

## OILMEAL

8<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Soymeal: Domestic Market Showing Weak Sentiments
- Import Report of China and Thailand
- CBOT: Soymeal Futures Settled Lower

### COMMENTARY & ANALYSIS

#### DOMESTIC MARKET

##### Soy meal

The cash market showed bearish trading in the domestic market but in most markets the trading remained as it was last day. At NCDEX the June contract slid down to new lows due to bearish trade but in the later session was able to recover some of the losses. The soymeal futures at CBOT on Tuesday moved into the negative territory due to selling and weather concern. Soymeal future is expected to remain weak for next few days amid rainy weather.

Plant delivery quotes of Soy seeds remained in the range of Rs 1310 per qtl in Indore while soymeal in physical market has been offered at Rs 9100-9400 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.

##### 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.

#### DOC rates at different centers

Places	Ex-factory rates (Rs/ton)
Indore	9100-9400
Satna/Morena	9100
Javra/ Mandsore	-
Nanded	9100
Nagpur (42-43%)	8700-9100
Latur	9200
Sangli	9400
Dhulia/Jalna	9300-9100
Kota	9550

#### NCDEX Soy meal Futures price (8<sup>th</sup> June)

	Prev Close Price	High Price	Low Price	Close Price	Change
June	8896.00	8860.00	8800.00	8850.00	-46.00
July	9106.00	9100.00	9070.00	9070.00	-36.00

## Rape/ Mustard meal

The rapemeal cash market remained firm as yesterday and maintained the consistency in the market and their bullish sentiments is likely to prevail for the week.

In Shivpuri/ Morena, rates remained at Rs 4300 per MT; Kota & Barah at Rs. 4200 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 Settled Lower

Soybean futures closed weaker on Tuesday at the Chicago Board of Trade, due to speculative fund and local selling as the market is making correction and side by side traders are waiting for the scattered rains which has been forecasted for the dry eastern belt to materialize.

CBOT soy product futures closed steady to lower as prices were influenced by the weakening soybean prices. No fresh

news was present for the products and the prices followed the trend of soybeans. Locals and funds began selling the market lightly and prices eventually fell below unchanged level during the late hours of trading. The bearish sentiments of Monday during the late hours did show an impact on the trading.

July soymeal settled \$1 lower at \$214.20 a short ton and July soyoil ended 10 points lower at 23.06 cents a pound.

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

### CBOT Soymeal Futures as on 7<sup>th</sup> June, 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	215.2	217.0	217.0	213.5	-1	214.2
Aug'05	215.4	217.2	217.2	213.7	-1.4	214.0

CBOT remained closed on Saturday and Sunday

### WCE : Canola Ended on a Mixed Trend

Grain and oilseed futures at the Winnipeg Commodity Exchange (WCE) finished Tuesday's session mixed with canola down in the wake of the declines in the Chicago Board Of Trade soy complex futures.

Canola bounced to both sides of Monday's close ending mostly lower in moderate levels of trade. Canola futures finished the day mainly lower with the actively traded July contract lower on hedge selling. The early firm tone in CBOT soy complex futures, the weak Canadian dollar and the bullish technical outlook lifted the market early.

However as CBOT soybeans turned mixed the canola market followed it down.

### China: Soymeal Futures Dipped Down

The Soybean futures at China's Dalian Commodity Exchange fell due to profit-taking and selling which was mainly due to worries over excess soybean supply in the local market. September lost CNY24 a metric ton to settle at CNY3, 106. The Chinese crushers' have halted the crushing to check the supply in the market which was creating a pressure on the prices.

## 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.

### Thailand: Import of Soymeal and Soybeans

The following table shows Thailand's imports of soybean and soymeal, from January to April 2005, compared with imports in the same period in 2004.

Quantities: metric tons, Values: billion baht.

	Jan-Mar '05		Jan-Mar '04		Change (%)	
	Volume	Value	Volume	Value	Volume	Value
Soybeans	273,447	3.01	174,061	2.43	57.10	23.87
Soymeal	492,979	4.69	327,770	3.84	50.40	22.14

### 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).

## 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 (F.Y)	2,428,470	2,249,505	79,874	1,808	93,365	---

S.B.- Soybean Extns., R.S.- Rapeseed Extns., G.N.- Groundnut Extns., CST - Castoseed Extns, R.B.- Ricebran Extns  
**Source: SEA Data Bank**

### WEATHER WATCH:

Rain/thundershowers likely at a few places over Konkan & Goa and madhya Maharashtra. Isolated duststorm/thunderstorm likely over Rajasthan and west Madhya Pradesh. Mainly dry weather in the rest region.

**Outlook for subsequent two days:** Current rainfall activity over coastal Karnataka, Kerala and Lakshadweep is likely to continue.

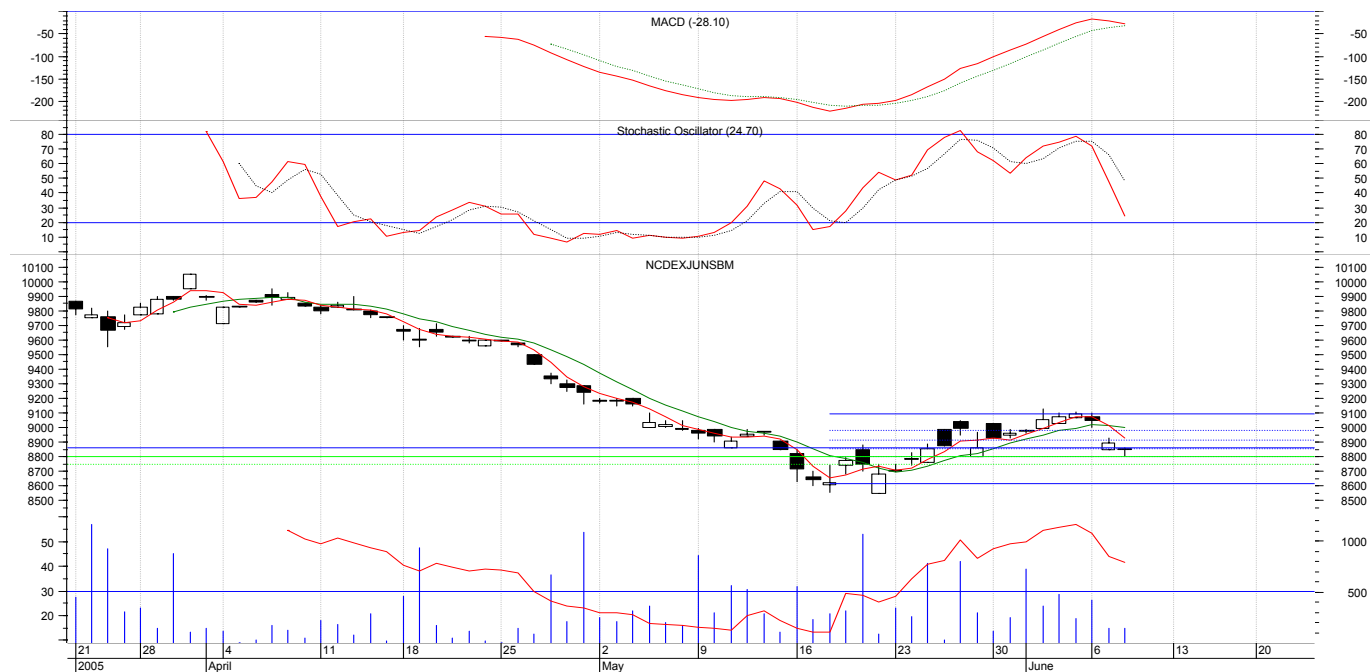
### Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
European Union	Euro	53.62

## Technical Analysis

June 8, 2005

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



**Candlesticks:** The candlestick pattern is showing indecisiveness trend after the daylong trade and the prices remained weak. However, the resistance and support level will be at 8960 and 8852 levels respectively. The second support will be at 8801 level.

**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 it is just above the EMA. However, both are in the negative territory.

**Stochastic:** The %K-line has cut the % D -line from above and is moving downward.

All the indicators except the candlestick are pointing towards weakness in the prices. The market is going to

remain so for the coming few days. The weakness in the price sentiments is likely to be seen tomorrow. However, the indecisiveness in the candlestick pattern is to be watched.

**Recommendation:** If the prices go below the support level at around 8800 mark, remain short.

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