

OILSEED DAILY

SOYBEAN

15th June 2007

SPOT MARKETS:

Centre has postponed the decision to reduce import duty on selected edible oils. PEC Ltd has invited bids globally for supply of soy and palm oil besides talks of NAFED and other state trading bodies intending to increase volumes of imported oils. Domestically soymeal traded firm on good domestic support and firm soymeal futures at CBOT. Prices of soy oil softened marginally on initial weakness in palm oil at BMD. Soybean prices stood firm despite weak soybean futures at CBOT. At CBOT, weak palm oils and energy markets, uncertain weather conditions over Soybean and Cornfields dragged soybean and soy oil futures to settle lower. However soymeal managed to stay firm at CBOT. Traders fear that higher prices of edible oil in global market are likely to create dent on use of palm oil for biodiesel use. At another recent development, Indonesia government has proposed to likely to raise tax on exports of CPO to 11.5% for companies who do not meet domestic requirements.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX witnessed choppy trading. The futures opened at Rs 1533.5 /qtl against previous closing of Rs 1532 /qtl. Futures closed lower at Rs 1535.5/qtl, slightly above the previous days closing levels.

PRICE DRIVERS:

1. Improved domestic soymeal sentiments
2. Weak edible oil futures at CBOT and BMD
3. NAFED imported 25,000 MT palm oils.
4. Dearth of ready available beans.
5. Neutral WASDE report.

WEATHER:

As per IMD, monsoon is advancing fairly well towards Central India regions. It is expected to hit parts of central Maharashtra by Wednesday.

TECHNICALS: -

Candlestick show persistent selling pressure at higher levels which reflects in long upper shadow. Prices closed below the 9/18-day EMA. Stochastic is dipping whereas RSI shows signs of recovery. Both the Volumes and Open Interest declined. Market is expected to trade on lower side.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	1525	1527	1535.5	1542	1545

Trade Recommendation:

SELL NCDEX July Soybean contract below 1537 with target T1 at 1532 and T2 at 1530. Put SL at 1540.

SPOT MARKET PRICES: -

Markets	Market	14.06.07	13.06.07	Change	Arrivals (Bags)
Indore	Plant	1520-1535	1520-1530	+05	20,000
Indore	Mandi	1455-1480	1440-1480	0	
Maharashtra	Plant	1600-1610	1590-1600	+10	12,000-15,000
Maharashtra	Mandi	1540-1545	1510-1525	+20	
Kota	Plant	1510-1520	1510	+10	3000
Kota	Mandi	1450-1460	1440-1450	+10	

MUSTARD

SPOT MARKETS:

The daily arrivals on Thursday stood at 65,000 bags marginally ahead of previous days arrivals by 5,000 bags. Tracking global cues, the spot prices of expeller oil softened in Mumbai and stood range bound across Rajasthan markets. Prices of seeds firmed up in Jaipur and Alwar whereas it softened across Kota and Ganganagar spot markets despite reports of ample stock with stockists. With several state trading bodies intending to import edible oils, NAFED is likely to increase the volumes of imported oil in following months in order to contain spiraling prices of edible oils in domestic markets. In another development, the Centre has recently postponed the likely cut in import duty on edible oils, for which trading bodies were apprehensive for past few weeks, the impact of which is likely to be witnessed soon.

FUTURES MARKET: -

The NCDEX Mustard seed July traded firm on Thursday on good buying support at lower levels. The futures opened at Rs 424/20 Kg against previous closing levels of Rs 424.4/20 Kg. Futures closed at Rs 426.75/20 Kg slightly above the previous closing levels.

PRICE DRIVERS:

1. Steady prices for expeller oil.
2. Dwindling stocks of seeds with traders.
3. NAFED imported palm oils from Malaysia.
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 on good buying support at lower levels. MACD is dipping in positive region. RSI has recovered lately whereas Stochastic continued to dip lower. Both the Volumes and open interest declined. Prices are likely to trade on lower side.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	421	422	426.75	431	433

Trade Recommendation:

SELL NCDEX Mustard July contract below 427 with target T1 at 424 and T2 at 423. Put SL at 429.

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

Markets	14.06.07	13.06.07	Change	Arrivals (Bags)
Jaipur (C)	2075	2070	+05	-
Alwar(C)	1990	1980	+10	3000
Delhi(C)	2100	2100	0	1500-2000
Agra(C)/Katchi Ghani	2150/4800	2175/5000	-25	-
Sri Ganganagar (NC)	1780-1800	1815	-15	3000
Kota (NC)	1800-1840	1840-1860	-20	15,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Despite bearish global cues the prices of nuts stood firm up on Thursday. The rates for different qualities of seeds were quoted in a range of Rs 410 to 530/20 Kg. Rates for groundnut oil at Rajkot was quoted range bound at Rs 706 per 10 Kg. Declining stocks of nuts for crushing are likely to keep prices of nuts and oil almost steady to slightly firm. Amidst poor demand of groundnut meals domestically and ports with poor realization of groundnut oil, expellers were reluctant to speed up crushing during previous week. However, slightly improved sentiments for groundnut and oil in near term may support see some improvement in crushing of nuts at the back of steady demand for meal in domestic markets.

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