

OILSEED DAILY

25th June 2007

SOYBEAN

SPOT MARKETS:

Delayed contracts for import of edible oils would lead to virtual scarcity of edible oil for short to medium term. However the recent approval by GEAC to import GM soyoil would augment domestic supplies but the time lag in imports can cast in speculation over paucity in supply of seeds and oil across spot markets. Stockists are replenishing their stocks [beans and oil] well in advance to meet any contingency in near future. On weekend trading, prices of soy meal and soybean softened on weak demand and global cues. However soy oil prices managed to stay steady at previous levels. At CBOT, follow-through technical selling from the weak close yesterday and ideas that funds are holding a large (and near record) net long position and could increase selling pressure on weakness added to the bearish tone.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded on lower side on profit booking at higher levels. The futures opened at Rs 1566/qrtl against previous closing of Rs 1570/qrtl. Futures closed lower at 1562.5/qrtl, well below the previous days closing levels.

PRICE DRIVERS:

1. Steady 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 and is likely to bring showers over Central India region by month end.

TECHNICALS: -

Candlestick shows bearishness with slight buying support at as indicated by lower shadow of the candlestick. The EMA patterns and MACD indicate medium-term strength. The Stochastic has made a bearish cross over in overbought region whereas the RSI dipped lower indicating weakness in prices in near term. 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	1546	1550	1562.5	1569	1572

Trade Recommendation:

SELL NCDEX July Soybean contract below 1564 with target T1 at 1558 and T2 at 1552. Put SL at 1566.

SPOT MARKET PRICES: -

Markets	Market	23.06.07	22.06.07	Change	Arrivals (Bags)
Indore	Plant	1550-1560	1555-1570	-10	15,000-20,000
Indore	Mandi	1510-1520	1510-1530	-10	
Maharashtra	Plant	1640-1650	1660	-10	8000
Maharashtra	Mandi	1580-1600	1580-1600	0	
Kota	Plant	1540-1545	1550	-5	3000
Kota	Mandi	1475-1490	1460-1490	0	

MUSTARD

SPOT MARKETS:

With MMTC, NAFED, and STC having contracted for importing edible oils, the pressure of imported oils is yet to be witnessed. Shedding off gains for weekdays, prices of seeds across spot markets softened on weekend trading on limited buying support and dull trading on Saturday. Prices of expeller oil stood steady at previous days levels, while rapeseed meal managed to hold firm on demand from feed industry. The daily arrivals on Saturday stood at 60-65,000 bags, a hike of around 25,000 bags over previous days arrivals. Traders expect that correction in select edible oils for next week can cast in temporary weakness and prices may settle lower. However, lower stocks of seeds with traders and active buying by stockists would support prices from depreciating.

FUTURES MARKET: -

The NCDEX Mustard seed July traded on higher side with slight indecisiveness over price direction. The futures opened at Rs 442.1/20 Kg against previous closing level of Rs 442.75/20 Kg. Futures closed up marginally at Rs 443/20 Kg.

PRICE DRIVERS:

1. Steady 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: -

Prices traded firm but with slight indecisiveness over market direction as indicated by both the upper and lower shadow of the candlestick. EMA and MACD indicate medium term firmness. Stochastic is hovering in overbought region and RSI has turned flat in overbought region. Both the Volumes and open interest declined. Prices would trade higher if it breaks out over 443 level or else face slight corrections lower.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	439	440	443	446	448

Trade Recommendation:

Risk lovers can BUY NCDEX Mustard July contract near 443 with target T1 at 445. Put SL at 442.

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

Markets	23.06.07	22.06.07	Change	Arrivals (Bags)
Jaipur (C)	2170	2175	-5	-
Alwar(C)	2100	2120-2125	-25	2000
Delhi(C)	2130	2130-2150	-20	1500-2000
Agra(C)/Katchi Ghani	2325/5150	2300/5300	+25	-
Sri Ganganagar (NC)	1880	1910	-30	2500
Kota (NC)	1940	1980	-40	-

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 weekend trading. The prices of shelled nuts ranged from Rs 410 to 545/20 Kg. Rates for groundnut oil at Rajkot firmed up to Rs 732 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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