

# OILSEED

Agriwatch  
DAILY

## ■ SOYABEAN

■ Oct 23<sup>rd</sup>, 2007

### SPOT MARKETS:

Soybean prices eased further during Monday on thin trading activity against steady arrivals. Most of the markets remained closed on Monday, reported. Overall arrivals stood steady at Saturday's level of 6-6.5 lakh bags. Weakness in edible oil prices also aided some bearish tone on Monday. Some weakness is expected in prices in coming days due to huge arrival pressure, however, good demand from millers / crushers in expectation of higher soymeal export and earlier commitments may limit the downside. Meanwhile, Brazil the 2nd largest producer of soybean has started sowing of the commodity this week, as after weeks of dry weather many areas received good rains. However, the pace of sowing is slower. Up to Oct. 15, farmers had sown 1.4 of soy crop in "Parana" compared to 12% sown in the same period last year.

### FUTURES MARKET: -

Soybean futures at NCDEX traded weak. November contract of soybean futures opened weak with a gap down at Rs 1662.00/qlt against the previous close of Rs 1667.00/qlt and tested a high of Rs 1677.00/qlt. Contract then traded down on increased selling pressure at higher level testing a low of Rs 1651.00/qlt before it closed at Rs 1654.50/qlt.

### PRICE DRIVERS:

1. Marked lower arrivals of beans.
2. Subdued physical demand from millers/crushers
3. Steady to weak soymeal sentiments.
4. Harvest picking up in MP and Maharashtra

### WEATHER:

SW monsoon is withdrawn from NW India, favours harvesting.

### TECHNICALS: -

A gravestone doji like candlestick is formed indicating weakness in prices. Closing price is above the short-term EMAs which favours bulls. MACD is moving down in positive territory indicating decrease in bullish momentum. Stochastic is moving down in overbought region. RSI is heading down in the neutral 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	1618	1625	1654.5	1658	1665

### Trade Recommendation:

**SELL** NCDEX November Soybean contract below 1650 with T1 at 1640, T2 at 1635. SL at 1655.

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

Markets	22.10.07	20.10.07	Change	Arrivals (Bags)			
Indore [P]	1590-1600	1630-1635	-35	1,50,000			
Indore [M]	1540-1550	1550-1570	-20				
Maharashtra [P]	1600-1620	1635-40	-20	2,50,000			
Maharashtra [M]	1550-1560	1550-1590	-30				
Kota [P]	1610	1610-1615	-5	2,50,000			
Kota [M]	1520-1550	1540-1560	-10				
Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Nov	1662.00	1677.00	1651.00	1654.50	1667.00	-12.50
NCDEX	Dec	1700.50	1721.00	1691.00	1696.00	1704.50	-8.50
NCDEX	Jan	1729.00	1752.50	1716.00	1725.00	1734.00	-9.00



## ■ MUSTARD

■ Oct 23<sup>rd</sup>, 2007

### SPOT MARKETS:

Prices of Mustard seed condition declined further during the Monday's trade on increased arrival against normal trading activity. Non-condition seed prices at Sri Ganganagar, also declined from the Saturday's level on improved arrivals. Also NAFED has to sell 5,000 tonnes of rapeseed daily in the local market for next 20 days from its stock to meet the festival demand and to minimize the short supply, which is pressurizing the prices. However, expectation of lower production this year besides sowing and festive demand is seen limiting the downside. Sources revealed that, farmers may shift from Mustard to wheat and pulses due to lucrative prices announced by the govt. Also lower stock position with NAFED and reportedly lower stock position in markets is also supported the sentiment. Overall arrivals improved from the Saturday's level of 17,000-18,000 to 18,000-19,000 bags on Monday.

### FUTURES MARKET: -

NCDEX Mustard seed futures traded weak. November contract opened weak with a gap down at Rs 463.00/20 Kg against previous close of Rs 463.95/20 Kg and tested a high of Rs 465.45/20 Kg. Contract then traded down on selling pressure testing a low of Rs 461.00/20 Kg before it closed at Rs 463.15/20 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; improved arrivals
4. Festive & marriage season demand for edible oils.
5. Expectation of lower acreage this year
6. Lower stock with NAFED & in physical markets.

### WEATHER: -

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

### TECHNICALS: -

Candlestick chart pattern shows firmness in market. Closing prices is above the 18 day EMA indicating short-term firmness. MACD is moving down in the positive territory indicating decrease in bullish momentum. Both Stochastic and RSI is moving down in the neutral 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	454	456	463.15	465	468

### Trade Recommendation:

**SELL** Nov below 462 with T1 at 459 and T2 at 458. SL at 463.5.

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

Markets	22.10.07	20.10.07	Change	Arrivals (Bags)
Jaipur (C)	2250	2250	NIL	15000-2000
Alwar(C)	2170	2175	-5	1500
Delhi(C)	2275	2370	-95	600
Agra(C)/Katchi Ghani	2425	2430-40	-15	-
Sri Ganganagar (NC)	1870	1900	-30	2000
Kota (NC)	-	-	-	-

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Nov	463.00	465.45	461.00	463.15	463.95	-0.80
NCDEX	Dec	468.05	471.40	466.10	468.75	468.25	+0.50
NCDEX	Jan	468.75	474.00	466.95	472.40	469.10	+3.30

## ■ GROUNDNUT

■ Oct 23<sup>rd</sup>, 2007**SPOT MARKET: -**

Amidst increased arrival pressure after Dusshera and normal demand, the prices of groundnut seed and oil declined during the Monday's trade. The prices of groundnut seeds for different qualities declined from the Saturday's level of Rs 410-476 per 20 Kg to Rs 410-462 per 20 Kg in different market of Gujarat. In Rajkot market groundnut oil quoted down from the Saturday's level of Rs 632-634/10 Kg to Rs 612-613/10 Kg. However, expectation of export opportunity is seen restricting the down side to some extent. 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 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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