

OILMEAL

9th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal: Domestic Market Slipped Further
- CBOT: Soymeal Futures Lower due to Rain Concern

COMMENTARY & ANALYSIS

DOMESTIC MARKET

Soy meal

The cash market showed bearish trading in the domestic market. At NCDEX the June contract slid down further as the market remained weak due to low arrivals and lack of demand. The soymeal futures at CBOT on Wednesday were lower due to selling and rain concern. Soymeal future is likely to remain weak, so it is better to watch the prices during the intraday trading.

Plant delivery quotes of Soy seeds remained in the range of Rs 1275 -1285 per qtl in Indore while soymeal in physical market has been offered at Rs 9000-9350 per MT, as per quality. FOR quotes remained at Rs 9850 - 9950 per MT in Kandla in jute bags, FAS has been put at \$ 231- 233 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 | 9000-9350 |
| Satna/Morena | 9100 |
| Javra/ Mandsore | - |
| Nanded | 8800 |
| Nagpur (42-43%) | 8600-9000 |
| Latur | 8900 |
| Sangli | 9300 |
| Dhulia/Jalna | 9100-8900 |
| Kota | 9400 |

Soy meal vessel report

Mumbai Port is loading 3,500 MT of SBM on the vessel 'Carakk Jaya Niga III'. Transworld Shipping agents will be handling the vessel.

Loading of 17,125 MT of SBM is expected at Kandla Port on the vessel 'Le Rong' to Japan. The vessel will be handled by Interocean agents. The port is expecting 'Patwira' Naree' to load 19,800 MT of SBM to Japan. The vessel will be handled by Taurus agents.

NCDEX Soy meal Futures price (9th June)

| | Prev Close Price | High Price | Low Price | Close Price | Change |
|------|------------------|------------|-----------|-------------|---------|
| June | 8833.00 | 8721.00 | 8613.00 | 8700.00 | -133.00 |
| July | 9070.00 | 9030.00 | 8955.00 | 8971.00 | -99.00 |

Rape/ Mustard meal

The rapemeal cash market showed some weakness in the market and the trading remained poor. The market arrivals remained low

In Shivpuri/ Morena, rates remained at Rs 4250 per MT; Kota & Barah at Rs. 4150 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 groundnut meal market maintained a steady trading and also remained bullish during the day. The demand also remained at the same level as yesterday. The market remained firm due to strong sentiments shown by the traders.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6200 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.

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

INTERNATIONAL MARKET

CBOT: Soymeal Futures Lower Due to Rain Concern

Soybean futures at Chicago Board of Trade ended on the lower side, due to speculative selling as the market was watching the weather. Soy complex futures ended lower, following soybeans amid the absence of fresh market development news. In soymeal there was speculative selling, which was mainly attributed to bearish weather forecasts for new-crop soybean plants. Soyoil futures managed to hold above unchanged levels for most of the session.

July soymeal settled \$3.10 lower at \$211.10 a short ton, and July soyoil ended 8 points lower at 22.98 cents a pound. The chance for rain in dry areas of the eastern Midwest and also a stormy weather moving eastward across Iowa and Missouri, was enough to create a bearish market.

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

CBOT Soymeal Futures as on 8th June, 2005

(Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|---------|-----------------|-------|-------|-------|--------|-------|
| Jul '05 | 214.2 | 213.5 | 215.2 | 210.8 | -3.1 | 211.1 |
| Aug'05 | 214.0 | 213.0 | 215.5 | 211.0 | -2.6 | 211.4 |

CBOT remained closed on Saturday and Sunday

Grain and oilseed futures at the Winnipeg Commodity Exchange (WCE) finished Wednesday's session mainly lower as canola edged down in the wake of declines in Chicago Board of Trade soybean futures. Canola futures dropped only modestly in moderate activity.

Canola posted only a small decline as the weakness in CBOT soybean futures and steady farmer selling pressured the market down. However, the canola losses were much smaller than CBOT soybeans as the weak Canadian dollar, uncertainty surrounding the planting delays on the eastern prairies and a firm tone in CBOT soyoil futures for most of the session helped to limit the declines.

The planting delays in Manitoba, due to excessive moisture, were only mildly supportive as unplanted Manitoba area only accounts for 5% of Canadian canola seedings

China: Soymeal Futures Settled Lower

Soybean futures traded on the Dalian Commodity Exchange settled mostly lower in subdued trading Wednesday, after Chicago Board of Trade soybean futures finished weaker overnight. Analysts said some players were sidelined as the near-term trend in CBOT soybean futures, which usually lead the local soybean futures, is unclear due to recent corrections. The benchmark September 2005 soybean contract lost CNY16 a metric ton to settle at CNY3,090/ton, after trading between CNY3,083/ton and CNY3,097/ton.

WCE: Canola Rolled Down Modestly

NEWS ANALYSIS

New Soybean Arrival in China

The total soybean arrived in China in May 2005 is 2.3 millions. The total importing quantity in Shandong is 149,000mt; East China 229,000mt; South China 363,000mt. Also, the total importing quantity in June is expected to be around 2.6 millions and for July it will be 1.3 millions mt. The sale in the Chinese market was quite low as most of the feed mills tried to keep lower stock. Total soybean meal consumption in May was as low as 590,000mt (lower than April). As the pig peak season is late this year, it is expected that the demand of soymeal will reach its peak in Mid Jun or a bit late this year.

India: Oilmeal Export (May 2005)

The export of oil meals during May 2005 is reported at 285,850 tons compared to 423,925 tons in May last year

i.e. down by 33 %. The overall export of oilmeal for the month of April to May 2005 is reported at 506,750 tons compared to 901,350 tons during the same period of last year i.e. down by 44%. Last year, India had excellent soybean crop and demand of meal was at peak with best price had lead to record export of soybean meal.

USDA Export Sales (For May 20 -26)

Soybean Cake and Meal: Net sales of 54,600 MT were 30 percent below the previous week and 29 percent under the prior 4-week average. The primary buyers were Mexico (24,700 MT), Canada (8,900 MT), Japan (8,500 MT), and Ecuador (5,000 MT). Exports of 100,100 MT were 50 percent above the previous week and 9 percent over the prior 4-week average. The primary destinations were Japan (32,600 MT), Canada (18,500 MT), Mexico (13,100 MT), Colombia (12,100 MT), and El Salvador (8,900 MT).

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) |

WEATHER WATCH:

Isolated rain/thunderstorm likely over south Konkan and Goa. Mainly dry weather in the rest region. **Outlook for subsequent two days:** Current rainfall activity over coastal

Karnataka, Kerala and Lakshadweep and Andaman and Nicobar Islands is likely to continue.

Forex Rates

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 43.55 |
| European Union | Euro | 53.22 |

Technical Analysis

June 9, 2005

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



Candlesticks: The candlestick pattern is showing bearishness and the prices remained weak. However, the resistance and support level will be at 8700 and 8615 levels respectively.

Moving Average: The 3 -day MA has cut the 5 -day MA from above and is moving downward.

MACD: The MACD (5-day) is showing a downward trend and after cutting the EMA from above. However, both are in the negative territory.

Stochastic: The %K-line has cut the % D -line from above and is moving downward. The per cent K line is about to hit the over sold condition.

All the indicators are pointing towards weakness in the prices. The weakness in the price sentiments is likely to be seen tomorrow. However, the intraday trading is to be watched.

Recommendation: It is better to go for short term trading as the market is expected to remain low. Intra day short-term trade is a good option.

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