

OILSEED DAILY

SOYBEAN

12th May, 2007

SPOT MARKETS:

Prices of soymeal and soybean in US seem have consolidated well before expected release of WASDE report by USDA. Soymeal prices at Indore firmed up marginally amidst mixed sentiments for soy futures at CBOT. Strength in edible oil lent support to prices of soybeans and soymeal in MP. However prices of beans softened in Rajasthan. Demand for soymeal in domestic market is steady and is expected to trade range bound due to lack of export demand for Indian soymeal. At CBOT, view that rapid corn plantations will eventually fade away chances of any jump in acreages for soybean led soybean settle low with modest losses. Traders are awaiting USDA reports on world supply and demand estimates for 2007-08 besides ending stocks of soybean during 2006-07. Brazil's census bureau, IBGE, raised its monthly soy crop estimate by 0.5% to 57.171 million metric tons lesser than previous estimates of 57.5 MMT. Weakness in value of dollar has undermined interests of soybean farmers in Brazil to sell off beans in global markets. As per WASDE reports released by USDA, global oilseed production for 2007/08 is projected at 399 million tonnes, down 3.8 million tonnes from 2006/07. In US, soybean production is projected at 72.9 MMT, down 11.96 MMT from the 2005/06 records.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded firm on account of underlying strength from firm edible oil sentiments. The futures opened at Rs 1516 /qtl against previous closing levels of Rs 1520/qtl. Futures closed up at Rs 1526/qtl, well above the previous closing levels.

PRICE DRIVERS:

1. Steady sentiments for soymeal
2. India to import more edible oils this year
3. Bullish USDA reports.
4. Steady arrival pressure for beans in domestic markets.
5. Dull trading for soybean in Chinese markets
6. Dry spell for corn and soybean planting in US.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick shows firmness in prices with slight reluctance to stay at higher levels. Prices closed below 9/18 day EMA's. MACD moved down further into negative territory. Stochastic has plunged low and may show signs of recovery at lower levels. RSI has gained strength and moving upwards. Volumes increased and Open declined marginally. Prices are likely to recover from lower levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1514	1520	1526	1544	1552

Trade Recommendation:

BUY NCDEX June Soybean contract above 1528 with target T1 at 1540. Put SL at 1524.

SPOT MARKET PRICES: -

Markets	Market	11.05.07	10.05.07	Change	Arrivals (Bags)
Indore	Plant	1540-1550	1520-1540	+10	12,000-15,000
Indore	Mandi	1475-1500	1460-1480	+20	
Maharashtra	Plant	1590	1600	-10	10,000
Maharashtra	Mandi	1530-1535	1520	+15	
Kota	Plant	1490-1510	1500-1520	-10	1500
Kota	Mandi	1450-1470	1470-1480	-10	

MUSTARD

SPOT MARKETS:

Slightly improved sentiments for edible oil in domestic markets lent firmness to prices of condition seeds [42% oil] in Jaipur and Alwar regions. Non-condition seeds couldn't extend previous days firmness and were quoted slightly lower on Friday. On account of dearth of quality seeds in Morena regions [MP] and Haryana, processing units are sourcing seeds from Rajasthan and hence are priced relatively higher. Arrivals on Friday stood at previous day's levels of 1.25 lakh bags. As per market sources, NAFED has procured around 20,000 MT of seeds at MSP and 40,000 MT at open market prices bringing in cumulative figure from 48,650 MT procured by 1st of May to 60,000 MT by end of this week. By start of next week, daily arrivals are likely to keep steady to weak pace amidst arrivals of fresh consignments of edible oil at our ports.

FUTURES MARKET: -

The NCDEX June contract traded sideways amidst slight indecisiveness over market direction. It opened at Rs 410.5/20 Kg against previous closing of Rs 409.6/20 Kg. Futures closed at previous closing levels of Rs 409.85/20 Kg.

PRICE DRIVERS:

1. Resellers quoted higher rates for conditional seeds.
2. Arrivals steady at previous levels.
3. Improved demand for mustard expeller oil.
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 declining further into negative region. Declining Stochastic and RSI are indicating gain in bearish momentum. Both the Volumes and Open interest declined. Prices are likely to trade range bound unless its breaks out above its immediate resistance levels of 412 or below its immediate support levels of 408.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	402	406	409.85	418	422

Trade Recommendation:

BUY NCDEX Mustard June contract above 410 with target T1 at 414 and T2 at 416. Put SL at 408.

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

Markets	11.05.07	10.05.07	Change	Arrivals (Bags)
Jaipur (C)	1980-1985	1970	+15	-
Alwar(C)	1915-1920	1900-1910	+10	6000-7000
Delhi(C)	1960	1965	-5	3000-4000
Agra(C)/Katchi Ghani	2100/4825	2100/4825	0	-
Sri Ganganagar (NC)	1730-1735	1745-1750	-15	4000
Kota (NC)	1790-1800	1800	0	20,000-25,000

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 softened on Monday. Tracking general firmness in edible oil sentiments the rates for different qualities of nuts across different centres in the states firmed up further on Friday and were quoted in a range of Rs 410 to 515/20 Kg for different qualities of nuts. Rates for groundnut oil was quoted at Rs 680per 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.

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