

## OILMEAL

30<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Firm
- Demand for Indian Soymeal is on the Rise
- USDA Export Sales Highlights, June 17 - 23, 2005

### COMMENTARY & ANALYSIS

#### DOMESTIC MARKET

##### Soy meal

The cash market did show some firm trading after two days of weak trading. Moreover, at NCDEX the July contract showed an improvement from the set backs in seen during the first three days of the week. However, the exports are likely to scale up in the coming weeks. The CBOT futures on Wednesday reversed back and ended higher due to speculative buying and weather forecast for potential rains in the coming days. Soymeal future is likely to remain range bound. The sowing is in full swing. The arrivals will move up due to storage problem with farmers. The export will take momentum only after small ships are allowed to sail in the sea.

Plant delivery quotes of Soy seeds remained in the range of Rs 1280 per qtl in Indore while soymeal in physical market has been offered at Rs 9000-9200 per MT, as per quality. FOR quotes remained at Rs 9700 - 9900 per MT in Kandla in jute bags, FAS has been put at \$ 226 - 228 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	9000-9200
Satna/Morena	-
Javra/ Mandsore	-
Nanded	9000-9100
Nagpur (42-43%)	8600-9000
Latur	9100
Sangli	8900
Dhulia/Jalna	9100-9000
Kota	9200

##### Soy meal vessel report

Kandla Port is expecting 'Devon' to load 15,000 MT of SBM to Japan. The vessel will be handled by Taurus agents. Another vessel, 'Thor Skipper' is expected at the port to load 12,700 MT of SBM to Indonesia. Interocean agents will be handling the vessel.

Loading of 2,200 MT of SBM is expected at Mumbai Port on the vessel 'Merco Yala'. Sai Shipping agents will be handling the vessel.

##### NCDEX Soy meal Futures price (30<sup>th</sup> June)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	8989.00	9150.00	9000.00	9000.00	+11.00
Aug	9237.00	9265.00	9250.00	9260.00	+23.00

##### Rape/ Mustard meal

The rapemeal cash market showed some firmness in some markets. The demand in the market is at a firm level. The market is expected to stay range bound and the arrivals remained at the same level.

In Shivpuri/ Morena, rates remained at Rs 4500 per MT; Kota & Barah at Rs. 4400 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 domestic market of groundnut meal remained firm at last few day's level. The trading is expected to maintain the momentum in the market. The market is going through a wait and watch situation in the market. The sowing has started in some places in Gujarat.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6500 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.

## INTERNATIONAL MARKET

### CBOT Soymeal: Ended Higher on Consolidation

Soybean futures at the Chicago Board of Trade ended moderately higher on Wednesday, recovering from a midday slide, as the market consolidated from its recent price setback ahead of Thursday's U.S. Department of Agriculture's acreage and stock report. The potential spread of Asian rust and insects also managed to provide underlying fundamental support. Futures experienced some two-sided action and the market recovered during the late session as weather forecasts improved the chances of rain for the eastern Midwest next week.

July soymeal settled \$3.10 higher at \$210.20 a short ton, and July soyoil ended 37 points higher at 24.54 cent a pound.

Soyproduct futures ended higher along with soybeans, consolidating recent declines. Soymeal followed the same

## NEWS ANALYSIS

### Demand for Indian Soymeal is on the Rise

Demand for Indian soymeal has increased following soaring prices at the Chicago Board of Trade due to erratic weather in the US. Japan had finalised deals at about \$ 285 a tonne, including cost and freight, and Indonesia struck deals at prices close to \$ 273. Total sales to the two countries were about 30,000 tonnes. Some more sales to Indonesia and Vietnam are likely.

Chicago Board of Trade soybean futures surged nearly three per cent to a fresh 11-month high in Asian trade on June 22 as buying regained strength amid concerns about dry weather in key US production areas.

If the global situation continues to be tight, India will be at an advantageous position. India was yet to crush around 1.1 million tonnes of soybean, which would yield about 8 to 9 lakh tonnes of soymeal. After meeting domestic demand of 5 to 6 lakh tonnes, India would still have an export

two-sided path that soybeans traveled, making a midday slid to lower levels before recovering on late speculative buying. Soyoil futures ended higher, showing a firm presence throughout the day.

Weather forecasts is showing greater chances of beneficial rain and this will push away the dryness in certain areas of Midwest region and with over a month left before soybeans' critical pod-filling stage of development, it is putting the market at risk. The potential spread of Asian rust and aphids is also providing an underlying support to the market.

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

### CBOT Soymeal Futures as on 29<sup>th</sup> June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	207.1	209.5	211.3	205.8	3.1	210.2
Aug'05	208.3	211.0	212.5	206.7	2.3	210.6

CBOT remained closed on Saturday and Sunday

### China: Soymeal Prices Steady

The Chinese soymeal market showed a steady tone in prices compared to last day's prices. The rapemeal market maintained the steady tone in most markets except a surge of RMB 50/MT in Guizhou. The soybean crushing plants in Heilongjiang province have stopped taking in supplies from last day as they have enough stock in hand.

Soybean futures traded on the Dalian Commodity Exchange settled lower Wednesday, tracking overnight losses in CBOT soybeans. The benchmark September soybean contract fell CNY27 a ton to settle at CNY2,992/ton after trading between CNY2,978 and CNY3,008/ton.

surplus of about 300,000 tonnes, which is a good sign for soymeal.

### USDA Export Sales Highlights, June 17 - 23, 2005

**Soybean Cake and Meal:** Net sales of 177,500 MT were 62 percent above the previous week and two and one-third times the prior 4-week average. Increases for the Philippines (70,100 MT, including 44,000 MT late reporting of which 40,000 MT was switched from unknown destinations), Japan (60,900 MT), the Dominican Republic (20,000 MT), and Guatemala (17,900 MT) were partially offset by decreases for unknown destinations (34,000 MT). Exports of 195,800 MT were much improved from the previous week and double the prior 4-week average. The primary destinations were the Philippines (70,400 MT, including 44,000 MT late reporting), Japan (33,600 MT), Mexico (21,300 MT), Canada (18,900 MT), Cuba (15,000 MT), and Honduras (11,000 MT).

## WEATHER WATCH:

Rain/thundershowers likely at most places in east Madhya Pradesh, Chhattisgarh and Vidarbha ; at many places over the rest region outside Bihar and gangetic West Bengal where it may be at a few places. Rain/thundershowers likely at most places over Konkan & Goa; Gujarat region and Saurashtra; at many places over rest region outside west Rajasthan where it may be at a few places.

## Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
European Union	Euro	52.68

## 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

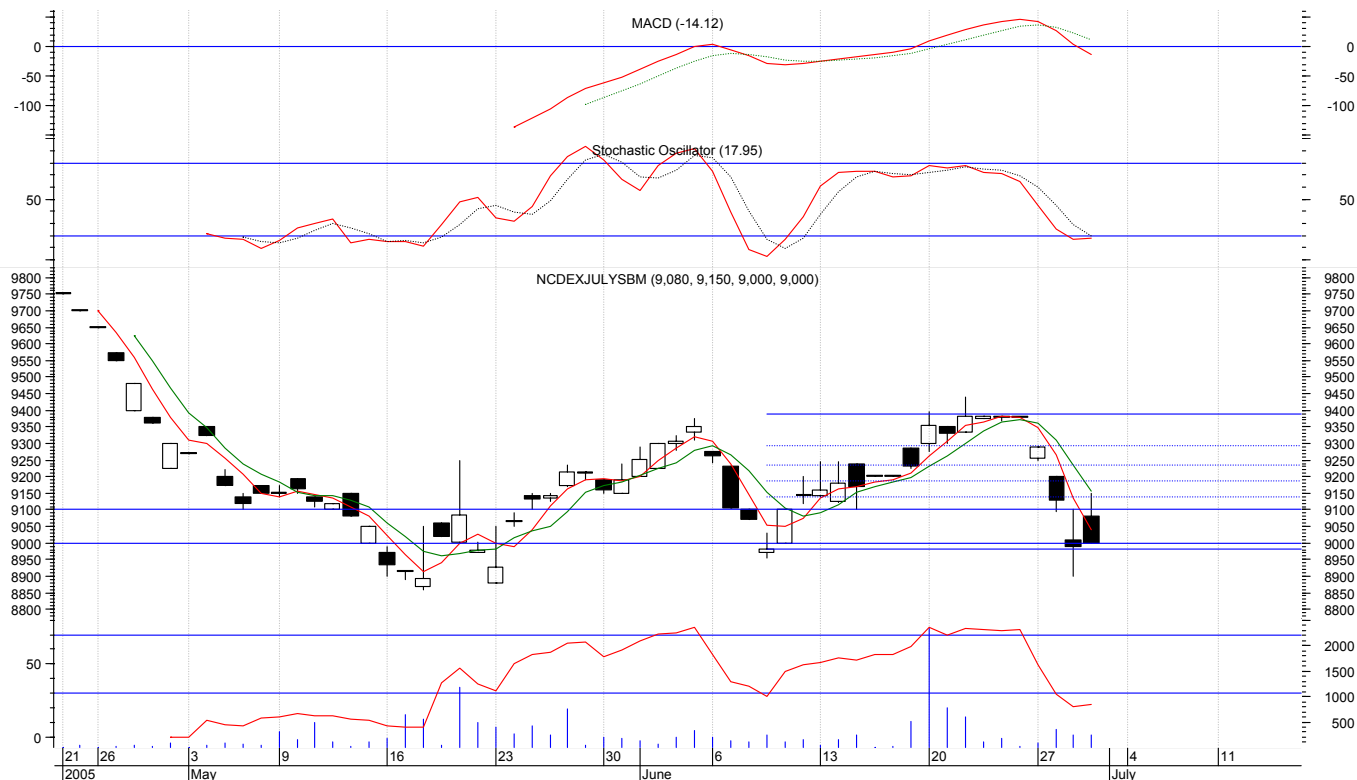
## PORTWISE

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 30, 2005

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



**Candlesticks:** The candlestick pattern is showing bearish trend in the prices. The market will open on the higher side. However, the resistance and support level will be at 9100 and 9000 levels respectively.

**Moving Average:** The 3 - day MA has cut the 5 -day MA from above and the 3 - day MA is showing a steady downward slope.

**MACD:** The MACD (5-day) is showing a downward bent and has just cut the EMA from above. Both are moving down and MACD have just entered the negative territory.

**Stochastic:** The %K-line has cut the % D -line from above but the per cent K line after the over sold condition has shown an upward bent.

All the indicators except the MA are showing a recovery in the market and the prices are expected to remain range bound and some technical correction is expected.

**Recommendation:** The prices will remain range bound with firmer price sentiments. The monsoon is showing good progress in the sowing areas.

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