

OILSEED DAILY

18th June 2007

SOYBEAN

SPOT MARKETS:

As per USDA's recent "Oil Crop Outlook Report": - Conditioned on normal monsoon development, price incentives may prompt a rise in 2007 Indian soybean area from 8.1 million to 8.3 million hectares. Based on average yields, the 2007 soybean output is forecast at 7.9 million tons, versus 7.7 million in 2006. Even with a growing demand in India for soybean meal in poultry and dairy feeds, additional production could steady the volume of meal exports near 3.5 million tons". Tracking firmness at CBOT, prices of soybean, soymeal and soy oil firmed up. Arrivals improved marginally in MP. Most of the spot markets in Maharashtra were reported closed on account of heavy rains. Domestic soymeal prices continued to surge up on weekend trading on talks of some export demand at the back of domestic buying support. At CBOT, uncertain weather predictions for next week coupled with good gains from overnight firmness in palm oil supported soy futures to settle higher. Traders are unwilling to go short on Monday, for forecast of dry weather. Soymeal found strong buying support from sharply higher trade in corn.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded firm with good buying support and firm soy futures at CBOT. The futures opened at Rs 1543/mtl against previous closing of Rs 1540.5/mtl. Futures closed up at Rs 1554.5/mtl, well above the previous days closing levels.

PRICE DRIVERS:

1. Improved domestic soymeal sentiments
2. Firm soybean futures at CBOT.
3. NAFED imported 25,000 MT palm oils.
4. Dearth of ready available beans.
5. Soybean acreage may improve this season - USDA.

WEATHER:

As per IMD, monsoon is advancing fairly well towards Central India regions. It has hit parts of Maharashtra and will move northwards shortly.

TECHNICALS: -

Candlestick shows bullishness. The small upper shadow indicates selling pressure at higher levels. Prices closed above the 9/18-day EMA. The MACD has entered into positive region. The stochastic is attempting to make a bullish crossover and RSI is heading up indicating intact positive momentum. Volumes increased and Open Interest declined. Prices are likely to open firm and trade steady thereafter.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	1540	1545	1554.5	1565	1570

Trade Recommendation:

BUY NCDEX July Soybean contract above 1553 with target T1 at 1560. Put SL at 1550.

SPOT MARKET PRICES: -

Markets	Market	16.06.07	15.06.07	Change	Arrivals (Bags)
Indore	Plant	1520-1540	1510-1530	+10	20,000
Indore	Mandi	1460-1480	-	-	
Maharashtra	Plant	1630	1610-1615	+15	10,000
Maharashtra	Mandi	-	-	-	
Kota	Plant	1525	1510	+15	3000
Kota	Mandi	1470-1480	-	-	

MUSTARD

SPOT MARKETS:

Prices of mustard seeds across spot markets firmed up its highest levels since start of June. Mustard expeller oil prices improved considerably in Mumbai and across Rajasthan. Arrivals on Saturday stood at 55,000 bags, a decline of 15,000 bags over previous days arrivals. Traders expect that price would continue to surge up in tandem with global cues and limited arrivals across spot markets. Millers are procuring seeds despite higher prices. The market continues to track soy complex and overseas sentiments as tight supply conditions of edible oils across the globe coupled with bids to import edible oils through state trading bodies bidding is indirectly affecting sentiments for expeller oil and seeds across domestic markets.

FUTURES MARKET: -

The NCDEX Mustard seed July traded firm on Saturday on good buying support at current price levels. The futures opened at previous closing level of Rs 432.5/20 Kg. Futures closed at Rs 434/20 Kg slightly above the previous closing levels.

PRICE DRIVERS:

1. Firm prices for expeller oil.
2. Dwindling stocks of seeds with traders.
3. NAFED imported palm oils from Malaysia.
4. Offtake by millers are declining gradually.
5. Restricted selling from stockists

WEATHER: -

Weather is insignificant as harvesting is completed and lean period for mustard seeds has started off until new seeds are sown from September onwards.

TECHNICALS: -

Candlestick shows firmness in prices with selling pressure at higher levels as indicated by a small upper shadow in the Candlestick. MACD is rising in positive region. RSI headed up whereas Stochastic is on verge of making bullish crossover in neutral region. The Volumes declined and open interest increased marginally. Prices are likely to open lower and trade steady thereafter.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	427	429	434	439	441

Trade Recommendation:

BUY NCDEX Mustard July contract above 433 with target T1 at 435 and T2 at 437. Put SL at 431.

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

Markets	16.06.07	15.06.07	Change	Arrivals (Bags)
Jaipur (C)	2120-2125	2080-2085	+40	-
Alwar(C)	2030	2020	+10	2000
Delhi(C)	2140-2145	2100	+45	1500-2000
Agra(C)/Katchi Ghani	2125/4850	2150/4850	-25	-
Sri Ganganagar (NC)	1850-1860	1810	+50	2000
Kota (NC)	1880-1900	1850-1860	+40	15,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Tracking firmness in oilseeds and edible oils, the rates for different qualities of seeds firmed up to Rs 410 to 538/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 715 per 10 Kg. Declining stocks of nuts for crushing are likely to keep prices of nuts and oil almost steady to slightly firm. Amidst poor demand of groundnut meals domestically and ports with poor realization of groundnut oil, expellers were reluctant to speed up crushing during previous week. However, slightly improved sentiments for groundnut and oil in near term may support see some improvement in crushing of nuts at the back of steady demand for meal in domestic markets.

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