

OILSEED DAILY

9th August 2007

SOYBEAN

SPOT MARKETS:

The daily arrivals of soybean stood steady at previous day's levels. Prices of soybean managed to recover across spot markets on account of firm soybean sentiments at CBOT and renewed buying interest at lower levels. Following up, soymeal prices too recovered across domestic markets and at Kandla port. Little trade activity was reported at Mumbai port. With festive demand for edible oils likely to extend till next week, soybean prices are likely to find good support. Soybean prices in US are prone to swings on account of uncertain weather over soybean crop and resurgence in US soybean basis during July. As per reports from SOPA, soybean acreage in MP for this season is up by 2.4 lakh ha over last years 44.5 lakh ha bringing cumulative area sown to 46.9 lakh ha as on 3rd of August. Ujjain, Bhopal, Indore, Jabalpur, Sagar, Gwalior and Rewa division occupied 33.4%, 29%, 15.15%, 6.84%, 6.39%, 7.24% and 1.74% of total cultivable land sown in MP. Similarly, around 23 lakh ha of cultivable land has been sown for soybean cultivation in Maharashtra, a marginal hike of 15,000 ha over last years 22.85 lakh ha. Amravati, Nagpur, Latur, Nashik, Pune, Aurangabad and Kolhapur division occupied 44.02%, 26.65%, 12.4%, 2.8%, 2.5%, 3.98% and 7.6% respectively.

FUTURES MARKET: -

The soybeans futures at NCDEX traded on higher side on tracking firm soy futures at CBOT. The futures opened at Rs 1533/qrt against previous closing of Rs 1531.5/qrt. Futures closed up at 1544/qrt.

PRICE DRIVERS:

1. Good prospects for soybean acreage and kharif production.
2. Monsoon to strike central India around 10th of August.
3. Sharp reduction in arrivals across spot markets.
4. Active buying by millers and solvent extraction plants.

WEATHER:

Good monsoon rains are expected to hit Central and North West regions of MP and Madhya Maharashtra within 24 hrs. Rains during vegetative stage would support growth of soybean crops.

SPOT MARKET PRICES: -

Markets	Market	08.08.07	07.08.07	Change	Arrivals (Bags)
Indore	Plant	1520-1525	1500-1520	+5	10,000-15,000
Indore	Mandi	1470-1500	1450-1470	+30	
Maharashtra	Plant	1570	1530	+40	7,000
Maharashtra	Mandi	1500-1525	1470-1500	+25	
Kota	Plant	1510	1500-1510	0	3000-4000
Kota	Mandi	1450	1450	0	

TECHNICALS: -

A small hollow body candlestick with prominent lower shadow show prices managing to recover further on good buying support. The MACD is hovering in negative region. The Stochastic is moving up following a bullish crossover in oversold region while RSI is heading up and is about to enter into neutral region. Both the Volumes and open interest declined. Prices are likely to trade steady after slight firm opening.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	1532	1536	1544	1560	1564

Trade Recommendation:

BUY NCDEX September Soybean contract near 1545 with target T1 at 1552 and T2 at 1556. Put SL at 1541.

MUSTARD

SPOT MARKETS:

With traders reluctant to offload good volumes of seeds at current prices and NAFED intending to crush entire seed stocks to replenish virtual scarcity of rapeseed/mustard oil at consumers end, prices of seeds remained buoyant on Wednesday. Spot prices of seeds firmed up across spot markets while holding steady in Jaipur and Delhi region. Slightly good demand for mustard expeller and rapeseed oil supported mustard seed prices. However, rapeseed expeller oil cake trade steady with no fresh demand coming across domestic markets. The total daily arrivals on Wednesday stood around 10,000 to 15,000 bags. Alwar witnessed a decline of 500 bags while Delhi registered a marginal hike of 100 bags over previous day's arrivals. The prices of seeds and expeller oil are likely to stay steady to firm in near term as stocks at traders end are dwindling and arrivals are expected to taper further.

FUTURES MARKET: -

The NCDEX Mustard seed futures traded on higher side on good buying support. The futures opened at Rs 450.1/20 Kg against previous closing level of Rs 450.3/20 Kg. Futures closed up at Rs 450.6/20 Kg.

PRICE DRIVERS:

1. Steady sentiments for expeller oil across Rajasthan.
2. NAFED to crush seeds to ensure ready availability of rapeseed oil.
3. Steady demand from vanaspati units and processors.
4. Restricted selling from stockists.
5. Overall weakness in soy complex.

WEATHER: -

Forecast of good rains over Rajasthan within 24 hrs may disrupt arrivals but unlikely to affect routine trading.

TECHNICALS: -

A small dark bodied candlestick with equal upper and lower shadows show narrow range bound trade with slight tentativeness on both the sides. The MACD is hovering in negative regions. RSI has moved up from oversold region into neutral region and Stochastic too has moved up following a bullish crossover. Both the volumes and open interest declined. Prices are likely trade range bound after a steady opening.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	444	447	450.60	456	458

Trade Recommendation:

BUY NCDEX Mustard September Futures contract near 450 with target T1 at 453, T2 near 454. Put SL at 448.

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

Markets	08.08.07	07.08.07	Change	Arrivals (Bags)
Jaipur (C)	2195-2200	2195-2200	0	-
Alwar(C)	2115-2120	2110-2115	+5	1000
Delhi(C)	2210-2215	2190	+25	700-800
Agra(C)/Katchi Ghani	2300/5275	2300/5225	0	-
Sri Ganganagar (NC)	1890	1880	+10	1500
Kota (NC)	1910-1915	1900-1910	+5	1200-1500

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. 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. General weakness in oilseed and edible oil sentiments across domestic markets dragged down the prices of groundnut oil in Gujarat on Monday. In Rajkot market groundnut oil prices traded at Rs 763per 10 kg on Wednesday. The prices of shelled nuts stood steady at Rs 410 to 563/20 Kg. The forecast of good rains over Gujarat and Western regions is good indicator for improving present crop conditions in Saurashtra regions. **The overall export of oil meals for the period April 2007 to July 2007 is reported at 956,775 tons compared to 1,055,150 tons i.e. down by 9% due to in decreased in export of soybean meal from 685,425 tons to 491,600 tons and groundnut meal from 43,100 ton to 4,775 tons in first four months of current year due to failure of groundnut crop.**

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