

OILSEED DAILY

4th June 2007

SOYBEAN

SPOT MARKETS:

Until soybean sowing picks up pace across soybean growing regions under assumption of normal rainfalls, domestic soy complex is likely to track global cues on lack of fresh fundamentals. Tracking overseas firmness at CBOT, soymeal managed to firm up across domestic markets and at ports [Kandla]. Soy oil prices in Mumbai firmed up considerably and at the same time registering marginal hike in Indore markets. Following up, soybean prices firmed up across Mandis and remained range bound across plants. Spot markets across Rajasthan were closed on Saturday. In US, more rains for Corn belts brought in some weakness early in the session. Bullish export sales report for soybeans coupled with support from gains in soymeal on news of disruption in crushing at Illinois plant provided support to soy futures at CBOT. Weekly US export sales for soybeans came in at 8.75 lakh MT as compared to trade expectations between 5-8 lakh MT. Meal sales came in at 7.06 lakh MT as compared to trade expectations between 50,000-125,000 MT. Oil sales were 7,600 metric tonnes as compared to trade expectations between 0-5,000 MT.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded firm on tracking firm soy futures at CBOT. The futures opened at Rs 1541 /qtl against previous closing of Rs 1538 /qtl. Futures closed up at Rs 1548/qtl, well above the previous days closing levels.

PRICE DRIVERS:

1. Firm domestic soymeal sentiments
2. Imported edible oils at ports.
3. Slightly improved soy oil sentiments across spot and overseas markets.
4. Soybean settled firm at CBOT

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 with slight tentativeness at higher levels. Prices closed above the 9/18-day EMA. RSI and Stochastic are moving up indicating intact positive momentum. MACD and EMA pattern show slight firmness. Both the Volumes and Open Interest increased. Prices are likely to open firm but may face slight selling pressure at higher levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1525	1532	1548	1556	1563

Trade Recommendation:

BUY NCDEX July Soybean contract above 1541 with target T1 at 1545 and T2 at 1552. Put SL at 1535.

SPOT MARKET PRICES: -

Markets	Market	02.06.07	01.06.07	Change	Arrivals (Bags)
Indore	Plant	1530-1540	1530-1540	0	25,000
Indore	Mandi	1480-1500	1450-1480	+20	
Maharashtra	Plant	1570	1570	0	10,000
Maharashtra	Mandi	1520-1540	1500-1520	+20	
Kota	Plant	1500-1510	1500-1510	0	-
Kota	Mandi	-	1450-1460	-	

MUSTARD

SPOT MARKETS:

Spot markets across Rajasthan were closed on Saturday. Marginal arrivals were reported in Alwar. Until midweek arrivals have been maintaining steady pace; however it declined steeply from 90,000 bags on Monday to mere 30,000 bags on Saturday. Arrivals are expected to taper down further from next week onwards. Amidst steady demand and diminishing arrivals prices of seeds continued to hold firm and are expected to extend the gains to next week also. Mustard expeller oil is moving in tandem with soy complex tracking global cues for most of the time. On Saturday prices of expeller oil stood steady across Jaipur spot market whereas it firmed up in Mumbai. The lean season for mustard promises short to medium term firmness until more imported edible oils reach the ports during June.

FUTURES MARKET: -

The NCDEX Mustard seed June contract traded firm extending the rally on good buying support. The futures opened at Rs 420.8/20 Kg against previous closing level of Rs 420.7/20 Kg. Futures closed up at Rs 423.05/20 Kg marginally above the previous closing levels.

PRICE DRIVERS:

1. Steady to firm 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 firmness in prices. MACD and EMA pattern suggests medium term firmness. Stochastic and RSI are hovering in overbought region indicating short- term firmness but slight consolidation at higher levels. Both the Volumes and open interest declined marginally. Prices are expected to open slightly lower but trade steady to firm on good buying support at current price levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	412	415	423.05	432	435

Trade Recommendation:

BUY NCDEX Mustard June contract above 421 with target T1 at 425 and T2 at 428. Put SL at 418.

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

Markets	02.06.07	01.06.07	Change	Arrivals (Bags)
Jaipur (C)	2060-2065	2050-2055	+10	-
Alwar(C)	1975-1980	1970	+10	-
Delhi(C)	2100	2060	+40	2000
Agra(C)/Katchi Ghani	2200/4950	2200/4950	0	-
Sri Ganganagar (NC)	1815-1820	1800	+20	3000
Kota (NC)	1860	1850	+10	8,000

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 days 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 684-685 per 10 Kg.

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