

OILSEED DAILY

2nd July 2007

SOYBEAN

SPOT MARKETS:

At CBOT, overnight firmness in palm oil at BMD with concern of dry weather over Corn Belt coupled with USDA's indication that soybean acreage would decline considerably this year helped to see a major bounce in soy futures. The USDA indicated that producers plan to plant 64.081 million acres as compared with trade estimate at 68 million acres and compared with the March USDA preliminary forecast of 67.14 million acres. June 1st stocks were pegged at 1.091 billion bushels, in line with trade expectations of 1.089 billion bushels (range 1.06-1.12) and compared with 991 million bushels last year. No arrivals were reported in Maharashtra on account of heavy rains. Tracking global cues, prices of soybean firmed up to its highest monthly level on weekend trading. Following it prices of soy meal and soy oil too followed the suit. Recently Indian meteorological department (IMD) marginally scaled down its initial rainfall projections for the season from 95% of the long-period average (LPA) to 93%. However good rainfall distribution during first half of July would witness good soybean cultivation and intended acreage across MP, Maharashtra and Kota region. Bullish soy complex at CBOT is likely to overshadow temporary weakness in soybean on account of good sowing progress.

FUTURES MARKET: -

The most active August contract for soybeans at NCDEX traded bullish on tracking firm soy futures at CBOT. The futures opened at Rs 1585/qttl against previous closing of Rs 1582/qttl. Futures closed up at 1604/qttl, well above the previous days closing levels.

PRICE DRIVERS:

1. Steady domestic soy meal sentiments
2. Sowing demand for soybeans.
3. Firm soy futures at CBOT.
4. Dearth of ready available beans.

WEATHER:

As per IMD, monsoon is expected to hit central India by

TECHNICALS: -

Candlestick shows bullishness with slight tentativeness at higher levels. Prices closed well above the short term EMA's. MACD and EMA pattern are bullish. The Stochastic has made a bullish crossover in neutral region whereas RSI has entered overbought region. Both the Volumes and Open Interest increased. Prices are likely to open slightly lower and trade steady to firm later.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	1586	1592	1604	1621	1627

Trade Recommendation:

BUY NCDEX August Soybean contract near 1602 with target T1 at 1609 and T2 at 1617. Put SL at 1596.

SPOT MARKET PRICES: -

Markets	Market	30.06.07	29.06.07	Change	Arrivals (Bags)
Indore	Plant	1570-1585	1540-1560	+25	30,000-35,000
Indore	Mandi	1510-1530	1490-1510	+20	
Maharashtra	Plant	1690-1700	1640-1645	+55	-
Maharashtra	Mandi	-	1580-1600	-	
Kota	Plant	1570-1600	1540-1545	+55	5000-6000
Kota	Mandi	1520-1530	1490-1500	+30	

MUSTARD

SPOT MARKETS:

Except for Bikaner exchange, mustard seed prices firmed up across Delhi, Sirsa and Hapur exchanges on tracking firm soy complex across domestic and overseas markets. Spot prices of mustard touched the month's highest level on weekend trading [Saturday]. Prices of expeller oil too rose in tandem. Higher open market prices of seeds prompted stockists to bring in more seeds bags. On Saturday, arrivals stood at 50,000 to 55,000 bags an increase of 20,000 bags over previous days arrivals. Firm global cues are likely to underpin mustard complex and keep arrival pressure almost steady during this week. However some consolidation is expected as soaring prices of seeds and oil may witness decline in buying interest at millers end.

FUTURES MARKET: -

The NCDEX Mustard seed August traded on higher side on good buying support but reflected slight tentativeness on higher levels. The futures opened at Rs 454.75. 5/20 Kg against previous closing level of Rs 454.15/20 Kg. Futures closed up at Rs 458.25/20 Kg.

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.
5. Monsoon didn't affected routine trading across Rajasthan.

WEATHER: -

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

TECHNICALS: -

Candlestick shows firmness in prices with slight selling pressure at higher levels as indicated by upper shadow of the candlestick. Rising EMA and MACD indicate bullishness. Stochastic has made a bullish crossover in overbought region whereas RSI too is moving up in overbought region indicating firmness in prices with likely correction lower. Both the Volumes declined and open interest increased. Prices are likely to stay volatile at higher levels. Buy on dips.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	450	452	458.25	462	464

Trade Recommendation:

BUY NCDEX Mustard August contract near 457.5 with target T1 at 460. Put SL at 455.

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

Markets	30.06.07	29.06.07	Change	Arrivals (Bags)
Jaipur (C)	2210-2215	2175	+40	-
Alwar(C)	2150	2125	+25	3000
Delhi(C)	2240	2200	+40	1500
Agra(C)/Katchi Ghani	2325/5300	2300/5300	+25	-
Sri Ganganagar (NC)	1920-1930	1875-1890	+40	2500
Kota (NC)	2000	-	-	3000-4000

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 continued to rise on Friday. The prices of shelled nuts ranged from Rs 410 to 568/20 Kg. Rates for groundnut oil at Rajkot firmed up to Rs 774 per 10 Kg. Spot prices of groundnut oil is continues to trade bullish and reached Rs.750/10kg mark in major trading centers amidst poor availability of stocks and surge in quality groundnut seeds. As per government latest release, during May1-June 22 groundnut sowing has been planted in 253,000 hectare against 317,000 hectare for the same period a year ago. From 2002, groundnut area is continuous shrinking to 19 lakh hectares in 2006 but the Gujarat government is serious and is likely to put the best to increase in plantation by minimum 3 lakh hectares this year. According to trade sources, groundnut sowing in Gujarat is seen in 16-17 lakh hectares which is nearly 2 lakh less to last year figure.

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