

OILSEED DAILY

SOYBEAN

13th June 2007

SPOT MARKETS:

NAFED has imported around 25,000 MT of palm oil from Malaysia and would further import soy oil from South America. Amidst steady arrival pressure, soybean prices stood range bound across MP and Maharashtra and softened in Kota region. Soy oil traded weak across Mumbai and Indore spot markets. However, soymeal managed to trade firm on bullish soymeal futures at CBOT. With traders in US holding neutral view for latest WASDE reports, rumors of China scrapping palm oil contracts, good fund buying support coupled with drier weather outlook for next week helped soy futures settle up at CBOT. The USDA pegged ending stocks for 2007/08 at 320 million bushels. Old crop ending stocks were also unchanged at 610 million bushels. The USDA pegged world soybean ending stocks for the 2007/2008 season at 54.0 million tonnes. Brazil production is expected at 61 million tonnes (59 million this year) and Argentina production at 47 million tonnes from 46.5 million this year.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded sideways at the back of firm soy futures at CBOT. The futures opened at Rs 1541 /qtl against previous closing of Rs 1537 /qtl. Futures closed up at Rs 1545/qtl, slightly above the previous days closing levels.

PRICE DRIVERS:

1. Steady domestic soymeal sentiments
2. Subdued export demand for soymeal.
3. NAFED imported 25,000 MT palm oils.
4. Dearth of ready available beans.
5. Neutral WASDE report.

WEATHER:

As per IMD, monsoon is advancing fairly well towards Central India regions. It is expected to hit parts of central Maharashtra by Wednesday.

TECHNICALS: -

Candlestick show range bound trade with slight buying support at lower levels. Prices closed above the 9/18-day EMA. Stochastic is attempting to make a bullish cross over whereas RSI has headed up indicating short-term strength in positive momentum. Volumes increased and Open Interest declined marginally. Prices are likely to open firm and trade steady on higher side.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|--------------|------|------|------|------|------|
| NCDEX - July | 1528 | 1534 | 1545 | 1561 | 1565 |

Trade Recommendation:

BUY NCDEX July Soybean contract above 1543 with target T1 at 1548 and T2 at 1556. Put SL at 1538.

SPOT MARKET PRICES: -

| Markets | Market | 12.06.07 | 11.06.07 | Change | Arrivals (Bags) |
|-------------|--------|-----------|-----------|--------|-----------------|
| Indore | Plant | 1520-1535 | 1525-1535 | 0 | 25,000 |
| Indore | Mandi | 1460-1480 | 1460-1480 | 0 | |
| Maharashtra | Plant | 1600 | 1600 | 0 | 15,000 |
| Maharashtra | Mandi | 1540 | 1540-1550 | -10 | |
| Kota | Plant | 1510-1520 | 1520-1525 | -5 | 4000 |
| Kota | Mandi | 1450-1460 | 1450-1470 | -10 | |

MUSTARD

SPOT MARKETS:

Mustard seed settled weak across Delhi, Sirsa and Hapur domestic exchanges. The daily arrivals improved on Tuesday to around 65,000 to 70,000 bags from previous days arrivals of 60,000 bags. Prices of seeds across spot markets softened on 'neutral' global cues. Prices of mustard expeller oil in Mumbai region stood at previous days levels, whereas it firmed up in Jaipur region. With supply falling short of demand, NAFED had purchased around 25,000 MT of palm oil from Malaysia and would now import soy oil from South America. The very approach has been adopted to contain inflationary tendencies in domestic edible oils. Further imports can cast in temporary weakness across mustard complex, however the medium to long-term trend still holds firm.

FUTURES MARKET: -

The NCDEX Mustard seed July traded weak on Tuesday on predominant selling pressure. The futures opened at Rs 432.8/20 Kg against previous closing levels of Rs 431.8/20 Kg. Futures closed at Rs 429.60/20 Kg slightly below the previous closing levels.

PRICE DRIVERS:

1. Steady 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 bearishness. MACD has moved up in positive regions. EMA pattern is bullish. RSI has dipped sharply and Stochastic continued to move lower indicating short-term weakness with prices vulnerable to corrections. Both the Volumes and open interest increased. Prices are likely to open lower and trade steady thereafter.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|--------------|-----|-----|--------|-----|-----|
| NCDEX - July | 419 | 422 | 429.60 | 437 | 439 |

Trade Recommendation:

BUY NCDEX Mustard July contract above 428 with target T1 at 430 and T2 at 435. Put SL at 425.

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

| Markets | 12.06.07 | 11.06.07 | Change | Arrivals (Bags) |
|----------------------|-----------|-----------|--------|-----------------|
| Jaipur (C) | 2080 | 2080-2085 | -5 | - |
| Alwar(C) | 2010 | 2000-2010 | 0 | 3000 |
| Delhi(C) | 2110-2115 | 2120-2125 | -10 | 3500 |
| Agra(C)/Katchi Ghani | 2175/5000 | 2200/5025 | -25 | - |
| Sri Ganganagar (NC) | 1810-1815 | 1850-1855 | -40 | 4000 |
| Kota (NC) | 1860-1870 | 1850-1880 | -10 | 15,000 |

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Following initial firmness in prices of edible oil across domestic markets, prices of nuts and groundnut oil improved marginally. Declining stocks of nuts for crushing are likely to keep prices of nuts and oil almost steady to slightly firm. Prices of nuts firmed up on Tuesday on account of firm sentiments for oilseeds, whereas rates for oil stood range bound on slight weakness in other edible oil sentiments. The rates for different qualities of seeds were quoted in a range of Rs 410 to 530/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 700 per 10 Kg.

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