

OILSEED DAILY

SOYBEAN

19th April 2007

SPOT MARKETS:

Spot market sentiments showed steady to weak sentiments tracking overseas weakness in oilseed and edible oils. Arrivals stood at 40,000 bags. Previous weeks daily average arrivals stood around 40,000 to 50,000 bags. Weak sentiments for soymeal in domestic and overseas is likely to persist on Thursday also on account of dry weather prospects for soybean harvest in Brazil except for scattered rains on part of Argentina. Soybean oil is expected to recoup marginally on account of temporary weakness in palm oil sentiments and firm crude oil in overseas. Higher prices of CPO in Indonesia on good local demand and delay in harvest of palms in western Indonesia would lead to demand supply mismatch and evidently support palm oil prices in near term. However, higher prices of palm oil signals likely shift to alternative edible oil for biodiesel consumption thus creating stiff competition between soybean and palm oil to regain market share.

FUTURES MARKET: -

The most active May contract of soybeans at NCDEX traded weak tracking weak soy futures at CBOT and bearish cues from BMD. The futures opened low at Rs 1558/qrt against previous close of Rs 1565.15/qrt. Futures closed low at Rs 1559/qrt, near the opening levels.

PRICE DRIVERS:

1. Weak soymeal sentiments at ports.
2. Weak sentiments for soy oil in domestic and overseas market.
3. Harvesting almost complete in Brazil.
4. Arrivals were negligible.
5. Temporary weakness in palm oil sentiments.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Chart pattern indicates indecisiveness and has formed a Doji. Prices plunged initially but managed to close slightly higher by end of session. MACD and stochastic are hovering in neutral region. RSI is moving down indicating possible corrections. Both Volumes and Open Interest increased.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	1545	1548	1559	1573	1576

Trade Recommendation:

Buy NCDEX May Soybean contract above 1555 with target T1 at 1563 and T2 at 1570. Put SL at 1550.

SPOT MARKET PRICES: -

Markets	Market	18.04.07	17.04.07	Change	Arrivals (Bags)
Indore	Plant	1550-1565	1550-1560	+5	25,000
Indore	Mandi	1490-1520	-	-	
Maharashtra	Plant	1620-1640	1650	-10	10,000
Maharashtra	Mandi	1570-1590	-	-	
Kota	Plant	1555-1560	1560	0	5,000
Kota	Mandi	1520-1550	-	-	

MUSTARD

SPOT MARKETS:

Trade activity for seeds and oil in Uttar Pradesh [UP] remained sluggish on Wednesday on account of ongoing third round of assembly polls. Weak edible oil sentiments in domestic and overseas had a spill over affect on trade of expeller oil at domestic exchanges, however spot prices of expeller managed to stay steady in Jaipur, elsewhere it softened marginally. Around 2.5 lakh bags of mustard seeds arrived across spot markets, registering an increase of 50,000 bags over Tuesday. However, daily average arrivals declined to 2 lakh bags from previous weeks 3 lakh bags. Farmers are hoarding their stocks [limited stocks] of seeds in anticipation of prices to firm up in near future. Aberrant weather conditions like thunder and hailstorms over North and North West India had led to significant crop loss in terms of area and production, thereby declining the total productivity of crops sown during Rabi 2006-07 season. In an earlier official statement in media, NAFED stipulated to buy as much as 60,000 MT [near to medium term] of mustard seeds depending on availability of seeds and open market prices. Market sources expect procurement of around 1.5 lakh to 2 lakh tonnes.

FUTURES MARKET: -

The NCDEX May contract traded weak tracking bearish cues from Hapur, Sirsa and Delhi exchange and profit booking at higher levels. It opened low at Rs 418.1/20 Kg against previous closing of Rs 418.95/20 Kg. Futures closed low at Rs 417.1/20 Kg marginally below the previous closing levels.

PRICE DRIVERS:

1. Resellers quoted lower rates for seeds.
2. Arrivals improved marginally.
3. Steady to weak sentiments for mustard expeller oil
4. Slow procurement drive of NAFED.

WEATHER:

Thunderstorm likely over Western UP, some parts of North MP, Rajasthan and parts of Vidharba. Major parts of mustard crops have been harvested, impact over crop is unlikely.

TECHNICALS: -

Hammer formation indicates bullish revival that further gets reinforced as both Volumes and Open Interest have increased. Prices regained their footing and closed near 18-day EMA. MACD is hovering in positive region and Stochastic has started dipping from overbought region.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - May	408	411	417.10	420	423

Trade Recommendation:

Buy NCDEX Mustard May contract above 415 with target T1 at 418 and T2 at 420. Put SL at 412.

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

Markets	18.04.07	17.04.07	Change	Arrivals (Bags)
Jaipur (C)	1985-1990	2025	-35	-
Alwar(C)	1925-1940	1975-1980	-40	10,000
Delhi(C)	1990	2010-2015	-25	8000
Agra(C)/Katchi Ghani	2100/4900	2200/4975	-100	-
Sri Ganganagar (NC)	1740-1745	1775-1780	-35	5000
Kota (NC)	1740	1760	-20	35,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Fresh arrivals for groundnut are expected to reach markets by second half of next May. Groundnut oil tracked temporary weakness in edible oil sentiments across domestic market. Rates for oil and nuts softened consecutively on Wednesday. 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 681 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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