

■ SOYABEAN

■ Oct 4th, 2007

SPOT MARKETS:

Amidst increased supply pressure of fresh soybean across the markets coupled with lack of strength in prices of edible oils and weak sentiments for soymeal across spot markets pressurized the prices of soybean and edible oils. Spot prices and plant delivery rates for soybean stood weak on Wednesday. Overall arrivals on Wednesday increased from the Monday's level of 3,25,000 bags to 3,90,000 - 4,00,000 bags a increase of around 75,000 bags from Monday's. Weakness in International markets is further aided bearish tone in domestic soybean and soy oil prices. As per SOPA, soybean output during the current season is likely to shot by 24% to 88.65lt as against last years 71.49lt on the back of increased acreage of around 13% to 87.114lt coupled with favourable climatic conditions during the flowering stage, which added to the yield of soybean crop by 10% to 1018 Kg/ha compared with 927 Kg/ha in the last year. Further, the fresh arrivals are likely to increase further in the market which may further pressurize the prices.

FUTURES MARKET: -

The soybeans futures at NCDEX traded weak on increased selling pressure. The October contract of soybeans futures opened weak at Rs 1592/qrt against previous closing of Rs 1608/qrt. Contract then traded down on increased selling pressure testing a low of Rs 1560/qrt before it closed at Rs 1567.0/qrt.

PRICE DRIVERS:

1. Marked increase in arrivals of beans.
2. Steady soymeal sentiments.
3. Soybean harvest in US & India.
4. World soybean output to decline.

WEATHER:

Monsoon rains to withdraw in 1-2 days. Harvest pressure to increase steadily.

TECHNICALS: -

Candlestick chart pattern shows weakness in prices. Prices closed below the short-term EMAs indicating weakness in prices. MACD has made bearish crossover in neutral region. Both Stochastic and RSI are heading down in the neutral region. Market is expected to trade down with possibility slight late upward movement.

**SUPPORT / RESISTANCE:**

Contract	S2	S1	PCP	R1	R2
NCDEX- Oct	1518	1526	1567	1569	1580

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

Markets	03.10.07	01.10.07	Change	Arrivals (Bags)
Indore [P]	1540-60	1550-1600	-10	3,00,000
Indore [M]	1470	1450-1550	+20	
Maharashtra [P]	1600	1640	-40	70,000
Maharashtra [M]	1420	1450-1500	-30	
Kota [P]	1570	1600	-30	15,000-20,000
Kota [M]	1480-90	1580	-100	

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Oct	1592	1592	1560	1567	1608	-41.50
NCDEX	Nov	1597	1597	1561	1577	1610	-32.50
NCDEX	Dec	1624	1624	1582	1600	1632	-32.00



■ MUSTARD

SPOT MARKETS:

Mustard seed prices eased further across spot markets on the back of weak domestic exchanges due to pressure of kharif oilseed harvest coupled with weak global cues and subdued sentiments across domestic soy complex. Non-condition seeds in Sriganagar softened during the Wednesday trade. Overall arrival on Wednesday reported in the range of 15,000 to 20,000 bags, a hike of 5,000 bags over previous weekend arrivals. Further, with the withdrawal of monsoon rains from NW India, dry conditions are likely to prevail this fortnight providing suitable ground for timely sowing of the crop, which in turn would support sowing demand for mustard/rapeseed. Prices of rapeseed DOC stood steady at previous day's level and are likely to stay range bound in short to medium term.

FUTURES MARKET: -

NCDEX Mustard seed futures traded weak. The **October** futures of mustard seeds opened weak at Rs 449.40 per 20 Kg against previous closing level of Rs 450.15/20 Kg. Contract then traded down on selling pressure testing a low of Rs 443.00/20 Kg before it closed at Rs 447.60/20 Kg.

PRICE DRIVERS:

1. NAFED to import more edible oils.
2. Improved arrivals on Monday.
3. Sowing demand for mustard seed.
4. Festive and marriage season demand for edible oils.

WEATHER: -

As per IMD, monsoon rains over North West regions of India are withdrawing in day or two.

TECHNICALS: -

Chart pattern shows weakness in prices. MACD and EMA remain weak for the medium term weakness. Both Stochastic and RSI are heading down in the neutral region. Market is expected to trade weak with possibility of late upward movement.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX-Oct	435	438	447.6	450	452

Trade Recommendation:

SELL Oct futures below 446 with T1 at 442 and T2 - 440. SL at 448.

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

Markets	03.10.07	01.10.07	Change	Arrivals (Bags)
Jaipur (C)	2155	2170	-15	-
Alwar(C)	2070	2085-2090	-20	700-800
Delhi(C)	2165	2180	-15	600
Agra(C)/Katchi Ghani	2300/5100	2300/5100	0	-
Sri Ganganagar (NC)	1850	1920	-70	700
Kota (NC)	-	-	-	-

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Oct	449.40	449.40	443.00	447.60	450.15	-2.55
NCDEX	Nov	444.00	447.80	441.00	446.95	446.70	+0.25
NCDEX	Dec	443.00	446.70	440.00	446.10	446.20	-0.10

■ GROUNDNUT ■

SPOT MARKET: -

Good crop conditions weak demand and poor trade activities pushed back groundnut complex in major trading centers. Kharif groundnut crop in flowering/pegging stage in Karnataka where as pegging/pod filling stage in Andhra Pradesh, Maharashtra, Gujarat. Rainfed groundnut sowing is continues in Tamil Nadu. The prices of groundnut seeds for different qualities traded between Rs. 410-532 per 20kg in different market in Gujarat. In Rajkot market groundnut oil traded at Rs. 750 per 10 kg. On Wednesday, the prices of groundnut oil softened down on tracking weak cues from other edible oils and weak global advices. Moving in tandem, the prices of groundnut seeds softened by Rs 8 per 20 Kg to Rs 532/20 Kg.

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.

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