

OILMEAL

4th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal: Domestic Market Remained Bullish
- CBOT: Soymeal Futures Ended on a High Note

COMMENTARY & ANALYSIS

DOMESTIC MARKET

Soy meal

The cash market is showing a steady market throughout the week. At NCDEX the June contract pushed forward and ended the week on a higher note. Bullish tone prevailed in the market. The soymeal futures at CBOT on Friday moved ahead due to rain forecasting and speculative buying. Soymeal future is expected to move ahead and may remain volatile for the first two days of the coming week.

Plant delivery quotes of Soy seeds remained in the range of Rs 1310 per qtl in Indore while soymeal in physical market has been offered at Rs 9100-9400 per MT, as per quality. FOR quotes remained at Rs 9850 - 9950 per MT in Kandla in jute bags, FAS has been put at \$ 228 - 230 per MT.

India's soymeal exports totaled 225,825 tons in March, 2005 compared with 457,100 tons in March 2004.

Soy meal vessel report

Mumbai Port is loading 3,000 MT of SBM on the vessel 'Mercs Ruhunnu'. Transworld logistics agents is handling the vessel.

Loading of 17,125 MT of SBM is expected at Kandla Port on the vessel 'Le Rong' to Japan. The vessel will be handled by Interocean agents.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)
Indore	9100-9400
Satna/Morena	9100
Javra/ Mandsore	-
Nanded	8900
Nagpur (42-43%)	8600-9000
Latur	9100
Sangli	9400
Dhulia/Jalna	9100-9200
Kota	9500

NCDEX Soy meal Futures price (4th June)

	Prev Close Price	High Price	Low Price	Close Price	Change
June	9072.00	9100.00	9070.00	9100.00	+28.00
July	9308.00	9340.00	9310.00	9310.00	+02.00

Rape/ Mustard meal

The rapemeal cash market slowed down and showed a small downturn in the market. The arrivals were almost the same but the trading was slow compared to last day. The trading is likely to surge ahead in the week.

In Shivpuri/ Morena, rates remained at Rs 4200 per MT; Kota & Barah at Rs. 4150 per MT.

Central Organisation For Oil Industry And Trade (COOIT), 1st Advance estimates for the year 2004-2005 has put the Rapeseed/Mustard crop production along with Kharif Toria (1.8 lakh tonnes) to 72.0 lakh tonnes in 2005.

India exported **19,525** tons of rapemeal in March 2005 as compared to 23,775 in March 2004.

Groundnut meal

The groundnut meal market carried on the momentum at the level from where it left off yesterday mainly at Junagarh. The market at Dhulia also remained bullish during the day. The demand also shows an upward surge and might further improve.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6200 for 40% protein and at Dhulia market it was quoted at Rs. 7700 for 42 per cent protein.

Central Organisation for Oil Industry and Trade (COOIT), 1st Advance Rabi Estimates for the 2004-2005 has put the Rabi GN crop at 17 lakh tonnes, same as last year.

India exported around **4,750 MT** groundnut meal in March, 2005 as compared to 23,875 MT in March, 2004.

INTERNATIONAL MARKET

CBOT: Soymeal Futures Ended on a High Note

Soybean futures at Chicago Board of Trade ended on a higher note on Friday and were able to recover the losses of Thursday, as traders traded cautiously due to variability in various weather forecasts.

July soymeal settled \$4.30 higher at \$215.20 a short ton, and July soyoil ended 2 points higher at 22.95 cents a pound. For the week, July soymeal was up \$6.50 and July soyoil ended the week down 31 points.

The market is in a tight situation due to rain worries, which is being forecasted by private forecasters and is creating confusion.

Soymeal futures ended firm, following the lead of soybeans, as well as benefiting from speculative buying due to weather related problems which might reduce the production of soymeal.

Soymeal sales were 54,600 metric tons, in line with estimates of 40,000 to 80,000 tons. Soyoil sales of 2,000 metric tons were at the bottom end of guesses of 2,000 to 6,000 tons.

In soymeal trades, Bunge Chicago, Man Financial and RJ O'Brien each bought 300 July, Calyon Financial bought 400 July, Rand Financial bought 500 July and Cargill Investor Services bought 300 December. Cargill sold 300 July and 400 September, Rand Financial sold 300 July and Kottke sold 400 December.

(One million metric tons of soybeans or wheat equals 36.74 million bushels.)

CBOT Soymeal Futures as on 3rd June, 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	210.9	210.8	216.3	210.8	4.3	215.2
Aug'05	211.1	213.0	216.3	212.5	4.2	215.3

CBOT remained closed on Saturday and Sunday

China's Import Report

Unit : mt	Apr 2005 (Qty) mt	Jan-Apr 2005 (Qty) mt
Soymeal Total	67,481.49	226,535.27
Japan	58,011.82	199,242.31
Korea, Rep	5,084.68	13,684.98
Korea, DPR	32.20	5,881.54
Malaysia	3,189.24	3,189.24

USA	1,040.47	2,607.14
Vietnam	18.00	553.00
Netherlands	0.00	540.00
United Kingdom	0.00	320.00
Kazakhstan	0.00	239.98
Guinea	0.00	102.00
Philippines	40.00	80.00
Hong Kong	25.02	55.02
Canada	40.06	40.06

Canadian Soybean Crushing Dropped Down

The Canadian Oilseed Processors Association (COPA) reports weekly crush in that country totalled 51,872 metric tons (MT) of canola and 32,832 MT of soybeans during the week ending June 1.

The numbers, as reported to the association by member firms, sank 16% from last week's crush level for canola, ending two weeks of increased activity. Soybean crush rose 1.2%, offsetting parts of the previous week's declines.

So far this marketing year, 2,561,626 MT of canola has been crushed, down around 215,000 MT from the

2,776,556 MT crushed during the same period last season. Soybean crush since the August 1 start of the 2004-05 marketing year totals 1,357,436 MT, around 12,000 MT below the 1,369,584 MT processed last season.

Crush capacity utilization during the week fell 12.5 points to 65.9% for canola and rose 0.9 points to 73.3% for soybean. So far during the 2004-05 marketing year, canola crush capacity utilization has averaged 84.0% compared to 77.1% for soybean crush capacity utilization

NEWS ANALYSIS

China: Surges Ahead in Oilmeal Export

Fueled by a flourishing economy, thriving animal agriculture industries and soybean checkoff-fueled interest in top-quality soybeans, China's surging economy has recently been the focus of a number of industries. U.S. soybean farmers are among one industry looking to build upon the success of that country.

In fact, U.S. soybean sales this year to the most populous country in the world have already surpassed last year's total. At the end of the first quarter of the current year, sales were 94 million bushels ahead of last season. So far, U.S. soybean farmers have exported 366 million bushels (9.965 million metric tons). Another 30.6 million are on the books, with about four months still to go.

The checkoff has targeted efforts at China's animal production and feed industry, the largest growing market for soy. The checkoff has many technical and program experts who maintain relationships with Chinese buyers and ensure U.S. soy meets China's animal agriculture needs. U.S. soybeans help feed China's 1.5-billion-hog-a-year population -- the world's largest. In comparison, the United States hog population is only 165.5 million per year. China's pork industry consumes 8.5 million tons of soybean meal annually.

To take advantage of the market potential, checkoff dollars were recently used to create a series of short courses under the China Animal Management & Production Systems (CHAMPS) program to ensure Chinese buyers are aware of the benefits of soy-based feed.

China is also home to 70 percent of the world's aquaculture production, and efforts to educate Chinese fish farmers about soy-based feeds are paying off.

USDA Export Sales (For May 20 -26)

Soybean Cake and Meal: Net sales of 54,600 MT were 30 percent below the previous week and 29 percent under the prior 4-week average. The primary buyers were Mexico (24,700 MT), Canada (8,900 MT), Japan (8,500 MT), and Ecuador (5,000 MT). Exports of 100,100 MT were 50 percent above the previous week and 9 percent over the prior 4-week average. The primary destinations were Japan (32,600 MT), Canada (18,500 MT), Mexico (13,100 MT), Colombia (12,100 MT), and El Salvador (8,900 MT).

Commodity Wise Export of Oilmeal

India's oil meal exports from April '04 - April'05 (compared to comparative period of previous year 2003-04)

Quantity in metric tonnes

Months	Total	2004-05				
		S.B. Ext.	R.S. Ext.	G.N. Ext	CST Ext.	R.B. Ext.
April'04	477,425	366,625	96,000	14,800	---	---
May'04	423,925	278,300	100,875	44,750	---	---
June'04	182,550	94,500	45,575	30,475	6,200	5,800
July'04	75,950	19,250	54,400	2,300	---	---
Aug'04	80,386	17,325	33,325	8,750	15,225	5,761
Sept'04	70,725	12,875	52,100	---	---	5,750
Oct'04	47,725	18,750	17,300	4,450	7,225	---
Nov'04	215,620	174,950	28,850	---	---	11,820
Dec'04	374,325	303,750	40,375	---	16,275	13,925
Jan'05	215,750	173,550	30,275	1,100	10,825	---
Feb'05	270,930	175,625	70,205	10,100	15,000	---
Mar'05	250,100	225,825	19,525	4,750	---	---
Apr'05	220,900	99,250	90,900	12,950	17,800	---
2004-05	2,685,411	1,861,325	588,805	121,475	70,750	43,056
2003-04	3,323,025	2,683,675	447,050	126,750	65,550	---
2002-03	1,896,521	1,333,318	455,533	15,225	92,445	---
2001-02	3,020,777	2,509,207	313,012	101,001	97,557	---
2000-01	2,336,638	2,182,142	62,968	18,609	10,992	---
1999-00	2,428,470	2,249,505	79,874	1,808	93,365	---
(F.Y)						

S.B.- Soybean Extns., R.S.- Rapeseed Extns., G.N.- Groundnut Extns., CST - Castoseed Extns, R.B.- Ricebran Extns
Source: SEA Data Bank

WEATHER WATCH:

Isolated rain/thundershowers likely over south Konkan Goa and Vidarbha. Mainly dry weather in the rest region.

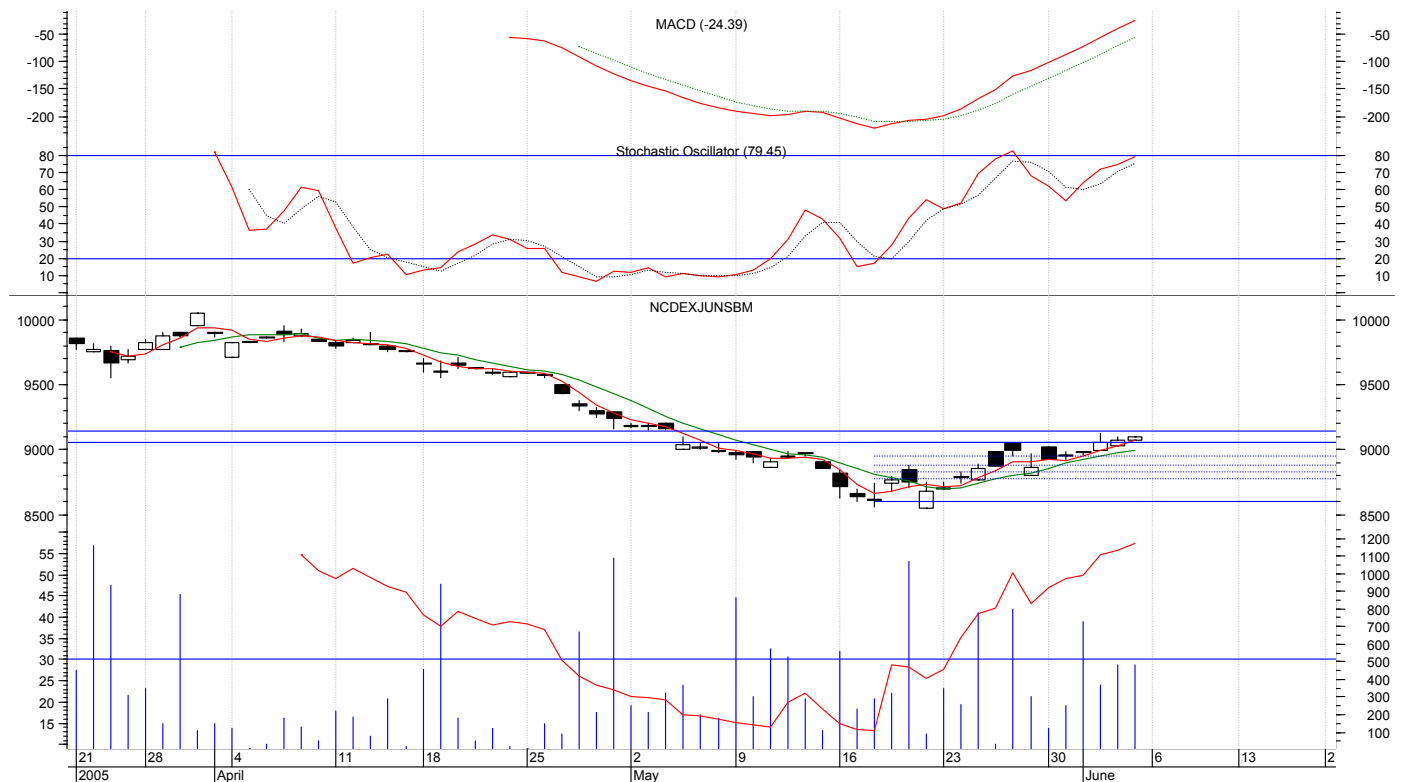
Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.66
European Union	Euro	53.54

Technical Analysis

June 4, 2005

Commodity : Soymeal
Contract : June (Future)
Exchange : NCDEX
Perspective : Very Short Term (Daily)



Candlesticks: The candlestick pattern is showing a bullish trend and the prices showed an upward movement in the market. However, the resistance and support level will be at 9145 and 9060 levels respectively.

Moving Average: The 3 -day MA is above the 5 -day MA and the 3 - day MA is steady and both are moving ahead parallel.

MACD: The MACD (5-day) has cut the EMA from the bottom side and both are showing an upward movement. However, both are in the negative territory.

Stochastic: The %K-line has cut the % D -line from below and is moving ahead with a slight decrease in slope.

All the indicators are pointing towards firmness in the prices. The market is going to remain firm with a slight upward range bound movement. The market is under pressure.

Recommendation: If the prices go above the resistance level at around 9100 mark, remain long.

Disclaimer

This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). If a customer of an affiliate of IASL receives this report, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate. This document is for private circulation only and may not be reproduced in whole or in part for any purpose without written permission. Use of data and information contained in this report is at your own risk. Please visit us at: www.agriwatch.com Registered Office: E 12, Greater Kailash I, New Delhi 110 048 Telefax: (011) 2628 3336
Copyright Ó 2002 Indian Agribusiness Systems Pvt Ltd.