

## OILSEED DAILY

### SOYBEAN

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

#### SPOT MARKETS:

Closely tracking weakness in palm oil futures at BMD, soy oil traded weak across spot markets. Extending follow through weakness from previous weekend trading, prices of beans couldn't recoup previous loss and stood almost range bound in MP and Kota regions except for slight firmness in Maharashtra due to slight firmness in domestic soymeal trading during initial hours of trading. Soymeal sentiments at ports stood weak on lack of overseas market direction [CBOT]. As per official release from SOPA, exports of soybean meal during April'07 were down at 2.31 lakh MT as against 3.68 lakh MT during the same period last year. Lower crushing of beans and higher prices of beans led to the decline and is expected to taper further during ensuing months. Selling pressure for oils mounted on bean prices as India is all set to import around 5 to 6 million tonnes of edible oil with palm oil gaining the major market share. Argentina would lead the front for exporting soy oil followed by Brazil. Expected rains over Southern Brazil and probability of frost and freeze conditions over Argentina may delay harvesting of soybeans providing room for US soybean to trade steady to firm at CBOT. Chinese markets would reopen today [08.05.07].

#### FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded weak on profit booking and higher selling interest. The futures opened up at Rs 1550/qtl against previous close of Rs 1549/qtl. Futures closed low at Rs 1536/qtl, well below the previous closing levels.

#### PRICE DRIVERS:

1. Weak sentiments for soymeal
2. India to import more edible oils this year
3. Decline in premiums of US soybean
4. Steady arrival pressure for beans in domestic markets.
5. Labour holiday in China
6. Wet spell-delaying corn planting in US.

#### WEATHER:

Weather is of little concern during lean period.

#### TECHNICALS: -

Candlestick shows bearishness. Prices closed below 9/18 day EMA's. MACD has made a bearish cross over in negative territory. Stochastic is about to plunge low from overbought regions. RSI has moved down further below the centerline indicating gain in bearish momentum. Volumes increased considerably whereas Open Interest increased marginally.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1518	1523	1536	1545	1550

#### Trade Recommendation:

**Sell** NCDEX June Soybean contract below 1538 with target T1 at 1528. Put SL at 1542.

#### SPOT MARKET PRICES: -

Markets	Market	07.05.07	05.05.07	Change	Arrivals (Bags)
Indore	Plant	1550-1560	1560	0	15,000
Indore	Mandi	1480-1500	1500	0	
Maharashtra	Plant	1630-1640	1630	+10	10,000
Maharashtra	Mandi	1540-1550	1520-1540	+10	
Kota	Plant	1500-1540	1520-1540	0	2,000
Kota	Mandi	1480-1490	1480	+10	

## MUSTARD

### SPOT MARKETS:

Mustard complex reflected steady to weak sentiments. Rates for conditional and non-conditional seeds softened across spot markets on account of subdued sentiments for edible oil in domestic markets and lower buying interest of millers. Daily arrivals of seeds started off tapering from first week of May and declined further on Monday to 1.25 lakh bags from previous weekend's arrival of 1.5 lakh bags. Amidst steady demand for oil at retail end, selling pressure for expeller oil mounted well before fresh consignments of imported oil reach our shores and closely tracked sentiments for soy oil in domestic markets. Bearish bias for mustard seed trading across domestic exchanges further added to weakness in mustard complex. Active buyers for seeds [stockists and millers] showed little interest to continue offtake in bulk amidst current market trend for edible oils. Weather disruptions are no longer a major concern as major regions for mustard have already been harvested and filled up private inventories.

### FUTURES MARKET: -

The NCDEX June contract traded weak amidst indecisiveness over price direction on lower side. It opened at Rs 412.2/20 Kg against previous closing of Rs 412.7/20 Kg. Futures closed at Rs 411.3/20 Kg, slightly 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.
- 6.

### WEATHER:

Dry weather over mustard growing regions.

### TECHNICALS: -

Candlestick shows hammer pattern with slight indecisiveness over next move. Prices closed below 9/18 day EMA. MACD has made a bearish cross over in negative territory. Stochastic is about to make a bearish cross over whereas RSI is moving down. Volumes increased and open interest marginally.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	397	401	411.30	418	421

### Trade Recommendation:

**Sell** NCDEX Mustard June contract below 412 with target T1 at 406. Put SL at 415.

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

Markets	07.05.07	05.05.07	Change	Arrivals (Bags)
Jaipur (C)	1990-1995	1990-1995	0	-
Alwar(C)	1920-1925	1900	+25	8,000
Delhi(C)	1965	1970	-5	3000
Agra(C)/Katchi Ghani	2100/4850	2125/4850	-25	-
Sri Ganganagar (NC)	1755-1760	1755-1760	0	5000
Kota (NC)	1760-1780	1780-1800	-20	20,000-25,000

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 softened marginally tracking overall weakness in edible oil sentiments and were quoted in a range of Rs 410 to 505/20 Kg for different qualities of nuts. Rates for groundnut oil was quoted at Rs 669 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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