

OILSEED DAILY

24th May 2007

SOYBEAN

SPOT MARKETS:

With Centre mulling proposal to include edible oils under Public Distribution System [PDS] for families staying under BPL, trade sentiments for edible oils are expect to witness temporary weakness. Spot prices of soybean fell on third consecutive day whereas prices of soy oil stood steady on Wednesday. Soymeal traded weak, mostly tracking bearish cues from CBOT. Daily arrivals stood at previous days levels. At CBOT, continued weakness in cash basis in US and Brazil, rapid pace of soybean plantation progress vis-à-vis corn coupled with news of precipitation heading towards mostly dry eastern corn belt drove the soy futures lower. Soybean planting progress reached 59% with 21% of soybeans emerged as on 20th of May. However good export news of soybean to China by private traders in US amidst news nearly dry prospects for South East corn belts prevented further loss. With major food grain crops already planted in US, trade sentiments would focus on pre-estimates for weekly export inspection report for US soybeans and percentage of soybean emergence vis-à-vis acreage of soybeans.

FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded weak tracking bearish cues from CBOT. The futures opened at Rs 1515 /qtl against previous closing levels of Rs 1519/qtl. Futures closed at Rs 1500.5/qtl, well below the previous days closing levels.

PRICE DRIVERS:

1. Weak soymeal sentiments
2. Imported edible oils at ports.
3. Wet spell over Corn belts in US.
4. Crushing of beans likely to increase in US
5. Prospects for US soybean export holds firm
6. Edible oils likely to be included under PDS

WEATHER:

Weather is of little concern during lean period.

TECHNICALS: -

Candlestick shows bearishness. Prices closed below short term EMA's with slight buying support at lower levels. MACD has turned flat. Both the stochastic and RSI have moved down. Volumes increased considerably and Open Interest declined marginally. Prices are likely to trade on lower side.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1487	1495	1500.5	1519	1528

Trade Recommendation:

SELL NCDEX June Soybean contract below 1510 with target T1 at 1502. Put SL at 1515.

SPOT MARKET PRICES: -

Markets	Market	23.05.07	22.05.07	Change	Arrivals (Bags)
Indore	Plant	1500-1510	1520-1540	-30	20,000
Indore	Mandi	1440-1450	1470-1500	-50	
Maharashtra	Plant	1560	1565	-5	10,000
Maharashtra	Mandi	1515-1520	1520-1530	-10	
Kota	Plant	1510-1520	1510	+10	1800-2200
Kota	Mandi	1470-1480	1470-1480	0	

MUSTARD

SPOT MARKETS:

Around 90,000 to 1 lakh bags were reported to have arrived on Wednesday. Traders expect that amidst continuous pressure of imported oils, daily arrivals may gradually dip to around 80,000 bags with supply crunch coming in from Kota and Ganganagar regions. Spot market prices for mustard expeller oil in Mumbai, Kota and Jaipur region stood at previous day's levels. However, mustard seeds traded with slight firmness in Hapur and Sirsa domestic exchanges. Across spot markets prices of mustard seeds showed mixed trend. On demand side, millers have declined regular offtake, as demand for edible oils in ensuing months is expected to slow down further. Generally the demand for edible oils cools down during summers on account of sluggish consumptive demand with no major festive occasions round the corner that would keep demand for edible oils intact. Amidst lack of fresh fundamentals, mustard complex is likely to track edible oil cues from domestic and overseas markets.

FUTURES MARKET: -

The NCDEX June contract traded slightly firm on short covering during second half of trading. The futures opened at Rs 404.2/20 Kg against previous closing of Rs 404.85/20 Kg. Futures closed at Rs 406/20 Kg marginally above the previous closing levels.

PRICE DRIVERS:

1. Steady sentiments for expeller oil.
2. Arrivals declined on Wednesday.
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: -

MACD and EMA's indicate for strong bearish trend. RSI is moving up from oversold regions whereas stochastic continued to dip lower indicating further bearishness. Volumes increased and open interest declined. Mustard seed futures are likely to trade volatile with bearish inclination.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	392	399	406	413	417

Trade Recommendation:

SELL NCDEX Mustard June contract below 408 with target T1 at 403. Put SL at 410.

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

Markets	23.05.07	22.05.07	Change	Arrivals (Bags)
Jaipur (C)	1990	1990	0	-
Alwar(C)	1910-1915	1915-1920	-5	3000
Delhi(C)	1970	1955-1960	+10	2500
Agra(C)/Katchi Ghani	2125/4800	2150/4825	-25	-
Sri Ganganagar (NC)	1710-1715	1705-1710	+5	4000
Kota (NC)	1775-1800	1760-1790	+10	6000-10,000

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 stood range bound on Wednesday. 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.**

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.