

OILSEED DAILY

SOYBEAN

19th May, 2007

SPOT MARKETS:

As per notification issued by the Finance Ministry, tariff values of six palm oils and crude soybean oil have not been changed. The very news didn't have much affect on trading sentiments for beans as well as for oils. Amidst diminishing stocks of beans with traders, the prices of soybean firmed up across Maharashtra and Kota regions except for slight softening noticed across Indore region. Spot market sentiments for soy oil stood weak on Friday despite firm cues for edible oils in overseas markets. Soy complex at CBOT traded steady to weak despite underlying strength from energy markets on account of idle speculative fund buyers. The weekly export sales report for soybeans came over trader's expectations but couldn't provide strength to soybeans. Dry weather over Argentina would continue to favour harvests of soybean however lingering rains over Southern Brazil have further delayed harvests of beans but is unlikely to impact sale of beans as 66% of harvested beans have already been sold as on May 15th. With prospects of increased export taxes on CPO in Indonesia coupled with rising crude oil prices, and competition between both the oils to regain their market shares, the soy oil prices are likely to stay buoyant in US as it is keen on crushing more beans to stay competitive with its rival palm oil.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded weak mostly tracking bearish cues from CBOT. The futures opened at Rs 1541 /qtl against previous closing levels of Rs 1539/qtl. Futures closed at Rs 1529/qtl, well below the previous 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

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

A long dark candlestick indicates bearishness. Prices closed below 9/18 days EMA's shedding off initial gains. MACD is indecisive. Stochastic is moving up in neutral region whereas RSI has dived below the neutral line. Both the Volumes and Open Interest increased. Prices are trading in tight trading range and are likely to trade sideways unless it breaks above its immediate overhead resistance.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1510	1516	1529	1538	1545

Trade Recommendation:

SELL NCDEX June Soybean contract below 1526 with target T1 at 1520. Put SL at 1533.

SPOT MARKET PRICES: -

Markets	Market	18.05.07	17.05.07	Change	Arrivals (Bags)
Indore	Plant	1540-1560	1555-1565	-5	25,000
Indore	Mandi	1500	1500-1520	-20	
Maharashtra	Plant	1610	1600	+10	10,000
Maharashtra	Mandi	1550-1570	1520-1530	+40	
Kota	Plant	1540-1550	1520-1540	+10	1800
Kota	Mandi	1490-1495	1480-1490	+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 lakh bags arrived on Friday, marginally less than 10,000 bags over previous day[s] arrivals. Diminishing stocks of soybean with stockists are likely to provide room for slight improvement in prices of mustard seed in short to medium term as stated by a trader in Rajasthan. Spot prices of seeds stood mixed on Friday except for slight firmness noticed in Jaipur region on account of good demand from millers. Expeller oil traded weak today as arrivals of imported oil continues to mount pressure on prices of domestic edible oils. The FAS rates for rapeseed meal [38%] at Kandla port on Friday firmed up to \$ 138/tonnes from \$135/tonnes on Monday on account of limited availability and steady demand for rapeseed meal; which is used as additive in livestock feeds.

FUTURES MARKET: -

The NCDEX June contract traded indecisive. It opened at Rs 408.95/20 Kg against previous closing of Rs 408.1/20 Kg. Futures closed at Rs 409/20 Kg.

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 closed indecisive below 9/18-day EMA. MACD is falling lower. RSI is moving up from oversold regions whereas stochastic has made a bearish cross over and moving down. Both Volumes and Open interest have declined. Wait for prices to dip further before buying.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	401	404	409	413	415

Trade Recommendation:

SELL NCDEX Mustard June contract below 410 with target T1 at 406. Put SL at 412.

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

Markets	18.05.07	17.05.07	Change	Arrivals (Bags)
Jaipur (C)	2010	1990	+20	-
Alwar(C)	1925	1920-1925	0	5000
Delhi(C)	1975-1980	1980-1985	-5	2500
Agra(C)/Katchi Ghani	2150/4850	2150/4800	0	-
Sri Ganganagar (NC)	1745-1750	1745-1750	0	3000
Kota (NC)	1790-1810	1800-1820	-10	20,000

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 Friday. The rates for different qualities of seeds were quoted in a range of Rs 410 to 508/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 662 per 10 Kg.

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