

OILSEED DAILY

SOYBEAN

18th May, 2007

SPOT MARKETS:

Daily arrivals improved to 35,000 bags from previous days arrivals of 22,000 bags. Prices of soybean stood mixed across spot markets. Soy oil traded weak on Thursday. Prices of soymeal at ports and across domestic markets improved marginally tracking firm soymeal at CBOT. The export realization for soymeal has fallen by around Rs 600 to 700/MT and has created a dent on soymeal exports. Soybean prices in US are well supported by talks of increase in demand for crushing of beans amidst soaring prices of palm oil, which would eventually underpin prices of soybean oil. However prices of corn would be under pressure with forecast of clear weather facilitating corn acreages vis-à-vis soybean. Value of Brazilian Reals appreciated further against USD to 1.949 Reals against previous day's 1.977 Reals indicating for a likely dent on exports of soymeal and soybean from Brazil and strengthening US soybeans.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded firm tracking bullish cues from CBOT. The futures opened at Rs 1535 /qtl against previous closing levels of Rs 1532.5/qtl. Futures closed at Rs 1539/qtl, well above the previous closing levels.

PRICE DRIVERS:

1. Improved prices for soymeal
2. Edible oils to reach ports shortly.
3. Corn prices in US under pressure
4. Crushing of beans likely to increase in US
5. Appreciating value of Brazilian Reals against USD.

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Prices closed above 9/18 days EMA's. The long lower shadow in the candlestick indicates predominated buying interest during the session. MACD has made a bullish crossover in negative region. Stochastic is hovering in neutral region whereas RSI has moved above the neutral line. Both the Volumes and Open Interest declined. Prices are likely to open firm but trade with bearish bias.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|--------------|------|------|------|------|------|
| NCDEX - June | 1526 | 1531 | 1539 | 1556 | 1564 |

Trade Recommendation:

SELL NCDEX June Soybean contract below 1548 with target T1 at 1536. Put SL at 1552.

SPOT MARKET PRICES: -

| Markets | Market | 17.05.07 | 16.05.07 | Change | Arrivals (Bags) |
|-------------|--------|-----------|-----------|--------|-----------------|
| Indore | Plant | 1555-1565 | 1520-1545 | +20 | 25,000 |
| Indore | Mandi | 1500-1520 | 1490-1520 | 0 | |
| Maharashtra | Plant | 1600 | 1605-1610 | -10 | 10,000 |
| Maharashtra | Mandi | 1520-1530 | 1530 | 0 | |
| Kota | Plant | 1520-1540 | 1520-1530 | +10 | 1500 |
| Kota | Mandi | 1480-1490 | 1490-1500 | -10 | |

MUSTARD

SPOT MARKETS:

The daily arrivals on Thursday stood at 1.1 lakh bags, a marginal improvement of 10,000 bags over previous day's arrivals. Offtake from millers have declined considerably during this week as average daily arrivals dropped down to 1.15 lakh bags from previous week's 1.25-1.30 lakh bags. Prices of seeds stood mixed on third consecutive day whereas expeller oil traded weak. With prospects of seed prices reluctant to soften in near term at the back of pressure of edible oil imports, seed stock with NAFED is all set to fall below previous years stock of 35 - 36 lakh tonnes. As per traders, NAFED would start off seed selling by second week of June but estimate that the monthly sales for ensuing months would fall short of previous years average monthly sales of around 4 lakh tonnes underpinning prices of mustard oils August onwards.

FUTURES MARKET: -

The NCDEX June contract traded weak on sustained selling interest. It opened at Rs 410/20 Kg against previous closing of Rs 409.3/20 Kg. Futures closed at Rs 408.1/20 Kg.

PRICE DRIVERS:

1. Steady to weak sentiments for expeller oil.
2. Arrivals Improved on Thursday
3. Imported oils to arrive shortly at ports.
4. Slow procurement drive of NAFED.
5. Tight stock position.

WEATHER:-

Dry weather over mustard growing regions.

TECHNICALS: -

Prices closed below 9/18-day EMA. MACD has plunged lower. RSI is moving down indicating gain in bearish momentum whereas stochastic has made a bearish cross over and shows no sign of recovering in near term. Both Volumes and Open interest have increased. Wait for prices to dip further before buying.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|--------------|-----|-----|--------|-----|-----|
| NCDEX - June | 400 | 404 | 408.10 | 414 | 417 |

Trade Recommendation:

SELL NCDEX Mustard June contract below 410 with target T1 at 407. Put SL at 412.

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

| Markets | 17.05.07 | 16.05.07 | Change | Arrivals (Bags) |
|----------------------|-----------|-----------|--------|-----------------|
| Jaipur (C) | 1990 | 1990-1995 | -5 | - |
| Alwar(C) | 1920-1925 | 1950 | -25 | 6000 |
| Delhi(C) | 1980-1985 | 1960-1965 | +20 | 2500 |
| Agra(C)/Katchi Ghani | 2150/4800 | 2150/4800 | 0 | - |
| Sri Ganganagar (NC) | 1745-1750 | 1750 | 0 | 3000 |
| Kota (NC) | 1800-1820 | 1800-1820 | 0 | 20,000-22,000 |

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 softened whereas rates for groundnut improved marginally on Thursday. The rates for different qualities of seeds were quoted in a range of Rs 410 to 519/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 672 per 10 Kg.

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