

OILSEED DAILY

SOYBEAN

17th May, 2007

SPOT MARKETS:

Daily arrivals declined to around 22,000 bags from previous days arrivals of 35,000 bags as most of the markets in MP, Maharashtra and Rajasthan remained closed on account of 'Amavasya'. Prices of soybean firmed up marginally across spot markets. Speculative funds were major buyers for US soybean at CBOT providing underlying firmness to soy complex at CBOT. The spill over affect was evident as soymeal prices at ports and across domestic markets improved slightly. However spot prices for soy oil stood almost steady. Since 97% of soybeans in Brazil have already been harvested, reports of weather disruption in Southern Brazil would have little impact on softening supply pressure of beans from South America. Dry weather in Argentina would facilitate harvests. At export front, value of Brazilian Reals against USD has appreciated from earlier 2 Reals to present 1.977 Reals. Since most of the soy growers in Brazil have not hedged against declining dollar, they are running risk of either exporting soybean at relatively cheaper rates or using it locally for fuel additive after processing it into soybean oil. With expanding economy and prospects for good livestock feed demand in China the soybean imports are projected to grow steadily for coming years.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded firm tracking bullish cues from CBOT. The futures opened at Rs 1527 /qtl against previous closing levels of Rs 1525.5/qtl. Futures closed at Rs 1532.5/qtl, well above the previous closing levels.

PRICE DRIVERS:

1. Steady sentiments for soymeal
2. Edible oils to reach ports shortly.
3. Steady arrival pressure for beans in domestic markets.
4. Appreciating value of Brazilian Reals against USD.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Prices closed near 9 days EMA's indicating slight firmness in prices. MACD has flattened in negative territory. Stochastic is heading up whereas RSI is moving slightly upwards in neutral region. However long upper shadow of candlestick shows selling pressure at higher levels thus market is expected to trade downwards following steady to slightly firm opening. Volumes increased sharply and Open Interest declined marginally.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1515	1520	1532.50	1542	1548

Trade Recommendation:

SELL NCDEX June Soybean contract below 1535 with target T1 at 1524. Put SL at 1538.

SPOT MARKET PRICES: -

Markets	Market	16.05.07	15.05.07	Change	Arrivals (Bags)
Indore	Plant	1520-1545	1535-1550	-5	15,000
Indore	Mandi	1490-1520	1490-1510	+10	
Maharashtra	Plant	1605-1610	1605-1610	0	8,000
Maharashtra	Mandi	1530	1520-1525	+5	
Kota	Plant	1520-1530	1520-1525	+5	1500
Kota	Mandi	1450-1460	1450	+10	

MUSTARD

SPOT MARKETS:

The daily arrivals declined sharply on Wednesday to 1-lakh bags from previous days 1.25 lakh bags. Spot market prices for expeller oil firmed up in Kota and Jaipur and stood range bound in Mumbai region. Prices of mustard seeds stood mixed with slight firmness noticed at few places on general firmness in mustard oil sentiments. Amidst lower stocks of seeds with NAFED and steady decline in private inventories of seeds coupled with soaring prices of seeds, millers have reduced regular offtake of seeds from stockists simultaneously reducing the pace of crushing. With above view, prices of rapeseed meal [Rs 5200-5600/MT FOB, Ex Kandla port] seems to remain firm as demand from livestock feed industry in domestic and overseas markets [Vietnam, China, South Korea and Middle East] holds good. However, with ensuing lean season for edible oil consumption, the sentiments for expeller oil would be mostly governed by volumes of imported oils [May and June deliveries] that arrive at our ports.

FUTURES MARKET: -

The NCDEX June contract traded weak on sustained selling interest. It opened at Rs 410.2/20 Kg against previous closing of Rs 409.7/20 Kg. Futures closed near previous closing levels of Rs 409.3/20 Kg.

PRICE DRIVERS:

1. Steady to weak sentiments for expeller oil.
2. Arrivals Improved declined on Tuesday
3. Imported oils to arrive shortly at ports.
4. Slow procurement drive of NAFED.
5. Tight stock position.

WEATHER:

Dry weather over mustard growing regions.

TECHNICALS: -

Candlesticks show that prices couldn't sustain at higher levels, as selling pressure remained persistent. Prices closed below 9/18-day EMA. MACD has turned flat in negative territory. RSI has dipped into oversold region whereas stochastic is recovering from lower levels. Both Volumes and Open interest have declined. Prices vulnerable to corrections lower.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	396	403	409.30	413	417

Trade Recommendation:

SELL NCDEX Mustard June contract below 408 with target T1 at 404. Put SL at 410.

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

Markets	16.05.07	15.05.07	Change	Arrivals (Bags)
Jaipur (C)	1990-1995	2000	-5	-
Alwar(C)	1950	1950	0	8000
Delhi(C)	1960-1965	1900-1950	+15	2500
Agra(C)/Katchi Ghani	2150/4800	2150/4800	0	-
Sri Ganganagar (NC)	1750	1700	+50	3000
Kota (NC)	1800-1820	1750-1800	+20	20,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Prices of groundnut oil and groundnut stood range bound on Wednesday. The rates for different qualities of seeds were quoted in a range of Rs 410 to 514/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 675 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.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.