

OILSEED DAILY

SOYBEAN

4th August 2007

SPOT MARKETS:

Amidst slightly firm soybean and soymeal sentiments at CBOT, prices of soymeal firmed up marginally across domestic markets while staying steady at ports. Soybean prices stood steady in Kota while it softened across plants in MP and Maharashtra. Sluggish edible oil trade in domestic markets and weak advices from overseas dragged down the prices of soy oil. With forecast of monsoon reviving over Central India after 7th of August, slight weakness in prices of soybean can't be ruled out. The soybean acreage during May 1-August 2 is estimated at 81.8 lakh ha against 77.3 lakh ha for the corresponding period last year. Plantings of oilseeds are estimated at 14.93 million hectares, compared with 14.18 million hectares a year earlier. Industry sources expect production to touch 80 lakh MT including surplus of 3 lakh MT from last year. As per spokesperson from SOPA, soymeal exports from November may exceed last year's exports of 4 MMT. Traders have sold around 50,000 MT of soymeal @ \$ 290-295 /MT for November and December shipment on account of bright production prospects for the new soybean crop.

FUTURES MARKET: -

The soybeans futures at NCDEX traded on lower side on tracking mixed cues from CBOT. The futures opened at Rs 1572.5/qrtl against previous closing of Rs 1573/qrtl. Futures closed down at 1557/qrtl.

PRICE DRIVERS:

1. Good prospects for soybean acreage and kharif production.
2. Monsoon to strike central India after 7th 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 4th of August indicates for rains to converge over Central India during 4-7th of August ensuring much needed rains for soybean crop at vegetative stage of its growth.

TECHNICALS: -

A long dark body candlestick with small lower and upper shadow indicates bearishness in prices with slight tentativeness on both sides. The EMA and MACD pattern indicate medium term bearishness. The Stochastic has turned flat in oversold region while RSI has plunged further into oversold region indicating weakness in prices with no immediate recovery. Both the Volumes and open interest declined. Prices are likely to trade steady but with bearish bias.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|------|------|------|------|------|
| NCDEX - August | 1537 | 1541 | 1557 | 1568 | 1575 |

Trade Recommendation:

SELL NCDEX August Soybean contract near 1559 with target T1 at 1552 and T2 at 1546. Put SL at 1564.

SPOT MARKET PRICES: -

| Markets | Market | 03.08.07 | 02.08.07 | Change | Arrivals (Bags) |
|-------------|--------|-----------|-----------|--------|-----------------|
| Indore | Plant | 1570-1590 | 1585-1595 | -5 | 20,000 |
| Indore | Mandi | 1550 | 1525-1530 | +20 | |
| Maharashtra | Plant | 1640 | 1670 | -30 | 8,000-10,000 |
| Maharashtra | Mandi | 1590-1600 | Nil | Nil | |
| Kota | Plant | 1570 | 1570 | 0 | 5,000 |
| Kota | Mandi | 1530-1540 | 1530-1540 | 0 | |

MUSTARD

SPOT MARKETS:

During the week, prices of condition and non-condition seeds plunged by Rs 25/qtl and Rs 20/qtl respectively. Arrivals too declined from 40,000 bags on Monday to mere 10,000 -12,000 bags on Friday. On Friday, prices of condition seeds declined whereas those of non-condition seeds firmed up marginally. Mustard seed settled lower across domestic exchanges. Prices of expeller oil in Jaipur declined considerably on account of weak sentiments for edible oil in India and overseas markets. Prices of local rape seed DOC stood at Rs 5450/MT while that of Rapeseed expeller oil cake declined to Rs 6600-6700/MT from previous day's Rs 6700-6750/MT. Market observers believe that prices of condition seeds are unlikely to fall below Rs 2100/qtl levels as demand from millers continue to hold steady to slightly firm. Dearth of seeds in UP, MP, Haryana and Delhi region would continue to underpin prices of seeds in short to medium term.

FUTURES MARKET: -

The NCDEX Mustard seed August traded bearish on predominant selling interest. The futures opened at Rs 445/20 Kg against previous closing level of Rs 446.1/20 Kg. Futures closed lower at Rs 443.1/20 Kg.

PRICE DRIVERS:

1. Weak sentiments 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: -

Prices gapped down and formed a short dark body candlestick indicating bearishness in prices. The MACD has further moved into negative zone. RSI and Stochastic too have moved down into oversold region with no sign of recovery at lower levels. Both the Volumes and open interest declined. Prices are likely to trade on lower side after steady to weak opening. However, prices would continue to find good buying support at lower levels as indicated by a lower shadow of the candlestick.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|----------------|-----|-----|-------|-----|-----|
| NCDEX - August | 435 | 437 | 443.1 | 446 | 447 |

Trade Recommendation:

SELL NCDEX Mustard August Futures contract near 443 with target T1 at 441.5, T2 near 440. Put SL at 444.

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

| Markets | 03.08.07 | 02.08.07 | Change | Arrivals (Bags) |
|----------------------|-----------|-----------|--------|-----------------|
| Jaipur (C) | 2210-2215 | 2225-2230 | -15 | - |
| Alwar(C) | 2110 | 2125 | -15 | Nil |
| Delhi(C) | 2200 | 2210 | -10 | 600 |
| Agra(C)/Katchi Ghani | 2325/5300 | 2325/5300 | 0 | - |
| Sri Ganganagar (NC) | 1875-1880 | 1860-1870 | +10 | 2000 |
| Kota (NC) | 1910 | 1890-1900 | +10 | 1200-1500 |

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. In Rajkot market groundnut oil prices traded between Rs 770 per 10 kg during the week. The prices of shelled nuts stood steady at Rs 410 to 568/20 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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