

## OILSEED DAILY

### SOYBEAN

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

#### SPOT MARKETS:

Arrivals on Saturday improved over previous days arrivals by 10,000 bags with prices of beans firming up across spot markets. Soybean tracked firm soy complex at CBOT gaining underlying strength from bullish world supply and demand estimates for oilseeds estimates. Appreciating value of rupees and higher costs of domestic edible oils have encouraged imports of the same which may pressure prices of domestic soybean oil and eventually soybean to certain extent. Traders expect imported soy oil from Argentina to reach Indian ports during second fortnight of May. Traders are now waiting for NOPA's crush report for April slated to be released on Monday at 8:30 a.m. National Oilseed Processors Association's monthly soybean crush report are expected to decline to about 137.1 million bushels from the previous report. The USDA's estimate that biodiesel production in US would use 19 percent of total soybean oil production for 2007/08 compared with 13 percent in 2006/07 would provide additional support to soy oil sentiments even if supply pressure of beans from South American continue to mount pressure on prices of US soybeans. China soybean imports for 2006/07 are projected at 30 million tons, down 1 million from last month.

#### FUTURES MARKET: -

The most active June contract of soybeans at NCDEX traded firm on bullish soy futures at CBOT. The futures opened at Rs 1529 /qtl against previous closing levels of Rs 1526/qtl. Futures closed up at Rs 1533/qtl, well above the previous closing levels.

#### PRICE DRIVERS:

1. Steady sentiments for soy meal
2. India to import more edible oils this year
3. Bullish USDA reports.
4. Steady arrival pressure for beans in domestic markets.
5. Dull trading for soybean in Chinese markets
6. Dry spell for corn and soybean planting in US.

#### WEATHER:

Weather is of little concern during lean period.

#### TECHNICALS: -

Prices gapped up and formed an inverted hammer pattern closing slightly above the 9 day EMA's indicating selling pressure at higher levels. MACD, Stochastic and RSI shows signs of recovery at lower levels. Volumes improved and Open Interest declined marginally. Prices would turn bullish if it breaks past immediate resistance level of 1550-1552 levels, in case it plunges; it would find some support at 1530 levels. Prices are likely to trade sideways.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1512	1525	1533	1558	1566

#### Trade Recommendation:

**SELL** NCDEX June Soybean contract below 1546 with target T1 at 1530. Put SL at 1550.

#### SPOT MARKET PRICES: -

Markets	Market	12.05.07	11.05.07	Change	Arrivals (Bags)
Indore	Plant	1550	1540-1550	0	25,000
Indore	Mandi	1490-1525	1475-1500	+25	
Maharashtra	Plant	1610	1590	+20	10,000-12,000
Maharashtra	Mandi	1540	1530-1535	+5	
Kota	Plant	1510-1520	1490-1510	+10	1500-2000
Kota	Mandi	147-1490	1450-1470	+20	

## MUSTARD

### SPOT MARKETS:

As per USDA report, global oilseed production for 2007/08 is projected at 399 million tons, down 3.8 million tons from 2006/07. Despite weekend trading, spot market prices for mustard seeds firmed up considerably tracking general firmness in oilseeds and edible oil sentiments; tracking bullish cues from USDA report on supply demand statistics for oilseeds. Daily arrivals of seeds improved to 1.5 lakh bags from previous days arrivals of 1.25 lakh bags. However, arrivals during current week are expected to decline if firmness in mustard complex couldn't sustain for long. Despite import of edible oil on cards traders expect prices of expeller oil to trade steady tracking soybean oil to major extent. The cumulative stocks of seeds with NAFED are expected to improve as procurement drive has cached up good pace in Rajasthan. However, farmers as well as stockists are unwilling to sell seeds below open market prices.

### FUTURES MARKET: -

The NCDEX June contract traded firm tracking soy futures to major extent. It opened at Rs 410.9/20 Kg against previous closing of Rs 409.85/20 Kg. Futures closed at previous closing levels of Rs 413.25/20 Kg.

### PRICE DRIVERS:

1. Resellers quoted higher rates for seeds.
2. Arrivals Improved on Saturday.
3. Improved demand for mustard expeller oil.
4. Slow procurement drive of NAFED.
5. Tight stock position.

### WEATHER:

Dry weather over mustard growing regions.

### TECHNICALS: -

Prices closed above 9 day EMA with slight tentativeness at higher levels. MACD is declining further into negative region. Declining Stochastic and RSI are indicating recovery at lower levels. Both the Volumes increased considerably and Open interest declined marginally. Prices are likely to trade range bound unless its breaks out above its immediate resistance levels of 418 or below its immediate support levels of 410.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	402	407	413.25	423	428

### Trade Recommendation:

**SELL** NCDEX Mustard June contract above 418 with target T1 at 412. Put SL at 420.

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

Markets	12.05.07	11.05.07	Change	Arrivals (Bags)
Jaipur (C)	1990-1995	1980-1985	+10	-
Alwar(C)	1920-1925	1915-1920	+5	8000
Delhi(C)	1960-1965	1960	+5	2500
Agra(C)/Katchi Ghani	2175/4825	2100/4825	+75	-
Sri Ganganagar (NC)	1740-1750	1730-1735	+15	4000
Kota (NC)	1820-1840	1790-1800	+40	30,000

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. Tracking general firmness in edible oil sentiments and bullish reports by USDA on demand and supply estimates for oilseeds, the rates for different qualities of nuts across different centres in the states firmed up further on Saturday and were quoted in a range of Rs 410 to 515/20 Kg for different qualities of nuts. Rates for groundnut oil was quoted at Rs 688 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.

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