

OILSEED DAILY

SOYBEAN

31st July 2007

SPOT MARKETS:

Recently Myanmar reported break of Bird Flu in South of its capital Yangon. Myanmar happens to be one of the major importers of oil meal from India. After official confirmation of H5N1 strain of Bird Flu in Manipur region, neighboring states have sounded a high alert on its contagious nature. Not only had the prices of oil meals remained subdued prices of feed grains like maize too eased down on the very threat. Soymeal prices softened on Monday on subdued demand across ports and domestic markets. As indicated earlier, monsoon is likely to revive after forecast of a low pressure area forming in Bay of Bengal and North West India region which is likely to convene to central India regions by end of this week. Good rains signal better crop production reaffirming better soybean production this season vis-à-vis last year. Prices of soybean settled lower across plants and spot markets. Arrivals on Monday stood at previous days levels. At CBOT forecast of rains on Monday is likely to keep sentiments for soy complex almost subdued.

FUTURES MARKET: -

The soybeans futures at NCDEX traded bearish on higher selling interest. The futures opened at Rs 1597.5/ql against previous closing of Rs 1594/ql. Futures closed down at 1588/ql.

PRICE DRIVERS:

1. Good prospects for soybean acreage and kharif production.
2. Slight recovery in prices of edible oils across spot markets.
3. Dearth of ready available beans in Maharashtra.
4. Restricted selling from stockists.

WEATHER:

Forecast for scattered rains over MP and isolated across Western India would support soybean crop conditions.

TECHNICALS: -

Candlestick shows slight bearishness in prices. MACD and EMA pattern indicate weakness in prices for medium term. Both the Stochastic and RSI are hovering in oversold region indicating slight weakness in prices for short term but slight recovery at lower levels. Both the Volumes and open interest declined. Prices are likely to open slightly higher on good buying support at lower levels but would continue to test immediate support levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	1568	1573	1588	1600	1606

Trade Recommendation:

SELL NCDEX August Soybean contract near 1590 with target T1 at 1582 and T2 at 1578. Put SL at 1594.

SPOT MARKET PRICES: -

Markets	Market	30.07.07	28.07.07	Change	Arrivals (Bags)
Indore	Plant	1600	1610-1630	-30	25,000
Indore	Mandi	1530-1550	1540-1560	-10	
Maharashtra	Plant	1650	1690	-40	8,000-10,000
Maharashtra	Mandi	1600	1640-1650	-50	
Kota	Plant	1580	1590-1600	-20	5,000
Kota	Mandi	1530	1540-1550	-20	

MUSTARD

SPOT MARKETS:

Spot prices for mustard seeds stood mixed on Monday, with slight firmness noticed in Agra and Jaipur region. Mustard seed settled slightly lower across Delhi, Sirsa and Hapur exchanges. Threat of Bird Flu prevented prices of rapeseed expeller oil cake and local DOC to trade steady across domestic markets. Oil meals constitute a major portion of feed stocks needed by livestock industries. Rapeseed meal is added as feed additive. Overall, the demand for mustard seed remained steady to slightly firm. On supply side, the daily arrivals on Monday stood at 40,000 bags, a hike of around 10,000 bags over previous weekend's arrivals. Daily arrivals in Delhi and Ganganagar regions improved by 200 and 500 bags to 1200 and 2000 bags respectively. The demand for expeller oil is likely to face stiff competition with Rice Bran Oil in East India states on account of pricing and easy availability. UP and Haryana region would continue to hold up seed and oil demand on account of regional preference and dwindling stocks of seeds with millers.

FUTURES MARKET: -

The NCDEX Mustard seed August traded sideways with good buying support at lower levels. The futures opened at Rs 452/20 Kg against previous closing level of Rs 451.75/20 Kg. Futures closed up at Rs 453.15/20 Kg.

PRICE DRIVERS:

1. Steady to slightly firm prices for expeller oil across Rajasthan.
2. Improved arrivals across spot markets
3. Steady demand from vanaspati units and processors.
4. Restricted selling from stockists.
5. Fear of Bird Flu on demand of rapeseed meal.

WEATHER: -

Scattered rains likely over the region [Rajasthan].

TECHNICALS: -

The candlestick indicates slight firmness in prices despite tentativeness on both sides. The MACD pattern indicates decline in positive momentum. The Stochastic is on the verge of making a bearish crossover in neutral region whereas RSI has recovered lately. Volumes increased and open interest declined. Prices are likely to trade range bound with good buying support seen from a relatively long lower shadow of the candlestick.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	449	450	453.15	456	458

Trade Recommendation:

BUY NCDEX Mustard August Futures contract near 453.3 with target T1 at 454.5, T2 near 455. Put SL at 452.

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

Markets	30.07.07	28.07.07	Change	Arrivals (Bags)
Jaipur (C)	2240	2230-2235	+5	
Alwar(C)	2130-2135	2140	-5	1500
Delhi(C)	2225	2225	0	1200
Agra(C)/Katchi Ghani	2350/5350	2325/5350	+25	
Sri Ganganagar (NC)	1890-1900	1900	0	2000
Kota (NC)	1920-1925	1925	0	1500-2000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

The agriculture minister has recently announced the groundnut sowing is completed in Andhra Pradesh. In Gujarat alone groundnut sowing is completed in 1.6 million hectares as compared to 1.5 million hectares last year whereas in South India (mainly Tamil Nadu, Andhra Pradesh and Karnataka) sowing is completed in 2 million hectares. Market also generated bullish support from stalled monsoon progress that has raised the fears of repetition of last year drought and high temperature condition. The good demand of HPS groundnut seeds from Southeast countries added bullish support on depleting stocks from crushing. As per government latest figures, despite slow monsoon progress groundnut sowing is rapidly completed in 3.9 million hectares as on July 27th against 3.35 million hectares last week and 3.46 million hectares last year. In Rajkot market groundnut oil prices traded between Rs. 755-780 per 10 kg during the week. The prices of shelled nuts stood steady at Rs 410 to 572/20 Kg. Rates for groundnut oil at Rajkot too stood steady at Rs 782 per 10 Kg. The forecast of good rains over Gujarat and Western regions is good indicator for improving present crop conditions in Saurashtra regions.

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