

## OILSEED DAILY

### SOYBEAN

16<sup>th</sup> May, 2007

#### SPOT MARKETS:

Amidst news of crash in palm oil prices at BMD and imported oils at shores, the soybean prices softened across spot markets and plants; mostly tracking bearish cues from overseas and across domestic spot market for soy oil. Firm soy complex at CBOT couldn't impart firmness to soybean but however managed to keep soymeal sentiments steady to slight firm at few places. Dent on exports of meal couldn't provide support to bean prices. Higher prices [cost and freight] of Indian soymeal \$ 280 to 285 /MT against South American meals [\$ 265/MT] has undermined exports of Indian soymeal despite being much sought meal by South East Asian countries. Amidst prediction of clear weather over South America, Brazil's 2006-07 soybean crop is 97% harvested as of May 11 and Argentina is pacing up. Evidently the US soybean may feel the supply pressure mounting on its prices despite the factor that increasing corn acreage would squeeze supply of soybean oil and push corn acreage for more ethanol production. Corn planting progress in US has exceeded rapidly to 78% keeping soybean plantation much behind at 32% [USDA report]. NOPA's crush report for soybean during April [138.720 million bushels] came over and above trader's expectation but slightly below previous months crush of [147.991 million bushels].

#### FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded bearish on higher selling interest. The futures opened at Rs 1535 /qtl against previous closing levels of Rs 1534/qtl. Futures closed at Rs 1525.5/qtl, well below the previous closing levels.

#### PRICE DRIVERS:

1. Steady to weak sentiments for soymeal
2. Edible oils to reach ports shortly.
3. Steady arrival pressure for beans in domestic markets.
4. Supply pressure of South American beans to catch pace soon.
5. China to import lesser soybeans.

#### WEATHER:

Weather is of little concern during lean period.

#### TECHNICALS: -

Prices closed below the 9 /18 days EMA's indicating bearish sentiments. MACD has flattened in negative territory. Stochastic is moving up whereas RSI indicates gain in bearish momentum likely to persist in near term unless prices break above immediate resistance at 1530-1532 levels. Both Volumes and Open Interest declined. Bears may find some support at 1510-1512 levels.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1505	1510	1525.50	1535	1540

#### Trade Recommendation:

**SELL** NCDEX June Soybean contract below 1527 with target T1 at 1520 and T2 at 1515. Put SL at 1530.

#### SPOT MARKET PRICES: -

Markets	Market	15.05.07	14.05.07	Change	Arrivals (Bags)
Indore	Plant	1535-1550	1550-1560	-10	20,000
Indore	Mandi	1490-1510	1480-1520	-10	
Maharashtra	Plant	1605-1610	1585-1620	-10	10,000-12,000
Maharashtra	Mandi	1520-1525	1530-1540	-15	
Kota	Plant	1520-1525	1520-1530	-5	1500-2000
Kota	Mandi	1450	1470-1480	-30	

## MUSTARD

### SPOT MARKETS:

The daily arrivals on Tuesday declined to 1.25 lakh bags, from previous days arrivals of 1.35 lakh bags. Arrivals are subject to decline further if imported edible oils continue to mount pressure on domestic oils. Evidently the prices of seeds would not be attractive enough for stockists to sell it off as demand from millers and processing units would remain subdued on continued selling pressure at retail end. Tracking weakness in oils, mustard seed sentiments across domestic exchanges in Delhi, Sirsa and Hapur settled low except for slight firmness in Bikaner exchange. Spot prices of condition seeds in Jaipur and Alwar region couldn't sustain previous day's firmness and settled lower today. Non-condition seeds continued to trade with bearish bias. Spot market prices of mustard expeller oil stood range bound on Tuesday except for slight softening noticed in Mumbai due to spill over affect of bearish palm oil futures at BMD. Presently, mustard complex is likely to react to domestic and overseas cues for edible oil sentiments.

### FUTURES MARKET: -

The NCDEX June contract opened firm but traded weak on sustained selling interest. It opened at Rs 412/20 Kg against previous closing of Rs 412.5/20 Kg. Futures closed lower at previous closing levels of Rs 409.7/20 Kg.

### PRICE DRIVERS:

1. Steady to weak sentiments for expeller oil.
2. Arrivals Improved declined on Tuesday
3. Imported oils to arrive shortly at ports.
4. Slow procurement drive of NAFED.
5. Tight stock position.

### WEATHER:

Dry weather over mustard growing regions.

### TECHNICALS: -

Prices closed below both 9/18-day EMA attempting to break below its immediate support levels of 409-410. MACD has turned flat in negative territory. RSI is dipping whereas stochastic shows signs of recovery at lower levels. Both Volumes and Open interest have increased. Prices vulnerable to corrections lower.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	396	401	409.70	413	416

### Trade Recommendation:

**SELL** NCDEX Mustard June contract below 409 with target T1 at 407 and T2 at 404. Put SL at 410.

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

Markets	15.05.07	14.05.07	Change	Arrivals (Bags)
Jaipur (C)	2000	2005	-5	-
Alwar(C)	1950	1950-1960	-10	6000
Delhi(C)	1900-1950	1955-1960	-10	2500
Agra(C)/Katchi Ghani	2150/4800	2170/4800	-20	-
Sri Ganganagar (NC)	1700	1735-1740	-40	3000
Kota (NC)	1750-1800	1810-1830	-30	26,000

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET: -

Tracking general weakness in soy and palm oils, sentiments for groundnut and groundnut oil too followed the suit. Prices of groundnut oil softened across Mumbai, Rajkot and Andhra regions. The rates for different qualities of seeds were quoted in a range of Rs 410 to 515/20 Kg. Rates for groundnut oil at Rajkot was quoted lower at Rs 675 per 10 Kg against previous day's prices of Rs 690.95 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.

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