

OILSEED DAILY

SOYBEAN

11th May, 2007

SPOT MARKETS:

Amidst high deliveries of May soybeans, news of rapid planting progress of corn in US eating into soybean acreages supported prices of soybean and soymeal at CBOT. Amidst steady arrival pressure, spot market prices of soybean stood steady to weak despite firm soy complex at CBOT. In domestic front, persistent selling of soy oil by stockists and continued bearishness in soybean sentiments weakened soybean prices further on Thursday. Soybean exports have also dwindled and are done only in small volumes undermining interests of millers and processing units. Rains in southern Brazil have disrupted soybean harvest and is likely to improve by weekend when weather gets drier. The USDA will release its May supply/demand report, which will include ending stocks estimates for the 2006-07 U.S. soybean crop and the 2007-08 crops. Market observers also expects the USDA to cut its soybean output forecast for Brazil, the major source of soybeans for China before the harvest season in China and North America, which may extend from September to October. Firm reports of Malaysian palm oil exports during the month from May 1 to 10 are likely to support soy oil prices at CBOT.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded sideways tracking firmness in soy futures at CBOT. The futures opened near previous closing levels of Rs 1510/qttl. Futures closed up at Rs 1520/qttl, well above the previous closing levels.

PRICE DRIVERS:

1. Steady to weak sentiments for soybean
2. India to import more edible oils this year
3. Weak soy futures at CBOT.
4. Steady arrival pressure for beans in domestic markets.
5. Dull trading for soybean in Chinese markets
6. Dry spell for corn and soybean planting in US.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick formed Marubozu pattern. Prices closed below 9/18 day EMA's. MACD moved down further into negative territory. Stochastic has plunged low and may show signs of recovery at lower levels. RSI has retraced its movement upwards. Volumes declined considerably in comparison to Open Interest.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1500	1507	1520	1532	1538

Trade Recommendation:

Sell NCDEX June Soybean contract below 1525 with target T1 at 1515. Put SL at 1528.

SPOT MARKET PRICES: -

Markets	Market	10.05.07	09.05.07	Change	Arrivals (Bags)
Indore	Plant	1520-1540	1530-1550	-10	12,000-15,000
Indore	Mandi	1460-1480	1470-1480	0	
Maharashtra	Plant	1600	1600	0	10,000
Maharashtra	Mandi	1520	1540	-20	
Kota	Plant	1500-1520	1520-1525	-5	2,000
Kota	Mandi	1470-1480	1470-1480	0	

MUSTARD

SPOT MARKETS:

As per market observers, NAFED is actively procuring seeds from Kota and Ganganagar regions on account of its good availability. Alwar and Bharatpur belt suffered a loss in production this year and hence sourcing seeds from Kota and Ganganagar regions, elsewhere the available seeds are consumed by local processing units. NAFED started seed procurement from first half of March 2007. The cumulative stock of seeds procured by NAFED rose to 48,650 MT as on May 1st from 20,000 MT available by March end. Tracking overseas firmness in edible oil, mustard seeds traded firm across domestic exchange however; spot prices of expeller oil stood subdued as stockists continued selling off oil stocks. Prices of mustard seeds reflected mixed trend. Prices remained range bound in Alwar and Agra regions, firmed up in Ganganagar and Kota regions and softened in Jaipur and Delhi regions. Daily arrivals stood at 1.25 lakh bags, a decline of around 25,000 bags over previous day's arrivals. The daily arrivals during second week of May declined to 1.25 to 1.5 lakh bags from 3 to 3.5 lakh bags for the same time period during previous month as stockists restricted selling seeds in bulk. With imported oil reaching the ports, the preference for cheaper and readily available oils in near future would provide for fresh market sentiments ahead.

FUTURES MARKET: -

The NCDEX June contract traded sideways amidst slight indecisiveness over market direction. It opened at Rs 410/20 Kg against previous closing of Rs 409.6/20 Kg. Futures closed at previous closing levels of Rs 409.6/20 Kg.

PRICE DRIVERS:

1. Resellers quoted lower rates for seeds.
2. Arrivals dipped lower.
3. Steady to weak demand for mustard expeller oil.
4. Slow procurement drive of NAFED.
5. Tight stock position.

WEATHER:

Dry weather over mustard growing regions.

TECHNICALS: -

Prices closed indecisive below 9/18 day EMA. MACD is declining further into negative region. Declining Stochastic and RSI are indicating gain in bearish momentum. Both the Volumes and Open interest declined. Prices are likely to trade range bound unless its breaks out above its resistance or below its immediate support levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	397	402	409.60	416	420

Trade Recommendation:

Sell NCDEX Mustard June contract below 410 with target T1 at 405. Put SL at 413.

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

Markets	10.05.07	09.05.07	Change	Arrivals (Bags)
Jaipur (C)	1970	1975	-5	-
Alwar(C)	1900-1910	1910	0	4000-5,000
Delhi(C)	1965	1975-1980	-15	3000-4000
Agra(C)/Katchi Ghani	2100/4825	2100/4850	0	-
Sri Ganganagar (NC)	1745-1750	1735-1740	+10	2500-3000
Kota (NC)	1800	1760-1770	+30	25,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

According to the third advance estimates of the Central government, the output of groundnut during the Kharif and the Rabi seasons is estimated to decline by 37.66 per cent to 5 million MT this year, compared with 8 million MT in the year-ago period. Rates for nuts and oil stood softened on Monday. Tracking general firmness in edible oil sentiments the rates for different qualities of nuts across different centres in the states firmed up marginally on Thursday and were quoted in a range of Rs 410 to 510/20 Kg for different qualities of nuts. Rates for groundnut oil was quoted at Rs 678per 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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