

OILSEED DAILY

23rd May 2007

SOYBEAN

SPOT MARKETS:

Soybean prices across spot markets softened consecutively on second day on account of steady soymeal and slightly weak soy oil sentiments. Spot prices for soy oil softened marginally across spot markets. At the back of imported oils reaching our ports, domestic soy complex is following cues from overseas markets. As per USDA weekly crop progress report, around 92% of corn has been planted as on May 20. Soybeans plantation progress has gained a rapid pace from 32% on May 13 to 59% on May 20. Despite good planting progress of corn vis-à-vis soybeans, reports of slight dry weather over corn belts aided soybean to gain firm ground at CBOT. Export demand for US soybean seems to be strengthening with China and South Korea as important buyers in world markets. Brazil and Argentina are about to produce 104.3 MMT of soybeans, up by 7% from previous year. Despite good production in South America, US soybeans are continuing to gain grounds on firm Brazilian Reals and buoyant corn prices in US. Broad tightening of monetary policy in China didn't have much impact on soybean trading in China.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded sideways amidst firm soy futures at CBOT. The futures opened at Rs 1523 /qtl against previous closing levels of Rs 1518/qtl. Futures closed at Rs 1518.5/qtl, near the previous days closing levels.

PRICE DRIVERS:

1. Steady prices for soymeal
2. Edible oils at ports.
3. Dry weather over Corn belts in favour of soybeans.
4. Crushing of beans likely to increase in US
5. Prospects for US soybean export holds firm

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Prices closed below 9/18 days EMA's with slight recovery noticed during initial hours of trading session. MACD has become flat and turned indecisive as prices are trading in tight trading range. Stochastic has made a bearish cross over whereas RSI has turned flat in neutral region. Both the Volumes and Open Interest declined. Prices are continuously under pressure and are likely to trade sideways but with bearish bias.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1496	1502	1518.50	1526	1534

Trade Recommendation:

SELL NCDEX June Soybean contract below 1515 with target T1 at 1505. Put SL at 1521.

SPOT MARKET PRICES: -

Markets	Market	22.05.07	21.05.07	Change	Arrivals (Bags)
Indore	Plant	1520-1540	1545	-5	20,000-22,000
Indore	Mandi	1470-1500	1470-1505	-5	
Maharashtra	Plant	1565	1590	-25	10,000
Maharashtra	Mandi	1520-1530	1520-1540	-10	
Kota	Plant	1510	1510-1520	-10	1800-2200
Kota	Mandi	1470-1480	1470-1480	0	

MUSTARD

SPOT MARKETS:

Around 1 lakh bags arrived on Tuesday, a decline of 10,000 bags over previous day's arrivals. The average arrivals during May 14 to 22 have declined to 1 to 1.1 lakh bags from 2 to 2.5 lakh bags reported for the same time period during previous month. On the same lines, prices of mustard expeller oil in Kota regions softened from Rs. 442-445 per 10kg to Rs 430 to 435 per 10 Kg. Good demand for rapeseed meal as additive in livestock feed is likely to support not only prices of seeds but also aid in witnessing good planting progress for mustard acreage this Rabi season, as stated by market observers. However, the prospects for the above view holds good only when forecast for monsoon meets 95% of its long-term average. Prices of mustard seeds continued to soften for second consecutive day tracking bearish cues from Delhi and Sirsa domestic exchanges. Spot prices of mustard expeller oil stood range bound with slight softening noticed in Kota region. The FAS rates for rapeseed meal at Kandla port stood at previous days level of \$ 137/ton.

FUTURES MARKET: -

The NCDEX June contract traded firm initially but couldn't sustain gains on predominant selling interest. The futures opened at Rs 404.4/20 Kg against previous closing of Rs 404.95/20 Kg. Futures closed at Rs 404.7/20 Kg near the previous closing levels.

PRICE DRIVERS:

1. Steady sentiments for expeller oil.
2. Arrivals declined on Tuesday.
3. Imported oils on Indian shores.
4. Slow procurement drive of NAFED.
5. Offtake by millers have declined

WEATHER: -

Dry weather over mustard growing regions.

TECHNICALS: -

An upper shadow in Candlestick indicates selling interest at higher levels. Prices closed below 9/18-day EMA. MACD is falling lower. RSI has moved down further into oversold regions whereas stochastic has made a bearish cross over indicating gain in bearish momentum. Both the Volumes and open interest declined. Prices are likely to dip lower once it breaches its immediate support levels of 404-405.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	390	395	404.70	407	410

Trade Recommendation:

SELL NCDEX Mustard June contract below 404 with target T1 at 402 and T2 at 398. Put SL at 405.5.

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

Markets	22.05.07	21.05.07	Change	Arrivals (Bags)
Jaipur (C)	1990	1990	0	-
Alwar(C)	1915-1920	1935-1940	-20	5000
Delhi(C)	1955-1960	1990	-30	3500
Agra(C)/Katchi Ghani	2150/4825	2125/4825	+25	-
Sri Ganganagar (NC)	1705-1710	1740	-30	2500-3000
Kota (NC)	1760-1790	1800	-10	20,000

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 and nuts firmed up marginally on Tuesday. The rates for different qualities of seeds were quoted in a range of Rs 410 to 507/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 666 per 10 Kg.**

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