

OILSEED

Agriwatch
DAILY

■ SOYABEAN

■ Oct 20th, 2007

SPOT MARKETS:

Soybean prices ruled firm across the cash markets on lower arrivals and good demand. Lower arrivals due to Dusshera imparted bullishness in the market, reported. Overall arrivals during the Friday's declined from the Thursday's level of 10-10.5 lakh bags to 6-6.5 lakh bags. However, arrivals are expected to increase after the Dusshera which may pressurize the prices to some extent. Sources revealed, that stockists' involvement in the market besides the demand from millers and crushers further aided to the bullish tone. Also millers/crushers with export obligation of soymeal for Nov-Dec shipment may continuously buy beans which may restrict the downside in short-medium term. Further, improved sentiment of soymeal following the international market (CBOT) also lent support to the beans prices besides firm undertone in edible oils.

FUTURES MARKET: -

Soybean futures at NCDEX traded firm. November contract of soybean futures opened firm at Rs 1669.00/qlt against the previous close of Rs 1664.50/qlt. Contract then traded up on increased buying interest testing a high of Rs 1696.00/qlt before it closed at Rs 1675.00/qlt.

PRICE DRIVERS:

1. Weakness on CBOT
2. Improved arrivals of beans.
3. Good physical demand from millers/crushers
4. Steady to firm soymeal sentiments.
5. Harvest picking up in MP and Maharashtra

WEATHER:

SW monsoon is withdrawn from NW India, favours harvesting.

TECHNICALS: -

Candlestick chart pattern shows tentativeness at higher level. MACD and EMA remains firm for the medium term. Stochastic is moving upward in the overbought region. RSI is heading upward in the neutral region. 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-Nov | 1655 | 1660 | 1675 | 1690 | 1695 |

Trade Recommendation:

BUY NCDEX November Soybean contract above 1667 with T1 at 1677, T2 at 1682. SL at 1662.

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

| Markets | 19.10.07 | 18.10.07 | Change | Arrivals (Bags) | | | |
|-----------------|-----------|-----------|---------|-----------------|---------|------------|----------|
| Indore [P] | 1650 | 1600-1620 | +30 | 1,50,000 | | | |
| Indore [M] | 1550-1580 | 1500-1560 | +20 | | | | |
| Maharashtra [P] | 1650 | 1620-1625 | +25 | 3,50,000 | | | |
| Maharashtra [M] | 1550-1600 | 1500-1560 | +40 | | | | |
| Kota [P] | 1630 | 1590-1620 | +10 | 1,50,000 | | | |
| Kota [M] | 1540-1580 | 1520-1570 | +10 | | | | |
| Exchange | Expiry | Open | High | Low | Close | Prev Close | % Change |
| NCDEX | Oct | 1649.00 | 1662.00 | 1649.00 | 1646.00 | 1639.00 | +7.00 |
| NCDEX | Nov | 1669.00 | 1696.00 | 1669.00 | 1675.00 | 1664.50 | +10.50 |
| NCDEX | Dec | 1714.00 | 1744.00 | 1714.00 | 1718.50 | 1706.50 | +12.00 |



■ MUSTARD

■ Oct 20th, 2007

SPOT MARKETS:

Prices of Mustard seed condition at Jaipur and Alwar recovered on good demand and lower arrivals during Friday, while prices remained unchanged at Delhi and Agra markets on subdued trading activity. Non-conditioned seed prices at Sri Ganganagar, also remained unchanged at Thursday's level on routing demand-supply situation. Good demand from millers and expellers reported in the markets besides festival and sowing demand which supported the sentiment. Also expectation that farmers with irrigation facility may shift from mustard to wheat cultivation, as MSP of mustard only increased by 4.96% while wheat MSP increased by 33.33%, which is attracting the farmers and adversely affect the acreage of mustard is also seen supporting the sentiment. Overall arrivals declined from the Thursday's level of 18,000-23,000 bags to 17,000-18,000 bags. Meanwhile, considering the festivities (Dussehra and Diwali) and to ease the shortage of edible oils during festivities, NAFED is planning to sell over 2lt of Mustard seed to local crushers from its stockpile of 4lt built over the past year, which seen limiting upside.

FUTURES MARKET: -

NCDEX Mustard seed futures traded weak. November contract opened firm at Rs 469.90/20 Kg against previous close of Rs 468.95/20 Kg and tested a high of Rs 471.90/20 Kg. Contract then tumbled on selling pressure and profit booking at higher level testing a low of Rs 466.10/20 Kg before it closed at Rs 467.00/20 Kg.

PRICE DRIVERS:

1. Centre hiked MSP of rapeseed/ mustard seed
2. NAFED to sell 2lt of mustard seed.
3. Sowing demand for mustard seed; marked lower arrivals
4. Festive & marriage season demand for edible oils.
5. Expectation of lower acreage this year

WEATHER: -

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

TECHNICALS: -

Candlestick chart pattern shows weakness in market. MACD and EMA remains firm for the medium-term. MACD is moving flat in the positive territory. Both Stochastic and RSI are moving down in the overbought region. Market is expected to trade range bound with weak bias with possibility of late upward movement.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-----|-----|-----|-----|-----|
| NCDEX-Nov | 458 | 459 | 467 | 468 | 469 |

Trade Recommendation:

SELL Nov below 466 with T1 at 463 and T2 at 462. SL at 467.5.

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

| Markets | 19.10.07 | 18.10.07 | Change | Arrivals (Bags) |
|----------------------|----------|-----------|--------|-----------------|
| Jaipur (C) | 2270 | 2260-65 | +5 | 10,000-15,000 |
| Alwar(C) | 2200 | 2170 | +30 | 1500 |
| Delhi(C) | 2400 | 2390-2400 | Nil | 600-700 |
| Agra(C)/Katchi Ghani | 2450 | 2450 | Nil | - |
| Sri Ganganagar (NC) | 1930-35 | 1930-35 | Nil | 600-700 |
| Kota (NC) | - | - | | - |

| Exchange | Expiry | Open | High | Low | Close | Prev Close | % Change |
|----------|--------|--------|--------|--------|--------|------------|----------|
| NCDEX | Oct | 464.50 | 465.50 | 458.00 | 458.00 | 463.60 | -5.60 |
| NCDEX | Nov | 469.90 | 471.90 | 466.10 | 467.00 | 468.95 | -1.95 |
| NCDEX | Dec | 474.90 | 475.90 | 471.20 | 472.00 | 473.10 | -1.10 |

■ GROUNDNUT

■ Oct 20th, 2007

SPOT MARKET: -

Amidst good physical demand ahead of festival against restricted arrivals, the prices of groundnut seed and oil improved during the Friday's trade. The prices of groundnut seeds for different qualities improved from the Thursday's level of Rs 410-466 per 20 Kg to 410-472 per 20 Kg in different market of Gujarat. In Rajkot market groundnut oil quoted up from the Thursday's level of Rs 621-622 per 10 Kg to Rs 628-629 per 10 Kg. 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.

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 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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