

OILSEED DAILY

7th August 2007

SOYBEAN

SPOT MARKETS:

As per spokesperson from SOPA, the revised estimate for soybean acreage could touch 84 lakh ha from previous estimate of around 81 lakh ha. The market sentiments for soy complex stood subdued on Monday on global cues and higher than expected soybean acreage this Kharif on timely revival of monsoon over Central India and extensive sowing reported across the states. Soybean crop has covered large area of cultivable land in MP, Rajasthan and Maharashtra except for South Indian states where oilseed acreages have been reported to have declined possibly on scarcity of fertilizers and shift to more remunerative pulse crops. The daily arrivals on Monday declined to 24,000 bags from previous weekend arrivals of 32,000 bags. A marked decline was noticed in MP and Maharashtra. Prices of soybean and soymeal crashed down on Monday on sharp correction noticed in prices of edible oils across domestic markets. Temporary weakness in prices of soybean is likely to extend further as traders expect further consolidation in prices of edible oil and soybean in short term.

FUTURES MARKET: -

The soybeans futures at NCDEX traded bearish on extensive selling pressure and weak global cues. The futures opened at Rs 1550/mtl against previous closing of Rs 1557/mtl. Futures closed down at 1519/mtl.

PRICE DRIVERS:

1. Good prospects for soybean acreage and kharif production.
2. Monsoon to strike central India after 7th of August.
3. Sharp reduction in arrivals across spot markets.
4. Active buying by millers and solvent extraction plants.

WEATHER:

IMD indicated that a low pressure area is likely over Bay of Bengal from 9th of August, which mean a slight delay in rainfall over Central India, but intermittent rainfalls would keep crop under good health.

TECHNICALS: -

A long dark body candlestick show strong selling pressure. The EMA and MACD pattern indicate medium term bearishness. The Stochastic and RSI have plunged deep into oversold region with no signs of immediate recovery. Volumes increased and open interest declined. Prices are likely to trade on lower side with bearish tinge.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	1495	1500	1519	1528	1534

Trade Recommendation:

SELL NCDEX August Soybean contract near 1519 with target T1 at 1511 and T2 at 1506. Put SL at 1525.

SPOT MARKET PRICES: -

Markets	Market	06.08.07	04.08.07	Change	Arrivals (Bags)
Indore	Plant	1510-1530	1560-1575	-45	15,000
Indore	Mandi	1515	1510-1530	-15	
Maharashtra	Plant	1590	1640	-50	5,000
Maharashtra	Mandi	1525-1540	1600	-60	
Kota	Plant	1515-1520	1565	-45	2,000
Kota	Mandi	1450-1480	1525	-45	

MUSTARD

SPOT MARKETS:

The daily arrivals on Monday stood at 15,000 bags, a hike of 5,000 bags over previous weekend's arrivals. Except for marginal hike in arrivals noticed in Delhi, Alwar and Ganganagar region noticed a decline of 100 and 600 bags respectively on Monday. Spot prices of mustard seeds stood steady in Alwar and Delhi regions, elsewhere it softened on little buying support at previous price levels. Similarly, mustard seeds settled considerably lower across domestic exchanges tracking weak cues from soy complex and general weakness in prices of edible oils across domestic markets. The market expects further corrections in prices of seeds, meal and expeller oil; not only on outlook of weak global advices but also on view of Centre mulling over importing more edible oils to keep prices under check. Until fresh consignments arrives at ports, the time gap in imports is likely to keep prices almost steady with fresh buying interest likely at lower levels.

FUTURES MARKET: -

The NCDEX Mustard seed futures traded on lower side with slight buying support emerging during later half of trading. The futures opened at Rs 447/20 Kg against previous closing level of Rs 448.65/20 Kg. Futures closed up at Rs 446.05/20 Kg.

PRICE DRIVERS:

1. Weak sentiments 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. 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 short dark bodied candlestick with long lower shadow show bearishness in prices with good buying support at lower levels. The EMA and MACD show medium term bearishness. RSI and Stochastic continued to dip into oversold region. Volumes increased and open interest declined. Prices are likely to trade range bound after slight firm opening



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	439	440	446.05	449	451

Trade Recommendation:

SELL NCDEX Mustard August Futures contract near 447 with target T1 at 444, T2 near 443. Put SL at 448.

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

Markets	06.08.07	04.08.07	Change	Arrivals (Bags)
Jaipur (C)	2190	2210-2215	-25	-
Alwar(C)	2100	2100	0	1500
Delhi(C)	2210	2210	0	1000
Agra(C)/Katchi Ghani	2275/5250	2300/5200	-25	-
Sri Ganganagar (NC)	1860-1865	1890	-25	1500
Kota (NC)	1890-1900	1910-1920	-20	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 between Rs 764 per 10 kg during the week. The prices of shelled nuts stood steady at Rs 410 to 565/20 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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