

OILSEED DAILY

5th June 2007

SOYBEAN

SPOT MARKETS:

A cyclonic storm in Arabian Sea has disrupted monsoon's advance towards Central and North India regions, which is likely to delay rains and delay seed sowing operations across MP, Maharashtra and parts of North India. Soy oil traded slightly firm across spot markets on firm advices from palm oil at BMD. Prices of soybean firmed up across plants, whereas it softened across spot markets. No trade witnessed across Rajasthan on continued unrest and supply disruptions. Domestic soymeal prices settled slightly lower on Monday. The market is looking for global cues on lack of fresh fundamentals. Export demand for Indian soymeal still remains sluggish vis-à-vis soymeal exports from South America. Prices of soymeal are likely to hold steady in global cues before imports of edible oils create a glut across domestic markets.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded weak on higher selling interest. The futures opened at Rs 1547.5 /qtl against previous closing of Rs 1548 /qtl. Futures closed up at Rs 1531.5/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. 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 bearishness, as prices couldn't sustain previous gains. Prices closed below the 9/18-day EMA. MACD is hovering in negative region. RSI has dipped lower. Volumes increased and Open Interest declined marginally. Prices are likely to open slightly firm on buying support at lower levels and thereafter trade sideways.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1520	1526	1531.50	1546	1554

Trade Recommendation:

BUY NCDEX July Soybean contract above 1534 with target T1 at 1540 and T2 at 1543. Put SL at 1530.

SPOT MARKET PRICES: -

Markets	Market	04.06.07	02.06.07	Change	Arrivals (Bags)
Indore	Plant	1530-1550	1530-1540	+10	25,000
Indore	Mandi	1470-1490	1480-1500	-10	
Maharashtra	Plant	1580	1570	+10	10,000
Maharashtra	Mandi	1500-1520	1520-1540	-20	
Kota	Plant	-	1500-1510	-	-
Kota	Mandi	-	-	-	

MUSTARD

SPOT MARKETS:

The mustard seed settled lower across Bikaner and Hapur domestic exchange on lack of active buying support. The daily arrivals on Monday stood at previous weekends levels of 30,000 to 35,000 bags. Last week, the average daily arrivals across spot markets stood at 50,000 to 60,000 bags with sharp decline noticed by weekend. Prices of mustard seeds stood mixed across spot markets with slight firmness noticed across Jaipur and Alwar markets on steady demand amidst situation of continued unrest and supply disruptions in Rajasthan. Prices of mustard expeller oil firmed up marginally in Mumbai market on firm advices from palm oil at BMD, however prices across Jaipur and Kota regions continued to stay steady at previous weekends levels. The demand for mustard oil from vanaspati units and retailers still holds steady.

FUTURES MARKET: -

The NCDEX Mustard seed June contract traded sideways amidst slight indecisiveness. The futures opened at Rs 422/20 Kg against previous closing level of Rs 423.05/20 Kg. Futures closed up at Rs 422.1/20 Kg marginally below 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 indecisiveness. MACD and EMA pattern suggests medium term firmness. RSI has dipped and Stochastic is hovering in overbought regions indicating that prices are vulnerable to corrections at higher levels. Both the Volumes and open interest declined. Prices are likely to extend the rally with good buying support at lower levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	412	416	422.10	431	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	04.06.07	02.06.07	Change	Arrivals (Bags)
Jaipur (C)	2065-2070	2060-2065	+5	-
Alwar(C)	2000	1975-1980	+20	1000
Delhi(C)	2050	2100	-50	2500
Agra(C)/Katchi Ghani	2200/5000	2200/4950	0	-
Sri Ganganagar (NC)	1810-1815	1815-1820	-5	2500-3000
Kota (NC)	1850-1860	1860	0	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 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 684-685 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.