

OILSEED

Agriwatch
DAILY

■ SOYABEAN

■ Dec. 22, 2007

SPOT MARKETS:

Soybean was traded firm at spot markets following firm CBOT and BMD. Overall daily arrivals of the major markets were 1.40 lakh bags on Friday. The spot market of Maharashtra remained closed today due to the festival, Id-UI-Zuha. There is a continued demand of bean from plants and crushers due to higher overseas demand of soymeal. However, at CBOT soybean futures closed higher finding strength from bullish underlying fundamental characteristics. With tight ending stocks and bullish demand outlooks, downside potential remains limited. Supportive weekly export sales in US, which was 929,600 tons, higher than the estimated, and daily sales announcements helped buying prices as well. The weekly soybean export sales were friendly to prices, with China the primary buyer, and adding in a daily sales announcement of 165,000 tons after 145,000 tons were reported, futures seems to have a solid demand base. However, overall activity was subdued at CBOT, with light profit-taking and year-end positioning applying mild pressure to keep futures in a consolidatory phase heading into the U.S. holiday.

FUTURES MARKET: -

Soybean futures at NCDEX traded firm on Friday. January contract opened firm at Rs.1939.00/ctl against previous close of Rs.1917.00/ctl. Contract then traded in the range of Rs.1939.00-1963.00/ctl before it closed at Rs.1961.50/ctl.

PRICE DRIVERS:

1. Marked lower arrivals of beans
2. Firm CBOT
3. Good demand from plants and crushers
4. Attractive parities to plants/crushers
5. Higher soymeal exports

WEATHER:

Favorable conditions for the late soybean harvest through west-central India at this time.

TECHNICALS: -

Soya bean candlestick formation denotes the ongoing strong buying interest in the market, which helped to surpass the psychological levels of 1950. Though the market is overbought prices are increasing steadily supported with increase in volumes and open interest. MACD is increasing in the positive territory showing the increasing bullishness of the market. Oscillators are increasing in the overbought territory denoting there is scope for further upside movement. However caution is advised to the bulls and any weakness towards 1950 levels should be good buying opportunity. Prices are likely to extend the firm tone in the next session.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	1913	1924	1961.5	1985	1995

Trade Recommendation:

BUY NCDEX Jan. Soybean contract above 1955 with T1 at 1970 T2 at 1980. SL below 1948.

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

Markets	21.12.07	20.12.07	Change	Arrivals (Bags)			
Indore [P]	1950	1925-50	-	90,000-1,00,000 bags			
Indore [M]	1840-90	1850-1915	+25				
Maharashtra [P]	Closed	1950-63	-	Closed			
Maharashtra [M]	Closed	1900-25	-				
Kota [P]	1915-35	1900-10	+25	30,000-40,000 bags			
Kota [M]	1820-30	1800-1860	-30				
Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Jan	1939.00	1963.00	1939.00	1961.50	1917.00	+44.50
NCDEX	Feb	1961.00	1985.00	1960.00	1984.50	1939.00	+45.50



MUSTARD

Dec 22, 2007

SPOT MARKETS:

Mustard seed sentiment was firm at spot markets despite weak local/regional exchanges on Friday. At Jaipur the spot prices were Rs.2425/qtl on Friday. According to a senior official of the National Agriculture Cooperative Marketing Federation (Nafed), the government agency for price support scheme (PSS) in oilseeds, the procurement of mustard is likely to be low in the rabi marketing season next year, though the minimum support (MSP) of mustard has been raised from Rs.1,715 to Rs.1,800 a quintal. Nafed is currently focusing on packaged oil. Presently the mustard prices are in the range of Rs.2,200-2,300 a quintal. Mustard sowing in the ongoing rabi season is lagging behind at 5.72 million hectares (as on Dec 14) against 6.42 million hectares last year and the production is likely to drop this year. Nafed at present has a stock of 350,000 tonnes of mustard seed. It is selling 30,000 tonnes every month as seed while processing another 40,000 tonnes into oil and is able to sell 4,925 tonnes of mustard oil worth Rs.26 crore so far in the current financial year.

FUTURES MARKET: -

NCDEX Mustard seed futures traded weak on Friday. January contract opened firm at Rs.473.00/20 kg against previous close of Rs.470.40/20 kg and tested a high of Rs 474.05/20 kg and a low of Rs.467.25/20 kg before it closed at Rs.470.00/20 Kg.

PRICE DRIVERS:

1. Weakness in major regional and local exchanges
2. Marked lower arrivals
3. Decrease in acreage
4. Expectations of lower production this year
5. Lower stock with NAFED & in physical markets.

WEATHER: -

No major concerns for Rapeseed in the India crop regions.

TECHNICALS: -

Mustard chart is displaying downtrend in prices supported with volumes and open interest. Prices are holding below EMA's denoting the overall bearish tone of the market. Oscillators are declining in the neutral territory hinting further weakness in prices and it can test the supports of 465 levels. MACD is increasing in the negative territory showing increasing bearish momentum of the market. Mustard futures are likely to remain subdued in the next session though there is chance of late recovery.



SUPPORT / RESISTANCE:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	467	471	470.1	476	479

Trade Recommendation:

SELL Jan below 471.00 with T1 at 467 and T2 at 465. SL below 472.5

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

Markets	21.12.07	20.12.07	Change	Arrivals (Bags)
Jaipur (C)	2420-25	2425	-	-
Alwar(C)	2325-30	-	-	600-700bags
Delhi(C)	2405	2400	+5	Nil
Agra(C)/Katchi Ghani	2575/5600-25	2450	+125	-
Sri Ganganagar (NC)	2040	2040-50	-10	100-200 bags
Kota (NC)	-	-	-	-

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Jan	473.00	474.05	467.25	470.10	470.40	-0.30
NCDEX	Feb	478.00	478.75	472.70	475.45	474.85	+0.60

■ GROUNDNUT

■ Dec 22, 2007

SPOT MARKET: -

Spot groundnut complex witnessed firm trade on Friday, amid good physical demand. However, lower Rabi acreage of 2.41lha against 2.79 last year is likely to support the prices in near term besides news report that country has resumes groundnut oil exports. Meanwhile, country has resumed exports of groundnut oil after a long gap of around 2 years, on the back of increased Kharif output. However, the volumes shipped may remain thin because of low profitability on the back of lower groundnut prices in international markets, which further pressured the domestic prices as the demand from exporters remained subdued in the market. However, around 15,000-20,000 tonnes have already been contracted and most shipments so far are destined for European and Chinese ports in containers as well as in bulk. Export orders signed so far include delivery of 5,000 tonne of groundnut oil at a price of \$1,745/MT, basis cost and freight, to be delivered to Dunkirk port in France. Expectation of higher meal export this year following lower crop globally and bumper production this Kharif season in the country is also expected to support the sentiment. The prices of groundnut seeds for different qualities were weak on Friday and traded between the price levels of Rs.515-516 per 20 kg compared to previous price level of Rs.517-518 per 20 on Thursday in different markets of Gujarat. In Rajkot market groundnut oil was traded at the price range of Rs.668-669 per 10 kg on Friday.

The Solvent Extractors' Association of India has just compiled the data for export of oil meals for the month of October 2007 and reported at 200 tons. During April to October 2007, around 12,475 MT of groundnut meal was exported compare to 12,275 MT of groundnut meal in April-September 2007 period. No exports were witnessed for the month of November 2007.

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