

OILSEED DAILY

SOYBEAN

8th June 2007

SPOT MARKETS:

US Soybean oil creating a new contract high prompted technical selling which dragged down the soybean futures at CBOT despite follow through buying support from previous day's rally. Following it prices of soybean and soymeal softened marginally across domestic markets on Thursday. However soy oil continued to trade firm despite news of duty cut for selected edible oils. Soymeal is unlikely to support ban and oil prices on account of subdued demand from overseas buyers. The soymeal export declined from 2.50 lakh MT in April to 1.10 lakh MT on May. Vietnam imported around 67,375 MT of soymeal followed by Japan at 21,400 MT and Sri Lanka at 11,825 MT (Source: - SEA of India]. At overseas front, after earlier talks of raising base prices for CPO and RBD, Indonesia government is likely to raise export taxes on CPO to 6.5% from present 1.5% if domestic prices rule firm till month end. At CBOT, traders feel that rising prices of US soybean can provide room for buyers shifting their interest to South American beans on account of decline in premiums for oceanic freight charges from US and South America respectively.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded weak and settled on lower side amidst weak soybean futures at CBOT. The futures opened at Rs 1539 /qtl against previous closing of Rs 1536 /qtl. Futures closed at Rs 1534.50/qtl, slightly below the previous days closing levels.

PRICE DRIVERS:

1. Steady domestic soymeal sentiments
2. More imported edible oils to arrive at ports
3. Firm soymeal futures 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

TECHNICALS: -

Candlestick shows narrow range bound trade with weakness in prices. Prices closed near the 18-day EMA. MACD is rising up. Both the RSI and Stochastic are moving down indicating short-term weakness in prices. Volumes declined and Open Interest increased marginally. Prices are likely to trade steady on buying support at lower levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	1515	1522	1534.50	1546	1550

Trade Recommendation:

BUY NCDEX July Soybean contract above 1532 with target T1 at 1538 and T2 at 1543. Put SL at 1528.

SPOT MARKET PRICES: -

Markets	Market	07.06.07	06.06.07	Change	Arrivals (Bags)
Indore	Plant	1530-1540	1540-1550	-10	30,000
Indore	Mandi	1450-1490	1470-1500	-10	
Maharashtra	Plant	1580	1600	-20	18,000
Maharashtra	Mandi	1510-1530	1550	-20	
Kota	Plant	1525-1530	1525-1530	0	2000
Kota	Mandi	1470	1450-1470	0	

MUSTARD

SPOT MARKETS:

Despite initial firmness in edible oils across overseas market and Centre directing NAFED to crush all the available seeds for this season to oils, traders fear that possible duty cut measures for edible oils may bring in short term softness in prices of edible oils and eventually seed prices despite dearth of seeds at stockists end. The daily arrivals on Thursday stood around 70,000 bags an increment of 10,000 bags over previous days arrivals. Following it seed prices softened across spot markets amidst steady demand. Mustard oil traded steady. At the back of tapering oilmeal exports, the rapeseed meal export too declined to 74,225 MT from April's figures of 1.08 lakh MT (Source: - SEA of India). South Korea imported a maximum of 49,400 MT followed by Vietnam and Taiwan at 11,325 MT and 9,200 MT respectively.

FUTURES MARKET: -

The NCDEX Mustard seed July contract traded weak on tracking weakness in overseas and domestic markets. The futures opened at Rs 430.65/20 Kg against previous closing level of Rs 429.75/20 Kg. Futures closed at Rs 429.65/20 Kg near 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 weakness in prices. MACD and EMA pattern suggests medium term firmness intact. RSI has dipped further and Stochastic has made bearish crossover in overbought regions with corrections likely at higher levels. Volumes declined and open interest increased marginally. Prices are likely to open slightly firm and trade range bound on continued buying support at lower levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - June	422	425	429.65	437	440

Trade Recommendation:

BUY NCDEX Mustard July contract above 430 with target T1 at 433 and T2 at 435. Put SL at 427.

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

Markets	07.06.07	06.06.07	Change	Arrivals (Bags)
Jaipur (C)	2075	2070-2075	0	-
Alwar(C)	1975-1980	2000	-20	4000
Delhi(C)	2100	2110	-10	2500
Agra(C)/Katchi Ghani	2225/5025	2200	+25	-
Sri Ganganagar (NC)	1815-1820	1840-1850	-30	4000
Kota (NC)	1840-1860	1860-1900	-40	12,000-18,000

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 nuts stood steady on Thursday. 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 686per 10 Kg.

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