

## OILMEAL

14<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Soymeal: Domestic Market Sluggish
- CBOT: Soymeal Domestic Demand Rise
- World Soymeal Consumption Projected to Increase (2005-06)

### COMMENTARY & ANALYSIS

#### DOMESTIC MARKET

##### Soy meal

The cash market made some bullish trading in the domestic sector during the early session but later on slowed down. However, at NCDEX the June contract after a firm opening the prices rolled down further and ended at a low level. The CBOT soymeal market settled higher on Monday due to weather concern and also due to concern about spread of Asian Rust. The demand in the in the poultry industry is also increasing. Soymeal future is likely to remain range bound with slight weakness.

Plant delivery quotes of Soy seeds remained in the range of Rs 1285 - 1290 per qtl in Indore while soymeal in physical market has been offered at Rs 9200-9500 per MT, as per quality. FOR quotes remained at Rs 9750 - 9850 per MT in Kandla in jute bags, FAS has been put at \$ 229- 231 per MT.

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

##### DOC rates at different centers

Places	Ex-factory rates (Rs/ton)
Indore	9200-9500
Satna/Morena	-
Javra/ Mandsore	-
Nanded	8800
Nagpur (42-43%)	8600-9000
Latur	9000
Sangli	9300 - 9400
Dhulia/Jalna	9200-9100
Kota	9400

##### Soy meal vessel report

Kandla Port is loading 19,800 MT of SBM on the vessel 'Patwira' Naree' to Japan. The vessel is being handled by Taurus agents. Loading of 17,125 MT of SBM is continuing at Kandla Port on the vessel 'Le Rong' to Japan. The vessel is being handled by Interocean agents. 'IBI' is

expected at the port to load 15,000 MT of SBM to Japan. Taurus agents will be handling the vessel. Jamnagar Port is expecting 'Banglar Gourab' to load 11,400 MT of SBM to Thailand. MNK agents will be handling the vessel.

##### NCDEX Soy meal Futures price (14<sup>th</sup> June)

	Prev Close Price	High Price	Low Price	Close Price	Change
June	8844.00	8850.00	8740.00	8740.00	-104.00
July	9160.00	9245.00	9121.00	9237.00	+77.00

##### Rape/ Mustard meal

The rapemeal cash market showed a slight improvement in Rajasthan. The demand in the market is still showing a constant demand level in the market. The market is expected to remain firm in the market for the week.

In Shivpuri/ Morena, rates remained at Rs 4300 per MT; Kota & Barah at Rs. 4200 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 domestic groundnut meal market showed steady trading in the market. The demand also remained at the same level as last week. The market is expected to remain firm at this level for the week.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6000 - 6300 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.

## INTERNATIONAL MARKET

### CBOT: Soymeal Domestic Demand Rise

Soybean futures at the Chicago Board of Trade ended on a higher note on Monday, it made huge gains in the market due to concerns about weather and the spread of the Asian rust fungus. These concerns pushed up speculative buying interest. Soymeal futures followed the gains of soybean futures due to weather. The market gathered additional support from strong domestic soymeal demand and also due to rise in poultry demand amid the reports of a positive result from a cow tested for mad-cow disease by the USDA. Poultry feedings uses a higher percentage of soymeal in its rations.

July soymeal settled \$5.50 higher at \$216.90 a short ton, and July soyoil ended 27 points higher at 23.01 cent a pound.

Meanwhile, weekly soybean export inspections totaled 7.648 million bushels, up from 4.436 million last week, the U.S. Department of Agriculture reported. This was in the range of expectations for 4 million to 9 million bushels.

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

### CBOT Soymeal Futures as on 13<sup>th</sup> June, 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	211.4	215.0	618.0	215.0	5.5	216.9
Aug'05	212.4	261.5	619.0	217.0	5.3	217.7

CBOT remained closed on Saturday and Sunday

## NEWS ANALYSIS

### World Soymeal Consumption Projected to Increase (2005-06)

Global protein soymeal consumption is projected to increase by 3 percent in 2005/06, primarily due to gains for soybean meal. Protein meal consumption in China is projected to increase by 8 percent, with a 15 percent increase in soybean meal more than after covering up the decreased consumption of rapeseed and cottonseed meal.

World soybean trade increased by 7 percent to 65.6 million tons, nearly all of which is due to higher imports by China to a record 27.0 million tons. Global vegetable oil consumption is projected to increase 5 percent for 2005/06 led by gains for China, India, and the EU-25. Global oilseed crush is projected to increase 3 percent, and oilseed stocks are projected to increase 3.5 million tons to a record 58.2 million tons.

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

### WCE: Canola Surged Ahead

Grain and oilseed futures at the Winnipeg Commodity Exchange (WCE) finished Monday's session higher with the market lifted by the strong rally in Chicago Board of Trade futures prices.

Canola futures posted moderate gains in moderate volumes. Canola futures advanced in the wake of steep gains in the CBOT soy complex with the weak Canadian dollar and concern about canola production lifting the market. Continued rainfall is interrupting Manitoba planting with expectations that farmers will now plant shorter season lower yielding canola varieties. In Alberta, rain has continued to fall and some areas are becoming concerned about excess moisture.

Capping the rally and keeping canola gains smaller than soybeans was steady levels of farmer selling as hedge pressure continued today. The sluggish export pace and ideas that overall growing conditions are still favorable also limited the upside. Commercials dominated most trade with crusher and routine Japanese exporter buying meeting cash dealer selling. There was some speculative rolling of positions from July to November.

### China: Soybean Futures Lower on Monday

Soybean futures traded on the Dalian Commodity Exchange settled mostly lower in slow trading Monday, in line with Friday's losses in Chicago Board of Trade soybean futures. The benchmark September 2005 soybean contract fell CNY14 a metric ton to settle at CNY3,093/ton, after trading between CNY3,081 and CNY3,110/ton.

Changes for 2004/05 for the U.S. include increased soybean crush and exports and reduced ending stocks. Global soybean ending stocks are also reduced, reflecting the effect of reduced Brazil soybean production for 2003/04. The crop is reduced from 52.6 million tons to 50.5 million tons based on analysis of crush and trade statistics for the marketing year.

### USDA Export Sales (May 27 - June 2, 2005)

Soybean Cake and Meal: Net sales of 84,800 MT were 55 percent above the previous week and 36 percent over the prior 4-week average. The primary buyers were Australia (44,000 MT, including 40,000 MT switched from unknown destinations), Japan (35,500 MT), Mexico (16,500 MT), and Panama (10,400 MT, including 5,800 MT switched from Guatemala). Reductions were reported for unknown destinations (40,000 MT). Exports of 176,400 MT were 76

percent above the previous week and 82 percent over the prior 4-week average. The primary destinations were Australia (44,000 MT), the Dominican Republic (35,100 MT), Mexico (19,000 MT), the Philippines (17,600 MT), Canada (14,500 MT), Panama (13,100 MT), and Guatemala (11,700 MT).

### China: Soymeal's Domestic Demand

Domestic soymeal demand, including feed and other usage, is expected to total 21.68 million tonnes in 2004-05, compared with an estimated total production of 24.36 million tonnes during the same period.

### WEATHER WATCH:

Rain/thundershowers likely at a few places over Konkan & Goa and isolated in interior Maharashtra. Isolated duststorm/thunderstorm likely over Rajasthan and west Madhya Pradesh. Mainly dry weather in the rest region. **Outlook for subsequent two days:** Rainfall activity is likely to continue over Andaman & Nicobar Islands, Kerala and coastal Karnataka.

### Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.65
European Union	Euro	52.90

### Export of Oilmeal

#### COMMODITY WISE

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

Quantity in metric tonnes

Month	S.B. EXT	R.S. EXT	G.N. EXT	R.B. EXT	CST EXT	TOTAL
April 2005	99,250 (366,625)	90,900 (96,000)	12,950 (14,800)	— (—)	17,800 (—)	220,900 (477,425)
May 2005	156,100 (278,300)	69,650 (100,875)	3,025 (44,750)	6,875 (—)	50,200 (—)	285,850 (423,925)
TOTAL	255,350 (644,925)	160,550 (196,875)	15,975 (59,550)	6,875 (—)	68,000 (—)	506,750 (901,350)
2004-05	1,861,325	588,805	121,475	43,056	70,750	2,685,411
2003-04	2,683,675	447,050	126,750	—	65,550	3,323,025
2002-03	1,333,318	455,533	15,225	—	92,445	1,896,521
2001-02	2,509,207	313,012	101,001	—	97,557	3,020,777
2000-01	2,182,142	62,968	18,609	—	10,992	2,336,638
1999-00 (F.Y)	2,249,505	79,874	1,808	—	93,365	2,428,470

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

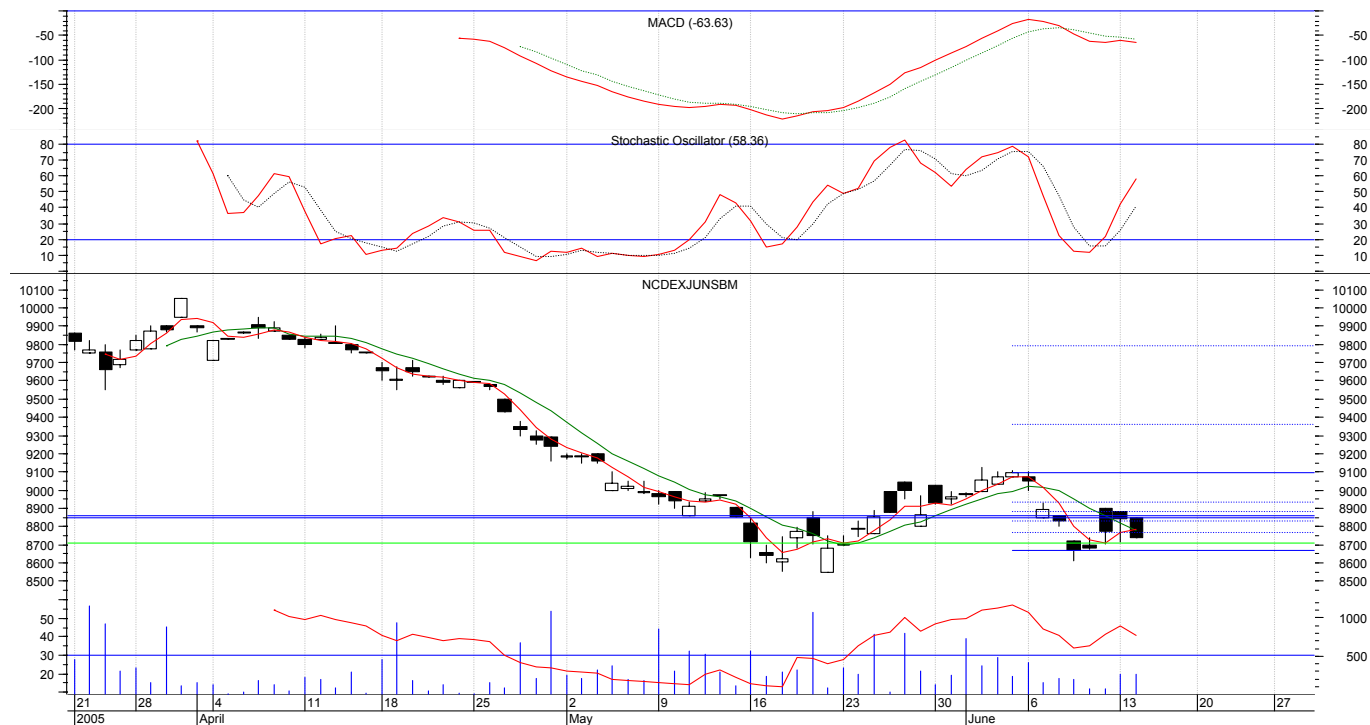
#### PORTWISE

MONTH	BEDI	MUM- BAI	BHAV- NAGAR	KANDLA	VIZAG	KAKI- NADA	MAGD- ALLA	MUNDRA	TOTAL
April 2005	35,175 (61,525)	43,250 (102,175)	— (34,700)	126,625 (235,500)	15,850 (24,125)	— (7,500)	— (—)	— (11,900)	220,900 (477,425)
May 2005	10,500 (115,600)	48,325 (61,250)	— (12,225)	188,975 (155,950)	30,425 (56,400)	6,875 (9,000)	750 (—)	— (13,500)	285,850 (423,925)
TOTAL	45,675 (177,125)	91,575 (163,425)	— (46,925)	315,600 (391,450)	46,275 (80,525)	6,875 (16,500)	750 (—)	— (25,400)	506,750 (901,350)

## Technical Analysis

June 14, 2005

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



**Candlesticks:** The candlestick pattern is showing bearishness in the market. The prices did show some weakness in the market. However, the resistance and support level will be at 8850 and 8705 levels respectively.

**Moving Average:** The 3 - day MA has cut the 5 -day MA from below and the 3 - day MA is showing an upward movement.

**MACD:** The MACD (5-day) is showing a downward bent and is moving parallel to EMA. However, both are in the negative territory.

**Stochastic:** The %K-line has cut the % D-line from below and is moving upward. The per cent K line is pushing ahead.

All the indicators except MA and stochastic are pointing towards weakness in the prices. The market may open on a weak note and is expected to remain range bound with some weakness.

**Recommendation:** Prices is expected to open weak and if it goes below 8745 remain short.

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