

## OILSEED DAILY

### SOYBEAN

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

#### SPOT MARKETS:

A slowdown in exports of soymeal amidst relatively cheaper South American soymeal and appreciating value of rupees has undermined export of soymeal in preceding months and likely to taper further till end of September 2007. Soymeal exports during April 2007 dropped to 2.31 lakh MT from previous months exports of 5.46 lakh MT. Softening prices of soy oil and soymeal couldn't support prices of soybeans across spot markets. However arrivals stood at previous levels. Offtake of beans at millers end has declined considerably. Losses in the CBOT corn and wheat markets created a negative tone for soybeans. As per USDA reports around 10% of the US soybean crop and 53% of US corn crop was planted as on May 6. The relatively quicker pace for corn planting progress supported soybean to some extent but couldn't sustain gains. In their 8th estimate for production, the Brazil government pegged the soybean crop at a record high 57.55 million tonnes which is down from 58.0 million as their previous forecast but up from 53.4 million tonnes last year. Until the USDA releases its estimate on planted acreage on June 29, the market would focus on planting progress and the weekly report of crop conditions.

#### FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded weak tracking weak soy futures at CBOT on profit booking and higher selling interest. The futures opened low at Rs 1523.5/qrt against previous close of Rs 1523/qrt. Futures closed low at Rs 1510/qrt, well below the previous closing levels.

#### PRICE DRIVERS:

1. Steady to weak sentiments for soymeal
2. India to import more edible oils this year
3. Weak soy futures at CBOT.
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 long dark candlesticks indicating strong selling pressure. Prices closed well below 9/18 day EMA's. MACD moved down further into negative territory. Stochastic has plunged low. RSI is dipping low indicating gain in bearish momentum. Volumes have increased considerably and Open Interest increased marginally.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1485	1492	1510	1516	1525

#### Trade Recommendation:

**Sell** NCDEX June Soybean contract below 1508 with target T1 at 1497. Put SL at 1512.

#### SPOT MARKET PRICES: -

Markets	Market	09.05.07	08.05.07	Change	Arrivals (Bags)
Indore	Plant	1530-1550	1560-1565	-15	12,000-15,000
Indore	Mandi	1470-1480	1490-1510	-30	
Maharashtra	Plant	1600	1620	-20	10,000
Maharashtra	Mandi	1540	1550	-10	
Kota	Plant	1520-1525	1540	-15	2,000
Kota	Mandi	1470-1480	1490-1500	-20	

## MUSTARD

### SPOT MARKETS:

Prices of mustard seeds dipped lower across domestic exchanges [Sirsa, Hapur]. Spot market prices for mustard seeds reflected mixed sentiments on Wednesday except for slight firmness noticed in Delhi region on steady demand from millers and restricted selling from stockists. Arrival stood at previous days level of 1.5 lakh bags. Mustard expeller oil traded dull on extended weakness in edible oil sentiments in domestic markets. Reacting to softening prices of oils, rates for seeds also softened at most of the spot markets. Rapeseed meal export during April 2007 declined to 1.08 lakh MT from previous months exports of 1.24 lakh MT. Rapeseed meal exports were higher on year as compared to plunge in soymeal exports on account of good stock liquidation from NAFED. However, appreciating rupees and subdued export demand for the meal couldn't support mustard complex in domestic markets. Overall veg-oil complex is under pressure of imported oil arrivals.

### FUTURES MARKET: -

The NCDEX June contract traded sideways amidst bearish tinge. It opened at Rs 411.5/20 Kg against previous closing of Rs 411.05/20 Kg. Futures closed lower at Rs 409.6/20 Kg, marginally below the previous closing levels.

### PRICE DRIVERS:

1. Resellers quoted lower rates for seeds.
2. Arrivals stood at previous levels.
3. Steady to weak 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 spinning top formation. Prices closed below 9/18 day EMA. MACD is declining further into negative region. Declining Stochastic and RSI are indicating gain in bearish momentum. Volumes declined and open interest increased marginally.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	395	400	409.60	416	420

### Trade Recommendation:

**Sell** NCDEX Mustard June contract below 411 with target T1 at 406. Put SL at 414.

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

Markets	09.05.07	08.05.07	Change	Arrivals (Bags)
Jaipur (C)	1975	1985	-10	-
Alwar(C)	1910	1900-1910	0	4000-5,000
Delhi(C)	1975-1980	1960	+20	3000
Agra(C)/Katchi Ghani	2100	2100/4825	0	-
Sri Ganganagar (NC)	1735-1740	1760	-20	5000
Kota (NC)	1760-1770	1780	-10	30,000-35,000

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. **Rates for different qualities of nuts across different centres in the states stood range bound on Wednesday 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 672 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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