

OILSEED DAILY

26th May 2007

SOYBEAN

SPOT MARKETS:

Tracking overseas firmness in soy and palm oils, domestic soy oil traded firm across spot markets. Following up, prices of soybeans stood firm across Maharashtra and MP regions. However prices of beans stood range bound in Kota region. Soymeal traded steady in domestic markets except for slight firmness at ports [Kandla]. Dry condition over Eastern Corn Belt [US] coupled with firm palm oil at BMD provided support to soy complex at CBOT. Firmness couldn't last long as forecast for rains over Eastern Corn Belt by weekend limited the gains. The US Census Crush for April came in at 144.9 million bushels down from the March crush figure of 155.9 million bushels. Amidst appreciating Yuan and Rupee vis-à-vis US dollar both India and China are poised to import more soy oil and palm oils in ensuing months; keeping prices of edible oils almost buoyant in world market, thereby underpinning oilseed prices in short to medium term.

FUTURES MARKET: -

The most active June contract for soybeans at NCDEX traded bullish, tracking firm cues from CBOT. The futures opened at Rs 1518 /qtl against previous closing levels of Rs 1516.5/qtl. Futures closed at Rs 1522/qtl, well above the previous days closing levels.

PRICE DRIVERS:

1. Steady soymeal sentiments
2. Imported edible oils at ports.
3. Firm soy oil across spot markets.
4. Continued dry spell over Corn belts in US.
5. Crushing of beans likely to increase in US
6. India and China to import more edible oils.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick shows firmness. Prices closed above the 9 day EMA but below the 18 day EMA. MACD has turned flat. The stochastic has made a bullish cross over in neutral region. RSI is heading up. Both the Volumes and Open Interest declined. Prices are expected to trade firm in short term.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1511	1515	1522	1530	1538

Trade Recommendation:

BUY NCDEX June Soybean contract above 1521 with target T1 at 1526. Put SL at 1518.

SPOT MARKET PRICES: -

Markets	Market	25.05.07	24.05.07	Change	Arrivals (Bags)
Indore	Plant	1500-1530	1510-1520	+10	20,000
Indore	Mandi	1465-1470	1450-1470	0	
Maharashtra	Plant	1560	1550	+10	10,000
Maharashtra	Mandi	1510-1520	1500-1505	+15	
Kota	Plant	1500-1510	1510	0	2000-2200
Kota	Mandi	1460-1470	1460-1470	0	

MUSTARD

SPOT MARKETS:

As per market sources, NAFED has finally stopped its seed procurement drive across MP, Rajasthan and Haryana. It currently holds around 7 lakh MT of seeds. Arrivals continued to hold steady at 1-lakh bags. Slight firmness noticed in edible oil sentiments was well witnessed in prices quoted for seeds and expeller oils across spot markets. Prices of expeller firmed up in Mumbai, Kota and Jaipur regions. Prices of seeds continued to reflect mixed trend till midweek, however by weekend, seed prices firmed up across all spot markets. Following the cues, seed traded firm across Delhi and Sirsa exchanges. Pressure of imported oils, lower than expected carry over seed stocks with NAFED coupled with good private inventories is likely to impact routine trading in mustard complex for the days to come.

FUTURES MARKET: -

The NCDEX June contract traded firm on continued buying support. The futures opened at Rs 410.9/20 Kg against previous closing of Rs 410.5/20 Kg. Futures closed at Rs 413/20 Kg slightly above the previous closing levels.

PRICE DRIVERS:

1. Firm sentiments for expeller oil.
2. Arrivals steady at previous days levels.
3. Imported oils on Indian shores.
4. NAFED stopped procurement drive of seeds.
5. Offtake by millers have declined

WEATHER: -

Dry weather over mustard growing regions.

TECHNICALS: -

Candlestick shows firmness with slight selling interest at higher levels. Prices closed above short term EMA's. Both the oscillators [RSI and Stochastic] are showing short-term firmness. Volumes increased and open interest declined. Prices are likely to consolidate if it does not break out above immediate resistance at 414 levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	401	404	413	419	423

Trade Recommendation:

BUY NCDEX Mustard June contract above 411 with target T1 at 414 and T2 at 416. Put SL at 409.

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

Markets	25.05.07	24.05.07	Change	Arrivals (Bags)
Jaipur (C)	2000	1990	+10	-
Alwar(C)	1935	1925-1930	+5	5000
Delhi(C)	1980-1985	1960-1965	+20	3000
Agra(C)/Katchi Ghani	2175/4900	2125/4850	+50	-
Sri Ganganagar (NC)	1770	1740-1745	+25	4000
Kota (NC)	1800-1840	1780-1820	+20	10,000

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 continued to firm up on Friday on tracking bullish cues for edible oils across domestic and overseas markets. The rates for different qualities of seeds were quoted in a range of Rs 410 to 517/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 695 per 10 Kg.**

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