

OILSEED DAILY

23rd July 2007

SOYBEAN

SPOT MARKETS:

The area coverage of kharif crops as compared to 19th July last week has gone up considerably as per data compiled by Agriculture Ministry. The total coverage of oilseeds so far has been 121.6 lakh ha as compared to 117.4 lakh ha on July 19 last year. Soybean has been sown in 6% higher area as compared to that in 2006. Soybean prices stood steady at previous levels except for slight firmness noticed across plants in MP. Soymeal prices settled lower on tracking weak cues from CBOT. The daily arrivals declined by 10,000 bags to 45,000 bags on weekend trading. Dwindling arrivals and improving demand for soy oil is likely to keep prices of beans almost steady to firm. At CBOT, outlook for hot and dry weather continued to support soybean prices during early session. However, weather models predicting for some rains by month end sparked selling pressure late in the session. In addition to it, weak energy markets didn't support soy complex.

FUTURES MARKET: -

The soybeans futures at NCDEX traded firm with slight tentativeness on both the sides. The futures opened at Rs 1656.5/qttl against previous closing of Rs 1660/qttl. Futures closed marginally up at 1663/qttl.

PRICE DRIVERS:

1. Steady to slightly firm soymeal demand.
2. Firm soy futures at CBOT.
3. Dearth of ready available beans in Maharashtra.
4. Restricted selling from stockists.

WEATHER:

With sowing almost complete across states, forecast of scattered to isolated rains over Madhya Maharashtra and Central India would support growth of soybean crops.

TECHNICALS: -

Candlestick shows firmness in prices with slight tentativeness on both sides as indicated by an upper and lower shadow of the candlestick. MACD is firm in positive region. Stochastic has made a bullish cross over in neutral region and heading up whereas RSI has recovered well in neutral region indicating slight firmness in prices for short term. Both the Volumes and open interest declined. Prices are likely to open slightly higher and trade steady to firm.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	1653	1657	1663	1677	1682

Trade Recommendation:

BUY NCDEX August Soybean contract near 1663 with target T1 at 1668 and T2 at 1674. Put SL at 1660.

SPOT MARKET PRICES: -

Markets	Market	21.07.07	20.07.07	Change	Arrivals (Bags)
Indore	Plant	1660-1665	1650	+15	30,000
Indore	Mandi	1575-1610	1560-1610	0	
Maharashtra	Plant	1750	1740-1750	0	10,000
Maharashtra	Mandi	1700	1700	0	
Kota	Plant	1600-1610	1600-1610	0	5,000
Kota	Mandi	1550-1560	1560	0	

MUSTARD

SPOT MARKETS:

The daily arrivals on weekend stood at 20,000 to 25,000 bags, a hike of around 5,000 bags over previous day's arrivals despite weekend trading and subdued trade activity. Mustard seed prices across Delhi, Sirsa and Hapur exchanges settled lower on predominant selling interest and lack of fresh fundamentals. Spot prices of mustard seeds were quoted at previous day's levels except for slight softness noticed in Jaipur region. Expeller oil traded steady across Rajasthan and in Mumbai region. A slight consolidation in prices of edible oils in near term may bring slight weakness in prices of seeds besides thinning the supplies further. However, lean season and upcoming festive demand for expeller oil across Rajasthan and from East India regions would continue to support prices for mustard complex.

FUTURES MARKET: -

The NCDEX Mustard seed August traded sideways with predominant selling interest. The futures opened at Rs 458.2/20 Kg against previous closing level of Rs 458.7/20 Kg. Futures closed at Rs 457.35/20 Kg.

PRICE DRIVERS:

1. Steady prices for expeller oil across Rajasthan.
2. Marginal arrivals across spot markets
3. Steady demand from vanaspati units and processors.
4. Restricted selling from stockists.

WEATHER: -

Isolated rains likely over the region [Rajasthan].

TECHNICALS: -

The uptrend in price is intact with good support at 455-456 levels. Candlestick shows slight selling pressure at higher levels as indicated by an upper shadow over the candlestick. MACD is weakening in positive region. Both the Stochastic and RSI are seen dipping lower indicating slight consolidation in prices expected in near term. Volumes declined and open interest increased. Prices are likely to open slightly lower and trade steady later.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	450	451	457.35	460	461

Trade Recommendation:

SELL NCDEX Mustard August Futures contract near 457 with target T1 at 454, T2 near 452. Put SL at 458.

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

Markets	21.07.07	20.07.07	Change	Arrivals (Bags)
Jaipur (C)	2240	2245-2250	-10	
Alwar(C)	2150	2150	0	1500-2,000
Delhi(C)	2240-2250	2245-2250	0	1,000-1,200
Agra(C)/Katchi Ghani	2325/5350	2325/5350	0	
Sri Ganganagar (NC)	1935-1940	1935-1940	0	1,500
Kota (NC)	1960-1970	1960-1970	0	-

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

As per the fourth advance estimates for 2006-07, the total oilseed production for 2006-07 is estimated at 238.8 lakh MT from previous final estimate [2005-06] of 279.8 lakh MT. The groundnut production estimate is slated at 49.1 lakh MT from previous years final estimate of 79.9 lakh MT. Farmers' shifting to cotton crops in Gujarat and Andhra Pradesh has created a dent on groundnut acreage and estimated production for current Kharif season. The very view is likely to keep prices of groundnut almost buoyant. The prices of shelled nuts stood steady at Rs 410 to 570/20 Kg. Rates for groundnut oil at Rajkot stood lower at Rs 771-772 per 10 Kg. Healthy competition from Bt. cotton crop in profit is likely to engulf groundnut acreage by nearly 2 lakh hectares in Gujarat in current year (2006-07) at 17.5 lakh ha. In Tamil Nadu groundnut acreage is expecting near 24.6 lakh ha as compared to 32 lakh ha last year while in Andhra Pradesh, acreage seen down at 10.6 lakh ha as compared to 16.5 lakh ha last year is supporting market to remains firm. As per government latest figures, groundnut sowing has been speed up and on July 12th sowing is covered in 9.51 million hectares as compared to 8.74 million hectares last year.

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