

OILMEAL

28th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Continued the Downtrend
- Demand for Indian Soymeal is on the Rise
- US's May Crush Pushed Up Due to Soymeal Export Demand

COMMENTARY & ANALYSIS

DOMESTIC MARKET

Soy meal

The cash market did show further weakness today. Moreover, at NCDEX the July contract showed a huge drop in the price level. The market is going through a depression due to the monsoon. However, the exports are likely to scale up in the coming weeks. Soymeal future is likely to remain weak. The monsoon is about to arrive in full swing in a few days. 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 1275 per qtl in Indore while soymeal in physical market has been offered at Rs 9000-9300 per MT, as per quality. FOR quotes remained at Rs 9800 - 10000 per MT in Kandla in jute bags, FAS has been put at \$ 230 - 234 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	9000-9300
Satna/Morena	-
Javra/ Mandsore	-
Nanded	9100-9200
Nagpur (42-43%)	8700-9100
Latur	9200
Sangli	-
Dhulia/Jalna	9200-9100
Kota	9300

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 (28th June)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	9290.00	9200.00	9094.00	9140.00	-150.00
Aug	9400.00	9306.00	9200.00	9256.00	-144.00

Rape/ Mustard meal

The rapemeal cash market maintained the prices of last day and was steady for today. The demand in the market is at a firm level. The market is expected to stay range bound and the arrivals are expected to push up for the week.

In Shivpuri/ Morena, rates remained at Rs 4500 per MT; Kota & Barah at Rs. 4375 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 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 is expected to start at the proper time for the kharif groundnut crop.

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 Futures Settled Lower

Heavy speculative selling pressured soybean futures at the Chicago Board of Trade down to its 50-cent daily trading limit Monday, as the market corrected from overbought conditions amid improved weather outlooks for dried up central Midwest crops.

July soymeal settled \$15.80 lower at \$215.40 a short ton, and July soyoil ended 163 points lower at 24.52 cents a pound.

The sells orders in the November contract at the close totaled 2,000 lots. Soy product futures fell sharply instep with the heavy selloff in soybeans. Speculative selling was a featured attraction in both soymeal and soyoil, with technically motivated selling adding to the weakness.

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

CBOT Soymeal Futures as on 27th June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	231.2	233.5	233.5	215.0	-15.8	215.4
Aug'05	233.0	232.6	232.6	216.5	-16.2	216.8

CBOT remained closed on Saturday and Sunday

China: Soymeal Prices Slipped Down

The Chinese soymeal market slid down by RMB 20 - 90/MT in most major areas. The rapemeal market maintained the steady tone. Most of soybean crushing plants are still facing heavy pressure of high stock so actual sales were done at lower market prices.

In overseas markets, most soybean futures traded on the Dalian Commodity Exchange settled slightly lower Friday, driven by an overnight fall in CBOT soybean futures. The benchmark September 2005 soybean contract fell CNY9 a metric ton to settle at CNY3, 168/ton, after trading between CNY3, 152 and CNY3, 182/ton.

NEWS ANALYSIS

US's May Crush Pushed Up Due to Soymeal Export Demand

The monthly Census Crush Report showed soybeans crushed in May at 3.89 million tonnes, slightly higher than trade expectations and compared to 3.20 million tonnes during May of 2004. The previous week, NOPA reported May crush at 3.72 million tonnes. Oil stocks were pegged at 850,000 tonnes. The larger-than-expected crush appears to be driven by robust soybean meal exports.

Meanwhile, analysts expect soybean meal domestic use, which is estimated to have been 5.3% above the 5-year average from October through April, to be up 5.6% for the 2004-05 marketing year as a whole. The bigger soybean crush further undermines the soybean oil fundamentals because of larger soybean oil supplies that are projected to result in 2004-05 soybean oil ending stocks of 771,000 tonnes.

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

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 over north Konkan & Goa and south Gujarat region; at many places over Saurashtra, north Gujarat region, south Konkan & Goa, madhya Maharashtra, Vidarbha and at a few places over the rest region out side west Rajasthan where it may be isolated. **Outlook for subsequent two days:** Enhanced rainfall activity over east central parts of the country is likely to extends westwards into central parts of the country.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
European Union	Euro	52.87

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

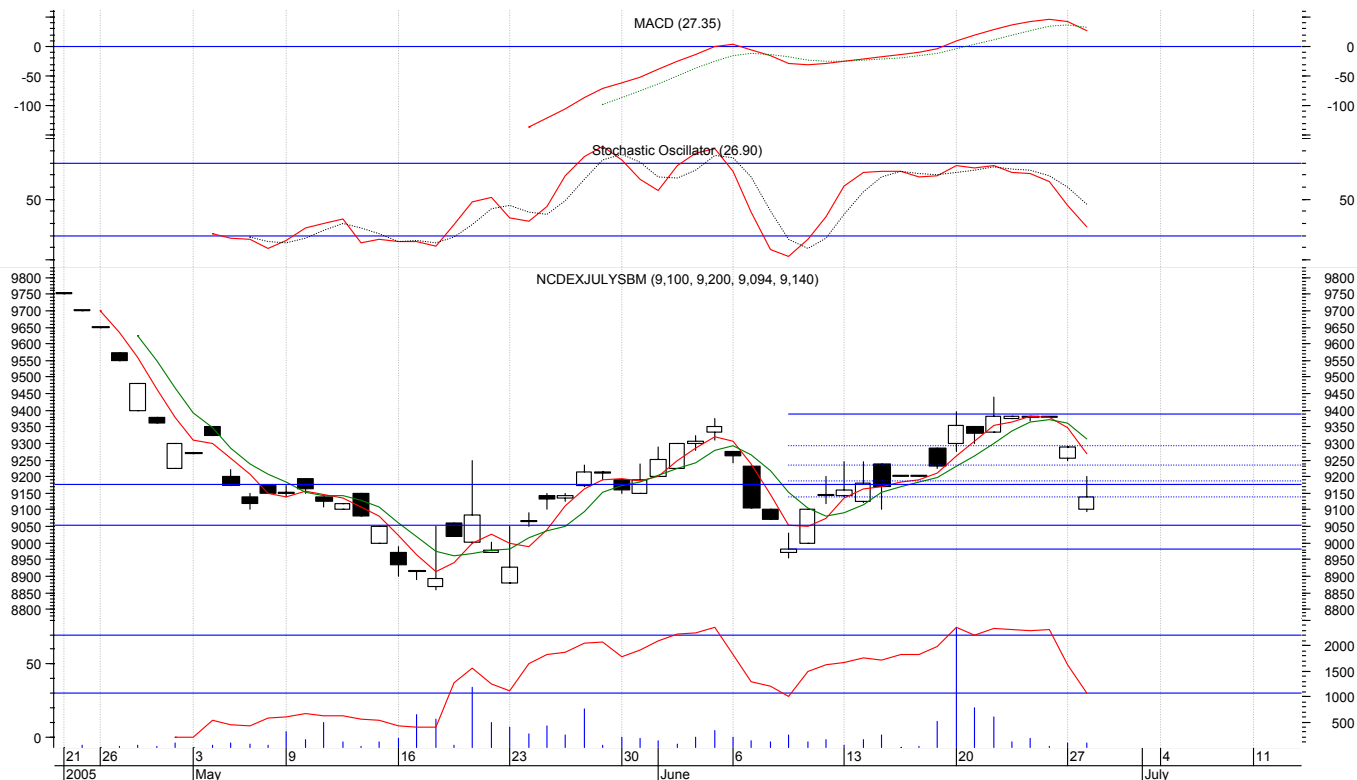
PORTWISE

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

Technical Analysis

June 28, 2005

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



Candlesticks: The candlestick pattern is further showing a huge dip in the prices. The trading in the market was bearish. However, the resistance and support level will be at 9175 and 9050 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 have just cut the EMA from above. Both are in the positive territory and moving ahead.

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

All the indicators are showing a weakness in the market and the prices are expected to drop further downward.

Recommendation: The prices will remain range bound with weaker price sentiments but the prices may open firm. The monsoon is showing progress in the sowing areas.

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