qrtl. Weak soybean oil sentiments led futures close considerably low at Rs 1563/qrtl.

PRICE DRIVERS:

1. Firm soymeal rates in domestic market.
2. Steady to weak sentiments for soy oil in domestic market.
3. Gradual decline in inventories of soybeans at processors end.
4. News of reduction of import duty of palm oil.
5. PDS for vegetable oil likely.
6. Higher production estimate for soybean [Kharif].

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick shows bearishness. Prices closed below the 9-day EMA indicating ensuing weak trend. MACD and Stochastic have moved down further, indicating further technical corrections and decline in positive sentiments. Volumes increased and Open Interest declined.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-------------|------|------|------|------|------|
| NCDEX - May | 1542 | 1552 | 1563 | 1576 | 1582 |

Trade Recommendation:

Sell NCDEX May Soybean contract below 1568 with target T1 at 1557. Put SL at 1572.

SPOT MARKET PRICES: -

| Markets | Market | 10.04.07 | 09.04.07 | Change | Arrivals (Bags) |
|-------------|--------|-----------|-----------|--------|-------------------|
| Indore | Plant | 1560 | 1565-1575 | -15 | 25,000 in MP |
| Indore | Mandi | 1510-1540 | 1510-1560 | -20 | |
| Maharashtra | Plant | 1650 | 1665-1670 | -20 | 10,000 |
| Maharashtra | Mandi | 1600 | 1570-1620 | -20 | |
| Kota | Plant | 1540-1550 | 1585 | -35 | 6000 in Rajasthan |
| Kota | Mandi | 1480-1500 | 1500-1520 | -20 | |

MUSTARD

SPOT MARKETS:

Arrivals on Tuesday stood at 3.25 lakh tonnes a marginal decline of 25,000 bags over previous day's arrivals. Demand for expeller oil remained subdued tracking weakness in edible oil sentiments. However, rates for seeds remained firm on account of improved demand from millers at the backdrop of start of NAFED's procurement drive in Rajasthan. Mustard seeds were procured slightly above the slated MSP [Rs 1730-1735/qtt] at Bikaner. On the sidelines of National Conference on Agriculture for Kharif Campaign on 4th April 2007, the Union Ministry of Agriculture presented the 3rd Advance estimate for oilseeds production during 2006-07. The rapeseed-mustard production [Rabi] was slated at 6.69 MMT against the final estimate of 8.13 MMT made during 2005-06.

FUTURES MARKET: -

The NCDEX May contract traded steady. It opened at Rs 415/20 Kg against previous closing of Rs 416.05/20 Kg. Weak expeller oil sentiments amidst firm spot market sentiments led futures close at Rs 415.6/20 Kg marginally below the previous closing levels.

PRICE DRIVERS:

1. Resellers quoted higher rates for mustard seeds
2. Arrivals have improved.
3. Steady to weak sentiments for mustard expeller oil.
4. NAFED started off procurement drive in Rajasthan.

WEATHER:

Dry weather across mustard growing regions.

TECHNICALS: -

Candlesticks show steady market sentiments. Prices reflected tentativeness at higher levels. However it closed near short term EMA's. MACD and Stochastic are moving down indicating decline in positive momentum ahead. Both Volumes and Open Interest declined.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-------------|-----|-----|--------|-----|-----|
| NCDEX - May | 408 | 410 | 415.60 | 422 | 426 |

Trade Recommendation:

Buy NCDEX Mustard May contract above 416 with target T1 at 419. Put SL at 413.

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

| Markets | 10.04.07 | 09.04.07 | Change | Arrivals (Bags) |
|----------------------|-----------|-----------|--------|-----------------|
| Jaipur (C) | 2000 | 2000 | 0 | - |
| Alwar(C) | 1925 | 1910 | +15 | 10,000 |
| Delhi(C) | 2010 | 1970 | +40 | 5000 |
| Agra(C)/Katchi Ghani | 2150/4800 | 2100/4890 | +50 | - |
| Sri Ganganagar (NC) | 1750-1760 | 1750 | +10 | 10,000 |
| Kota (NC) | 1820 | 1800 | +20 | 30,000 |

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

. Demand for oil is said to be subdued tracking weak sentiments for edible oil in domestic market. Arrivals were reported to be around 4000 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 512/20 Kg. Rates for groundnut oil varied from Rs 662 per 10 Kg. Rates stood at previous levels. 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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