

OILSEED

Agriwatch
DAILY

■ SOYABEAN

■ Dec. 06, 2007

SPOT MARKETS:

Soybean prices mostly traded firm on Tuesday amidst continuing good demand from plants due to good profitability coupled with steady to firm soymeal sentiment at ports, while remained unchanged at Kota markets on subdued trade. However, weakness in edible oil domestically and internationally capped the gains to some extent. Overall arrivals improved marginally from the Monday's level of 4 lakh bags to 4.10 lakh bags on Tuesday. Stockists' activity remained subdued in the market as they are expecting prices to come down further before fresh buying. Prices movement in both spot and futures market in near term would demand on CBOT futures and edible oil prices. Meanwhile, South Asian soybean importers have diverted to India due to expected lower soybean production in the US, which contributes about 35% of world's production and continuing drought condition in China which adversely affected the soy crop and production coupled with bumper soybean output in the country.

FUTURES MARKET: -

Soybean futures at NCDEX traded firm. January contract opened firm at Rs 1800.00/qrtl against the previous close of Rs 1790.50/qrtl. Contract then traded in the range of Rs 1791.00-1809.00/qrtl before it closed at Rs1806.50/qrtl.

PRICE DRIVERS:

1. Weak global cues
2. Attractive parities to plants/crushers
3. Steady to weak soybean oil;
4. Steady to firm soymeal prices at ports
5. Expectation of higher soymeal exports in 2007-08
6. Lower crop in US & China
7. Marked lower arrivals of beans

WEATHER:

Dry weather over growing regions favours harvesting.

TECHNICALS: -

Candlestick chart pattern shows firmness in market. MACD and EMA remains firm for the medium-term. Stochastic is moving down while RSI is heading upward in neutral zone. Market is expected to trade range bound with firm bias.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|------|------|--------|------|------|
| NCDEX-Jan | 1792 | 1800 | 1806.5 | 1827 | 1837 |

Trade Recommendation:

BUY NCDEX Jan. Soybean contract above 1810 with T1 at 1818 T2 at 1822. SL at 1806.

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

| Markets | 05.12.07 | 04.12.07 | Change | Arrivals (Bags) | | | |
|-----------------|-----------|-----------|---------|------------------------|---------|------------|----------|
| Indore [P] | 1780-1800 | 1775-95 | +5 | 1,95,000-2,00,000 bags | | | |
| Indore [M] | 1720-50 | 1690-1735 | +15 | | | | |
| Maharashtra [P] | 1800 | 1775-1800 | - | 2,00000-2,25,000 bags | | | |
| Maharashtra [M] | 1750 | 1720-60 | -10 | | | | |
| Kota [P] | 1780-90 | 1775-90 | - | 60000-65,000 bags | | | |
| Kota [M] | 1720-25 | 1680-1720 | +5 | | | | |
| Exchange | Expiry | Open | High | Low | Close | Prev Close | % Change |
| NCDEX | Dec | 1784 | 1792.50 | 1774 | 1789 | 1777.50 | +11.50 |
| NCDEX | Jan | 1800 | 1809 | 1791 | 1806.50 | 1790.50 | +16.00 |

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MUSTARD

Dec 06, 2007

SPOT MARKETS:

Mustard seed prices witnessed steady to weak sentiment amidst weakness in regional/local exchanges tracking weak undertone in edible oil coupled with improved arrival across the markets. Overall arrival reported at 12200-17850 bags compared to Monday's 12,200 -12,500 bags. However, expectation of lower production this Rabi season is seen supporting the sentiment, besides lower inventories in the market. Meanwhile, according to Solvent Extractors' Association of India's mustard seed promotion council, India's mustard seed output is expected only at around 6 MMT in 2007-08 Rabi season, due to a slower sowing pace on the back of inadequate soil moisture. However, favourable climatic conditions in western region may add momentum to sowing to some extent and is also favourable for early sown crops yield.

FUTURES MARKET: -

NCDEX Mustard seed futures traded weak. January contract opened firm at Rs 478.70/20 Kg against previous close of Rs 476.90/20 Kg and tested a high of Rs 479.70/20 Kg. Contract then tumbled on selling pressure testing a low of Rs 471.00/20 Kg before it closed at Rs 476.15/20 Kg.

PRICE DRIVERS:

1. Mustard acreage dropped around 33.5%
2. Sowing fell to 5.27 mil ha against 6.13milha last year
3. Weakness in regional exchange.
4. Expectation of lower production this year
5. Lower stock with NAFED & in physical markets.
6. Marked improved arrivals of mustard seeds.

WEATHER: -

Continuing dry weather may hinder sowing.

TECHNICALS: -

Long lower shadow of the candlestick shows good buying support at lower levels. MACD and EMA remain weak for the medium-term. Stochastic is moving down in the neutral zone. RSI is moving flat in oversold zone, so bounce back from these levels cannot be ruled out. Market is expected to trade range bound with firm bias.



SUPPORT / RESISTANCE:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-----|-----|--------|-----|-----|
| NCDEX-Jan | 474 | 475 | 476.15 | 481 | 482 |

Trade Recommendation:

BUY Jan above 477 with T1 at 479 and T2 at 480. SL at 476.

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

| Markets | 05.12.07 | 04.12.07 | Change | Arrivals (Bags) |
|----------------------|----------|-----------|--------|------------------|
| Jaipur (C) | 2390 | 2425 | -35 | 8000-10,000 bags |
| Alwar(C) | 2310-30 | 2325-30 | - | 600-700 bags |
| Delhi(C) | 2385 | 2400 | -15 | 1500 bags |
| Agra(C)/Katchi Ghani | - | 2525/5650 | - | - |
| Sri Ganganagar (NC) | 2020-30 | 2020-35 | -5 | 550 |
| Kota (NC) | - | - | - | - |

| Exchange | Expiry | Open | High | Low | Close | Prev Close | % Change |
|----------|--------|--------|--------|--------|--------|------------|----------|
| NCDEX | Dec | 472.40 | 473.55 | 465.85 | 470.00 | 470.90 | -0.90 |
| NCDEX | Jan | 478.70 | 479.70 | 471.00 | 476.15 | 476.90 | -0.75 |

■ GROUNDNUT

■ Dec 06, 2007

SPOT MARKET: -

Spot prices of groundnut complex witnessed weak sentiment on Tuesday amidst weak physical demands. However, considering the 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. Another cargo of 5,000 tonne is due for shipment to Europe's Rotterdam port after Dec. 10. 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 at Tuesday's level of Rs 511-512 /20Kg to Rs.504-505/20 Kg on Wednesday in different markets of Gujarat. In Rajkot market groundnut oil was weak from the Tuesday's level of Rs.664-665/10 Kg to Rs.656.65/10 Kg.

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 October 2006.

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