

OILSEED DAILY

SOYBEAN

29th May 2007

SPOT MARKETS:

As per IMD, monsoon has finally hit south cost of Kerala. Soybean being a rainfed crop in India, acreage and planting progress for soybean would rely on rainfall distribution across soybean growing areas in Maharashtra, MP and parts of Rajasthan where rains are likely to strike somewhere between June 10 to 15th. Traders are expected to discount prices of beans if monsoon progress well northwards in due course of time. Despite firm palm oil at BMD, soy oil traded steady across spot markets with slight softening noticed across spot markets. Arrivals improved considerably in Maharashtra by 5000 bags over previous weekends arrivals of 10,000 bags; elsewhere it stood steady at previous levels. Prices of soybeans firmed up across spot markets on Monday. Soymeal prices improved marginally across MP and Maharashtra and stood range bound at ports. However, appreciating value of rupees is likely to keep export demand for soy meal almost subdued and at the same time encouraging imports of edible oils. CBOT is closed on Monday on account of extended Memorial Day holiday.

FUTURES MARKET: -

The most active June contract for soybeans at NCDEX traded weak on profit booking at higher levels. The futures opened at Rs 1533.5 /qtl against previous closing levels of Rs 1531/qtl. Futures closed at Rs 1523.5/qtl, well above the previous days closing levels.

PRICE DRIVERS:

1. Steady soy meal sentiments
2. Imported edible oils at ports.
3. Firm soy oil across spot markets.
4. CBOT closed on Monday.
5. Subdued export demand for soy meal.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick shows bearishness. Prices consolidated at higher levels and closed between the 9/18-day EMA. MACD has turned flat. The stochastic has made a bullish cross over in neutral region and moving up. RSI has turned down from neutral regions. Both the Volumes and Open Interest declined marginally. Prices were unable to breach its immediate resistance levels, hence expected to open lower and trade sideways.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1503	1509	1523.5	1529	1535

Trade Recommendation:

SELL NCDEX June Soybean contract below 1521 with target T1 at 1515. Put SL at 1524.

SPOT MARKET PRICES: -

Markets	Market	28.05.07	26.05.07	Change	Arrivals (Bags)
Indore	Plant	1520-1535	1500-1530	+5	18,000-20,000
Indore	Mandi	1470-1480	1465-1470	+10	
Maharashtra	Plant	1580	1575	+5	15,000
Maharashtra	Mandi	1520-1530	1490-1500	+30	
Kota	Plant	1520	1510	+10	2000-4000
Kota	Mandi	1440-1470	1440-1460	+10	

MUSTARD

SPOT MARKETS:

As stated earlier, arrivals were expected to taper further during this week amidst steady decline in offtake by millers and stockpiling at traders end. Around 90,000 bags arrived on Monday, a decline of 10,000 bags over previous weekends arrivals of 1 lakh bags. Prices of seeds across the spot markets stood mixed today. Despite firm cues for edible oil at BMD, mustard expeller oil traded steady across Mumbai, Kota and Jaipur spot markets. Prices of expeller were trading range bound during the previous week and the trend is likely to uphold this week amidst lack of fresh fundamentals. News of spread of Bird Flu across Vietnam is likely to make a dent on export sentiments for rapeseed DOC in short to medium term, as Vietnam happens to be one of the major importing countries for Indian rapeseed meal. As per USDA report, lower than expected carry over stocks with NAFED [7 lakh MT] coupled with higher open market prices [> MSP] for mustard seeds are likely to boost production estimates for mustard sown during 2007-08 Rabi season.

FUTURES MARKET: -

The NCDEX June contract opened firm but traded with bearish bias on selling pressure at higher levels. The futures opened at Rs 415/20 Kg against previous closing of Rs 414.95/20 Kg. Futures closed at Rs 413.85/20 Kg slightly below the previous closing levels.

PRICE DRIVERS:

1. Steady sentiments for expeller oil.
2. Arrivals declined marginally.
3. Imported oils on Indian shores.
4. NAFED stopped procurement drive of seeds.
5. Offtake by millers are declining gradually.

WEATHER: -

Dry weather over mustard growing regions.

TECHNICALS: -

Prices closed above short term EMA's despite selling pressure at higher levels. MACD has made a bullish crossover in negative region. RSI has turned down from neutral regions. However Stochastic is rising up from neutral region. Both the Volumes and open interest increased marginally. Prices are expected open lower and trade sideways.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	403	406	413.85	418	421

Trade Recommendation:

SELL NCDEX Mustard June contract below 413 with target T1 at 410. Put SL at 415.

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

Markets	28.05.07	26.05.07	Change	Arrivals (Bags)
Jaipur (C)	2025-2030	2020-2025	+5	-
Alwar(C)	1950	1940-1950	0	6000-8000
Delhi(C)	2000	2000-2010	-10	4000
Agra(C)/Katchi Ghani	2150/4900	2150/4925	0	-
Sri Ganganagar (NC)	1780-1785	1785-1790	-5	4000
Kota (NC)	1820-1830	1840	-10	10,000-12,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

The state government of Gujarat estimate that area of groundnut cultivation would fall by 10 to 15% this monsoon season, however clear indication would be available when sowing starts off later. On the same lines 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. **Prices of groundnut oil and nuts softened on Monday on lack of fresh demand. 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 range bound at Rs 675-678 10 Kg.**

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