

## OILSEED DAILY

31<sup>st</sup> August 2007

### SOYBEAN

#### SPOT MARKETS:

Slight firmness in soy complex at CBOT helped soybean prices firm up marginally; keeping soymeal sentiments almost steady. On Thursday, arrivals stood steady for second consecutive day. Plant delivery rates for soybean stood steady in MP and Kota region while spot prices firmed up marginally. Festive months ahead and pressure of kharif oilseeds production would keep prices of soybean subdued. In US, hot and dry weather was reported to have contained spread of Asian soybean rust reported across 84 counties in US. Incidence of spike in aphid population/ rust symptoms has already created difference of opinion over soybean yield estimates and kept market sentiments almost mixed. Domestically crop condition in Central India is reported to be good and threat of pest/disease in Maharashtra is unlikely to affect production outlook in the state.

#### FUTURES MARKET: -

The soybeans futures at NCDEX traded on lower side despite slight firm cues from CBOT. The futures opened at Rs 1494/qtl against previous closing of Rs 1488.5/qtl. Futures closed at 1492/qtl.

#### PRICE DRIVERS:

1. Good oilseed production prospects this season.
2. Expectation of US soybean production to increase this season.
3. Slightly firm soy futures at CBOT on Wednesday.
4. Steady arrivals across spot markets.

#### WEATHER:

IMD forecast: - Rain showers over South West region of MP and Madhya Maharashtra and decrease thereafter.

#### TECHNICALS: -

The candlestick shows tentativeness in prices with predominant buying support at lower levels. The MACD and EMA are medium term bearish. The Stochastic moved down while RSI is seen recovering in oversold region. Volumes declined and open interest increased. Prices likely to plunge after steady to firm opening.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	1480	1484	1492	1498	1500

#### Trade Recommendation:

**SELL** NCDEX September Soybean contract near 1494 with target T1 at 1491 and T2 at 1487. Put SL at 1496.

#### SPOT MARKET PRICES: -

Markets	Market	30.08.07	29.08.07	Change	Arrivals (Bags)
Indore	Plant	1490-1510	1480-1510	0	20,000
Indore	Mandi	1420-1440	1410-1420	+20	
Maharashtra	Plant	1510	1520-1525	-15	8000
Maharashtra	Mandi	NA	NA	-	
Kota	Plant	1500-1510	1510	0	3500-4000
Kota	Mandi	1440-1460	1450	+10	

## MUSTARD

### SPOT MARKETS:

Prices of mustard settled lower for second consecutive day. Prices of condition seeds softened by average of Rs 20/qlt across Delhi, Jaipur and Alwar markets. Seed prices across domestic exchanges settled lower on Thursday despite firm cues from overseas markets and slight recovery across soy complex. Arrival pressure kept its steady pace throughout the month with 15,000 to 20,000 bags reported on daily basis. Around 20,000 bags arrived on Thursday, a hike of 5,000 bags over previous day's arrivals. Arrivals declined to 1000 bags in Alwar region while Delhi region reported 600 bags. Notably, no arrivals were witnessed in Delhi on Wednesday. Rape oil cake at Mehsana and Mustard oil cake at Jaipur both traded subdued. Mustard complex is likely to trade sluggish; not only on account of lack of strong fundamentals but also due to pressure of imported oils for festive months ahead.

### FUTURES MARKET: -

The NCDEX Mustard seed futures traded bearish on predominant selling interest. The futures opened at Rs 422/20 Kg against previous closing level of Rs 421.6 /20 Kg. Futures closed at Rs 418/20 Kg.

### PRICE DRIVERS:

1. Increase in arrivals across spot markets.
2. Steady sentiments for edible oils
3. Good oilseed production this season
4. Demand for rapeseed meal stood steady.
5. Millers intending to buy more soybeans.

### WEATHER: -

Monsoon rains over South and East of Rajasthan; unlikely to affect arrivals across spot markets.

### TECHNICALS: -

Dark candlestick with equal shadow on both sides indicates bearishness and lack of conviction to stay on either side. MACD and EMI trend confirm the same. Stochastic is turning flat in oversold region while the RSI dipped further into deep oversold region. Volumes increased and open interest declined. Prices likely to trade range bound with weak bias.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	412	415	418	421	423

### Trade Recommendation:

**SELL** NCDEX Mustard September Futures contract near 419 with target T1 at 417, T2 near 416. Put SL at 420.

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

Markets	30.08.07	29.08.07	Change	Arrivals (Bags)
Jaipur (C)	2130	2150	-20	-
Alwar(C)	2040	2050-2060	-20	1000-1200
Delhi(C)	2130	2150	-20	600
Agra(C)/Katchi Ghani	2250/5150	NA	-	-
Sri Ganganagar (NC)	1770-1775	1800	-25	500-600
Kota (NC)	1840	NA	-	NA

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET: -

The area under groundnut crop has increased by around 15-16% this season. Traders expect that prices of edible oils are not going to flare up sharply as imports and reduction of duty are already keeping prices under check. The prices of shelled nuts on Thursday stood lower at Rs 410 to 532/20 Kg. Prices of groundnut oil stood steady at Rs 748/10 Kg in Rajkot market on subdued market demand for edible oils and weak global cues on weekend trading. Early sown groundnut is in early vegetative/vegetative stages across major groundnut producing regions while sowing is continuing in Tamil Nadu and in parts of Karnataka. As per government latest figures groundnut sowing is completed in close to 5 million hectares as on August 17th vs 4.84 million hectares last week and 4.34 million hectares a year ago

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