

OILSEED DAILY

1st June 2007

SOYBEAN

SPOT MARKETS:

In order to contain inflationary tendencies in edible oils, Centre is mulling over the proposal to slash import duty on palm oil, rapeseed oil and crude soy oil to 45%. Until their exists concrete evidence on duty cut measures and inclusion of edible oils in PDS, soybean prices are likely to follow overseas cues. Spot market prices of soy oil stood steady at previous days levels despite firm cues for edible oils from overseas market. Soymeal managed to trade range bound whereas soybean prices firmed up marginally. At CBOT, overnight weakness in palm oils at BMD casted off weakness in soy futures during initial trading session, but forecast for dry outlook for Eastern Corn belts for coming 10 days coupled with speculative buying support helped soy futures recoup Tuesday's losses. However, good rains in western Corn Belt provided a set back for corn futures during later session.

FUTURES MARKET: -

The most active June contract for soybeans at NCDEX traded form on tracking bullish cues from CBOT. The futures opened at Rs 1522 /qtl against previous closing of Rs 1516 /qtl. Futures closed up at Rs 1531/qtl, well above the previous days closing levels.

PRICE DRIVERS:

1. Steady soymeal sentiments
2. Imported edible oils at ports.
3. Slightly improved soy oil sentiments across spot and overseas markets.
4. Soy futures settled firm at CBOT.
5. Centre mulling proposal to slash import duty on edible oils.

WEATHER:

Monsoon is likely to hit Central India between 10 to 15 June. Good rainfall promises better planting progress for soybean across MP, Maharashtra and parts of North India.

TECHNICALS: -

Candlestick shows bullishness. Prices managed to recoup previous loss and close above the 9/18-day EMA. Momentum indicators [RSI and Stochastic] are showing short-term firmness. MACD is directionless. Both the Volumes increased marginally and Open Interest declined. Prices are likely to open firm and trade on higher side.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1520	1524	1531	1545	1550

Trade Recommendation:

BUY NCDEX June Soybean contract above 1532 with target T1 at 1537 and T2 at 1541. Put SL at 1528.

SPOT MARKET PRICES: -

Markets	Market	31.05.07	30.05.07	Change	Arrivals (Bags)
Indore	Plant	1520-1530	1515-1525	+5	20,000
Indore	Mandi	1460-1480	1460-1480	0	
Maharashtra	Plant	1570	1560	+10	10,000
Maharashtra	Mandi	1500-1520	1520	0	
Kota	Plant	1500	1500	0	2000
Kota	Mandi	1450-1460	1470	-10	

MUSTARD

SPOT MARKETS:

Amidst unrest and protests in Rajasthan, routine trading remained affected in the state on Thursday. Alwar mandi remained closed. Spot market prices for expeller oil softened marginally in Mumbai, Kota and Jaipur spot markets. Tracking bullish cues from CBOT and BMD, seed prices firmed up across the spot markets amidst steady demand and limited availability of seeds. Prices of seeds in Jaipur and Delhi region soared up to its highest level on Thursday since start of May 2007. Around 40,000 to 50,000 bags arrived on Thursday, a sudden decline of 40,000 bags over previous days arrivals of 90,000 bags. With more vessels of imported oils yet to arrive, prices of seeds and oil are likely to rule steady to firm. The news of Centre mulling over the proposal to slash import duty on rapeseed oil, palm oil and crude soy oil to 45%, would pressure mustard expeller oil prices in short to medium term.

FUTURES MARKET: -

The NCDEX Mustard seed June contract traded firm on good buying support. The futures opened at Rs 415.3/20 Kg against previous closing level of Rs 414.65/20 Kg. Futures closed up at Rs 418.85/20 Kg well above the previous closing levels.

PRICE DRIVERS:

1. Steady sentiments for expeller oil.
2. Steep decline in daily arrivals.
3. Imported soy and palm oils on Indian shores.
4. Offtake by millers are declining gradually.
5. Unrest and protests in Rajasthan.

WEATHER: -

Weather is of no concern as harvesting is completed and lean period for mustard seeds has started off until new seeds are sown from September onwards.

TECHNICALS: -

Candlestick formed a Marubozu pattern indicating firmness in prices. Prices closed over the short term EMA's. Stochastic has paused and RSI is moving up indicating intact positive momentum. Volumes increased and open interest declined. Prices are expected to open firm but are likely to stay volatile.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	410	414	418.85	428	432

Trade Recommendation:

BUY NCDEX Mustard June contract above 419 with target T1 at 422 and T2 at 425. Put SL at 416.

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

Markets	31.05.07	30.05.07	Change	Arrivals (Bags)
Jaipur (C)	2030-2050	2025	+25	-
Alwar(C)	-	1950	-	-
Delhi(C)	2025	2000	+25	2000
Agra(C)/Katchi Ghani	2175/4950	2150/4900	+25	-
Sri Ganganagar (NC)	1780-1785	1750	+35	3000
Kota (NC)	1840	1800-1810	+30	8,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

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 firmed up on firm global cues. Reacting to it prices of groundnut oil and nuts firmed up marginally. 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 672-673 per 10 Kg.

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