

OILSEED DAILY

22nd May, 2007

SOYBEAN

SPOT MARKETS:

Extending weakness from weak palm oil sentiments at BMD, domestic soy oil traded weak. Soybean prices softened across spot markets despite diminishing stocks of quality beans with stockists. Subdued demand for soy oil across spot markets and lack of export demand for soy meal added bearish tinge to soybean sentiments. Trade sources state due to late extension of exemption to import of GM soybean oil, more vessels carrying soy oil are expected to arrive by June and continue to build pressure on prices of domestic edible oils and oilseeds. The value of Rupee on Monday has further appreciated by 30 paise to Rs 40.60 from previous weekends value of Rs 40.90. Edible oil importers are likely to book more contract for imports if value of dollar continues to depreciate. As per a survey report, there exists an air of speculation amidst traders at CBOT that corn and soybean would trade firm as supply of soy meal and corn for livestock feeds would fall short of demand.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded on lower side on account of higher selling interest. The futures opened at Rs 1523 /qtl against previous closing levels of Rs 1528.5/qtl. Futures closed at Rs 1518/qtl, well below the previous days closing levels.

PRICE DRIVERS:

1. Steady prices for soy meal
2. Edible oils at ports.
3. Increased export taxes on CPO in Indonesia.
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. The lower shadow in the candlestick shows some buying support at lower levels. MACD has become flat and turned indecisive. Stochastic has made a bearish cross over whereas RSI has plunged lower. Both the Volumes and Open Interest declined. With further gain in bearish momentum prices are likely to open on lower side.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1500	1506	1518	1524	1530

Trade Recommendation:

SELL NCDEX June Soybean contract below 1517 with target T1 at 1510. Put SL at 1521.

SPOT MARKET PRICES: -

Markets	Market	21.05.07	19.05.07	Change	Arrivals (Bags)
Indore	Plant	1545	1530-1550	-5	20,000-25,000
Indore	Mandi	1470-1505	1480-1510	-5	
Maharashtra	Plant	1590	1610	-20	10,000
Maharashtra	Mandi	1520-1540	1530-1550	-10	
Kota	Plant	1510-1520	1530-1540	-20	1800
Kota	Mandi	1470-1480	1480-1490	-10	

MUSTARD

SPOT MARKETS:

Amidst selling pressure for expeller oils, mustard seed sentiments across domestic exchanges stood bearish. Tracking the cues, spot market prices for mustard seeds [condition and non-condition] were quoted lower across major Mandis. As per a trade sources lower mustard seeds production this year coupled with lower domestic vegetable oil production this fiscal imply surge in edible oil imports to meet domestic consumption needs. With steady decline in prices of seeds, daily arrivals too have declined significantly as millers have reduced regular offtake of seeds in bulk. Around 1.1 lakh bags arrived on Monday, similar to previous weekends arrivals. Expeller oil traded weak across spot markets. The FAS rates for rapeseed meal at Kandla port stood at \$ 137/ton.

FUTURES MARKET: -

The NCDEX June contract traded on lower side amidst higher selling interest. The futures opened at Rs 406.4/20 Kg against previous closing of Rs 407.15/20 Kg. Futures closed at Rs 404.95/20 Kg slightly below the previous closing levels.

PRICE DRIVERS:

1. Steady to weak sentiments for expeller oil.
2. Arrivals steady at previous levels.
3. Imported oils on Indian shores.
4. Slow procurement drive of NAFED.
5. Offtake by millers have declined

WEATHER: -

Dry weather over mustard growing regions.

TECHNICALS: -

Candlestick indicates bearishness. A prominent lower shadow shows slight buying support at lower levels. Prices dipped further to close below 9/18-day EMA. MACD is falling lower. RSI has moved into oversold regions whereas ahs turned flat in neutral region. Volumes increased considerably and open interest declined marginally. Prices are under pressure and may dip lower on sustained selling interest.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	389	393	404.95	409	412

Trade Recommendation:

SELL NCDEX Mustard June contract below 404 with target T1 at 399 and T2 at 396. Put SL at 407.

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

Markets	21.05.07	19.05.07	Change	Arrivals (Bags)
Jaipur (C)	1990	2000	-10	-
Alwar(C)	1935-1940	1950	-10	7000
Delhi(C)	1990	2000	-10	2500
Agra(C)/Katchi Ghani	2125/4825	2150/4825	-25	-
Sri Ganganagar (NC)	1740	1745-1750	-10	2500-3000
Kota (NC)	1800	1800-1810	-10	20,000-25,000

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 traded range bound on Monday. 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 665 per 10 Kg.

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