

OILSEED DAILY

SOYBEAN

3rd May, 2007

SPOT MARKETS:

Market activity remained dull on Wednesday. Daily arrivals declined to 20,000 to 22,000 bags on account of Buddha Poornima. Demand from millers stood steady at previous levels. Soybean oil traded firm tracking firm soy complex at CBOT. Rates for beans firmed up. On the sidelines of palm oil conference, traders expect that share of imported palm oil would increase further in ensuing months adding to consumptive demand in country. With increase in share of imported oils, daily soybean arrivals would taper down further with cheaper available oil directing prices for beans across spot markets. As per USDA reports, planting of corn in US is 23% complete by end of April that stands lower in comparison to 43% corn planted last year during same period. The weekly crop progress report stated soybean planting at 3% lagging behind last year's planting of 9%. Planting intentions of soybean is expected to lag behind corn and provide underlying bullishness to soybeans in near future. However, prospects of good corn production in both US and China may pressure corn prices before August 2008. Soymeal traded mixed with slight firmness noticed at ports, however domestic prices of meal continued to depreciate further. With continuous rise in prices of imported corn, feed industry may opt to use more soymeal for feed rationing and leverage softening prices of soymeal in domestic markets.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded firm amidst firm soy futures at CBOT. The futures opened up at Rs 1554/qrtl against previous close of Rs 1549/qrtl. Futures closed up at Rs 1561/qrtl, well above the previous closing levels.

PRICE DRIVERS:

1. Mixed sentiments for soymeal
2. Retreating value of Rupees.
3. Good corn planting progress in US and China
4. Soybean harvest likely to be disrupted in Argentina.
5. Steady arrival pressure for beans.
6. Labour holiday in China

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick shows firmness. Prices closed above 9/18 day EMA's. MACD is moving up from negative territory. Stochastic is hovering in overbought region and RSI is also heading up indicating gain in positive momentum. Both the Volumes and Open Interest increased. Prices may consolidate at higher levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1542	1548	1561	1577	1582

Trade Recommendation:

BUY NCDEX June Soybean contract above 1558 with target T1 at 1566 and T2 at 1573. Put SL at 1552.

SPOT MARKET PRICES: -

Markets	Market	02.05.07	01.05.07	Change	Arrivals (Bags)
Indore	Plant	1560-1570	1550-1570	0	10,000
Indore	Mandi	1490-1525	1490-1510	+15	
Maharashtra	Plant	1630	1620	+10	10,000
Maharashtra	Mandi	1550	1550	0	
Kota	Plant	1520-1535	1510	+25	2,000
Kota	Mandi	1490-1500	1490-1500	0	

MUSTARD

SPOT MARKETS:

The spot market witnessed lack luster trade activity. Mustard seeds in domestic exchanges traded weak on Wednesday. Tracking bearish cues from spot markets for expeller oil on account of subdued demand by retailers and stockists, resellers for mustard seeds quoted slightly lower rates for seeds across spot markets at the back of slated increase in imports of edible oils during current oil year. Daily arrivals on Wednesday stood at previous day's arrivals of 1.5 lakh bags and may taper if sentiments for expeller oil slides down further. Specifically arrivals declined in Alwar and Kota regions. Prices too followed the suit and remained range bound. Present hot and dry conditions prevailing over North India may prove beneficial for harvests remaining at few places. The outcomes of palm oil conference at Jakarta may throw some light on trend and market direction for trade of edible oils across the globe, thereby providing fresh sentiments for routine trade activity.

FUTURES MARKET: -

The NCDEX June contract traded sideways with bearish bias on account of weak sentiments at domestic exchanges. It opened at Rs 417/20 Kg against previous closing of Rs 416.8/20 Kg. Futures closed high at Rs 417.7/20 Kg, marginally above the previous closing levels.

PRICE DRIVERS:

1. Resellers quoted lower rates for seeds.
2. Arrivals steady on Wednesday.
3. Subdued demand for mustard expeller oil.
4. Slow procurement drive of NAFED.
5. Tight stock position.

WEATHER:

Dry weather over mustard growing regions.

TECHNICALS: -

Candlestick show Doji pattern. Sellers dominated the trade and drove the prices lower. Prices may possibly gap down as rate of change of volume has declined. Prices closed near 9 day EMA. MACD is moving upwards from negative territory. Stochastic and RSI are heading up. Both Volumes and open interest increased marginally.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	408	412	417.70	422	426

Trade Recommendation:

Buy NCDEX Mustard June contract above 416 with target T1 at 420. Put SL at 414.

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

Markets	02.05.07	01.05.07	Change	Arrivals (Bags)
Jaipur (C)	2020	2025	-5	-
Alwar(C)	1950	1970	-20	8,000
Delhi(C)	1975-1980	1990	-10	5000
Agra(C)/Katchi Ghani	2125/4875	2175/4950	-50	-
Sri Ganganagar (NC)	1785-1790	1800	-10	3000
Kota (NC)	1810-1820	1840	-20	20,000-25,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

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. Rates for nuts and oil stood range bound on Wednesday. Rates for different qualities of nuts across different centres in the states were reported in a range of Rs 410 to 504/20 Kg for different qualities of nuts. Rates for groundnut oil was quoted at Rs 662 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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