

OILSEED DAILY

SOYBEAN

4th May, 2007

SPOT MARKETS:

Amidst steady arrivals, firm sentiments for soy oil and slightly improving soymeal provided support to prices of beans particularly across plants. With expectations of higher imports during current oil year especially palm oil, soy oil is likely to face stiff competition with its competitor. In overseas markets, the US soybean exports to Asian countries remains competitive over South American beans on account of relatively lesser oceanic freight rates. China, Mexico and Japan being the major importers of US beans. However, good demand for soy oil from Asian countries may counterbalance preference for US beans.

Amidst fear of large carry over stock of beans in South America and slight decline in premiums of their beans in world market, Brazil may curtail its plan to expand acreage for soybeans during 2007-08 favouring US beans to certain extent. Amidst good crushing pace of beans and expected soy crop of 58.9 million tonnes in Brazil, the carry over stocks for April are expected to be over 12.4 million tonnes recorded during March 2007. Similar trend holds well for Argentina also. Dry weather prospects in South America favors enhanced supply pressure to mount on prices of beans. Trend for palm oil, quantum of edible oil imports from India, and corn planting progress in overseas needs to be monitored closely to gauge direction for prices of soybeans in world markets. Resumption of trade activity in China after 7th of May would provide for fresh sentiments ahead.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded firm amidst firm soy futures at CBOT. The futures opened up at Rs 1559/qttl against previous close of Rs 1561/qttl. Futures closed up at Rs 1564/qttl, well above the previous closing levels.

PRICE DRIVERS:

1. Mixed sentiments for soymeal
2. India to import more edible oils this year
3. Good corn planting progress in US and China
4. Steady arrival pressure for beans.
5. Labour holiday in China

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick shows firmness. Prices closed above 9/18 day EMA's. MACD is moving up towards neutral line. Stochastic is hovering in overbought region and possibly indicate corrections lower. RSI is also heading up indicating gain in positive momentum. Both the Volumes declined and Open Interest increased marginally. Prices may consolidate at higher levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1545	1552	1564	1585	1590

Trade Recommendation:

BUY NCDEX June Soybean contract above 1563 with target T1 at 1572 and T2 at 1578. Put SL at 1556.

SPOT MARKET PRICES: -

Markets	Market	03.05.07	02.05.07	Change	Arrivals (Bags)
Indore	Plant	1580	1560-1570	+10	15,000
Indore	Mandi	1520	1490-1525	-5	
Maharashtra	Plant	1630-1640	1630	+10	10,000
Maharashtra	Mandi	1550	1550	0	
Kota	Plant	1530-1540	1520-1535	+5	2,000
Kota	Mandi	1510	1490-1500	+10	

MUSTARD

SPOT MARKETS:

Market activity in UP remained dull on account of 6th phase of assembly elections on Thursday. Edible oils rose on global cues and millers buying but only at few places. Tracking firmness in expeller oil at Jaipur, resellers quoted higher rates for seeds, elsewhere sentiments stood steady. Following up, arrivals on Thursday stood at 2 lakh bags, around 50,000 bags over previous day's arrivals. In particular, arrivals improved in Kota and Alwar regions. Primary buyers were millers and stockists. Normal rains over North India regions didn't affected mustard harvesting that was yet to be completed in few places. Major crop from Rajasthan, MP and Gujarat has already been harvested and major stocks are held up with private traders. The decision of Centre to keep base import prices of soy and palm oil unchanged didn't had any significant spill mover affect on trade of rapeseed expeller oil, however, trade of mustard seeds across domestic exchanges closely follows up sentiment for soy complex.

FUTURES MARKET: -

The NCDEX June contract traded sideways with bearish bias on account of weak sentiments at domestic exchanges. It opened at Rs 418.1/20 Kg against previous closing of Rs 417.8/20 Kg. Futures closed nearly at Rs 417.1/20 Kg, marginally low to the previous closing levels.

PRICE DRIVERS:

1. Resellers quoted lower rates for seeds.
2. Arrivals steady on Wednesday.
3. Subdued demand for mustard expeller oil.
4. Slow procurement drive of NAFED.
5. Tight stock position.

WEATHER:

Dry weather over mustard growing regions.

TECHNICALS: -

Prices are showing indecisiveness at current price levels. Sellers dominated the trade and drove the prices lower. Prices closed between 9/18 day EMA. MACD is moving upwards from negative territory. Stochastic and RSI are heading up. Both Volumes and open interest declined. Prices may witness corrections lower on account of steady decline in rate of change of volumes.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	411	415	417.1	425	428

Trade Recommendation:

Sell NCDEX Mustard June contract below 421 with target T1 at 418 and T2 at 416. Put SL at 423.

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

Markets	03.05.07	02.05.07	Change	Arrivals (Bags)
Jaipur (C)	2025-2030	2020	+10	-
Alwar(C)	1920-1925	1950	-25	6,000
Delhi(C)	1970-1975	1975-1980	-5	5000
Agra(C)/Katchi Ghani	2150/4950	2125/4875	+25	-
Sri Ganganagar (NC)	1785	1785-1790	-5	6000
Kota (NC)	1810-1815	1810-1820	-5	25,000-30,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

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. Rates for nuts and oil stood range bound on Wednesday. Rates for different qualities of nuts across different centres in the states firmed up marginally tracking firm edible oil sentiments 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 673 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

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