

OILSEED DAILY

23rd June 2007

SOYBEAN

SPOT MARKETS:

With soaring prices of oilseeds and with sowing yet to start across MP, the Centres initiative to provide the support price of Rs 1050/qtt for yellow soybean and Rs 910/qtt for black soybean is surely going to aid sowing progress. Weak advices from overseas markets dragged down the prices of soymeal, however prices of soybean and soy oil firmed up marginally on Friday on limited availability and steady to firm demand from refining and processing units. As per spokesperson from SOPA, exports of Indian soymeal may decline by 14-15% during current season [2006-07] with expected exports of around 4 to 5 lakh MT of for the coming 4 months. Good consumption demand for soymeal in domestic markets is keeping export volumes relatively lower. At CBOT, Long liquidation selling on concern of rains over Eastern Corn Belt and talks of 'not so intense' La Nina dragged soybean futures lower.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded sideways with bearish undertone. The futures opened at Rs 1574/qtt against previous closing of Rs 1578/qtt. Futures closed lower at 1570/qtt, well below the previous days closing levels.

PRICE DRIVERS:

1. Improved domestic soymeal sentiments
2. Sowing demand for soybeans.
3. Weak soy futures at CBOT.
4. Dearth of ready available beans.
5. Good price incentive for sowing soybean.

WEATHER:

As per IMD, a well-marked low-pressure area over the Bay of Bengal is likely to concentrate into a depression and move in a west-northwesterly direction across north Andhra Pradesh, Vidharba, Madhya Maharashtra and Gujarat and subsequently to Maharashtra, Goa, Karnataka, south Madhya Pradesh, Gujarat and southeast Rajasthan by 26th of June.

TECHNICALS: -

Candlestick shows bearishness with selling pressure at higher levels. The EMA patterns and MACD indicate medium-term strength. The Stochastic is on verge of making a bearish crossover in over bought zone whereas RSI dipped lower indicating short-term weakness in prices. Both the Volumes and Open Interest declined. Prices are likely to open weak but would continue to get buying support at lower levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	1557	1560	1570	1575	1578

Trade Recommendation:

SELL NCDEX July Soybean contract below 1572 with target T1 at 1568 and T2 at 1562. Put SL at 1573.

SPOT MARKET PRICES: -

Markets	Market	22.06.07	21.06.07	Change	Arrivals (Bags)
Indore	Plant	1555-1570	1560-1565	+5	15,000-20,000
Indore	Mandi	1510-1530	1515-1520	+10	
Maharashtra	Plant	1660	1660	0	10,000-15,000
Maharashtra	Mandi	1580-1600	1580-1620	-20	
Kota	Plant	1550	1535-1540	+10	3000
Kota	Mandi	1460-1490	1460-1490	0	

MUSTARD

SPOT MARKETS:

The seed prices continued to soar up across Rajasthan. Notably, the mustard seed prices across Jaipur soared up to its highest levels on Friday. Prices soared up from Rs 1740-1750/qtl in June 2006 to Rs 2175/qtl in June 2007, an appreciation of Rs 425/qtl. The stockists, processors and millers continued to buy seeds despite firm open market prices of seeds. Traders expect that arrivals would decline gradually as prices of seeds and expeller oil are expected to hold firm. On Friday, the daily arrivals declined to 40,000 bags from previous days arrivals of 60,000 bags. However arrivals improved across Sri Ganganagar region to 2500 bags from previous days 1500 bags. Forecast of rains over Rajasthan may temporarily impact arrival pressure of seeds against steady demand. Mustard seed prices across domestic exchanges too stood firm despite bearish advices from overseas markets.

FUTURES MARKET: -

The NCDEX Mustard seed July traded bullish on good buying support. The futures opened at Rs 441/20 Kg against previous closing level of Rs 440.45/20 Kg. Futures closed up at Rs 442.75/20 Kg slightly above the previous closing levels.

PRICE DRIVERS:

1. Firm prices for expeller oil.
2. Dwindling stocks of seeds with traders.
3. Good demand from vanaspati units and processors.
4. Restricted selling from stockists.

WEATHER: -

Weather is insignificant for mustard, as harvesting is completed. However daily arrivals are likely to be affected

TECHNICALS: -

The upper shadow of the Candlestick shows selling pressure at higher levels. EMA and MACD indicate medium term firmness. Stochastic and RSI are hovering in overbought region making prices vulnerable to corrections. Volumes declined and open interest increased marginally. Prices couldn't break out over psychological resistance at 442-443 levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	435	437	442.75	446	448

Trade Recommendation:

Risk lovers can BUY NCDEX Mustard July contract near 441 with target T1 at 444. Put SL at 439.

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

Markets	22.06.07	21.06.07	Change	Arrivals (Bags)
Jaipur (C)	2175	2150	+25	-
Alwar(C)	2120-2125	2080-2085	+40	2000
Delhi(C)	2130-2150	2190	-40	1500-2000
Agra(C)/Katchi Ghani	2300/5300	2260/5150	+40	-
Sri Ganganagar (NC)	1910	1880	+30	2500
Kota (NC)	1980	1920-1950	+30	10,000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

On account of limited availability of crushing facility for groundnuts and good demand for groundnut oil, prices of both nuts and oil stood firm on Thursday. The prices of shelled nuts ranged from Rs 410 to 542/20 Kg. Rates for groundnut oil at Rajkot firmed up to Rs 728 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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