

OILSEED

Agriwatch
DAILY

■ SOYABEAN

■ Oct 22nd, 2007

SPOT MARKETS:

Soybean prices eased during the Saturday's trade on thin trading activity due to Dusshera. Most of the markets remained closed on Saturday, reported. Also weakness in international market (CBOT) added bearishness besides weakness in edible oil prices. Overall arrivals stood steady at Friday's level of 6-6.5 lakh bags. Prices are expected to remain range bound due to arrivals pressure after the Dusshera holiday as well as good physical demand from millers/crushers and stockists. 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 range bound with bias. November contract of soybean futures opened weak at Rs 1668.50/qrtl against the previous close of Rs 1678.00/qrtl and tested a high of Rs 1674.00/qrtl. Contract then traded down on selling pressure testing a low of Rs 1663.50/qrtl before it closed at Rs 1670.00/qrtl.

PRICE DRIVERS:

1. Weakness on CBOT
2. Marked lower arrivals of beans.
3. Subdued 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SW monsoon is withdrawn from NW India, favours harvesting.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 indecisive market. MACD and EMA remains firm for the medium term. Stochastic is about to make a bearish crossover in the overbought region. RSI is heading down 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 | 1670 | 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 | 20.10.07 | 19.10.07 | Change | Arrivals (Bags) | | | |
|-----------------|-----------|-----------|---------|-----------------|---------|------------|----------|
| Indore [P] | 1630-1635 | 1650 | -15 | 1,50,000 | | | |
| Indore [M] | 1550-1570 | 1550-1580 | -10 | | | | |
| Maharashtra [P] | 1635-40 | 1650 | -10 | 3,50,000 | | | |
| Maharashtra [M] | 1550-1590 | 1550-1600 | -10 | | | | |
| Kota [P] | 1610-1615 | 1630 | -15 | 1,50,000 | | | |
| Kota [M] | 1540-1560 | 1540-1580 | -20 | | | | |
| Exchange | Expiry | Open | High | Low | Close | Prev Close | % Change |
| NCDEX | Nov | 1668.50 | 1674.00 | 1663.50 | 1670.00 | 1678.00 | -8.00 |
| NCDEX | Dec | 1711.00 | 1717.00 | 1701.00 | 1708.00 | 1722.50 | -14.50 |
| NCDEX | Jan | 1746.00 | 1748.50 | 1730.00 | 1737.00 | 1757.00 | -20.00 |



■ MUSTARD

■ Oct 22nd, 2007

SPOT MARKETS:

Prices of Mustard seed condition declined during the Saturday's trade on thin trading activity due to Dusshera against steady arrivals. At Jaipur, Alwar, Delhi and Agra prices declined by Rs 10-30/ql. Non-conditioned seed prices at Sri Ganganagar, also declined from the Friday's level. Meanwhile, the govt. on Friday directed NAFED 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. This is in addition to the crushing of mustard seed for selling the oil in the market which NAFED has been doing at the rate of about 50,000 tons per month, which is seen pressurizing the prices. Also weakness in other seeds (soybean) added to the bearish tone. Overall arrivals stood steady at Friday's level of 17,000-18,000 bags.

FUTURES MARKET: -

NCDEX Mustard seed futures traded weak. November contract opened weak at Rs 466.75/20 Kg against previous close of Rs 467.55/20 Kg. Contract then tumbled on increased selling pressure at higher level testing a low of Rs 461.80/20 Kg before it closed at Rs 464.70/20 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. Prices close below the short-term EMAs indicating weakness in prices. MACD remains in the positive territory. Stochastic is moving down in the overbought region while RSI is heading downward 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 | 458 | 459 | 467 | 468 | 469 |

Trade Recommendation:

SELL Nov below 464 with T1 at 461 and T2 at 460. SL at 465.5.

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

| Markets | 20.10.07 | 19.10.07 | Change | Arrivals (Bags) |
|----------------------|----------|----------|--------|-----------------|
| Jaipur (C) | 2250 | 2270 | -20 | 10,000-15,000 |
| Alwar(C) | 2175 | 2200 | -25 | 1500 |
| Delhi(C) | 2370 | 2400 | -30 | 600-700 |
| Agra(C)/Katchi Ghani | 2430-40 | 2450 | -10 | - |
| Sri Ganganagar (NC) | 1900 | 1930-35 | -35 | 2000 |
| Kota (NC) | - | - | - | - |

| Exchange | Expiry | Open | High | Low | Close | Prev Close | % Change |
|----------|--------|--------|--------|--------|--------|------------|----------|
| NCDEX | Nov | 466.75 | 466.75 | 461.80 | 464.70 | 467.55 | -2.85 |
| NCDEX | Dec | 471.50 | 471.50 | 466.70 | 469.10 | 472.10 | -3.00 |
| NCDEX | Jan | 472.10 | 472.10 | 468.00 | 470.00 | 472.90 | -2.90 |

■ GROUNDNUT

■ Oct 22nd, 2007**SPOT MARKET: -**

Amidst good physical demand ahead of festival against restricted arrivals, the prices of groundnut seed and oil improved during the Saturday's trade. The prices of groundnut seeds for different qualities improved from the Friday's level of Rs 410-472 per 20 Kg to Rs 410-476 per 20 Kg in different market of Gujarat. In Rajkot market groundnut oil quoted up from the Friday's level of Rs 628-629 per 10 Kg to Rs 632-634/10 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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