

OILSEED

Agriwatch
DAILY

■ SOYABEAN

■ Oct 31st, 2007

SPOT MARKETS:

Soybean prices eased during the Tuesday's trade on spill over affect of futures market as well as weakness in e-CBOT. However, continuing good demand as well as firm sentiment of soymeal at ports is seen limiting the downside. Overall arrivals reportedly stood at over 14 lakh bags on Tuesday. Internationally, Brazil the world's second largest soybean producer after US has planted 14 per cent of the soybean crop till Oct. 26th of 2007-08 season against the last week's 4 per cent. Around 10 per cent sowing is done at this time over last ten years. US soybean harvest has completed 84 per cent as on Oct. 28th, up from the last year's 82 per cent. However, remains lower from the 5 year average of 85 per cent. Around 88, 95, 93 and 91 per cent of the crop has been harvested in Iowa, Illinois, Minnesota and Indiana compared to 94, 87, 99 and 69 per cent last year.

FUTURES MARKET: -

Soybean futures at NCDEX traded weak. December contract of soybean opened firm at Rs 1784.00/ctl against the previous close of Rs 1778.00/ctl and tested a high of Rs 1787.00/ctl. Contract then traded down on increased selling pressure and profit taking testing a low of Rs 1744.00/ctl before it closed at Rs 1751.00/ctl.

PRICE DRIVERS:

1. Market increased arrivals of beans.
2. Good physical demand from millers/crushers and stockists
3. Firm soymeal sentiments at ports.
4. Harvest picking up in MP and Maharashtra
5. Expectation of higher soymeal exports in 2007-08
6. Firm global advice

WEATHER:

SW monsoon is withdrawn from NW India, favours harvesting.

TECHNICALS: -

A long dark candlestick is formed on profit taking which reflects in declining OI. MACD and EMA remains firm for the medium-term. MACD is moving flat in positive territory. Overall the trend remains up. Stochastic is flat in overbought zone while RSI is heading down in neutral zone. Market is expected to trade range bound with firm bias following steady to slightly weak opening.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX-Dec	1731	1737	1751	1766	1769

Trade Recommendation:

BUY NCDEX December Soybean contract above 1744 with T1 at 1756, T2 at 1760. SL at 1738.

Status of Price & Supply of Soybean (Rs /Qtl) [Plant: - P // Mandi: - M]

Status of Price & Supply of Soybean (Rs /Qty) (Unit: -1000 Mandu: -1M)							
Markets	30.10.07		29.10.07	Change	Arrivals (Bags)		
Indore [P]	1670-1700		1680-1715	-15	7,00,000-7,25,000		
Indore [M]	1640-1650		1650-1660	-10			
Maharashtra [P]	1700-1730		1720-1740	-10	4,25,000-4,50,000		
Maharashtra [M]	1640-1680		1660-1690	-10			
Kota [P]	1680-1700		1700-1710	-10	2,00,000-2,50,000		
Kota [M]	1600-1630		1630-1640	-10			
Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Nov	1745.00	1755.00	1718.00	1725.00	1749.50	-24.50
NCDEX	Dec	1784.00	1787.00	1744.00	1751.00	1778.00	-27.00
NCDEX	Jan	1805.00	1805.00	1766.50	1774.00	1800.00	-26.00



■ MUSTARD

■ Oct 31st, 2007

SPOT MARKETS:

Mustard seed prices traded weak across the cash markets despite of good physical demand and lower arrivals on weakness in domestic exchanges following weakness in edible oils and soybean. At Jaipur and Alwar mustard seed condition prices declined by Rs 15-50/qtl while prices went up by Rs 5 in Delhi markets on good demand and lower arrival. Non-condition seed prices in Sri Ganganagar declined by Rs 10/qtl. Overall arrival declined from Monday's level of 14000-20000 to 13000-13500 bags. However, expectation of lower production/acraege this season is seen limiting the downside. Reportedly, farmers are shifting from mustard to other lucrative crop like barley, wheat and pulses and consequently, a lower mustard seed output is expected this year, which may boost mustard prices. Stockists' activity remained silent or absent in the market at lower prices.

FUTURES MARKET: -

NCDEX Mustard seed futures traded weak. December contract opened weak at Rs 487.00/20 Kg against previous close of Rs 488.55/20 Kg and tested a high of Rs 488.50/20 Kg. Contract then traded down on increased selling pressure testing a low of Rs 479.60/20 Kg before it closed at Rs 482.00/20 Kg.

PRICE DRIVERS:

1. Weakness in domestic exchanges; soybean & oils
2. Centre hiked MSP of rapeseed/ mustard seed
3. NAFED to sell 2lt of mustard seed.
4. Sowing demand for mustard seed; lower arrivals
5. Festive & marriage season demand for edible oils.
6. Expectation of lower acreage this year
7. Lower stock with NAFED & in physical markets.

WEATHER: -

SW monsoon withdrawn from NW India may hinder sowing in Rajasthan.

TECHNICALS: -

Candlestick chart pattern shows weakness in prices. MACD and EMA remains firm for the medium-term. MACD is flat in positive territory. Overall the trend remains up. Stochastic is moving flat in overbought zone while RSI is heading down in neutral zone. Market is expected to trade range bound with firm bias following steady to slightly weak opening.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX-Dec	477	478	482	485	487

Trade Recommendation:

BUY Dec above 480 with T1 at 482 and T2 at 483. SL at 479.

Status of Price & Supply of Mustard (Rs /Qtl) C: Conditioned // NC: - Non-Conditioned

Markets	30.10.07	29.10.07	Change	Arrivals (Bags)
Jaipur (C)	2360	2370-75	-15	10000
Alwar(C)	2250	2300	-50	1500-2000
Delhi(C)	2325	2320	+5	400
Agra(C)/Katchi Ghani	2500	NA	-	-
Sri Ganganagar (NC)	2000	2000-10	-10	1000
Kota (NC)	-	-	-	-

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Nov	481.10	483.50	475.05	477.15	482.65	-5.50
NCDEX	Dec	487.00	488.50	479.60	482.00	488.55	-6.55
NCDEX	Jan	488.20	490.40	481.00	483.00	490.50	-7.50

■ GROUNDNUT

■ Oct 31st, 2007

SPOT MARKET: -

Amidst improved physical demand and restricted arrivals in the market coupled with supportive fundamentals in other edible oils and seeds, the prices of groundnut seed and oil improved further during the Tuesday's trade. The prices of groundnut seeds for different qualities improved from the Monday's level of Rs 410-488/20 Kg to Rs 410-491/20 Kg in different market of Gujarat. In Rajkot market groundnut oil also improved from Rs 633-634/10 Kg to Rs 637-638/10 Kg. Reportedly good demand and lower arrival across the markets aided firmness in the market. Expectation of export opportunity is also seen supporting the sentiment. Millers in Saurashtra are eyeing for export opportunities of groundnut complex on the back of lower crop / crop failure in America, Brazil and China this year despite of bumper production this year in the country. Since last couple of years, groundnut oil was not exported due to good production in America, Brazil, China and Senegal. However, sources revealed that most of the mills start crushing and some are likely to start soon, which may pressurize the prices.

Meanwhile, Russia has lifted the ban on groundnut imports from India. However, the restriction has been lifted with the condition that the groundnut exported should carry the quality and safety certification of recognized agency which restricting the upside. Also a Russian delegation piloted by leading sesame and groundnut seed importers is scheduled to visit India on Oct. 22nd for a week to visit the number of certifying labs and processing system in India for its possible future business dealings. It is also likely to study the handling and shipment processes of sesame and groundnut seed which further aided bearish tone in the market. However, the confirmation of arrival from Russian authority is yet awaited.

Further, Kharif groundnut crop is in pegging stage in Karnataka, Maharashtra and A.P whereas pod/early maturity stage in Gujarat. Rainfed groundnut sowing is continues in Tamil Nadu. On Saturday, the prices of groundnut oil improved slightly on tracking firm sentiment in mustard oil.

The Solvent Extractors' Association of India has just compiled the data for export of oil meals for the month of September 2007 and reported at 7,500 tons compared to 5,000 tons compared to corresponding period last year. During April to September 2007, around 12,275 MT of groundnut meal was exported compare to 4,775 MT of groundnut meal in April-August 2007 period. No exports were witnessed for the month of July and August 2007.

Groundnut production this year is likely to increase by 10-15 per cent as the yield of crop is seen improving on the back of late monsoon rains in major groundnut growing areas coupled with increased acreage to 52.76 lakh hectares this year compared to last year's 46.69 lakh hectares. Total output of groundnut shell is likely to exceed benchmark of 50lt to around 53lt this year against the earlier industry estimate of 49lt. Groundnut Kernal output is also likely to shoot up to 38lt against earlier estimate of 34.30lt and last season's final output of 24.50lt. The marketable surplus is expected to shoot up this year to 13.80lt against last years 5.80lt. The total groundnut oil availability may go up to 5.52lt during the current year compared to 2.32lt last year. AP is likely to witnessed record output during the current season as the late monsoon is seen beneficial for the crop.

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