

OILMEAL

24th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal: Domestic Market Remained Dull
- CBOT: Soymeal Futures Reversing from Overbought Conditions
- Indian Soymeal Exports to Thailand on the High
- Oilseeds, Meals and Cakes Prices under Downward Pressure (2004/05)
- USDA Export Sales Highlights, June 10 - 16, 2005

COMMENTARY & ANALYSIS

DOMESTIC MARKET

Soy meal

The cash market did show some weakness in trading today. Moreover, at NCDEX the July contract did not show enough trading in the market as the traders are going through a wait and watch situation. The CBOT soymeal on Thursday slipped down due to correction from over bought condition and also due to dry weather concern. Soymeal future is likely to remain weak and trading will remain low. The weather outlook should be watched out.

Plant delivery quotes of Soy seeds remained in the range of Rs 1290 per qtl in Indore while soymeal in physical market has been offered at Rs 9200-9400 per MT, as per quality. FOR quotes remained at Rs 10000 - 10100 per MT in Kandla in jute bags, FAS has been put at \$ 237 - 238 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 | 9200-9400 |
| Satna/Morena | - |
| Javra/ Mandsore | - |
| Nanded | 9100-9300 |
| Nagpur (42-43%) | 8800-9200 |
| Latur | 9100-9300 |
| Sangli | - |
| Dhulia/Jalna | 9300-9100 |
| Kota | 9500 |

Soy meal vessel report

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

Kandla Port is expecting 'Devon' to load 15,000 MT of SBM. Taurus agents will handle the vessel.

NCDEX Soy meal Futures price (24th June)

| | Prev Close Price | High Price | Low Price | Close Price | Change |
|------|------------------|------------|-----------|-------------|--------|
| July | 9381.00 | 9381.00 | 9381.00 | 9381.00 | 0.00 |
| Aug | 9550.00 | 9525.00 | 9450.00 | 9500.00 | -50.00 |

Rape/ Mustard meal

The rapemeal cash market remained dull and stayed at the same level for the last few days. The demand in the market is at a stagnant level. The market is expected to stay range bound for the week.

The uncertain monsoon in the country is also responsible for the prevailing rising trend in the prices, but as soon as the rain arrives, the market is expected to make a significant downward movement.

In Shivpuri/ Morena, rates remained at Rs 4300 - 4500 per MT; Kota & Barah at Rs. 4300 - 4500 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 showed some positive trading in the market compared to other Oilmeal. The market is going through a wait and watch situation in the market. The sowing is expected to start at the proper time for the kharif groundnut crop.

INTERNATIONAL MARKET

CBOT: Soymeal Futures Reversing from Overbought Conditions

Soybean futures on the Chicago Board of Trade ended lower on Thursday, finishing at session lows, as speculators sold and the market reversed back from overbought conditions. The heat and dryness concerns for the central Midwest with talks of rains heading into next weekend and less-threatening long-range outlooks have supported the market.

July soymeal settled \$2.30 lower at \$228.40 a short ton, and July soyoil ended 8 points lower at 25.24 cents a pound.

Soymeal futures ended lower along with soybeans, staging a minor correction from overbought conditions. The market was consistent until midday, when speculative profit taking began to put pressure on prices. Census crush and weekly export sales data failed to provide any influence on price direction, and were within expectations. However, additional pressure was generated from a higher than expected soymeal stocks figuring in the monthly census crush report. The U.S. Census Bureau reported soymeal stocks at 349,000 short tons, well above the trade estimates that ranged from 290,000 to 320,000 tons.

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

NEWS ANALYSIS

Indian Soymeal Exports to Thailand on the High

Thai grain importers have bought a few cargoes of soymeal from South America and could buy more from India over the next few days. The Thai Feedstuff Users Promotion Association, which represents soybean and soymeal importers, bought 6,000 tonnes of Argentine high-protein soymeal from the Noble trading house on Friday for shipment in the second half of August. The association bought the meal at cost and freight premiums of \$14 per short ton over the Chicago August contract. The association also bought 9,000 tonnes of Argentine low-protein soymeal from the Noble trading firm at \$3 per short ton over the Chicago August contract. In addition, the SThai firm has also bought some quantity of Argentine soymeal at undisclosed prices in the past week. Domestically produced soymeal was around 12.40 baht a kg (\$302 a tonne) yesterday, up from last week's 12.15 baht.

Some trading houses, including ANP and Com Inter, were offering Indian soymeal at around \$270-275 a tonne cost and freight for July loading. Also some small Indian

GN extraction in Junagarh, Rajkot has been quoted at Rs 6250 - 6300 for 40% protein and at Dhulia market it was quoted at Rs. 8000 for 42 per cent protein while at the Nanded market it was quoted at 8100 for 45 % 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 **3,025 MT** groundnut meal in May, 2005 as compared to 44,750 MT in May, 2004.

CBOT Soymeal Futures as on 23rd June 2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|---------|-----------------|-------|-------|-------|--------|-------|
| Jul '05 | 230.7 | 230.1 | 232.5 | 228.0 | -2.3 | 228.4 |
| Aug'05 | 231.6 | 231.2 | 233.3 | 229.0 | -2 | 229.6 |

CBOT remained closed on Saturday and Sunday

China: Soymeal Prices Slipped

The soymeal market slipped down in some markets in China. However, the market of rapemeal remained firm for most of the day today in Chinese market. In overseas markets, soybean futures traded on the Dalian Commodity Exchange settled sharply lower Thursday, mostly on long liquidation. The benchmark September 2005 soybean contract fell CNY43 a ton to settle at CNY3,177/ton, after trading between CNY3,150 and CNY3,215/ton.

soymeal deals could be done this week because several feedmills which prefer to buy on a hand-to-mouth basis have yet to cover their immediate needs. It takes 14 days to ship soymeal to Thailand from India and 45 days from South America.

Oilseeds, Meals and Cakes Prices under Downward Pressure (2004/05)

The prospect of a record global oilseed production in the current 2004/05 season (October/September) has led to weaker prices for oilseeds, meals and cakes compared to a year ago. Aggregate production of oilseeds is now forecast to reach 373 million tonnes, 12 percent up from the previous year's level. The bulk of the increase is expected to come from soybeans, the oilcrop with the highest meal content. As a consequence, Oilmeal and cake production is also forecast to increase sharply in 2004/05 while the growth in output of oils and fat will be less pronounced. Regarding utilization, consumption of both oils and meals is forecast to increase in the current year.

Increased demand for oils/fats is largely concentrated in South East Asia - China and India in particular - and stems from increased incomes, but an important factor is also an exceptional rise in nonfood use such as oil-crop based biodiesel. For oilmeals/cakes, the increase in demand is mainly a result of higher growth rates in global livestock production and generally depressed prices. Following from the increased oilseed production during the year, and even allowing for the increased utilization expected, inventories of both oils/fats and oilmeals/cakes are expected to rise by the end of the season. Early indications for a reduction in global oilseed production in 2005/06 are not expected to influence markets much, as the inventories accumulated this season should be sufficient to offset any production shortfall.

Demand for Indian Soymeal on the Rise Amid Jump in CBOT Prices

Asian soy meal importers are negotiating for a few soy meal cargoes from India following a jump in prices at the Chicago Board of Trade (CBOT). Some Indian sales might materialise with Singapore. The trading will start with some small negotiations taking off shortly. Indian soy meal was offered at \$280 a tonne, including cost and freight, to Southeast Asia, around the same level as high-pro

Argentine meal. Low-pro Argentine meal was offered at \$265-\$270 whereas high-pro US meal was quoted at \$320. Chicago Board of Trade soybean futures rose nearly 3 per cent to an 11-month high in Asian trade today as fund buying regained strength amid concerns about dry weather in key US production areas. Indian regional traders and also Indian soy trade officials who also see the rise in Chicago prices as a window of opportunity to push sales. If the global situation continues to be tight, India will be in an advantageous position and the Indian market will make gains from the present situations.

USDA Export Sales Highlights, June 10 - 16, 2005

Soybean Cake and Meal: Net sales of 109,700 MT were more than double the previous week and 62 percent above the prior 4-week average. The primary buyers were Mexico (47,400 MT), Japan (29,500 MT), Guatemala (15,100 MT), and Canada (9,500 MT). Sales of 13,500 MT for delivery in 2005/06 were for Mexico. Exports of 41,100 MT--a marketing-year low--were 39 percent less than the previous week and 60 percent under the prior 4-week average. The primary destinations were Canada (18,900 MT) and Mexico (18,100 MT).

WEATHER WATCH:

Rain/thundershowers likely at most places in north Konkan, at many places over south Konkan & Goa, Saurashtra and south Gujarat region and at a few places in the rest region out side west Rajasthan where it may be isolated. Isolated duststorm likely over west Rajasthan.

Forex Rates

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 43.56 |
| European Union | Euro | 52.42 |

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 - Castorseed 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 24, 2005

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



Candlesticks: The candlestick pattern is showing some sort of indecisiveness. The trading in the market was at a poor condition. However, the resistance and support level will be at 9390 and 9350 levels respectively.

Moving Average: The 3 - day MA has cut the 5 -day MA from below and the 3 - day MA after showing an upward movement is showing a little bent (decreasing slope).

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

Stochastic: The %K-line has cut the % D -line from above and is showing some parallel movement to the horizontal.

All the indicators except MACD and 3 - day MA are showing a weakness in the market as the market is going through a wait and watch situation. The market is expected to open on a firm not but will remain range bound.

Recommendation: The prices will open will remain range bound. Look out for the weather forecast and short-term market is expected to remain bullish.

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