

OILSEED DAILY

7th June 2007

SOYBEAN

SPOT MARKETS:

Amidst firm soy futures at CBOT and good planting progress for US soybean, sustained view of drier outlook for soybean and corn belts would further underpin soy futures. However, with Indonesia government raising base prices for export of CPO and RBD Palmolein w.e.f 10th of June, the very measure is likely to negate losses in palm oils traded at BMD. As per USDA weekly crop progress report around 88% of soybean had been planted as on 3rd of June. At domestic front, soybean farmers can take a breather ahead of IMD's recent predictions that conditions are becoming favourable for advance of South West monsoon. Taking cues from CBOT and BMD, soybean, soymeal and soy oil prices firmed up on Wednesday at the back of steady arrival pressure. However, with oilmeal exports for May declining down to 2.30 lakh MT from April's figures of 4.32 lakh MT, the short to medium term export demand for soymeal would continue to hold steady to slightly subdued.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded sideways with slight bearish tinge despite firm soy futures at CBOT. The futures opened at Rs 1552 /qtl against previous closing of Rs 1550 /qtl. Futures closed at Rs 1536/qtl, well below the previous days closing levels.

PRICE DRIVERS:

1. Steady domestic soymeal sentiments
2. More imported edible oils to arrive at ports
3. Firm soy complex at CBOT.
4. Weak 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 slight firmness in prices. Prices closed between the 9/18-day EMA with modest losses. MACD is rising up towards positive region. RSI has dipped lower. Stochastic has made a bearish cross over in neutral region. Both the Volumes and Open Interest declined. Prices are likely to open lower but trade steady to firm on good buying support at lower levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1520	1525	1536	1560	1570

Trade Recommendation:

BUY NCDEX July Soybean contract above 1534 with target T1 at 1540 and T2 at 1555. Put SL at 1530.

SPOT MARKET PRICES: -

Markets	Market	06.06.07	05.06.07	Change	Arrivals (Bags)
Indore	Plant	1540-1550	1520-1540	+10	22,000- 25,000
Indore	Mandi	1470-1500	1460-1490	+10	
Maharashtra	Plant	1600	1580	+20	15,000-18,000
Maharashtra	Mandi	1550	1510-1520	+30	
Kota	Plant	1525-1530	1520-1530	0	2000-3000
Kota	Mandi	1450-1470	1470-1480	-10	

MUSTARD

SPOT MARKETS:

The daily arrivals on Wednesday stood around 50,000 to 60,000 bags holding steady at previous days levels. Tracking bullish oilseeds and edible oil sentiments in overseas markets, the prices of mustard seeds and mustard expeller oil across spot markets rose in tandem with soybean and soy oil prices. Prices of mustard seeds across Jaipur, Agra and Delhi regions have soared to their highest levels since April month. Millers are buying seeds at current prices to maintain their buffer stocks amidst dwindling stockpiles. Higher prices of seeds in open market would assure steady supply pressure through out the week; however, higher prices warn slight correction likely for short term across domestic exchanges at Bikaner, Sirsa and Hapur.

FUTURES MARKET: -

The NCDEX Mustard seed July contract traded on higher side with slight bearish tinge. The futures opened at Rs 431.65/20 Kg against previous closing level of Rs 430.8/20 Kg. Futures closed at Rs 429.75/20 Kg marginally lower than the previous closing levels.

PRICE DRIVERS:

1. Firm prices 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 slight firmness in prices with slight bearish tinge. MACD and EMA pattern suggests medium term firmness intact. RSI has dipped and Stochastic has made bearish crossover in overbought regions. Volumes declined and open interest increased marginally. Prices are likely to extend the rally but face some corrections at higher levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	421	423	429.75	438	442

Trade Recommendation:

BUY NCDEX Mustard July contract above 428 with target T1 at 436. Put SL at 425.

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

Markets	06.06.07	05.06.07	Change	Arrivals (Bags)
Jaipur (C)	2070-2075	2050-2060	+15	-
Alwar(C)	2000	1975-1980	+20	4000
Delhi(C)	2110	2070-2075	+35	2500
Agra(C)/Katchi Ghani	2200	2175/4950	+25	-
Sri Ganganagar (NC)	1840-1850	1810-1815	+35	4000
Kota (NC)	1860-1900	1850-1860	+40	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 improved considerably on Wednesday on account of bullish sentiments for oilseeds and edible oil in domestic and overseas markets. The rates for different qualities of seeds were quoted in a range of Rs 410 to 522/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 688 per 10 Kg.

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