

OILSEED DAILY

13th July 2007

SOYBEAN

SPOT MARKETS:

"A greater-than-expected decline in soybean acreage to accommodate the increased corn acreage will likely shift the US and global soybean markets to a substantial deficit for the first time in 4 years," says Goldman. At CBOT, soybean and soymeal futures continued to surge up on weather concerns and strength in wheat, despite good deliveries and subdued sentiments in cash markets. Bullish outlook for US soybean ending stock for 2007-08 prior to release of USDA supply/demand estimates had a spill over impact across domestic soy-complex. Prices of soybean, soymeal and soy oil continued its Bull Run on Thursday. Diminishing stocks of quality beans with traders and millers, resowing demand and global cues underpinned prices of domestic soy-complex. With expectation of resowing operation to extend further till month end, potential yield loss is evident thereby keeping prices of soybean, soymeal and soy oil almost firm. For the monthly supply/demand report for Thursday morning, traders are looking for 2007/2008 ending stocks to come in near 225 million bushels as compared with the June USDA estimate of 320 million bushels and 610 million this season.

FUTURES MARKET: -

The most active August contract for soybeans at NCDEX traded bullish on good buying support and firm soy futures at CBOT. The futures opened at Rs 1653.5/qrtl against previous closing of Rs 1656/qrtl. Futures closed up at 1668/qrtl.

PRICE DRIVERS:

1. Firm domestic soymeal sentiments
2. Resowing likely for soybean in Maharashtra.
3. Firm soybean and soymeal futures at CBOT.
4. Slightly firm palm oil at BMD.
5. Dearth of ready available beans.

WEATHER:

Monsoon has nearly covered major soybeans producing regions. However, heavy rains and flood like conditions have dampened arrivals and damaged late sown soybean s in parts of Maharashtra.

TECHNICALS: -

Prices have formed a new contract high and closed firm with good buying support at lower levels as indicated by the lower shadow of the candlestick. EMA and MACD pattern indicate bullishness. Both the Stochastic and RSI are heading up in overbought region indicating firmness in prices with slight correction likely. Both Volumes and open firm with slight tentativeness on higher side.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	1650	1660	1668	1686	1690

Trade Recommendation:

BUY NCDEX August Soybean contract near 1667 with target T1 at 1671 and T2 at 1682. Put SL at 1664.

SPOT MARKET PRICES: -

Markets	Market	12.07.07	11.07.07	Change	Arrivals (Bags)
Indore	Plant	1620-1630	1615-1625	+5	35,000-40,000
Indore	Mandi	1530-1570	1540-1560	+10	
Maharashtra	Plant	1720	1700-1710	+10	10,000
Maharashtra	Mandi	1650	1640-1660	-10	
Kota	Plant	1610-1620	1600-1610	+10	3,000-3500
Kota	Mandi	1560	1540-1550	+10	

MUSTARD

SPOT MARKETS:

After slight relief from rains in Rajasthan, arrivals have started picking up pace slowly on Thursday. Around 25,000 to 30,000 bags arrived today, decline of 10,000 to 15,000 bags over Monday's arrivals. No arrivals were reported on Wednesday. The daily arrivals in Delhi decline to around 800 bags from previous days 2000 bags. Prices of expeller oil in Mumbai and across Rajasthan bounced back to Monday's levels and stood firm on good demand and expectation of edible oil prices to firm up on renewed buying interest. Moving in tandem with soy complex, prices of mustard seeds across spot markets and domestic exchanges continued to hold firm on fourth consecutive day on fear of supply running short of demand coupled with stockists hoarding seeds in anticipation of further rise in prices of seeds across spot markets. Festive demand for edible oil during August is expected to uphold prices of seeds and oil in short to medium term. The market is expected to trade firm today on bullish global cues.

FUTURES MARKET: -

The NCDEX Mustard seed August traded bullish on predominant buying interest. The futures opened at Rs 456.5/20 Kg against previous closing level of Rs 456/20 Kg. Futures closed up at Rs461.5/20 Kg.

PRICE DRIVERS:

1. Firm prices for expeller oil.
2. Steady decline in daily arrivals across spot markets.
3. Steady demand from vanaspati units and processors.
4. Restricted selling from stockists.

WEATHER: -

Rains have shifted to western Rajasthan and are likely to fade away steadily. However slight rains showers likely within 24 hrs, which is unlikely to impact daily arrivals now.

TECHNICALS: -

Candlestick shows bullishness in prices with good buying support at lower levels as indicated by lower shadow of the candlestick. MACD is attempting to make a bullish crossover in positive region. Stochastic is moving up after making a bullish crossover whereas RSI has headed up further indicating firmness in prices for short term. Both the Volume and open interest increased. Prices are likely to trade firm with slight selling pressure at higher levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	452	456	461.5	472	475

Trade Recommendation:

BUY NCDEX Mustard August Futures contract near 460 with target T1 at 465, T2 near 467. Put SL at 458.

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

Markets	12.07.07	11.07.07	Change	Arrivals (Bags)
Jaipur (C)	2230	2210	+20	
Alwar(C)	2140	2125	+15	1000-2000
Delhi(C)	2250	2210	+40	1500
Agra(C)/Katchi Ghani	2300/5200	2325/5300	-25	-
Sri Ganganagar (NC)	1925-1930	1910	+20	1500-2000
Kota (NC)	1950-1960	1910-1930	+30	

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Heavy rains across Saurashtra and other parts of Gujarat have dampened daily arrivals of nuts. Farmers in Gujarat are intending to buy fresh seeds and start off of sowing operation again. The loss of groundnut crops on account of rains has not yet been quantified but traders estimate it of good magnitude. The prices of shelled nuts firmed up to Rs 410 to 579/20 Kg. Rates for groundnut oil at Rajkot stood firm at Rs795 per 10 Kg. As per the available data, total areas covered under Kharif sowing in Gujarat was 4.95 lakh hectares in Rajkot, 5.40 lakh hectares in Junaghad, 2.95 lakh hectares in Surendranagar. Stiff competition from sowing progress of cotton vis-à-vis groundnut coupled with limited crushing of groundnuts have underpinned prices of nuts and oils as demand for groundnut oil at wholesale and retail end continued holds steady.

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