

OILSEED DAILY

SOYBEAN

6th August 2007

SPOT MARKETS:

With Centre contemplating to import more edible oil through STC, MMTC, PEC and NAFED the glut of edible oils is likely to pressure domestic edible oil prices in near term. The daily arrivals of soybean on Saturday declined by 4,000 bags to 30,000 bags. Spot prices of soybean stood steady in Maharashtra while it softened considerably in MP and Kota regions. Weak global cues for edible oils dragged down the prices of soy oil; the spill over affect was further consolidation in prices of soybeans. Following up soymeal prices across domestic markets and at ports stood weak on Saturday. With monsoon rains reviving over central India regions from this week onwards, prospects of soybean crop are bright in terms of productions and acreage. At CBOT, the soybean production outlook given by private consultant "Informa" estimated the 2007 soybean crop at 2.7 billion bushels in comparison to USDA's forecast of 2.62 billion bushels. The view induced fund and speculative buying for soybean and soymeal trade at CBOT. However, domestic soy complex stood immune to firm cues from CBOT.

FUTURES MARKET: -

The soybeans futures at NCDEX traded on lower side despite firm soy futures at CBOT. The futures opened at Rs 1561/qrtl against previous closing of Rs 1557/qrtl. Futures closed down at 1552/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:

Farmers can breathe in sigh of relief as weather bureau confirmed the formation of low pressure area over Bay of Bengal which would soon move North West and cast good rains over Central India regions.

TECHNICALS: -

A short dark body candlestick with small lower shadow indicates bearishness in prices with good buying support at lower levels. The EMA and MACD pattern indicate medium term bearishness. The Stochastic has made yet another bearish crossover in oversold region whereas the 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 on lower side once it breaks down the 1550 levels.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	1531	1534	1552	1562	1570

Trade Recommendation:

SELL NCDEX August Soybean contract near 1554 with target T1 at 1547 and T2 at 1541. Put SL at 1558.

SPOT MARKET PRICES: -

Markets	Market	04.08.07	03.08.07	Change	Arrivals (Bags)
Indore	Plant	1560-1575	1570-1590	-15	15,000- 20,000
Indore	Mandi	1510-1530	1550	-20	
Maharashtra	Plant	1640	1640	0	8,000
Maharashtra	Mandi	1600	1590-1600	0	
Kota	Plant	1565	1570	-5	3,000
Kota	Mandi	1525	1530-1540	-15	

MUSTARD

SPOT MARKETS:

The daily arrivals of mustard seeds on Saturday declined to 10,000 bags from previous day's 10,000-15,000 bags. Stockists are not finding the spot prices attractive enough to dispose off seeds in good volumes. Subdued sentiments for seeds and oil meal in general couldn't provide support to prices of mustard seeds. Prices of seeds stood mixed on weekend trading with slight firmness noticed in Delhi, Ganganagar and Kota regions. Mustard seeds settled firm across domestic exchanges. With Centre directing state trading bodies and NAFED to import edible oils well before start of festive season kept the prices of expeller oil almost weak in Mumbai, Jaipur and Kota region. Weak global advices for edible oils prevented prices to hold steady at previous levels. Steady demand for seeds in lean season on the back of dearth of seed stocks with traders is likely to keep seed prices almost buoyant.

FUTURES MARKET: -

The NCDEX Mustard seed August traded sideways with slight firm bias and good buying support at immediate support levels. The futures opened at Rs 443.35/20 Kg against previous closing level of Rs 443.1/20 Kg. Futures closed up at Rs 445.1/20 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: -

Good rains likely over South Rajasthan by next week on confirmation of low pressure areas in Bay of Bengal and North West India. Heavy rains may disrupt the arrivals of seeds.

TECHNICALS: -

A short white bodied candlestick shows firmness in prices with slight tentativeness on both sides as indicated by a lower and an upper shadow of the candlestick. The MACD has further moved into negative zone. RSI is showing signs of recovery at lower levels while Stochastic continued to dip into oversold region. Both the Volumes and open interest declined. Prices are likely to open slightly firm and trade steady thereafter.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX - August	440	442	445.1	449	451

Trade Recommendation:

BUY NCDEX Mustard August Futures contract near 444.5 with target T1 at 446.5, T2 near 448. Put SL at 443.

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

Markets	04.08.07	03.08.07	Change	Arrivals (Bags)
Jaipur (C)	2210-2215	2210-2215	0	-
Alwar(C)	2100	2110	-10	2000-2500
Delhi(C)	2210	2200	+10	600-700
Agra(C)/Katchi Ghani	2300/5200	2325/5300	-25	-
Sri Ganganagar (NC)	1890	1875-1880	+10	2100
Kota (NC)	1910-1920	1910	+10	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 on Saturday. 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 567/20 Kg. The forecast of good rains over Gujarat and Western regions is good indicator for improving present crop conditions in Saurashtra regions.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.