

OILSEED DAILY

21st July 2007

SOYBEAN

SPOT MARKETS:

Weather concerns continued to provide underlying support to soy complex. Views of dry weather in the Midwest for next two weeks coupled with forecast of dry conditions to extend till mid of August aided a bounce in soybean futures at CBOT. The spill over affect on domestic soy complex was mixed. The daily arrivals improved by around 10,000 bags. A marked improvement was noticed across Kota region where arrivals surged up to 11,000 bags from previous days 4,000 bags. Elsewhere arrivals improved by 2,000 bags. Soymeal prices stood steady across domestic markets and at ports. Soybean prices surged up on global cues and good demand from millers. With sowing almost complete across states, focus is now on germination progress, which is likely to be smooth on supportive weather. With soybean acreage and estimated production for Kharif 200-07 indicating a hike over last years estimates, imports of edible oils in huge volumes are inevitable on good consumptive demand.

FUTURES MARKET: -

The August contract for soybeans at NCDEX traded slightly bullish on firm cues from CBOT and predominant buying interest. The futures opened at Rs 1645/qrt against previous closing of Rs 1642/qrt. Futures closed marginally up at 1660/qrt.

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 on good buying support, however a small upper shadow on the candlestick indicates slight resistance at higher levels. MACD is on the verge of making bullish crossover in positive region. Stochastic is hovering in neutral region whereas RSI is heading up in neutral region. Volumes increased 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	1642	1648	1660	1678	1683

Trade Recommendation:

BUY NCDEX August Soybean contract near 1660 with target T1 at 1668 and T2 at 1674. Put SL at 1655.

SPOT MARKET PRICES: -

Markets	Market	20.07.07	19.07.07	Change	Arrivals (Bags)
Indore	Plant	1650	1640	+10	32,000
Indore	Mandi	1560-1610	1570-1600	+10	
Maharashtra	Plant	1740-1750	1720	+30	10,000-12,000
Maharashtra	Mandi	1700	1650	+50	
Kota	Plant	1600-1610	1580-1585	+25	11,000
Kota	Mandi	1560	1530-1545	+15	

MUSTARD

SPOT MARKETS:

The daily arrivals on Friday stood around 15,000 to 20,000 bags a decline of 10,000 bags over previous day's arrivals. Notably, arrivals across Alwar declined by 5000 bags to 1500 bags elsewhere it stood at previous day's levels. Prices of both condition and non-condition seeds firmed up further on Friday on steady demand and limited arrivals across spot markets. Mustard seed prices across domestic exchanges stood marginally up on firm spot market sentiments. Prices of mustard expeller oil across Rajasthan continued to hold steady though out the week and stood at previous levels on Friday also. However a marginal hike was noticed in Mumbai region on global cues. With the fourth advance estimates for 2006-07, indicating overall decline in oilseed production especially rapeseed and mustard production, dearth of readily available seed for crushing would keep consumptive demand for expeller oil almost firm in short to medium term besides keeping seed prices almost buoyant.

FUTURES MARKET: -

The NCDEX Mustard seed August traded on higher side with slight tentativeness on higher side. The futures opened at Rs 457.9/20 Kg against previous closing level of Rs 457.3/20 Kg. Futures closed at Rs 458.7/20 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: -

Candlestick shows narrow trade activity with slight selling pressure at higher levels as indicated by upper shadow of the candlestick. MACD is weakening in positive region. Stochastic is moving down in neutral region whereas RSI is heading up in neutral region indicating slight firmness in prices for short term. Volumes increased and open interest declined. Prices are likely to trade steady with slight selling pressure at higher levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	455	456	458.7	462	463

Trade Recommendation:

BUY NCDEX Mustard August Futures contract near 458.5 with target T1 at 460, T2 near 461. Put SL at 457.

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

Markets	20.07.07	19.07.07	Change	Arrivals (Bags)
Jaipur (C)	2245-2250	2235	+15	
Alwar(C)	2150	2140-2150	0	1500-2,000
Delhi(C)	2245-2250	2215-2220	+30	1,000-1,200
Agra(C)/Katchi Ghani	2325/5350	2325/5350	0	
Sri Ganganagar (NC)	1935-1940	1920-1925	+15	1,500
Kota (NC)	1960-1970	1930-1935	+35	-

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 777-778 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 remain 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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