

OILSEED DAILY

SOYBEAN

21st May, 2007

SPOT MARKETS:

Amidst good prospects for monsoon this year, soybean acreage for Kharif 2007 is expected to improve over previous year and is likely to pressure soybean prices further with start of sowing season from June onwards. Within the same time period, glut of imported edible oils would further pressure soy oil prices. Arrivals declined marginally on Saturday with prices softening across major spot markets except for slight firmness in Indore Mandi. Prices of soybean oil stood range bound on Saturday on lack of active trading. At CBOT, surge in corn and new contract of soybeans oil helped support the early session but set back in grains markets coupled with better weather conditions in Midwest limited the upside movement and soybeans sentiments remained unchanged. Independent cargo surveyors are expected to release palm oil exports data for May 1 to 20 on Monday. Traders are expecting slightly lower export data from previous month levels. Prospects for export of US soybeans still holds firm with importing countries like Australia, Japan and China are keenly interested to import biotech and non-biotech soybeans from US.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded on lower side tracking bearish cues from CBOT. The futures opened at Rs 1530.5 /qtl against previous closing levels of Rs 1529/qtl. Futures closed at Rs 1529/qtl, at previous days closing levels.

PRICE DRIVERS:

1. Steady prices for soymeal
2. Edible oils to reach ports shortly.
3. Increased export taxes on CPO.
4. Crushing of beans likely to increase in US
5. Prospects for US soybean export holds firm

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Prices closed below 9/18 days EMA's with some buying interest at lower levels. MACD is indecisive. Stochastic is moving up in neutral region whereas RSI has turned flat in neutral region. Both the Volumes and Open Interest declined. Prices are likely to open firm but with weaker bias.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1515	1520	1529	1543	1550

Trade Recommendation:

SELL NCDEX June Soybean contract below 1533 with target T1 at 1525. Put SL at 1538.

SPOT MARKET PRICES: -

Markets	Market	19.05.07	18.05.07	Change	Arrivals (Bags)
Indore	Plant	1530-1550	1540-1560	-10	20,000
Indore	Mandi	1480-1510	1500	+10	
Maharashtra	Plant	1610	1610	0	10,000
Maharashtra	Mandi	1530-1550	1550-1570	-20	
Kota	Plant	1530-1540	1540-1550	-10	1500- 1800
Kota	Mandi	1480-1490	1490-1495	-5	

MUSTARD

SPOT MARKETS:

The daily arrivals of seeds for the week stood between 1 to 1.1 lakh bags and is expected to taper further during next week despite reports of good private inventories with traders. Around 1.1 lakh bags arrived on Saturday, marginally ahead by 10,000 bags over previous day's arrivals. Prices of mustard expeller oil across spot markets too stood range bound on little trade activity on weekend trading. Mustard seed traded weak across domestic exchanges on continued selling pressure for edible oils. Prices of seeds across spot markets stood mixed on third consecutive day, except for slight firmness noticed in Alwar and Delhi region on limited availability of seeds and steady demand from crushing units. Despite bullish cues from edible oil in overseas markets, domestic edible oils are under continuous pressure with more and more vessels carrying imported soy and palm oil are reaching our ports.

FUTURES MARKET: -

The NCDEX June contract traded on lower side amidst higher selling interest. The futures opened at Rs 408.45/20 Kg against previous closing of Rs 409/20 Kg. Futures closed at Rs 406.9/20 Kg slightly below the previous closing levels.

PRICE DRIVERS:

1. Steady to weak sentiments for expeller oil.
2. Arrivals declined on Friday.
3. Imported oils on Indian shores..
4. Slow procurement drive of NAFED.
5. Tight stock position.

WEATHER: -

Dry weather over mustard growing regions.

TECHNICALS: -

Prices dipped further to close below 9/18-day EMA indicating sustained bearishness. MACD is falling lower. Both RSI and stochastic are moving down towards oversold regions showing short-term bearishness. Prices may recover from lower levels after prices dip further on lower side. Volumes declined considerably in comparison to Open interest.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	392	396	406.90	412	418

Trade Recommendation:

BUY NCDEX Mustard June contract above 402 with target T1 at 408. Put SL at 400.

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

Markets	19.05.07	18.05.07	Change	Arrivals (Bags)
Jaipur (C)	2000	2010	-10	-
Alwar(C)	1950	1925	+25	3000-4000
Delhi(C)	2000	1975-1980	+20	2500
Agra(C)/Katchi Ghani	2150/4825	2150/4850	0	-
Sri Ganganagar (NC)	1745-1750	1745-1750	0	3000
Kota (NC)	1800-1810	1790-1810	0	20,000-22,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Traders in Gujarat reported that groundnut farmers are likely to shift for cotton cultivation as it was remunerative for last year and expect the trend to hold firm for present year also. 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 Saturday for the third consecutive day. The rates for different qualities of seeds were quoted in a range of Rs 410 to 505/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 662-665 per 10 Kg.

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