

## OILMEAL

29<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Remained Bearish
- 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 continued the bearishness today. Moreover, at NCDEX the July contract showed further 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. The CBOT futures also closed lower due to speculative selling and weather forecast for potential rains in the coming week. Soymeal future is likely to remain weak. The monsoon has dropped in several places in central India. 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 -1270 per qtl in Indore while soymeal in physical market has been offered at Rs 9000-9200 per MT, as per quality. FOR quotes remained at Rs 9600 - 9800 per MT in Kandla in jute bags, FAS has been put at \$ 224 - 228 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	9000-9200
Satna/Morena	-
Javra/ Mandsore	-
Nanded	9000-9100
Nagpur (42-43%)	8600-9000
Latur	9100
Sangli	8900
Dhulia/Jalna	9100-9000
Kota	9200

##### 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 (29<sup>th</sup> June)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	9129.00	9100.00	8900.00	9100.00	-29.00
Aug	9236.00	9280.00	9150.00	9280.00	+44.00

##### Rape/ Mustard meal

The rapemeal cash market showed some bullishness in some markets in Rajasthan. 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. 4400 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 Extended Losses On Speculative Selling

Chicago Board of Trade soybean futures ended sharply lower, as the market liquidated further and speculative selling continued. Soy product futures ended lower following the weak tone in soybeans. Speculative and technical selling were featured drivers of soymeal declines, while soyoil proved to be the strongest leg of the complex. The weather forecast and the spread of Asian Rust is also holding the market downward.

July soymeal settled \$8.30 lower at \$207.10 a short ton, and July soyoil ended 35 points lower at 24.17 cents a pound.

## 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

Weather forecasts is showing greater chances of beneficial rain and this will push away the dryness in certain areas of Midwest region and with over a month left before soybeans' critical pod-filling stage of development, it is putting the market at risk. The potential spread of Asian rust and aphids is also providing an underlying support to the market.

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

### CBOT Soymeal Futures as on 28<sup>th</sup> June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	215.4	216.0	216.0	201.5	-8.3	207.1
Aug'05	216.8	216.8	217.5	203.0	-8.5	208.3

CBOT remained closed on Saturday and Sunday

### China: Soymeal Prices Slipped Down Further

The Chinese soymeal market slid down further by RMB 20 - 100/ MT in major areas except some stability is seen in Beijing, Zhejiang and Qinhuangdao. The rapemeal market maintained the steady tone in most markets except some surge of RMB 20/MT in Henan. Most of soybean crushing plants are still facing heavy pressure of high stock so actual sales were done at lower market prices.

Soybean futures traded on the Dalian Commodity Exchange settled mostly limit-down on widespread selling Tuesday, following an overnight slump in CBOT soybean futures. The benchmark September soybean contract fell CNY125 a ton to settle at CNY3,019/ton, its limit-down, after trading between CNY3,019 and CNY3,022/ton.

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 Konkan & Goa, south Gujarat region and Saurashtra, at many places over the region outside west Rajasthan where it may be at a few places.

**Outlook for subsequent two days:** Enhanced rainfall activity over central parts of the country is likely to shift westwards to western parts of the country.

## Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.55
European Union	Euro	52.44

## 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 - Castorseed Extns, R.B.- Ricebran Extns  
Source: SEA Data Bank

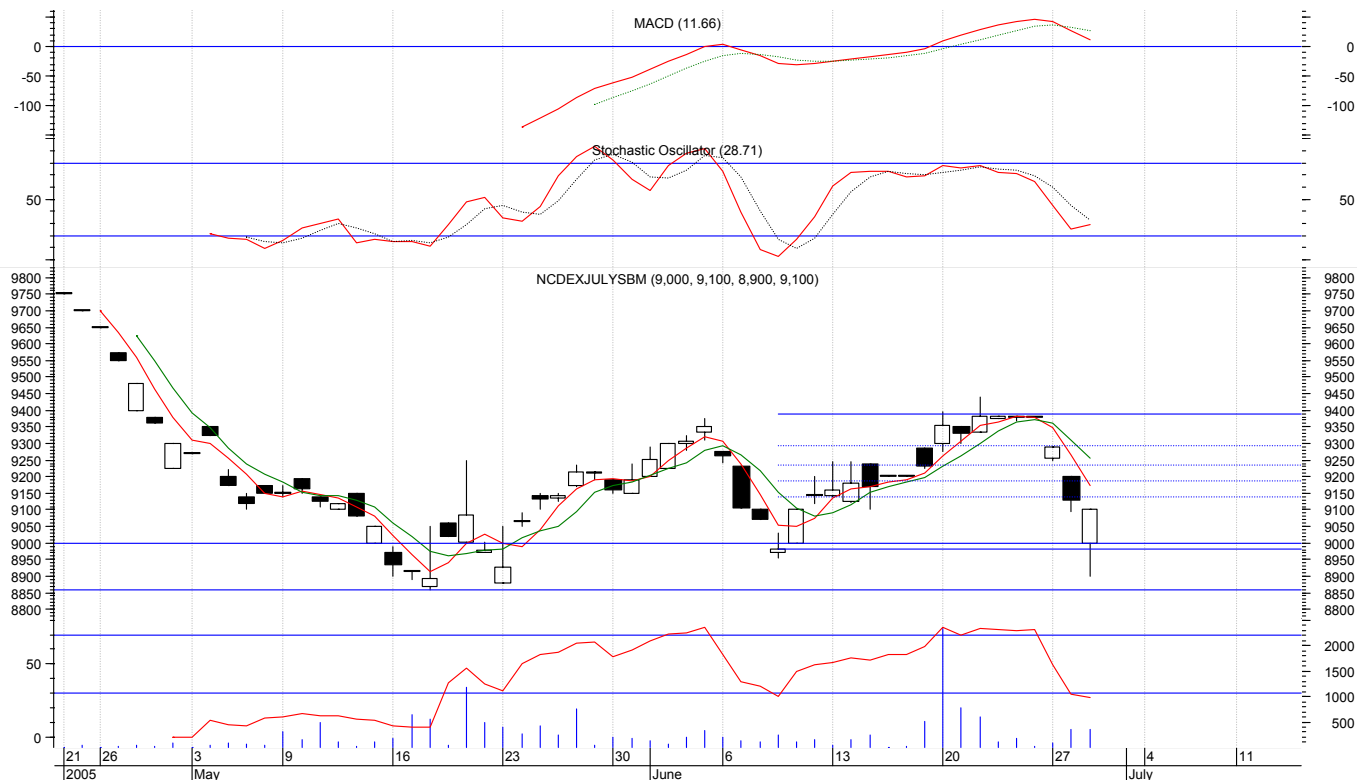
## PORTWISE

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)

## Technical Analysis

June 29, 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 able to recover some losses after a weak opening. However, the resistance and support level will be at 9000 and 8860 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 has just cut the EMA from above. Both are in the positive territory and moving down.

**Stochastic:** The %K-line has cut the % D -line from above but the per cent K line has shown an upward bent just above the over sold condition.

All the indicators are showing a weakness in the market and the prices are expected to drop further downward but some technical correction is expected.

**Recommendation:** The prices will remain range bound with weaker price sentiments and the prices will remain weak. The monsoon is showing progress in the sowing areas.

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