

OILMEAL

May 30 - June 04, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soybean: Argentine Expects Record Production
- USDA Export Sales (For May 20 -26)
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- Canadian Soybean Crushing Dropped Down
- China: Surges Ahead in Oilmeal Export
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- Soymeal Domestic Market Surged Ahead

NEWS ANALYSIS

Soybean: Argentine Expects Record Production

Argentina could produce a record 38.85 million tonnes of soybean in 2004-05 soybeans, the Buenos Aires Cereals Exchange said last week. That would put production up almost 21% from 32.2 million tonnes a year ago, according to the Exchange. An average yield of 2.72 tonnes/hectare is expected. The yield forecast is higher than previous

estimates, especially those on second-crop beans, and is the main driver behind the expected record production. Planted area totals 14.67 million hectares, though just 14.28 million hectares will be collected. Last year farmers planted 14.5 million hectares. USDA, which sees the average yield this year at 2.76 tonnes/hectare, estimates Argentina's 2004-05 soybean output at 39 million tonnes.

China's Import Report

Unit : mt	Apr 2005 (Qty) mt	Jan-Apr 2005 (Qty) mt
Soymeal Total	67,481.49	226,535.27
Japan	58,011.82	199,242.31
Korea, Rep	5,084.68	13,684.98
Korea, DPR	32.20	5,881.54
Malaysia	3,189.24	3,189.24
USA	1,040.47	2,607.14
Vietnam	18.00	553.00
Netherlands	0.00	540.00
United Kingdom	0.00	320.00
Kazakhstan	0.00	239.98
Guinea	0.00	102.00
Philippines	40.00	80.00
Hong Kong	25.02	55.02
Canada	40.06	40.06

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).

Canadian Soybean Crushing Dropped Down

The Canadian Oilseed Processors Association (COPA) reports weekly crush in that country totalled 51,872 metric tons (MT) of canola and 32,832 MT of soybeans during the week ending June 1.

The numbers, as reported to the association by member firms, sank 16% from last week's crush level for canola, ending two weeks of increased activity. Soybean crush rose 1.2%, offsetting parts of the previous week's declines.

So far this marketing year, 2,561,626 MT of canola has been crushed, down around 215,000 MT from the 2,776,556 MT crushed during the same period last season. Soybean crush since the August 1 start of the 2004-05 marketing year totals 1,357,436 MT, around 12,000 MT below the 1,369,584 MT processed last season.

Crush capacity utilization during the week fell 12.5 points to 65.9% for canola and rose 0.9 points to 73.3% for soybean. So far during the 2004-05 marketing year, canola crush capacity utilization has averaged 84.0% compared to 77.1% for soybean crush capacity utilization

China: Surges Ahead in Oilmeal Export

Fueled by a flourishing economy, thriving animal agriculture industries and soybean checkoff-fueled interest in top-quality soybeans, China's surging economy has recently

been the focus of a number of industries. U.S. soybean farmers are among one industry looking to build upon the success of that country.

In fact, U.S. soybean sales this year to the most populous country in the world have already surpassed last year's total. At the end of the first quarter of the current year, sales were 94 million bushels ahead of last season. So far, U.S. soybean farmers have exported 366 million bushels (9.965 million metric tons). Another 30.6 million are on the books, with about four months still to go.

The checkoff has targeted efforts at China's animal production and feed industry, the largest growing market for soy. The checkoff has many technical and program experts who maintain relationships with Chinese buyers and ensure U.S. soy meets China's animal agriculture needs.

U.S. soybeans help feed China's 1.5-billion-hog-a-year population -- the world's largest. In comparison, the United States hog population is only 165.5 million per year. China's pork industry consumes 8.5 million tons of soybean meal annually.

To take advantage of the market potential, checkoff dollars were recently used to create a series of short courses under the China Animal Management & Production Systems (CHAMPS) program to ensure Chinese buyers are aware of the benefits of soy-based feed.

China is also home to 70 percent of the world's aquaculture production, and efforts to educate Chinese fish farmers about soy-based feeds are paying off.

MSP Increased for Kharif Oilseeds

The Cabinet Committee on Economic Affairs (CCEA) today approved the Minimum Support Prices (MSPs) for Kharif Oilseeds Crops for the year 2005-06 season announced by the Govt. These rates will be effective from coming Kharif season. The MSPs of various commodities will be at the rates given below:

Crops	2003-04 (Rs)	2004-05(Rs)	Change(Rs)
Groundnut-in-Shell	1520	1500	20
Soybean (Black)	900	900	Nil
Soybean (Yellow)	1010	1000	10
Sunflower	1500	1340	160
Sesameseed	1550	1500	50
Nigerseed	1200	1180	20

FUNDAMENTAL ANALYSIS

INTERNATIONAL MARKETS

CBOT ANALYSIS

Soymeal Futures Traded Amid Weather Scare

Soybean futures at Chicago Board of Trade ended on a higher note on Friday and were able to recover the losses of Thursday, as traders traded cautiously due to variability in various weather forecasts.

July soymeal settled \$4.30 higher at \$215.20 a short ton, and July soyoil ended 2 points higher at 22.95 cents a pound. For the week, July soymeal was up \$6.50 and July soyoil ended the week down 31 points.

The market is in a tight situation due to rain worries, which is being forecasted by private forecasters and is creating confusion. Soymeal futures ended firm, following the lead of soybeans, as well as benefiting from speculative buying due to weather related problems which might reduce the production of soymeal.

The trading opened on a sound note at 214.7 and moved ahead to 215.6 by Wednesday but on Thursday it dropped due to rain forecast. Later on Friday due to risk bearing trade it moved ahead and was able to recover some ground.

Soymeal sales were 54,600 metric tons, in line with estimates of 40,000 to 80,000 tons. Soy oil sales of 2,000

metric tons were at the bottom end of guesses of 2,000 to 6,000 tons.

In soymeal trades, Bunge Chicago, Man Financial and RJ O'Brien each bought 300 July, Calyon Financial bought 400 July, Rand Financial bought 500 July and Cargill Investor Services bought 300 December. Cargill sold 300 July and 400 September, Rand Financial sold 300 July and Kottke sold 400 December.

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

CBOT Soymeal Futures as on 3rd June, 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	210.9	210.8	216.3	210.8	4.3	215.2
Aug'05	211.1	213.0	216.3	212.5	4.2	215.3

CBOT remained closed on Saturday and Sunday

WCE

Canola Ended on Mixed Trends Amid Selling

Grain and oilseed futures at the Winnipeg Commodity Exchange (WCE) finished Friday's session mainly higher with most of the activity centered in the canola market. Some of the advances seen across the board were stimulated in part by the gains seen in CBOT corn and soybean futures, trade sources said. Some pre-weekend short-covering also helped to underpin values.

Canola futures were higher with light commercial and speculative buying providing the upward price momentum, traders said. Some of the commercial interest was said to be the pricing of old export business with Mexico as well as some to Japan.

There was no fresh canola business at the board.

Additional support in canola came from the advances posted by CBOT soybean and soy oil values, brokers said. The absence of willing sellers helped to amplify the upward price action.

China

Soymeal Prices Rise Due to Dry Weather

Soymeal prices rose by 1.9 percent in China, the biggest fluctuation of any commodity today, as speculation of dry weather in the U.S. will reduce crops, raising purchase costs of the oilseed. Soymeal for August delivery rose for the third consecutive day, gaining 50 yuan (\$6) a metric ton to 2,711 yuan a ton on the Dalian Commodity Exchange.

Rainfall since April 1 in Illinois, the second-biggest soybean-growing state in the U.S., is 46 percent below last

year's rainfall and the lowest since a drought in 1988. This is creating a concern in the market and the prices of soy meal are rolling up.

DOMESTIC MARKETS

Soy meal

The cash market showed a positive tone and trading surged ahead. At NCDEX the June and July contract showed a strong bullish trend. The domestic market may see a technical correction during the coming week. The bearish activity was mainly due to the weather concern in the US market.

The future June market at the NCDEX opened on a steady note on Monday at Rs. 8864 and moved ahead. There was a continuous upward trend in the market for most of the week and it continued the trend during the week. The soy meal July contract finished at Rs. 9097 on Saturday.

Revised estimates of SOPA, putting the Kharif soy crop at 58.5 lakh tonnes as compared to earlier figure of 72 lakh tonnes has now set market on uptrend.

Plant delivery quotes of Soy seeds remained in the range of Rs 1305 and Rs 1320 per qtl in Indore while soy meal in physical market has been offered between Rs 8900-9200 per MT and Rs 9500-9600 for most of the week. FOR quotes opened at Rs.9600-9700 per MT in Kandla in jute bags, while FAS has been put at \$ 224-226 per and increased to Rs. 9850 -9950 per MT and \$ 228-230 per MT respectively. All the markets followed the same trend and remained firm for most of the week.

India's soy meal exports totaled 225,825 tons in March, 2005 compared with 457,100 tons in March 2004.

NCDEX Soy meal Futures price (4th June)

	Prev Close Price	High Price	Low Price	Close Price	Change
June	9072.00	9100.00	9070.00	9100.00	+28.00
July	9308.00	9340.00	9310.00	9310.00	+02.00

Soymeal vessel report

Mumbai Port is loading 3,000 MT of SBM on the vessel 'Merco Ruhunnu'. Transworld logistics agents is 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.

Rape/ Mustard meal

The rapemeal cash market moved ahead and the demand remained strong and the market is supposed to remain bullish for the coming week.

In Shivpuri/ Morena, rates remained at Rs 4250 and Rs 4300 per MT; Kota & Barah between Rs. 4150 and 4300 per MT. The market is expected to surge ahead in the coming week

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 carried on the momentum in the coming week in Junagarh. The market at Dhulia also remained bullish during the week. The demand also shows an upward surge and might further improve.

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.

WEATHER WATCH:

****Conditions are favourable for onset of southwest monsoon over Kerala within next 72 hrs.**

Increase in rainfall activity likely over south peninsula.

Weather Systems:

Plains of NW and central India are likely to be mainly dry.

A north-south oriented trough in the lower level runs from east M.P. to interior Karnataka continues and it may further persist during next 2 days.

A northeast-southwest shear zone in mid troposphere is extending from west central Bay of Bengal to southeast Arabian Sea with one embedded cyclonic circulation over west central Bay of Bengal off Andhra coast and another over southeast & adjoining east-central Arabian Sea. The shear zone is likely to persist during next 4-5 day around its present position.

A western disturbance is expected to approach north Pakistan and adjoining Jammu & Kashmir area during 6-7 June 2005. Under its influence, the hilly region of NW India may experience isolated to scattered snowfall/rains during the said period.

Rainfall:

Isolated heavy rainfall likely over Andaman & Nicobar Islands, Lakshadweep and Kerala during next 24 hours.

Isolated duststorm/thunderstorm likely in Haryana and Uttar Pradesh. mainly dry weather in the rest region.

Rain/thundershowers with isolated hail/squall likely at a few places over NorthEastern States, West Bengal & Sikkim and coastal Orissa and isolated over the rest region out side east Madhya Pradesh where weather will be mainly dry.

Rain/thundershowers likely at many places over Andaman & Nicobar islands, Kerala and Lakshadweep; at a few places over coastal Karnataka and coastal Andhra Pradesh. it may be isolated over the rest region.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands during next 3-4 days.

Rest regions of the country are likely to be mainly dry.

Temperatures:

Day temperature over NW and Central India is likely to rise by about 2 degree C during next 2-3 days.

Heat wave conditions over parts of Bihar, Jharkhand, north coastal Orissa, Vidarbha, Chattisgarh and Sub-Himalayan West Bengal are likely to continue during next 2 days.

Commodity Wise Export of Oilmeal

India's oil meal exports from April '04 - April'05 (compared to comparative period of previous year 2003-04)

Quantity in metric tonnes

Months	Total	2004-05				
		S.B. Ext.	R.S. Ext.	G.N. Ext	CST Ext.	R.B. Ext.
April'04	477,425	366,625	96,000	14,800	---	---
May'04	423,925	278,300	100,875	44,750	---	---
June'04	182,550	94,500	45,575	30,475	6,200	5,800
July'04	75,950	19,250	54,400	2,300	---	---
Aug'04	80,386	17,325	33,325	8,750	15,225	5,761
Sept'04	70,725	12,875	52,100	---	---	5,750
Oct'04	47,725	18,750	17,300	4,450	7,225	---
Nov'04	215,620	174,950	28,850	---	---	11,820
Dec'04	374,325	303,750	40,375	---	16,275	13,925
Jan'05	215,750	173,550	30,275	1,100	10,825	---
Feb'05	270,930	175,625	70,205	10,100	15,000	---
Mar'05	250,100	225,825	19,525	4,750	---	---
Apr'05	220,900	99,250	90,900	12,950	17,800	---
2004-05	2,685,411	1,861,325	588,805	121,475	70,750	43,056
2003-04	3,323,025	2,683,675	447,050	126,750	65,550	---
2002-03	1,896,521	1,333,318	455,533	15,225	92,445	---
2001-02	3,020,777	2,509,207	313,012	101,001	97,557	---
2000-01	2,336,638	2,182,142	62,968	18,609	10,992	---
1999-00	2,428,470	2,249,505	79,874	1,808	93,365	---
(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

Port Wise Export of Oilmeal

India's oil meal exports from April '04-April '05 (compared to comparative period of previous year 2003-04)

Quantity in metric tonnes

MONTH	BEDI	MUM-BAI	BHAV-NAGAR	KANDLA	VIZAG	KAKI-NADA	MUNDRA	TOTAL
April 2004	61,525 (---)	102,175 (7,675)	34,700 (---)	235,500 (76,875)	24,125 (---)	7,500 (---)	11,900 (---)	477,425 (84,550)
May 2004	115,600 (4,500)	61,250 (11,575)	12,225 (---)	155,950 (36,275)	56,400 (---)	9,000 (---)	13,500 (10,950)	423,925 (63,300)
June 2004	39,300 (---)	70,925 (5,500)	---	59,475 (27,975)	---	12,850 (---)	---	182,550 (33,475)
July 2004	6,300 (---)	17,250 (14,475)	---	52,400 (23,000)	---	---	---	75,950 (37,475)
August 2004	19,550 (3,975)	5,150 (24,375)	---	44,825 (95,750)	5,100 (---)	5,761 (---)	---	80,386 (124,100)
September 2004	---	6,650 (21,950)	---	40,650 (47,750)	5,025 (---)	10,800 (---)	7,600 (---)	70,725 (69,700)
October	13,000	18,275	---	16,450	---	---	---	47,725

2004	(28,400)	(35,825)	(---)	(48,400)	(---)	(---)	(---)	(112,625)
November 2004	11,300 (76,925)	50,025 (91,050)	23,150 (28,900)	93,675 (233,400)	33,950 (6,225)	3,520 (6,000)	--- (36,175)	215,620 (480,675)
December 2004	18,525 (137,500)	40,150 (83,950)	15,650 (21,425)	237,500 (264,675)	54,875 (45,950)	7,625 (41,550)	--- (11,400)	374,325 (606,450)
January 2005	12,000 (172,100)	40,625 (135,475)	12,400 (32,500)	150,725 (215,350)	--- (36,450)	--- (24,850)	--- (29,075)	215,750 (645,800)
February 2005	35,375 (120,425)	21,030 (71,400)	--- (13,250)	199,475 (283,700)	8,750 (21,350)	--- (31,400)	6,300 (12,550)	270,930 (554,075)
March 2005	8,050 (93,500)	55,450 (70,550)	14,550 (26,175)	150,550 (245,075)	21,500 (47,475)	--- (---)	--- (28,025)	250,100 (510,800)
April 2005	35,175 (61,525)	43,250 (102,175)	--- (34,700)	126,625 (235,500)	15,850 (24,125)	--- (7,500)	--- (7,500)	220,900 (477,425)

S.B.- Soybean Extns., R.S.- Rapeseed Extns., G.N.- Groundnut Extns., CST - Castoseed Extns, R.B.- Ricebran Extns

Source: SEA Data Bank

USDA Estimates

Soymeal Supply, Demand and Stock position (May 11)

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005 (p)	2005/2006 (f)
Production						
EU-25	13,073	13,885	12,825	11,181	11,490	11,746
Canada	1,320	1,321	1,400	1,205	1,470	1,440
Norway	304	310	370	297	370	370
Russian Federation	285	320	345	287	326	350
Ukraine	43	62	78	118	198	198
Romania	105	145	123	155	196	196
Turkey	64	127	200	176	205	195
Serbia and Montenegro	112	162	162	176	176	176
Croatia	70	108	102	93	130	130
Australia	44	70	62	55	60	64
Others	65,297	72,147	79,733	82,624	86,665	67
Total Foreign	80,717	88,657	95,400	96,367	101,286	14,932
United States	35,730	36,552	34,649	32,953	35,674	36,501
World Total	116,447	125,209	130,049	129,320	136,960	51,433
Exports						
EU-25	255	329	339	398	364	393
Norway	101	131	137	131	130	130
Canada	55	96	150	125	125	125
Turkey	8	12	30	18	22	25
Romania	3	11	2	15	20	20
Croatia	0	26	28	11	12	12
Ukraine	2	5	0	1	1	1
Others	28,287	33,370	36,188	39,558	39,553	0
Total Foreign	28,711	33,980	36,874	40,257	40,227	706
United States	6,988	6,811	5,461	3,950	5,443	5,806
World Total	35,699	40,791	42,335	44,207	45,670	6,512

Imports						
EU-25	18,327	19,680	20,349	21,864	22,250	22,402
Canada	915	1,094	1,050	1,057	1,000	1,000
Turkey	421	318	459	430	465	480
Australia	221	344	306	325	380	360
Russian Federation	165	304	280	353	365	350
Switzerland	181	207	212	203	210	212
Romania	170	108	111	95	130	130
Croatia	67	58	97	126	125	125
New Zealand	95	95	100	105	110	112
Serbia and Montenegro	130	100	120	100	100	100
Others	15,853	17,543	18,575	19,113	19,929	205
Total Foreign	36,545	39,851	41,659	43,771	45,064	25,476
United States	46	130	151	245	150	150
World Total	36,591	39,981	41,810	44,016	45,214	25,626
Consumption						
EU-25	31,212	32,995	33,015	32,667	33,369	33,743
Canada	2,174	2,324	2,300	2,152	2,330	2,315
Russian Federation	500	624	620	645	691	710
Turkey	467	453	566	621	628	640
Australia	265	414	368	380	440	424
Romania	262	237	245	237	306	306
Norway	232	215	271	223	283	283
Serbia and Montenegro	243	262	282	277	276	276
Ukraine	78	113	158	197	268	267
Switzerland	227	250	242	241	253	254
Others	53,343	56,244	62,071	62,095	67,844	471
Total Foreign	89,003	94,131	100,138	99,735	106,688	39,689
United States	28,706	30,001	29,357	29,257	30,345	30,845
World Total	117,709	124,132	129,495	128,992	137,033	70,534
Ending Stocks						
EU-25	809	1,050	870	850	857	869
Turkey	50	30	93	60	80	90
Canada	30	25	25	10	25	25
Norway	9	15	15	8	10	12
Romania	15	20	7	5	5	5
Others	2,514	2,684	2,861	3,084	2,475	0
Total Foreign	3,427	3,824	3,871	4,017	3,452	1,001
United States	348	218	200	191	227	227
World Total	3,775	4,042	4,071	4,208	3,679	1,228

Rapeseed

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005 (p)	2005/2006 (f)
Production						
EU-25	6,170	6,002	6,183	6,229	7,450	7,342
Canada	1,708	1,297	1,250	1,890	1,883	1,911
Australia	210	225	230	260	260	260
Bangladesh	294	245	245	201	238	217
Russian Federation	53	56	53	65	60	61
Belarus	39	50	33	30	52	52
Ukraine	35	36	20	9	39	39
Romania	17	8	37	25	37	37
Switzerland	26	26	32	31	37	36
Norway	9	10	10	16	14	14
Others	12,132	11,586	10,289	12,845	13,828	2
Total Foreign	20,693	19,541	18,382	21,601	23,898	9,971
United States	460	418	356	415	474	446
World Total	21,153	19,959	18,738	22,016	24,372	10,417
Exports						
Canada	1,135	799	830	1,525	1,200	1,225
EU-25	21	38	49	52	53	46
Ukraine	5	3	12	3	16	16
Others	663	640	665	779	593	0
Total Foreign	1,824	1,480	1,556	2,359	1,862	1,287
United States	10	7	31	34	15	18
World Total	1,834	1,487	1,587	2,393	1,877	1,305

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.66
European Union	Euro	53.54

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