

OILSEED DAILY

SOYBEAN

12th April 2007

SPOT MARKETS:

The USDA on monthly demand and supply of report stated for higher ending stocks of soybean not only in US but on global level too. Production and exports of soymeal were forecasted to decline. USDA pegged US soybean ending stocks at 615 million bushels against March forecast of 595 million bushels. Brazil's soybean production was revised up to 58.8 million tonnes from 55 million tonnes during the previous year. Argentina soybean production too was revised up to 45.5 million tonnes against previous 44 million tonnes. World ending stocks of soybean were pegged at 61.02 million tonnes against 57.5 million tonnes last month. Domestic soymeal tracked bearish moves in overseas and settled low. The spill over affect was noticed on domestic trading of soymeal in domestic market as well as in ports. Rates for beans softened subsequently on Wednesday. However, firm edible oil sentiments in domestic and overseas are likely to prevent prices of soybean to fall abruptly. Traders are awaiting Center's decision on revising tariff structure for edible oils namely CPO and Soy-degummed. The revenue officials are likely to put forward a proposal before the Union Cabinet on Thursday to consider import duty structure on edible oils.

FUTURES MARKET: -

The most active May contract of soybeans at NCDEX traded steady except for some buying support during second half of trading. The futures opened at Rs 1566.35/qlt against previous close of Rs 1563/qlt. Firm soybean oil sentiments led futures close up at Rs 1570/qlt.

PRICE DRIVERS:

1. Steady soymeal rates in domestic market.
2. Firm sentiments for soy oil in domestic market.
3. Finance officials to place proposal before union cabinet on restructuring duty structure on edible oils.
4. PDS for vegetable oil likely.
5. Higher production forecast for soybean in US, Brazil and Argentina.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick pattern reflects prices recouping previous loss amidst slight indecisiveness over price direction. Prices seem to be getting some support at lower levels. They closed below the 9-day EMA indicating weak trend. MACD is moving down and Stochastic is hovering in oversold regions. RSI is heading up. Both Volumes and Open Interest increased.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	1552	1558	1570	1580	1585

Trade Recommendation:

Buy NCDEX May Soybean contract above 1565 with target T1 at 1573 and T2 at 1576. Put SL at 1562.

SPOT MARKET PRICES: -

Markets	Market	11.04.07	10.04.07	Change	Arrivals (Bags)
Indore	Plant	1550-1570	1560	+10	20,000 in MP
Indore	Mandi	1520-1530	1510-1540	-10	
Maharashtra	Plant	1650	1650	0	8,000-10,000
Maharashtra	Mandi	1580-1600	1600	0	
Kota	Plant	1540	1540-1550	-10	5000 in Rajasthan
Kota	Mandi	1480-1490	1480-1500	-10	

MUSTARD

SPOT MARKETS:

Spot markets were looking for direction until NAFED re-started seed procurement in Rajasthan. Spot market prices of seeds in Jaipur are ruling higher in comparison to prevailing rates at other spot markets. Arrivals are declining steadily as resellers have limited offloading seeds stocks on account of anticipated firmness in expeller oil. Arrivals on Wednesday declined to 3 lakh bags as compared to 3.25 lakh bags for the previous day. Demand for expeller oil tracked firmness in soybean oil sentiments. Stockpiling seeds with private traders has become common phenomenon. However, Centre mulling over policy to reduce basic duty for CPO and Soy degummed oil may offset existing firmness in expeller oil if local demand at retail end keeps steady pace.

FUTURES MARKET: -

The NCDEX May contract traded firm. It opened at Rs 416.85/20 Kg against previous closing of Rs 415.60/20 Kg. Firm mustard seed sentiments at domestic exchange had a spill over affect leading futures close up at Rs 421.75/20 Kg well above the previous closing levels.

PRICE DRIVERS:

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

WEATHER:

Dry weather across mustard growing regions favouring arrivals.

TECHNICALS: -

Candlesticks show bullishness. Prices recovered previous losses and closed well above the short term EMA's touching a fresh high of 423-424 levels. MACD has become flat and Stochastic is moving down. RSI is moving up indicating short-term firmness. Both Volumes and Open Interest increased.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	412	415	421.75	428	430

Trade Recommendation:

Buy NCDEX Mustard May contract above 419 with target T1 at 425. Put SL at 417.

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

Markets	11.04.07	10.04.07	Change	Arrivals (Bags)
Jaipur (C)	2010-2015	2000	+15	-
Alwar(C)	1980-2000	1925	+75	10,000
Delhi(C)	2030-2035	2010	+25	4000
Agra(C)/Katchi Ghani	2000/4850	2150/4800	+150	-
Sri Ganganagar (NC)	1760-1770	1750-1760	+10	8,000
Kota (NC)	1850	1820	+30	25,000 -30,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Demand for oil tracking firm sentiments for edible oil in domestic market. 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 512/20 Kg. Rates for groundnut oil varied from Rs 668-670 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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