

## OILSEED DAILY

### SOYBEAN

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

#### SPOT MARKETS:

Closely tracking weakness in edible oil at CBOT and BMD, Soy oil traded weak in domestic markets well before 1<sup>st</sup> consignments of imported oil reach our shores after 15<sup>th</sup> of May. As per traders, stockists are continuously selling oil stocks against decline in demand. Soymeal too traded weak in domestic and at ports despite firm soymeal at CBOT. Hefty stocks of meal with traders and declining prices in overseas market coupled with appreciating value of rupees has brought in bearish tinge to trade of soymeal. Rising concerns over wet spell during Spring season is likely to delay progress of corn planting in US coupled with fear of potential yield impact. Weather disruptions on Argentina has disrupted harvest progress of beans from South America and thus failed to mount pressure on prices of beans. Factors that may support falling premiums of US soybeans in world markets are cheaper oceanic freight rates, good import demand from China and Mexico, slower harvest progress in Argentina. With opening of Chinese markets from 8th of May, soy complex may witness fresh leads. Chinese markets will be closed May 1-7 for the Labor Day holiday.

#### FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded weak tracking weak soyoil and soybean futures at CBOT. The futures opened up at Rs 1560/qtl against previous close of Rs 1558/qtl. Futures closed low at Rs 1547/qtl, well below the previous closing levels.

#### PRICE DRIVERS:

1. Weak sentiments for soymeal
2. India to import more edible oils this year
3. Decline in premiums of US soybean
4. Steady arrival pressure for beans in domestic markets.
5. Labour holiday in China
6. Wet spell delaying corn planting in US.

#### WEATHER:

Weather is of little concern during lean period.

#### TECHNICALS: -

Candlestick shows bearishness. Prices closed below 9/18 day EMA's. MACD is about to cross over the neutral line. Stochastic is hovering in overbought region and possibly indicate corrections lower. RSI has turned down. Volumes declined considerably whereas Open Interest increased marginally.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1515	1522	1549	1564	1572

#### Trade Recommendation:

**Sell** NCDEX June Soybean contract below 1546 with target T1 at 1536 and T2 at 1530. Put SL at 1553.

#### SPOT MARKET PRICES: -

Markets	Market	05.05.07	04.05.07	Change	Arrivals (Bags)
Indore	Plant	1560	1560-1580	-20	10,000
Indore	Mandi	1500	1480-1520	-20	
Maharashtra	Plant	1630	1640	-10	10,000
Maharashtra	Mandi	1520-1540	1550	-10	
Kota	Plant	1520-1540	1530-1550	-10	2,000
Kota	Mandi	1480	1490-1500	-20	

## MUSTARD

### SPOT MARKETS:

Mustard complex traded steady to weak during weekend trading. Sentiments for mustard seeds at Delhi exchange remained subdued, however, in Hapur and Sirsa seeds managed to trade firm. Spot market sentiments for expeller oil stood steady to weak. Amidst steady arrivals of 1.5 lakh bags, rates for both Conditional and Non-Conditional seeds softened across spot markets on dull trading activity and weak demand for seeds and oils. Stockists continued to pile up seeds. Arrivals for next week are likely to taper further from present weeks average of 1.5 to 1.6 lakh bags to 1.2 to 1.4 lakh bags. Prices for mustards seeds and oil; in medium term would rely on prices of substitute edible oil and magnitude of imported oils in ensuing months besides amount of seed inventories with farmers' cooperatives in Centre and other state cooperatives.

### FUTURES MARKET: -

The NCDEX June contract traded weak amidst indecisiveness over price direction. It opened at Rs 413/20 Kg against previous closing of Rs 413.75/20 Kg. Futures closed at Rs 412.7/20 Kg, slightly below the previous closing levels.

### PRICE DRIVERS:

1. Resellers quoted lower rates for seeds.
2. Arrivals stood at previous levels.
3. Steady to weak demand for mustard expeller oil.
4. Slow procurement drive of NAFED.
5. Tight stock position.
- 6.

### WEATHER:

Dry weather over mustard growing regions.

### TECHNICALS: -

Candlestick shows Doji pattern with slight indecisiveness over next move. Prices closed below 9/18 day EMA. MACD has made a bearish cross over in negative territory with no signs of retracement upwards. Stochastic is heading up whereas RSI is moving down. Rate of change of volumes have increased. Volumes declined and open interest increased.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	401	405	412.70	418	420

### Trade Recommendation:

**Sell** NCDEX Mustard June contract below 415 with target T1 at 411 and T2 at 407. Put SL at 418.

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

Markets	05.05.07	04.05.07	Change	Arrivals (Bags)
Jaipur (C)	1990-1995	2000-2005	-10	-
Alwar(C)	1900	1940-1950	-50	10,000
Delhi(C)	1970	1970-1980	-10	3000
Agra(C)/Katchi Ghani	2125/4850	2150/4950	-25	-
Sri Ganganagar (NC)	1755-1760	1775-1780	-20	5000
Kota (NC)	1780-1800	1810	-10	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 range bound on Wednesday. Rates for different qualities of nuts across different centres in the states softened marginally tracking overall weakness in edible oil sentiments and were quoted in a range of Rs 410 to 507/20 Kg for different qualities of nuts. Rates for groundnut oil was quoted at Rs 671 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. Russia has finally banned import of groundnut from India on account of defying quarantine restrictions, which may undermine export sentiments for nuts in short term. General weakness in edible oil sentiments in domestic markets had a spill over affect on groundnut and oil trading

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