

OILMEAL

21st June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal: Domestic Market Showing Bearishness
- CBOT: Soy Futures Rise Due to Weather Concern
- Protein Demand Expected To Boom
- China Likely to Impose Restriction on Brazilian Soybean Shipments
- USDA Export Sales Highlights, June 3 - 9, 2005

COMMENTARY & ANALYSIS

DOMESTIC MARKET

Soy meal

The cash market showed positive trading during the daylong trade. However, at NCDEX the July contract made technical corrections and slipped down but the market is still firm. The CBOT soymeal on Monday moved ahead due to dry weather spells and speculative buying. Soymeal future is likely to remain range bound with slight weakness. The weather outlook should be watched.

Plant delivery quotes of Soy seeds remained in the range of Rs 1315 per qtl in Indore while soymeal in physical market has been offered at Rs 9400-9700 per MT, as per quality. FOR quotes remained at Rs 10000 - 10100 per MT in Kandla in jute bags, FAS has been put at \$ 234 - 236 per MT.

India's soymeal exports totaled **156,100** tons in May 2005 compared with 278,300 tons in May 2004.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)
Indore	9400-9700
Satna/Morena	9000
Javra/ Mandsore	-
Nanded	9200-9700
Nagpur (42-43%)	8800-9200
Latur	9700
Sangli	-
Dhulia/Jalna	9400-9200
Kota	9600

Soy meal vessel report

Jamnagar Port is loading 11,400 MT of SBM to Thailand on the vessel 'Banglar Gourab'. MNK agents is handling the vessel.

Kandla Port is expecting 'Devon' to load 15,000 MT of SBM. The vessel will be handled by Taurus agents. 'IBI' is expected at the port to load 15,000 MT of SBM to Japan. Taurus agents will be handling the vessel.

NCDEX Soy meal Futures price (21st June)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	9355.00	9350.00	9300.00	9315.00	-40.00
Aug	9490.00	9491.00	9450.00	9491.00	+1.00

Rape/ Mustard meal

The rapemeal cash market maintained a steady market at major market places. The demand in the market is at a firm level. The market is expected to stay range bound for the week.

In Shivpuri/ Morena, rates remained at Rs 4300 per MT; Kota & Barah at Rs. 4300 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 **69,650** tons of rapemeal in May 2005 as compared to 100, 875 in May 2004.

Groundnut meal

The prices of groundnut meal in the domestic market did show an improvement in major market places. The market is expected to remain firm at this level for the coming week.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6250 - 6450 for 40% protein and at Dhulia market it was quoted at Rs. 7800 - 7900 for 42 per cent protein.

INTERNATIONAL MARKET

CBOT: Soy Futures Rise Due to Weather Concern

Soybean futures at the Chicago Board of Trade finished Monday's session on a strong note as the market continued to add risk premium due to dryness issues for the eastern Midwest. Soymeal futures ended higher, keeping pace with the firm tone and is flowing the soyoil and soymeal. Also solid underlying domestic demand propelled prices to new contract highs.

July soybeans ended 15 cents higher at \$7.39 a bushel, November soybeans ended 16 cents higher at \$7.57 1/2, July soymeal settled \$3.40 higher at \$232.40 a short ton, and July soyoil ended 50 points higher at 25.58 cent a pound.

Midwest weather conditions remained the fundamental driver of the market, with forecasts indicating low moisture level in the central and eastern Midwest during the next week, raising enough concern. Rising concerns for potential dryness problems for oilseed production in China and India also provided fundamental support to keep up the bullish sentiments.

Meanwhile, weekly soybean export inspections totaled 8.532 million bushels, up from 7.742 million last week, the U.S. Department of Agriculture reported. This was at the high end of expectations for 5 million to 8 million bushels.

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

NEWS ANALYSIS

Protein Demand Expected To Boom

World population growth and increasing incomes will boost global demand for protein to two-and-a-half times current levels by 2050 (International Feed Industry Federation). Growth in world protein demand would pose major challenges and opportunities for the oilseed and grain industries.

From 6.4 billion in 2005, the world's population would grow to a projected 9.2 billion by 2050. Moreover, global welfare was also forecast to increase, and studies suggested that for every 1% increase in income levels, a 2% increase could be expected in spending on protein sources.

Total world feed production at present was around 614 million tonnes, of which roughly two-thirds was produced in just four producer areas, namely the United States (145 million tonnes), the EU (140 million tonnes), China (90

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 **3,025 MT** groundnut meal in May, 2005 as compared to 44,750 MT in May, 2004.

CBOT Soymeal Futures as on 20th June, 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	229	234	234	230.8	3.4	232.4
Aug'05	228.7	236.9	236.9	231.5	4.8	233.5

CBOT remained closed on Saturday and Sunday

China: Soybean Prices Slipped

Soybean futures traded on the Dalian Commodity Exchange settled mostly lower Tuesday on fresh short selling and some profit-taking after a rise in the past four trading days, shrugging off overnight gains in Chicago Board of Trade soybean futures. The benchmark September 2005 soybean contract fell CNY35 a metric ton to settle at CNY3,187/ton, after trading between CNY3,176 and CNY3,212/ton. After active short selling drove down the benchmark in the first half-hour of trading, profit-taking by some long position holders came in, as these players wanted to lock in gains built over the past few days before they were further eroded by more selling.

million tonnes) and Brazil (44 million tonnes). There were population centers with large livestock industries, which currently have very small compound feed sectors - India being a notable example.

China Likely to Impose Restriction on Brazilian Soybean Shipments

Brazil is concerned that China may impose restrictions on their soybean shipments in retaliation against proposed barriers targeting Chinese imports. Brazil is considering import tariffs and quotas on Chinese products that it believes are being dumped, including textiles and footwear. This is really an issue to be taken up as Brazil is expecting shipments to grow in 2006 with China being a major buyer.

It would not be the first time Brazilian soybean exporters have had problems shipping to China. Last year, Chinese authorities banned most soybean shipments from Brazil for

around six weeks after a small number of tainted seeds were found in cargoes.

USDA Export Sales Highlights, June 3 - 9, 2005

Soybean Cake and Meal: Net sales of 53,700 MT were 37 percent under the previous week and 24 percent below the

prior 4-week average. The primary buyers were Mexico (12,300 MT), Guatemala (10,100 MT), and Canada (9,200 MT). Exports of 67,600 MT were 62 percent less than the previous week and 38 percent under the prior 4-week average. The primary destinations were Canada (18,500 MT) and Mexico (14,300 MT).

WEATHER WATCH:

Rain/thundershowers likely at most places in Konkan & Goa, at many places over madhya Maharashtra, Saurashtra and south Gujarat; at a few places over west Madhya Pradesh, Marathwada and at isolated places in Vidarbha and rest Gujarat. Isolated duststorm/thunderstorm likely over Rajasthan.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.61
European Union	Euro	52.93

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	2,249,505	79,874	1,808	—	93,365	2,428,470
(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

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 21, 2005

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



Candlesticks: The candlestick pattern showed some bearishness in the market. The prices today showed a range bound movement. However, the resistance and support level will be at 9356 and 9285 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, parallel to 5 - day MA.

MACD: The MACD (5-day) is showing an upward bent and has cut the EMA from below. Both have entered the positive territory and are expected to move ahead.

Stochastic: The %K-line has cut the % D -line from above and is showing a downward movement and made some corrections.

The candlestick pattern and the stochastic is showing weakness in the market but the other parameters are still bullish.. The market is expected to open on a weak not but will remain range bound.

Recommendation: If the prices go above 9350, remain long. Look out for the weather forecast and short-term market is expected to remain bullish.

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