

OILSEED DAILY

30th July 2007

SOYBEAN

SPOT MARKETS:

Tracking weak soybean and soymeal futures at CBOT, sentiments for domestic soy complex remained subdued except for slight firmness noticed in soy oil trade. Arrivals in MP registered an increase of 5000 bags, elsewhere it stood at previous day's levels. Prices of soybean eased down across major spot markets on fear of outbreak of Bird Flu in North East regions. Following up, soymeal prices softened at ports and across domestic markets. With Sri Lanka imposing a halt on imports of poultry products from India, traders believe that Gulf and neighboring countries are likely to follow the suit thereby undermining poultry exports. Subsequently the demand for oil meals is likely to remain subdued for short term. Soybean crop in central India regions is reported to be good except for mild incidence of Leaf cater pillar in Amravati & Kolhapur divisions. Expectation of slight warm weather conditions over US soybean during later part of the week is likely to aid pod filling in soybean crop. Weather still continues to affect market sentiments across India and US equally.

FUTURES MARKET: -

The soybeans futures at NCDEX traded bearish on higher selling interest at the back of weak soybean futures at CBOT. The futures opened at Rs 1615/qrtl against previous closing of Rs 1620/qrtl. Futures closed down at 1594/qrtl.

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: -

The prices gapped down after forming a dark candlestick indicating bearishness in market. MACD and EMA pattern indicate decline in positive momentum. Both the Stochastic and RSI have dipped into oversold region indicating slight weakness in prices for short term but recovery later on good buying support at lower levels. The Volumes increased and open interest declined. Prices are likely to open slightly above the previous close and trade with bearish tinge during later session.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	1575	1579	1594	1604	1608

Trade Recommendation:

SELL NCDEX August Soybean contract near 1596 with target T1 at 1589 and T2 at 1583. Put SL at 1600.

SPOT MARKET PRICES: -

Markets	Market	28.07.07	27.07.07	Change	Arrivals (Bags)
Indore	Plant	1610-1630	1625-1640	-10	25,000
Indore	Mandi	1540-1560	1540-1590	-30	
Maharashtra	Plant	1690	1720	-30	8,000
Maharashtra	Mandi	1640-1650	1670-1700	-50	
Kota	Plant	1590-1600	1610-1620	-20	5,000
Kota	Mandi	1540-1550	1560-1575	-25	

MUSTARD

SPOT MARKETS:

On fear of outbreak of Bird Flu, the demand for oil meals remains subdued across Eastern and North Indian states. Prices of rapeseed expeller meal and local DOC softened marginally. Despite weekend trading, the daily arrivals stood at around 30,000 bags. Both Alwar and Sri Ganganagar region witnessed a decline of 500 bags over previous day's arrivals. Across domestic exchanges and spot markets, the prices of seeds settled lower on second consecutive day on tracking weak cues from soy complex. Prices of both condition and non-condition seeds eased down with major decline noticed in Delhi and Agra regions. Prices of mustard expeller oil recovered further across spot markets in Mumbai and Kota while keeping steady in Jaipur region. The market expects slight correction in prices of seeds and oils in near term before fresh buying renews at lower levels. The threat of Flu is likely to prevent any upside movement in prices of seeds.

FUTURES MARKET: -

The NCDEX Mustard seed August traded slightly lower on predominant selling interest. The futures opened at Rs 454.5/20 Kg against previous closing level of Rs 453.95/20 Kg. Futures closed lower at Rs 451.75/20 Kg.

PRICE DRIVERS:

1. Steady to slightly firm prices for expeller oil across Rajasthan.
2. Steady 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 formation dark candlestick indicates bearishness in the market with slight selling pressure at higher levels as indicated by relatively long upper shadow of the candlestick. The EMA and MACD pattern indicates decline in positive momentum. The Stochastic is moving up following a bullish crossover whereas RSI has dipped further indicating weakness in prices for short term. Volumes increased and open interest declined. Prices are likely to trade steady with slight bearish tinge.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	444	446	451.75	453.5	455

Trade Recommendation:

SELL NCDEX Mustard August Futures contract near 452.5 with target T1 at 450, T2 near 448. Put SL at 456.

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

Markets	28.07.07	27.07.07	Change	Arrivals (Bags)
Jaipur (C)	2230-2235	2235-2240	-5	
Alwar(C)	2140	2135-2140	0	1500-2000
Delhi(C)	2225	2250	-25	1000
Agra(C)/Katchi Ghani	2325/5350	2350/5300	-25	
Sri Ganganagar (NC)	1900	1905-1910	-10	1500
Kota (NC)	1925	1930	-5	1500-2000

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

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. With state government of Gujarat intending to import more palm oils into the state to contain shooting prices of groundnut oil, the expected softening in prices has been witnessed well during the first half of the week. On account of subdued rains over Gujarat underpinned prices of groundnut and groundnut oil. The prices of shelled nuts stood steady at Rs 410 to 573/20 Kg. Rates for groundnut oil at Rajkot too stood steady at Rs 785 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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