

## OILSEED DAILY

17<sup>th</sup> August 2007

### SOYBEAN

#### SPOT MARKETS:

Weak cues from CBOT dragged down the prices of soybean and soymeal across domestic markets. Arrivals improved by 10,000 bags to 48,000 bags on Thursday. Spot prices of soybean stood steady in Kota and Maharashtra while it softened marginally in Indore region. Subdued sentiments for soymeal couldn't lend support to soybean either. However, subdued rainfall activity over major soybean growing areas on account of monsoon rains shifting south is likely to deplete moisture levels critical for soybean growth. Goldman Sachs cuts 3-month CBOT soybean price forecast from \$11/bu to \$9.90/bu and its 6-month outlook from \$10/bu to \$9/bu. At domestic front, imports of vegetable oils by end of oil year are likely to exceed previous year's imports by around 10% to 5.6 million tons. With international prices of oilseeds softening steadily, margins of domestic millers are likely to be hurt and pressure prices of domestic edible oils further. Argentina has restricted energy use due to an extremely cold winter which in turn is restricting oil seed crushing's. The very outlook is unlikely to affect market sentiments as their business has been shifted to US gulf region.

#### FUTURES MARKET: -

The soybeans futures at NCDEX traded bearish on tracking weak cues from CBOT and higher selling interest. The futures opened at Rs 1567.5/qlt against previous closing of Rs 1571.5/qlt. Futures closed up at 1542/qlt.

#### PRICE DRIVERS:

1. Weather crucial for crop growth and production prospects.
2. Slight consolidation in prices of edible oils.
3. Steady demand for soymeal.
4. Improved arrivals across spot markets.

#### WEATHER:

Scattered rains over Central India conducive for crop growth.

#### TECHNICALS: -

A long dark Morubozu candlestick shows strong bearishness in prices. The MACD has turned flat in negative region. Stochastic has entered the overbought region while RSI has dipped lower in neutral region. Both the Volumes and open interest declined. Prices would dip further after it breaks below 1538-1539 levels.



#### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	1510	1518	1542	1552	1563

#### Trade Recommendation:

**SELL** NCDEX September Soybean contract near 1541 with target T1 at 1538 and T2 at 1526. Put SL at 1544.

#### SPOT MARKET PRICES: -

Markets	Market	16.08.07	14.08.07	Change	Arrivals (Bags)
Indore	Plant	1540-1560	1550-1560	0	30,000-35,000
Indore	Mandi	1450-1500	1480-1505	-5	
Maharashtra	Plant	1615	1580-1610	+5	8,000
Maharashtra	Mandi	1560-1580	1580	0	
Kota	Plant	1530-1535	1530-1540	-5	4000- 5000
Kota	Mandi	1480-1500	1500	0	

## MUSTARD

### SPOT MARKETS:

Spot prices of mustard seeds declined on slight increase in arrival pressure and softening prices of edible oils across domestic markets. General weakness in other oilseeds [namely soybean, groundnut] on the back of their good production prospects this season is preventing prices to hold firm. Spot prices of seeds declined in tandem with expeller oil across major spot markets with daily arrivals registering a hike of 5,000 bags to 25,000 bags on Thursday. Lack luster buying support from oil millers seems to have kept the demand for expeller oil slightly subdued. Prices of mustard seeds across domestic exchanges too settled lower after slight consolidation on global advices. Demand for rapeseed and mustard oil cake stood steady with prices staying range bound. Prices of seeds and oil are likely to be weak in short term with active buying expected to resume lately.

### FUTURES MARKET: -

The NCDEX Mustard seed futures traded weak on higher selling interest and weak cues from soy complex. The futures opened at Rs 444.1/20 Kg against previous closing level of Rs 445.2/20 Kg. Futures closed lower at Rs 438.3/20 Kg.

### PRICE DRIVERS:

1. Improved arrivals across spot markets.
2. Around 4 lakh MT of edible oils yet to be imported.
3. Demand for rapeseed meal stood steady.
4. Restricted selling from stockists.
5. Weak sentiments for edible oils.

### WEATHER: --

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

### TECHNICALS: -

The formation of dark Morubozu candlestick shows bearishness in prices. The MACD and EMA show medium term bearishness. RSI dipped lower in oversold region while Stochastic dipped lower following a bearish crossover indicating weakness in prices in near term. Volumes increased and open interest declined. Prices are likely to open steady and trade with bearish inclination.



### SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - September	424	428	438.3	442	445

### Trade Recommendation:

**SELL** NCDEX Mustard September Futures contract near 438 with target T1 at 435, T2 near 432. Put SL at 440.

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

Markets	16.08.07	14.08.07	Change	Arrivals (Bags)
Jaipur (C)	2190-2195	2200	-5	-
Alwar(C)	2075-2080	2110-2115	-35	1500
Delhi(C)	2200	2210	-10	700
Agra(C)/Katchi Ghani	2275/5200	2300/5300	-25	-
Sri Ganganagar (NC)	1850	1860-1865	-15	1000
Kota (NC)	1880-1900	1900-1910	-10	1000-1500

C: Conditioned

NC: Non-Conditioned

## GROUNDNUT

### SPOT MARKET: -

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. On Thursday, the prices of shelled nuts stood at Rs 410 to 564/20 Kg. Prices of groundnut oil stood steady at Rs 783/10 Kg in Rajkot market on subdued market demand for edible oils. 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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