

OILSEED DAILY

2nd August 2007

SOYBEAN

SPOT MARKETS:

As per spokesperson from SEA of India, India is expected to produce around 150 lakh MT of summer grown oilseeds for current Kharif 2007 under assumption of normal monsoon rains. Amount of rainfall and humidity needs to be gauged in near term to assess production prospects of soybean crop. In US, forecast of dry and hot weather may hamper pod filling in soybean crop thereby underpinning soybean prices in near term. Mild incidence of Asian Soybean Rust reported down South may prove detrimental to the crop provided precipitation models reflects above average rainfalls. Despite firm cues from CBOT, soymeal traded steady on lack of active trading. Sentiments for oil meals are likely to remain subdued in short term. The daily arrivals in MP improved by 5000 bags, elsewhere it stood steady at previous levels. Tracking firm cues from CBOT, prices of soybean firmed up across plants and spot markets. Offtake of beans from millers continued as a measure to replenish their stocks. However prospects of good rains by weekend over Central India may cast in temporary weakness in prices of beans in near term. The medium term trend holds firm as overseas sentiments for soybean are likely to remain bullish.

FUTURES MARKET: -

The soybeans futures at NCDEX traded sideways with predominant selling pressure at higher levels. The futures opened at Rs 1595/qrtl against previous closing of Rs 1593/qrtl. Futures closed at 1589/qrtl.

PRICE DRIVERS:

1. Good prospects for soybean acreage and kharif production.
2. Slight recovery in prices of edible oils across spot markets.
3. Dearth of ready available beans in Maharashtra.
4. Restricted selling from stockists.

WEATHER:

Forecast for scattered rains over MP and isolated across Western India would support soybean crop conditions.

TECHNICALS: -

Candlestick shows bearishness with predominant selling pressure at higher levels as indicated by relatively long upper shadow of the candlestick. MACD has moved down below the centerline while EMA pattern indicate weakness in prices for medium term. The Stochastic is on verge of making a bullish crossover in oversold region while RSI has dipped further into oversold region. Volumes increased and open interest declined. Prices are likely to trade steady while facing good resistance at higher levels.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| NCDEX - August | 1569 | 1573 | 1589 | 1600 | 1605 |

Trade Recommendation:

SELL NCDEX August Soybean contract near 1591 with target T1 at 1585 and T2 at 1579. Put SL at 1595.

SPOT MARKET PRICES: -

| Markets | Market | 01.08.07 | 31.07.07 | Change | Arrivals (Bags) |
|-------------|--------|-----------|-----------|--------|-----------------|
| Indore | Plant | 1590-1610 | 1590-1600 | +10 | 25,000 |
| Indore | Mandi | 1550-1570 | 1540-1560 | +10 | |
| Maharashtra | Plant | 1670 | 1660 | +10 | 8,000-10,000 |
| Maharashtra | Mandi | 1600-1625 | 1600-1610 | +15 | |
| Kota | Plant | 1570-1585 | 1580 | +5 | 5,000 |
| Kota | Mandi | 1530-1550 | 1535-1540 | +10 | |

MUSTARD

SPOT MARKETS:

The daily arrivals of mustard seeds declined further on third consecutive day to 20,000 bags from previous day's 30,000 bags while registering a decline of 20,000 bags over Monday's arrivals. Arrivals across Alwar and Delhi regions reduced by 500 and 1500 bags thereby indicating thin supply for the days ahead if prices continue to consolidate further. Prices of condition seeds stood mixed whereas those of non-condition softened marginally. Slight firmness in prices was noticed in Agra and Jaipur region. Rapeseed expeller oil cake and local DOC in Rajasthan traded with subdued sentiments. However expeller oil traded steady in Mumbai and Rajasthan. Despite subdued sentiments for oil meals and steady decline in daily arrivals across spot markets, the prices of seeds, meal and expeller oil are likely to trade range bound unless any significant demand arises from private institutions and big stockists.

FUTURES MARKET: -

The NCDEX Mustard seed August traded bearish on predominant selling interest. The futures opened at Rs 453.25/20 Kg against previous closing level of Rs 452.75/20 Kg. Futures closed lower at Rs 448.6/20 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 dark candlestick indicates bearishness in prices though prices found some support at lower levels. The MACD pattern indicates decline in positive momentum. The Stochastic is dipping in neutral region whereas RSI has dipped further towards oversold region. Volumes increased and open interest declined marginally. Prices are likely to trade on lower side.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|-----|-----|--------|-----|-----|
| NCDEX - August | 440 | 442 | 448.60 | 452 | 454 |

Trade Recommendation:

SELL NCDEX Mustard August Futures contract near 448 with target T1 at 446, T2 near 444. Put SL at 450.

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

| Markets | 01.08.07 | 31.07.07 | Change | Arrivals (Bags) |
|----------------------|-----------|-----------|--------|-----------------|
| Jaipur (C) | 2235-2240 | 2235 | +5 | - |
| Alwar(C) | 2125-2130 | 2125-2130 | 0 | 500-800 |
| Delhi(C) | 2230 | 2230-2235 | -5 | 500 |
| Agra(C)/Katchi Ghani | 2325/5250 | 2300/5300 | +25 | |
| Sri Ganganagar (NC) | 1900 | 1910 | -10 | 1000 |
| Kota (NC) | 1910 | 1920 | -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. Market also generated bullish support from stalled monsoon progress that has raised the fears of repetition of last year drought and high temperature condition. The good demand of HPS groundnut seeds from Southeast countries added bullish support on depleting stocks from crushing. 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. In Rajkot market groundnut oil prices traded between Rs 780 per 10 kg during the week. The prices of shelled nuts stood steady at Rs 410 to 571/20 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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