

OILSEED DAILY

13th August 2007

SOYBEAN

SPOT MARKETS:

As per Ministry of Agriculture, around 159 lakh ha of land has been sown under oilseed crops in India in comparison to 149 lakh ha last year. However, the recent Supply and Demand report released by USDA on soybean production in US and World was considered as less encouraging leading to long liquidation selling in soybean futures at CBOT. The report stated for a decline in world soybean production from previous forecast of 222.05 MMT to 221.62 MMT. However, prospects of US soybean production were slightly better at 71.45 MMT against previous forecast of 71.44 MMT. Domestically, soybean prices stood steady across spot markets with slight firmness noticed in spot Maharashtra and Kota regions. The daily arrivals declined to 25,000 bags from previous day's arrivals of 35,000 bags. Marked decline in arrivals was noticed for MP region. Soymeal too traded steady with prices staying steady at previous day's levels. The demand for soymeal is picking up across North East India regions as Manipur lifted ban on interstate movement of poultry feeds. Maharashtra too followed the suit, with prices of poultry products reported to recover after recent threat of Flu. Consecutively, demand for soymeal is likely to pick up not only on account of domestic buying support but good overseas demand for protein rich meal.

FUTURES MARKET: -

The soybeans futures at NCDEX traded sideways on the back of slightly weak soybean futures at CBOT. The futures opened at Rs 1546/qlt against previous closing of Rs 1555.6/qlt. Futures closed at 1554/qlt.

PRICE DRIVERS:

1. Weak soybean and soy oil futures at CBOT.
2. Slightly less encouraging USDA S&D report on soybean.
3. Subdued sentiments for veg oils.
4. Decline in daily arrivals across spot markets.

WEATHER:

Scattered rains over Central MP conducive for crop growth.

TECHNICALS: -

Candlestick show firmness in prices with slight tentativeness on both the side as reflected by an upper and lower shadow of the candlestick. The MACD is bottoming out in negative region. Stochastic and RSI are moving up neutral region indicating firmness in prices for short term. Both the Volumes and open interest declined. Prices are likely to open firm and extend the rally.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	1538	1544	1554	1570	1576

Trade Recommendation:

BUY NCDEX September Soybean contract near 1555 with target T1 at 1560 and T2 at 1565. Put SL at 1551.

SPOT MARKET PRICES: -

Markets	Market	11.08.07	10.08.07	Change	Arrivals (Bags)
Indore	Plant	1540-1550	1530-1550	0	15,000
Indore	Mandi	1460-1500	1460-1500	0	
Maharashtra	Plant	1620-1630	1610	+20	6,000
Maharashtra	Mandi	1570	1560-1570	0	
Kota	Plant	1520-1530	1530	0	4000
Kota	Mandi	1460-1500	1480-1490	+10	

MUSTARD

SPOT MARKETS:

The daily arrivals across spot markets declined to 15,000 bags from previous day's 20,000 bags. Alwar region witnessed a decline of 1000 bags over previous day's arrivals. Slight weakness across domestic soy complex and weak global advices dragged down the prices of mustard seeds across Jaipur, Alwar, Kota and Ganganagar regions. However prices across Delhi and Agra stood steady at previous day's levels. Price of expeller oil stood steady in Rajasthan region while it softened marginally in Mumbai. Rapeseed oil cake and mustard seed meal too traded with subdued sentiments on weekend trading. Prices of seeds and oil are consolidating to pick up later during the week on continued festive buying. However, crushing 60,000 MT of seeds on monthly basis along with importing 1 Lakh MT of edible oils through NAFED may cap the gains for short term.

FUTURES MARKET: -

The NCDEX Mustard seed futures traded on lower side on predominant selling interest. The futures opened at Rs 446.1/20 Kg against previous closing level of Rs 447/20 Kg. Futures closed lower at Rs 445.8/20 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.

WEATHER: --

Isolated rains over Rajasthan are unlikely to disrupt daily arrivals across spot markets.

TECHNICALS: -

The candlestick show narrow range bound trade activity amidst slight indecisiveness over price direction. The MACD and EMA show medium term bearishness. RSI has fallen back into oversold region after a recent rise while Stochastic is hovering in neutral region. Both the volumes and open interest declined. Prices are likely to open weak and trade on lower side.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	438	440	445.8	449	451

Trade Recommendation:

SELL NCDEX Mustard September Futures contract near 447 with target T1 at 444, T2 near 442. Put SL at 448.

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

Markets	11.08.07	10.08.07	Change	Arrivals (Bags)
Jaipur (C)	2190-2195	2200	-5	-
Alwar(C)	2100	2115	-15	1000
Delhi(C)	2210	2210	0	600
Agra(C)/Katchi Ghani	2275/5250	2275/5250	0	-
Sri Ganganagar (NC)	1870-1875	1880-1890	-15	1200-1500
Kota (NC)	1900-1910	1910-1920	-10	1000-1500

C: Conditioned

NC: Non-Conditioned

GROUNDNUT

SPOT MARKET: -

Weakness in other edible oil, sluggish demand and good rainfall activities in major groundnut producing belt results bearish undertone trades of groundnut oil domestically. As per government latest figures groundnut sowing is completed in 4.84 million hectares as on August 10th against 4.42 million hectares last week and 4.45 million hectares a year ago. In Rajkot market groundnut oil prices traded between Rs. 760-770 per 10 kg during the week. The prices of shelled nuts stood steady at Rs 410 to 567/20 Kg. Prices of groundnut oil stood at Rs 780/10 Kg in Rajkot market. Prices of groundnut oil stood at Rs 780/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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