

OILSEED DAILY

22nd June 2007

SOYBEAN

SPOT MARKETS:

Better price incentives from the Centre for sowing oilseeds coupled with assumption of normal rainfalls could see increase in sowing demand for soybean and eventually good planting progress. With sources from agriculture ministry stating for an expected increase in acreages for Kharif pulses and cereals, soybean crop could face stiff competition. Spot prices of soy oil firmed up marginally in Indore elsewhere it softened on global cues. Following which soybean prices firmed up across. With increasing domestic consumption of soymeal, the percentage share of soymeal for meeting export demand is likely to remain subdued against range bound value of Indian Rupee vis-à-vis US dollar. Domestic soymeal prices across MP recouped previous day's losses and stood firm on Thursday. Soymeal prices across Maharashtra continue to hold firm. At CBOT, lack of follow through selling on Tuesdays price slide coupled with commercial short covering besides speculative and fund buying aided soybean and soymeal futures to settle up. Weather concern over Corn-fields and soybean continues to haunt trading sentiments.

FUTURES MARKET: -

The most active July contract for soybeans at NCDEX traded on higher side, facing slight selling pressure at higher levels. The futures opened at Rs 1568.5/mtl against previous closing of Rs 1566.5/mtl. Futures closed up at Rs 1578/mtl, well above the previous days closing levels.

PRICE DRIVERS:

1. Improved domestic soymeal sentiments
2. Sowing demand for soybeans.
3. Firm soybean and soymeal 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 bullishness with selling pressure at higher levels as indicated by upper shadow of the candlestick. The EMA patterns and MACD indicate medium-term strength. The Stochastic and RSI have entered overbought region. Volumes increased and Open Interest declined. Prices are likely to trade on higher side after slight weak opening.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	1568	1572	1578	1596	1600

Trade Recommendation:

BUY NCDEX July Soybean contract above 1578 with target T1 at 1586 and T2 at 1590. Put SL at 1562.

SPOT MARKET PRICES: -

Markets	Market	21.06.07	20.06.07	Change	Arrivals (Bags)
Indore	Plant	1560-1565	1550	+15	15,000-20,000
Indore	Mandi	1515-1520	1480-1510	+10	
Maharashtra	Plant	1660	1650	+10	10,000-12,000
Maharashtra	Mandi	1580-1620	1590-1610	+10	
Kota	Plant	1535-1540	1530-1540	0	3000
Kota	Mandi	1460-1490	1460-1490	0	

MUSTARD

SPOT MARKETS:

Prices of mustard seeds and expeller oil [Jaipur] as on 1st of June were Rs 2050/qttl & Rs 445/10 Kg and on 21st stood at Rs 2150/qttl & Rs 467/10 Kg. Prices of both expeller oil and mustard seeds have soared up by around 5% on good demand of oil from Vanaspati units, limited seed arrivals across spot markets and virtual scarcity of seeds with traders. For the same time period, prices of soy oil and soybean stood almost range bound. Arrivals in Ganganagar improved to 1500 nags from previous days 300-400 bags. Total arrivals stood at previous days levels of 60,000 bags. Prices of expeller oil firmed up in Jaipur and Mumbai region despite bearish cues from overseas markets [CBOT and BMD]. The lean season for mustard promises seed and oil prices to remain buoyant despite pressure of imported oils at ports.

FUTURES MARKET: -

The NCDEX Mustard seed July traded bullish on good buying support. The futures opened at Rs 438/20 Kg against previous closing level of Rs 438.05/20 Kg. Futures closed at Rs 440.45/20 Kg well 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: -

Candlestick was on the verge of making a fresh high indicating bullishness in prices with good buying support at lower levels as indicated by lower shadow of the candlestick. EMA and MACD indicate medium term firmness. Stochastic and RSI are hovering in overbought region indicating corrections lower. Volumes increased and open interest declined. Prices are likely to trade higher if it breaks out over 441-442 levels. Bulls are advised to trade with caution.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - July	435	437	440.45	446	450

Trade Recommendation:

Risk lovers can BUY NCDEX Mustard July contract near 439 with target T1 at 442 and T2 at 444. Put SL at 434.

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

Markets	21.06.07	20.06.07	Change	Arrivals (Bags)
Jaipur (C)	2150	2125	+25	-
Alwar(C)	2080-2085	2060-2070	+15	2000
Delhi(C)	2190	2150-2160	+30	1500-2000
Agra(C)/Katchi Ghani	2260/5150	2250/5025	+10	-
Sri Ganganagar (NC)	1880	1860	+20	1500
Kota (NC)	1920-1950	1900-1920	+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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