

## OILSEED DAILY

### SOYBEAN

6<sup>th</sup> June 2007

#### SPOT MARKETS:

Sowing progress for soybean for Kharif 2007 still remains a matter of speculation across marketing circles as advance of monsoon towards Central India has already delayed. Extending weakness in grain markets in US, soy complex at CBOT settled slightly lower on Monday, following which the prices of soybean, soymeal and soy oil settled slightly lower on Tuesday despite firm cues from palm oil at BMD and limited availability of quality beans. Traders anticipate today's weakness as temporary one; as fundamentals for both palm and soy oil still holds firm on non-edible use of veg oils as energy supplement. The state trading bodies namely STC and NAFED are intending to import around 10 lakh tonnes of edible oils to meet domestic consumption needs. Fear of glut of imported oils may create temporary weakness.

#### FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded sideways on good buying support despite weak soy futures at CBOT. The futures opened at Rs 1535 /qtl against previous closing of Rs 1531.5 /qtl. Futures closed up at Rs 1550/qtl, well above the previous days closing levels.

#### PRICE DRIVERS:

1. Steady domestic soymeal sentiments
2. More imported edible oils to arrive at ports
3. Slightly improved soy oil sentiments across spot markets.
4. Firm palm oil at BMD.
5. Dearth of ready available beans.

#### WEATHER:

Monsoon is likely to hit Central India between 10 to 15 June. Good rainfall promises better planting progress for soybean across MP, Maharashtra and parts of North India.

#### TECHNICALS: -

Candlestick shows firmness in prices. Prices closed well above the 9/18-day EMA recouping previous days losses. MACD is rising up from negative region. RSI is heading up. Stochastic has made a bearish cross over in neutral region. Volumes and Open Interest declined. Prices are likely to open firm but may witness some corrections at higher levels.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1537	1541	1550	1568	1574

#### Trade Recommendation:

**BUY** NCDEX July Soybean contract above 1551 with target T1 at 1558 and T2 at 1563. Put SL at 1546.

#### SPOT MARKET PRICES: -

Markets	Market	05.06.07	04.06.07	Change	Arrivals (Bags)
Indore	Plant	1520-1540	1530-1550	-10	25,000
Indore	Mandi	1460-1490	1470-1490	0	
Maharashtra	Plant	1580	1580	0	10,000
Maharashtra	Mandi	1510-1520	1500-1520	0	
Kota	Plant	1520-1530	-	-	1500-2000
Kota	Mandi	1470-1480	-	-	

## MUSTARD

### SPOT MARKETS:

After days of protests and unrest, normal trading started across major markets in Rajasthan after protestors strike peace deal with the government. With start of normal supply, the daily arrivals improved swiftly to around 60,000 bags from Mondays arrivals of 30,000 bags. Following which the seed prices for mustard were quoted slightly lower on Tuesday across major spot markets breaking down the extended firmness from previous week. However, prices of seed continue to rule firm across Delhi region. Mustard seed traded firm across domestic exchanges on underlying bullish sentiments and lower stockpiles. Mustard expeller oil prices firmed up in Jaipur and stood range bound at Mumbai region. With NAFED and STC intending to import edible oils, mustard expeller oil prices may witness short-term weakness.

### FUTURES MARKET: -

The NCDEX Mustard seed July contract traded firm on good buying support at current price levels. The futures opened at Rs 426/20 Kg against previous closing level of Rs 426.9/20 Kg. Futures closed up at Rs 430.8/20 Kg well above the previous closing levels.

### PRICE DRIVERS:

1. Steady sentiments for expeller oil.
2. Dwindling stocks of seeds with traders.
3. Imported soy and palm oils on Indian shores.
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 bullishness. MACD and EMA pattern suggests medium term firmness intact. Both RSI and Stochastic are hovering in overbought regions indicating possible technical corrections. Volumes declined and open interest increased. Prices are likely to extend the rally but are likely to face stiff resistance at higher levels.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	423	426	430.8	440	442

### Trade Recommendation:

**BUY** NCDEX Mustard July contract above 431 with target T1 at 433 and T2 at 437. Put SL at 428.

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

Markets	05.06.07	04.06.07	Change	Arrivals (Bags)
Jaipur (C)	2050-2060	2065-2070	-10	-
Alwar(C)	1975-1980	2000	-20	5000
Delhi(C)	2070-2075	2050	+25	2500
Agra(C)/Katchi Ghani	2175/4950	2200/5000	-25	-
Sri Ganganagar (NC)	1810-1815	1810-1815	0	2500-3000
Kota (NC)	1850-1860	1850-1860	0	8,000-15,000

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET: -

An increase in new groundnut seeds arrivals pressure and stagnant demand cast weakness for groundnut oil in Rajkot market. Whereas groundnut oil prices dropped in Hyderabad market on poor demand and other cheaper substitutes like palm oil and refined cottonseeds oil. Low crushing margin with poor offtake of groundnut oil discouraged expellers for fresh crushing. Groundnut meals demand also remained sluggish both at ports and domestically. As current groundnut oil prices are high and likely to improve further on limited nuts stocks, traders are expecting nut acreage to improve by 5-6% in upcoming Kharif season but plantation conditions mostly depends upon cotton plantation status, which is better crop in returns over groundnut and areas is seen up at 5.5 million hectares against 3.8 million hectare last year thanks to smooth availability of cotton seeds, particularly Bt varieties. Prices of groundnut oil and nuts stood steady at previous weekends levels. The rates for different qualities of seeds were quoted in a range of Rs 410 to 518/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 682 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.