

## OILSEED DAILY

### SOYBEAN

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

#### SPOT MARKETS:

Amidst steady arrivals, rates for soybean in MP and Maharashtra stood range bound except for slight firmness noticed in Kota. Domestic soybean oil sentiments remained subdued on account of overseas weakness in edible oil sentiments and Centres decision to continue with freeze on tariff value on edible oils. However, soy oil at spot markets traded slightly firm. Soymeal continued to trade with bearish bias on account of decline in buying interests and hefty stocks at processors end. On seed front, China would sign a major trade agreement on May 14<sup>th</sup> with soybean association and export councils in US to import 8.1 million MT's of US soybeans. Medium term trend for export of US beans holds firm over south American beans as adverse weather still haunts harvesting at few places. As per third advance estimate by the Centre, oilseed production for current year would decline by 17%. However, soybean production in India and across globe would surpass previous years production. Since domestic oilseed production meets half of the nations requirements, surge in import of palm and soy oil is imperative to meet domestic consumption. Value of Indian Rupees, Imported prices of palm oil vis-à-vis soy oil would decide market share of either of the oils. Palm oil supply may fall short of demand on account of demand not only from India but from other nations as well.

#### FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded weak tracking weak soy futures at CBOT. The futures opened up at Rs 1562/qrtl against previous close of Rs 1563.5/qrtl. Futures closed low at Rs 1558/qrtl, slightly below the previous closing levels.

#### PRICE DRIVERS:

1. Weak sentiments for soymeal
2. India to import more edible oils this year
3. China to import 8.1 million MT of US soybean
4. Steady arrival pressure for beans.
5. Labour holiday in China

#### WEATHER:

Weather is of little concern during lean period.

#### TECHNICALS: -

Candlestick shows prices unable to withstand previous firmness. Prices closed above 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	1544	1550	1558	1573	1578

#### Trade Recommendation:

**BUY** NCDEX June Soybean contract above 1560 with target T1 at 1565 and T2 at 1570. Put SL at 1555.

#### SPOT MARKET PRICES: -

Markets	Market	04.05.07	03.05.07	Change	Arrivals (Bags)
Indore	Plant	1560-1580	1580	0	20,000
Indore	Mandi	1480-1520	1520	0	
Maharashtra	Plant	1640	1630-1640	0	10,000
Maharashtra	Mandi	1550	1550	0	
Kota	Plant	1530-1550	1530-1540	+10	2,000
Kota	Mandi	1490-1500	1510	-10	

## MUSTARD

### SPOT MARKETS:

Edible oil sentiments for expeller oil remained almost steady as Centre announced freeze on tariff value of imported oils. Demand for expeller from retailer's end continued to hold firm. Rates for Conditional seeds continued to firm up across spot markets except in Jaipur, however prices of Non-Conditional seeds softened in Kota and Ganganagar regions. Arrivals in Alwar improved marginally. Total arrivals declined to 1.5 lakh bags from previous day's arrivals of 2 lakh bags on restricted selling from stockists and limited buying from millers and processing units. The oilseeds production is estimated to decline by 17 per cent this year to 23.30 million tonnes compared with 28 million tonnes last year, according to the third advance estimates of the Central government. Prices for mustards seeds 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 bearish cues from domestic exchanges. It opened at Rs 417.2/20 Kg against previous closing of Rs 417.1/20 Kg. Futures closed nearly at Rs 414/20 Kg, slightly below the previous closing levels.

#### PRICE DRIVERS:

1. Resellers quoted higher rates for seeds.
2. Arrivals declined on Thursday.
3. Steady demand for mustard expeller oil.
4. Slow procurement drive of NAFED.
5. Tight stock position.

#### WEATHER:

Dry weather over mustard growing regions.

### TECHNICALS: -

Candlestick shows bearishness with prices tending to recover at lower levels. Prices closed below 9/18 day EMA. MACD and stochastic are moving upwards whereas RSI is moving down. Both Volumes and open interest increased.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	410	412	414	421	425

#### Trade Recommendation:

**Sell** NCDEX Mustard June contract below 418 with target T1 at 416 and T2 at 414. Put SL at 420.

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

Markets	04.05.07	03.05.07	Change	Arrivals (Bags)
Jaipur (C)	2000-2005	2025-2030	-25	-
Alwar(C)	1940-1950	1920-1925	+25	8,000
Delhi(C)	1970-1980	1970-1975	+5	3000
Agra(C)/Katchi Ghani	2150/4950	2150/4950	0	-
Sri Ganganagar (NC)	1775-1780	1785	-5	4000
Kota (NC)	1810	1810-1815	-5	25,000-30,000

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 stood range bound and were quoted in a range of Rs 410 to 508/20 Kg for different qualities of nuts. Rates for groundnut oil was quoted at Rs 674 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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