

## OILMEAL

June 13 - 18, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- **World Soymeal Consumption Projected to Increase (2005-06)**
- **US Soymeal Demand on the Rise**
- **USDA Export Sales Highlights, June 3 - 9, 2005**
- **Indian Soymeal Exports Likely to Drop**
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- **China: Soymeal's Expected Domestic Demand**
- **CBOT: Soymeal Futures Finished Firm Amid Weather Scare**
- **WCE: Canola Ended on a Bullish Note**
- **Soymeal Domestic Market Ended on a Strong Note**

### NEWS ANALYSIS

**International Soy News:** Soybean fields in China have been hit with cold, wet weather and in India the monsoon is late, meaning farmers have been unable to plant.

#### **World Soymeal Consumption Projected to Increase (2005-06)**

Global protein soymeal consumption is projected to increase by 3 percent in 2005/06, primarily due to gains for soybean meal. Protein meal consumption in China is projected to increase by 8 percent, with a 15 percent increase in soybean meal more than after covering up the decreased consumption of rapeseed and cottonseed meal.

World soybean trade increased by 7 percent to 65.6 million tons, nearly all of which is due to higher imports by China to a record 27.0 million tons. Global vegetable oil consumption is projected to increase 5 percent for 2005/06 led by gains for China, India, and the EU-25. Global oilseed crush is projected to increase 3 percent, and oilseed stocks are projected to increase 3.5 million tons to a record 58.2 million tons.

Changes for 2004/05 for the U.S. include increased soybean crush and exports and reduced ending stocks. Global soybean ending stocks are also reduced, reflecting the effect of reduced Brazil soybean production for 2003/04. The crop is reduced from 52.6 million tons to 50.5 million tons based on analysis of crush and trade statistics for the marketing year.

#### **US Soymeal Demand on the Rise**

The larger domestic crush is being driven by soybean meal consumption. Domestic use of meal is projected at 33.9 million tons, 450,000 above the May projection. Meal exports are expected to reach 6.1 million tons, 100,000 above the May projection.

Exports of U.S. soybeans during the current marketing year are now projected at 1.11 billion bushels, 10 million larger than the May projection and 110 million larger than projected in September 2004. Year ending stocks are projected at 320 million bushels.

Stocks at that level would be the largest in 6 years, but would be 140 million bushels less than projected in December 2004. If the 2004 crop was a bit smaller than the current USDA estimate of 3.141 billion bushels, as suggested by the December and March Grain Stocks report, year ending stocks may be near 300 million bushels. While year ending stocks of U.S. soybeans will be ample, well above the 150 to 180 million generally considered as 'tight', the smaller projection results in increased importance on the size of the 2005 crop.

#### **USDA Export Sales Highlights, June 3 - 9, 2005**

**Soybean Cake and Meal:** Net sales of 53,700 MT were 37 percent under the previous week and 24 percent below the prior 4-week average. The primary buyers were Mexico (12,300 MT), Guatemala (10,100 MT), and Canada (9,200 MT). Exports of 67,600 MT were 62 percent less than the previous week and 38 percent under the prior 4-week average. The primary destinations were Canada (18,500 MT) and Mexico (14,300 MT).

#### **Indian Soymeal Exports Likely to Drop**

India's soymeal exports in the year upto September are likely to fall by 40 per cent to 1.8 million tonne. In the last eight months upto May, 1.4 million tonne of soymeal was exported and the pace will slow down further in the remaining months, as the demand will be less due to off-season. In May, exports were around 250,000 tonne but June onwards it would be around 100,00-150,000 tonne monthly. The fall is due to lower domestic soybean crop

and rising local soymeal consumption. Also domestic processing costs, which are higher than global prices, cut down trade margins, thus adding to the fall.

### Indian Soymeal Exports to South East Asian Countries

Generally, soymeal is India's largest exported oilmeal and comprises over 70 per cent of the exports. India exported three million tonne soymeal in 2003-04. Major destinations for soymeal exports are Vietnam, Japan, Indonesia, Sri Lanka, and Korea. Meanwhile, soymeal exports in May was at 153,162 tonne, up 36.3 per cent from a month ago. Exports to traditional buyers like Japan, Indonesia and Vietnam increased by 58,452 tonne during this period. Most South East Asian countries depend on Indian soymeal for fulfilling their short-duration requirement, as shipping time is less to these countries.

India exported around 45,373 tonne of soymeal to Japan in May, up 33,240 tonne from previous month. In May 2005, exports of Indian soymeal to Indonesia rose by around 13,964 tonne and to Vietnam it increased by around 11,248 tonne. The figures also show that soymeal exports to Thailand fell by around 6,935 tonne. In June around 100,000-150,000 tonne of soymeal is likely to be exported from India.

## FUNDAMENTAL ANALYSIS

### INTERNATIONAL MARKETS

#### CBOT: Soymeal Future Analysis

Soybean futures at Chicago Board of Trade ended sharply higher on Friday, as fears of crop problems along with dryness in the eastern Midwest pushed up speculative buying interest. Soymeal moved out to new contract highs on Friday.

The trading opened on a sound note at 216.9 and thereafter moved up to 223.9 level amid combination of weather risks, lower acreage, the potential spread of Asian rust and aphids in the Midwest. The market dipped to a low of 223 level and ended the week at 229 level. Infact the July soymeal settled \$6.00 higher at \$229.00 a short ton, and July soyoil ended 98 points higher at 25.08 cent a pound. For the week, July soymeal ended \$17.60 higher and July soyoil finished the week 234 points higher.

Speculative fund buying was a dominant force in the market's rise, with the combination of weather risks, lower acreage, the potential spread of Asian rust and aphids in the Midwest, providing a bullish momentum to the market.

Weather forecasts showing only limited chances for light showers in key growing areas of the Midwest with warming temperatures over the next week, kick started the gains. Traders remain fearful of smaller production potential amid aggressive new crop demand profiles.

In soymeal trades, ABN Amro bought 400 December, Man Financial bought 500 December, RJ O'Brien bought 500 December. Cargill sold 300 August, and Refco sold 200 December. Commodity funds were estimated buyers of 4,000 contracts.

### China: Soymeal's Expected Domestic Demand

Domestic soymeal demand, including feed and other usage, is expected to total 21.68 million tonnes in 2004-05, compared with an estimated total production of 24.36 million tonnes during the same period.

### 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

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

#### CBOT Soymeal Futures as on 17<sup>th</sup> June, 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	223.0	222.2	230.0	222.2	6	229.0
Aug'05	222.9	223.0	230.3	223.0	5.8	228.7

CBOT remained closed on Saturday and Sunday

### WCE: Canola Ended on a Higher Note

Grain and oilseed futures at the Winnipeg Commodity Exchange (WCE) finished Friday's session higher as the market advanced in step with the weather inspired gains in Chicago Board of Trade futures. Canola posted sharp gains hitting their highest level of 2005 in active trade. Canola prices moved higher at the opening of the session in reaction to the steep rise in CBOT soy complex prices. The canola advance penetrated significant resistance levels at \$300 in the July contract and \$310 in the Nov contract, which triggered fresh speculative buying.

The resistance levels have been in place for over six months and traders feel that a close above these levels should result in fresh speculative buying next week.

## DOMESTIC MARKETS

### Soy meal

The cash market showed firm trading during the weekend and it showed bullishness after a week long weakness. Moreover, at NCDEX the June contract showed a firm opening and it showed a sharp upward movement in the market. Soymeal future is likely to end the June contract on a sound note and will make some corrections in the coming week.

The future June market at the NCDEX opened on a steady note on Monday and closed at Rs. 8844 and then after showed mixed sentiments. There was a continuous down trend in the market for most of the week but the week ended on a strong note. The soymeal July contract finished at Rs. 9000 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 1300 - 1305 but started off on a weak note of Rs 1290-1285 per qtl in Indore while soymeal in physical market has been offered between Rs 9200-9500 per MT and Rs 9300-9600 for most of the week. FOR quotes opened at Rs. 9700-9750 per MT and move upto Rs. 9800 -9900 per MT in Kandla in jute bags, while FAS has been put at \$ 227-228 on Monday and it moved upto \$230-231 per MT. All the markets followed the same trend and remained firm for most of the week.

India's soymeal exports totaled **156,100** tons in May 2005 compared with 278,300 tons in May 2004.

#### NCDEX Soy meal Futures price (18<sup>th</sup> June)

	Prev Close Price	High Price	Low Price	Close Price	Change
June	8826.00	9000.00	8889.00	9000.00	+74.00
July	9200.00	9285.00	9225.00	9225.00	+25.00

#### Average ex-factory prices of SBM at Indore/ Sangli (June, 2005)

	13.0 6	14.0 6	15.0 6	16.0 6	17.0 6	18.0 6
Indore	9000	9200	9200	9300	9200	9300
	-	-	-	-	-	-
	9200	9500	9550	9600	9500	9600
Dhulia	9000	9200	9300	9300	9200	9400

## WEATHER WATCH:

### All India Medium Range Weather Forecast Valid for Next 5 Days.

**A. Monsoon Outlook:** Southwest has further advanced over west central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of sub Himalayan West Bengal and Sikkim. Northern limit of monsoon passes through

### Soy meal vessel report

Kandla Port is loading 19,800 MT of SBM on the vessel 'Patwira' Naree' to Japan. The vessel is being handled by Taurus agents. 'IBI' is expected at the port to load 15,000 MT of SBM to Japan. Taurus agents will be handling the vessel.

Jamnagar Port is expecting 'Banglar Gourab' to load 11,400 MT of SBM to Thailand. MNK agents will be handling the vessel.

### Rape/ Mustard meal

The rapemeal cash market remained firm and maintained the consistency of last week. The market is expected to maintain the trend in the coming week. The demand is likely to remain firm in the market.

In Shivpuri/ Morena, rates remained between Rs 4350 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 **69,650** tons of rapemeal in May 2005 as compared to 100, 875 in May 2004.

### Groundnut meal

The groundnut meal market made some upward movement due to strong demand from the traders. The market remained firm due to interests shown by the traders. The market is expected to remain at the same level for the coming week.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6100 - 6300 for 40 percent protein and at Dhulia market it was quoted between Rs. 7700 and Rs. 7800 - 7900 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 **3,025 MT** groundnut meal in May, 2005 as compared to 44,750 MT in May, 2004.

15°N/60°E, 15°N/70°E Pamjim, Chitradurga, Anantapur, Kaveli, 17°N/85°E, 21°N/89°E, 24°N/90°E & Gangtok.

Prediction suggests that monsoon may progress further, and cover more areas of Sub-Himalayan west Bengal and Konkan & Goa leading to onset of monsoon over Mumbai & neighbourhood during next 3 days.

### North & North-West India [J&K, HP, Uttranchal, Punjab, Haryana, West UP]

- Mainly dry weather is likely to prevail over plains of northwest India during next 3-4 days.
- A western disturbance is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India (J&K, H.P. and Uttranchal) during next 3 days.

### East and NE India [East UP, Bihar, Jharkhand, West Bengal, Orissa, NE States]

- North-eastern states and Sub-himalayan West Bengal are likely to receive increased rainfall activity with fairly widespread to widespread rains/thundershowers over the region during next 3-4 days.
- Scattered rain/thundershowers are expected over Gangetic West Bengal and Orissa and isolated over Jharkhand and Bihar during next 2-3 days. Thereafter, rainfall activity over Gangetic West Bengal is likely to increase.

### Central India [MP, Chattisgarh, Vidarbha]

- Mainly dry weather is expected over the region.
- Prevailing Heat wave condition over Chattisgarh and South Madhya Pradesh is likely to improve during next 2-3 days.

### South India [Tamil Nadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadeep]

- Heat wave condition has shown improvement and is now abated from coastal A.P.
- Fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadeep. Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadeep, Kerala and Coastal Karnataka may increase subsequently for next 4 days.

### West India [Maharashtra other than Vidarbha, Gujarat, Rajasthan]

- Gujarat and Rajasthan are likely to experience mainly dry weather during next 2-3 days.
- Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity. There may be increase in rainfall activity over Konkan & Goa after 18<sup>th</sup> June.

### Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.59
European Union	Euro	52.75

### Indian 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)	--- (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)

## USDA Estimates

### Soymeal Supply, Demand and Stock position (May 11)

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005 (p)	2005/2006 (f)
<b>Production</b>						
China, Peoples Republic of	15,050	16,300	21,000	20,190	22,953	26,374
Brazil	17,863	19,407	21,353	22,781	23,221	24,600
Argentina	13,650	16,499	18,587	19,758	20,856	21,645
EU-25	13,073	13,885	12,825	11,100	11,227	11,398
India	3,614	3,700	2,730	4,422	3,765	4,410
Mexico	3,530	3,656	3,440	3,090	3,152	3,231
Japan	2,927	3,013	3,267	2,740	2,589	2,649
Taiwan	1,690	1,720	1,690	1,609	1,587	1,570
Canada	1,320	1,321	1,400	1,169	1,380	1,423
Bolivia	669	791	1,123	1,090	1,290	1,298
Others	7,331	8,434	8,485	7,924	9,088	9,421
Total Foreign	<b>80,717</b>	<b>88,726</b>	<b>95,900</b>	<b>95,873</b>	<b>101,108</b>	<b>108,019</b>
United States	<b>35,730</b>	<b>36,552</b>	<b>34,649</b>	<b>32,953</b>	<b>36,173</b>	<b>36,319</b>
World Total	<b>116,447</b>	<b>125,278</b>	<b>130,549</b>	<b>128,826</b>	<b>137,281</b>	<b>144,338</b>
<b>Exports</b>						
Argentina	13,600	16,239	18,040	18,946	19,965	20,595
Brazil	10,679	11,862	13,611	14,761	14,812	15,230
India	2,350	2,450	1,225	3,310	1,700	2,100
Bolivia	530	608	977	888	1,085	1,083
Paraguay	624	764	801	1,046	1,020	988
China, Peoples Republic of	113	1,051	795	647	820	800
EU-25	255	329	339	398	364	393
Norway	101	131	137	131	130	130
Syria	198	122	200	120	120	120
Canada	55	87	121	49	60	100
Others	206	328	599	365	332	334
Total Foreign	<b>28,711</b>	<b>33,971</b>	<b>36,845</b>	<b>40,661</b>	<b>40,408</b>	<b>41,873</b>

United States	6,988	6,811	5,461	3,950	5,534	5,262
World Total	35,699	40,782	42,306	44,611	45,942	47,135
<b>Imports</b>						
EU-25	18,327	19,680	20,349	21,864	22,750	23,200
Thailand	1,408	1,823	1,900	1,646	1,650	1,700
Indonesia	1,615	1,251	1,500	1,547	1,525	1,550
Korea, Republic of	1,414	1,499	1,497	1,293	1,500	1,510
Japan	610	1,079	1,073	1,195	1,300	1,270
Philippines	1,108	1,553	1,433	1,186	1,225	1,250
Canada	915	1,107	1,051	1,045	1,100	1,052
Iran	408	437	466	851	900	1,000
Mexico	247	382	621	725	850	1,000
Vietnam	432	732	991	885	900	900
Egypt	1,059	1,062	1,017	820	850	875
Others	9,048	9,389	9,913	10,935	11,134	11,477
Total Foreign	36,591	39,994	41,811	43,992	45,684	46,784
World Total	36,591	39,994	41,811	43,992	45,684	46,784
<b>Consumption</b>						
EU-25	31,212	32,995	33,015	32,586	33,606	34,193
China, Peoples Republic of	15,037	15,269	20,205	19,562	22,193	25,624
Brazil	7,550	7,836	8,098	8,278	8,707	9,400
Mexico	3,782	4,050	4,092	3,798	4,000	4,240
Japan	3,558	4,064	4,329	4,175	3,904	3,932
Thailand	2,523	3,050	3,290	2,765	2,756	2,670
Canada	2,174	2,346	2,330	2,180	2,405	2,375
Korea, Republic of	2,284	2,411	2,462	2,328	2,295	2,340
India	1,224	1,248	1,502	1,122	2,050	2,310
Iran	980	848	966	1,570	1,661	1,784
Others	18,679	20,036	20,083	21,333	22,559	23,774
Total Foreign	89,003	94,153	100,372	99,697	106,136	112,642
United States	28,706	30,001	29,357	29,257	30,753	31,207
World Total	117,709	124,154	129,729	128,954	136,889	143,849
<b>Ending Stocks</b>						
EU-25	809	1,050	870	850	857	869
Brazil	721	781	770	778	680	750
Argentina	100	130	347	539	675	725
Korea, Republic of	362	365	365	200	220	230
Japan	439	467	478	238	223	210
Thailand	190	205	206	175	153	134
Mexico	137	125	93	109	110	100
Paraguay	40	98	423	18	38	95
Turkey	50	30	93	60	80	90

Malaysia	53	72	74	76	80	80
Others	526	570	517	455	480	451
Total Foreign	<b>3,427</b>	<b>3,893</b>	<b>4,236</b>	<b>3,498</b>	<b>3,596</b>	<b>3,734</b>
United States	<b>348</b>	<b>218</b>	<b>200</b>	<b>191</b>	<b>227</b>	<b>227</b>
World Total	<b>3,775</b>	<b>4,111</b>	<b>4,436</b>	<b>3,689</b>	<b>3,823</b>	<b>3,961</b>

## Rapeseed

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005 (p)	2005/2006 (f)
<b>Production</b>						
EU-25	6,170	6,002	6,183	6,050	7,583	7,657
China, Peoples Republic of	7,800	7,190	6,325	7,150	8,098	7,533
India	2,251	2,232	1,988	3,153	3,331	3,177
Canada	1,708	1,297	1,250	1,935	1,770	1,825
Japan	1,225	1,184	1,240	1,270	1,292	1,240
Mexico	476	465	432	570	560	585
Pakistan	325	335	371	372	325	310
Australia	210	225	230	237	245	240
Bangladesh	294	245	245	201	238	223
Russian Federation	53	56	53	65	60	61
Others	181	149	153	131	197	196
Total Foreign	<b>20,693</b>	<b>19,380</b>	<b>18,470</b>	<b>21,134</b>	<b>23,699</b>	<b>23,047</b>
United States	<b>460</b>	<b>418</b>	<b>356</b>	<b>429</b>	<b>502</b>	<b>422</b>
World Total	<b>21,153</b>	<b>19,798</b>	<b>18,826</b>	<b>21,563</b>	<b>24,201</b>	<b>23,469</b>
<b>Exports</b>						
Canada	1,135	799	830	1,570	1,300	1,315
India	50	421	449	620	600	525
China, Peoples Republic of	610	207	216	157	90	75
EU-25	21	38	49	27	58	68
Ukraine	5	3	12	3	16	16
Pakistan	0	0	0	2	3	3
Others	3	12	0	0	0	0
Total Foreign	<b>1,824</b>	<b>1,480</b>	<b>1,556</b>	<b>2,379</b>	<b>2,067</b>	<b>2,002</b>
United States	<b>10</b>	<b>7</b>	<b>31</b>	<b>34</b>	<b>25</b>	<b>18</b>
World Total	<b>1,834</b>	<b>1,487</b>	<b>1,587</b>	<b>2,413</b>	<b>2,092</b>	<b>2,020</b>

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