

OILSEED DAILY

27th August 2007

SOYBEAN

SPOT MARKETS:

Around 2,20,000 bags arrived during the week. Despite weekend trading, the daily arrivals improved to 42,000 bags a marginal hike of 2,000 bags over previous day's arrivals. Arrivals in MP improved by 5,000 bags while it declined by 3000 bags in Kota region. Prices of soybean stood mixed for second consecutive day with slight firmness noticed in Maharashtra Mandi while staying steady in MP spot markets. Plant delivery rates declined in MP and Kota region. Soymeal prices continued to surge up on good domestic demand and firm cues from overseas markets. Prices of soybean are likely to trade steady in near term. Gains made from improving demand for oilmeals from Europe, Middle East and Asian countries coupled with weather concerns over US soybean crop is likely to be offset by pressure of imported oils. News of tight stock position of soybean in China and high cost of importing soybean from South America may support soybean sentiments at CBOT while providing relative advantage to soybean export sentiments from India.

FUTURES MARKET: -

The soybeans futures at NCDEX traded sideways on lack of conviction to remain either bullish or bearish. The futures opened at Rs 1533/qrtl against previous closing of Rs 1530/qrtl. Futures closed at 1529.5/qrtl.

PRICE DRIVERS:

1. Good oilseed production prospects this season.
2. Firm soy futures at CBOT.
3. Steady demand for soybean across domestic markets.
4. Steady daily arrivals across spot markets.

WEATHER:

Rains over central India to remain subdued as monsoon is shifting to foothills of Himalayas.

TECHNICALS: -

The small dark body candlestick shows tight range bound trading with weak bias. The MACD has turned flat in negative region. The Stochastic is heading up following a bullish crossover while RSI remained flat in neutral region. Both the Volumes and open interest declined. Prices are likely to trade range bound unless it breaks out above or below its immediate support/resistance levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	1520	1522	1529.5	1540	1544

Trade Recommendation:

BUY NCDEX September Soybean contract near 1528.5 with target T1 at 1533 and T2 at 1537. Put SL at 1526.

SPOT MARKET PRICES: -

Markets	Market	25.08.07	24.08.07	Change	Arrivals (Bags)
Indore	Plant	1525-1535	1550	-15	30,000
Indore	Mandi	1450-1470	1470	0	
Maharashtra	Plant	1560-1570	1570	0	6,000-8000
Maharashtra	Mandi	1500-1530	1520	+10	
Kota	Plant	1520-1525	1530	-5	3300
Kota	Mandi	1470-1480	1500	-20	

MUSTARD

SPOT MARKETS:

By end of week, prices of mustard seeds in Jaipur, Delhi and Ganganagar regions softened by Rs 5, Rs 15, Rs 25 per qtl respectively. On contrary, seed prices in Agra and Alwar firmed up by Rs 75 & Rs 5 per qtl. Around 90,000 bags of mustard seeds arrived during the week with daily arrivals averaging at 15,000 to 20,000 bags. On weekend trading, daily arrivals across Alwar and Ganganagar improved by 900 and 100 bags respectively. Spot prices of seed stood mostly bearish except for slight firmness noticed in Agra region. Seed prices across domestic exchanges settled lower for 4th consecutive day. Fundamentally mustard seed stocks with traders are dwindling but pressure of imported oils and good prospects of kharif oilseeds have cast in bearish cues across mustard complex. The very view is likely to prompt traders to offload stocks in good volumes.

FUTURES MARKET: -

The NCDEX Mustard seed futures traded on lower side on predominant selling pressure. The futures opened at Rs 433.5/20 Kg against previous closing level of Rs 432.8/20 Kg. Futures closed lower at Rs 432 /20 Kg.

PRICE DRIVERS:

1. Steady arrivals across spot markets.
2. Good oilseed production this season
3. Demand for rapeseed meal stood steady.
4. Restricted selling from stockists.
5. Millers intending to buy more soybeans.

WEATHER: --

Monsoon rains have faded away from South Rajasthan regions and pose no threat to arrivals.

TECHNICALS: -

Chart pattern show bearishness. The MACD and EMA pattern show medium term bearishness. Both RSI and Stochastic have dipped lower in oversold region. Volumes and open interest declined. Prices would open slightly firm on good buying support at lower levels; as indicated by formation of a lower shadow in the candlestick. Chances of recovery are bleak in near term.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	427	429	432	435	437

Trade Recommendation:

SELL NCDEX Mustard September Futures contract near 432.4 with target T1 at 431.5, T2 near 430.5. Put SL at 433.

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

Markets	25.08.07	24.08.07	Change	Arrivals (Bags)
Jaipur (C)	2165-2170	2180	-10	-
Alwar(C)	2075-2080	2080	0	500-600
Delhi(C)	2165	2170-2180	-15	300-400
Agra(C)/Katchi Ghani	2325/5150	2250/5175	+75	-
Sri Ganganagar (NC)	1825-1830	1850	-20	700-800
Kota (NC)	NA	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 stood at Rs 410 to 567/20 Kg. Prices of groundnut oil stood marginally lower at Rs 767/10 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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