

## OILSEED DAILY

3<sup>rd</sup> August 2007

### SOYBEAN

#### SPOT MARKETS:

Processing plants in Rajasthan and MP with higher capacities to crush soybean [@1000-2000mt/day] are actively purchasing soybean seeds at prevailing market prices in anticipation of better export opportunities for soymeal after November 2007, thereby keeping physical demand of soybean almost intact. Good crop production prospects on account of forecast of monsoon rains to strike Central India regions after 7<sup>th</sup> of August would not only ensure better soybean production but at the same time ensure good supply of soymeal at par with demand across domestic markets, European and Asian countries. Threat of Flu is likely to be short lived. Sentiments for domestic soy complex stood weak on global cues. The daily arrivals stood steady with slight decline noticed in MP. Fewer arrivals were noticed in Maharashtra on good rains. Prices of soybean crashed on tracking weak global cues though demand for soybean was almost steady. Renewed buying at lower prices would lift the prices in near term. Soymeal sentiments stood subdued on Thursday.

#### FUTURES MARKET: -

The soybeans futures at NCDEX traded on lower side on tracking weak cues from CBOT. The futures opened at Rs 1586/qrtl against previous closing of Rs 1589/qrtl. Futures closed at 1573/qrtl.

#### PRICE DRIVERS:

1. Good prospects for soybean acreage and kharif production.
2. Monsoon to strike central India after 7<sup>th</sup> of August.
3. Dearth of ready available beans in Maharashtra and MP.
4. Active buying by millers and solvent extraction plants.

#### WEATHER:

A marked low pressure area building over Bay of Bengal and North West by 4<sup>th</sup> of August indicates for rains to converge over Central India during 4-7<sup>th</sup> of August ensuring much needed rains for soybean crop at vegetative stage of its growth.

#### TECHNICALS: -

A dark body candlestick with lower shadow shows bearishness with good buying support at lower levels. MACD has entered the negative region while EMA pattern indicate medium, term bearishness. The Stochastic has made a bullish crossover in oversold region while RSI has plunged further into oversold region. Volumes increased and open interest declined. Prices are likely to trade steady to weak after slight firm opening



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	1559	1563	1573	1582	1584

#### Trade Recommendation:

**SELL** NCDEX August Soybean contract near 1575 with target T1 at 1570 and T2 at 1566. Put SL at 1578.

#### SPOT MARKET PRICES: -

Markets	Market	02.08.07	01.08.07	Change	Arrivals (Bags)
Indore	Plant	1585-1595	1590-1610	-15	20,000
Indore	Mandi	1525-1530	1550-1570	-40	
Maharashtra	Plant	1670	1670	0	8,000-10,000
Maharashtra	Mandi	Nil	1600-1625	Nil	
Kota	Plant	1570	1570-1585	-15	5,000
Kota	Mandi	1530-1540	1530-1550	-10	

## MUSTARD

### SPOT MARKETS:

Following weak sentiments for soy complex and global advices, the mustard seed prices crashed down further across spot markets on Thursday. During the week, the seed prices witnessed a decline of Rs 10-20/qrtl across major spot markets. The expeller oil traded range bound. The daily arrivals also declined in tandem with prices. The arrivals of Thursday stood around 10,000 to 15,000 bags, a decline of 5,000 bags over previous day's arrivals. No arrivals were reported from Alwar region; however marginal hike in arrivals was witnessed in Delhi and Ganganagar regions. Crushing of seeds at millers end was reported to be continuous. The prices of rapeseed meal [38%] at Kandla port stood at \$143/MT as on Wednesday. With Centre contemplating to import more edible oils ahead of festive season [August-September] through state trading bodies, the very measure is unlikely to create demand compression in short to medium term.

### FUTURES MARKET: -

The NCDEX Mustard seed August traded bearish on predominant selling interest. The futures opened at Rs 448/20 Kg against previous closing level of Rs 448.6/20 Kg. Futures closed lower at Rs 446.1/20 Kg.

### PRICE DRIVERS:

1. Steady prices for expeller oil across Rajasthan.
2. Decline in 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: -

Forecast of scattered rain over the East [Rajasthan is unlikely to affect daily arrivals and trading sentiments.

### TECHNICALS: -

A short dark body candlestick with slightly long lower shadow indicates good buying support at lower levels. The MACD has moved below the zero line. The Stochastic is dipping towards oversold region whereas RSI is hovering in oversold region. Volumes increased and open interest declined marginally. Prices are likely to open firm and trade steady thereafter but with bearish tinge.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	440	442	446.1	448.5	449.5

### Trade Recommendation:

**SELL** NCDEX Mustard August Futures contract near 446.5 with target T1 at 445, T2 near 443. Put SL at 447.5.

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

Markets	02.08.07	01.08.07	Change	Arrivals (Bags)
Jaipur (C)	2225-2230	2235-2240	-10	-
Alwar(C)	2125	2125-2130	-5	Nil
Delhi(C)	2210	2230	-20	800
Agra(C)/Katchi Ghani	2325/5300	2325/5250	0	
Sri Ganganagar (NC)	1860-1870	1900	-30	2000
Kota (NC)	1890-1900	1910	-10	1200

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 groundnuts and groundnut oil in Gujarat. In Rajkot market groundnut oil prices traded between Rs 774 per 10 kg during the week. The prices of shelled nuts stood steady at Rs 410 to 566/20 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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