

## OILMEAL

June 06 - 11, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- **USDA Export Sales (May 27 - June 2, 2005)**
- **India: Oilmeal Export (May 2005), Export to China**
- **Record Export of Castor Meal**
- **Decline In Brazil's Soybean Exports**
- **New Soybean Arrival in China**
- **Thailand: Import of Soymeal and Soybeans**
- **CBOT: Soymeal Futures Largely Driven by Rain Forecast**
- **Canola Ended Moderately Lower**
- **Soymeal Domestic Market Showed Reversal**

### NEWS ANALYSIS

#### USDA Export Sales (May 27 - June 2, 2005)

Soybean Cake and Meal: Net sales of 84,800 MT were 55 percent above the previous week and 36 percent over the prior 4-week average. The primary buyers were Australia (44,000 MT, including 40,000 MT switched from unknown destinations), Japan (35,500 MT), Mexico (16,500 MT), and Panama (10,400 MT, including 5,800 MT switched from Guatemala). Reductions were reported for unknown destinations (40,000 MT). Exports of 176,400 MT were 76 percent above the previous week and 82 percent over the prior 4-week average. The primary destinations were Australia (44,000 MT), the Dominican Republic (35,100 MT), Mexico (19,000 MT), the Philippines (17,600 MT), Canada (14,500 MT), Panama (13,100 MT), and Guatemala (11,700 MT).

#### 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.

#### Record Export of Castor Meal

India exported record quantity of Castor meal during April-May 2005 and reported at 68,000 tons during this two months. There was no export during same period of last year and total export during whole year was 70,750 tons. S.Korea imported 53, 875 tons while Taiwan import 14,125 tons during April-May for its usage as Organic fertilizer.

#### Export to China

Last year SEA had deputed a trade delegation to China which has yeiled results and market has opened up for Indian oilmeals. China, during 2004-05 (April-March) imported 78,000 tons of Rapeseed meal, 55,000 tons of Groundnut meal and 33,000 tons of Soyebean meal and trend is continued during current year. In April-May 2005 china has imported 57,000 tons of Rapeseed meal and 13,000 tons of Groundnut meal.

#### Port-wise Export

The export from Kandla is reported at 315,600 tons (62%), followed by Mumbai which handled 91,575 tons (18%), Bedi handled 45,675 tons (9%), Vizag handled 46,275 tons (9%) and Kakinada handled 6,875 tons ( 1%).

#### Decline In Brazil's Soybean Exports

Brazilian soybean exports totaled 2.3 million tonnes in May, down 14% on the same month last year. Exports also fell from 2.7 million tonnes registered in April.

Prices paid to producers have been pushed down by a combination of low international soy prices and a weak U.S. dollar. The Brazilian real recently hit its highest level against the dollar for more than three years. Another factor limiting shipments is the drought in the southern state of Rio Grande do Sul, which slashed output in the state by around 70%.

Brazil is expected to export 19.1 million tonnes of soybeans in the 2005-06 season (February-January), slightly down from the 19.3 million tonnes shipped last year.

In related news, the drought and a weak dollar sparked protests last week by thousands of Brazilian grain farmers who blocked highways with their tractors.

### 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

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

### 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

Soybean futures at the Chicago Board of Trade ended on the lower side on Friday after making initial gains in the market. The market lost ground as beneficial rains is expected to move into the dry areas of the eastern Midwest.

July soymeal settled \$1.50 lower at \$211.40 a short ton, and July soyoil ended 39 points lower at 22.74 cent a pound. For the week, July soybeans ended down 9 cents, November soybeans dropped 2 cents, July soymeal lost \$3.80, and July Soyoil dropped 21 points.

In a weather market, the trade is very sensitive to forecasts, and the market lost ground and liquidated funds on weather forecasts. Soymeal futures ended lower but served as the strongest factor in the soy complex, and also benefited from supportive demand projections from USDA.

The trading opened on a sound note at 215.2 but later on showed a downward trend due to weather scare market also technical buying and selling remained in the market. The market dipped to as low as 211.1 and ended the week at 211.4.

Soymeal sales were 54,600 metric tons, in line with estimates of 40,000 to 80,000 tons. Soyoil sales of 2,000 metric tons were at the bottom end of guesses of 2,000 to 6,000 tons.

In soymeal trades, Cargill bought 400 July and Shatkin/Arbor bought 500 July. Calyon Financial, Rand Financial and Shatkin/Arbor each sold 500 July. Commodity funds were estimated sellers of 1,000 contracts.

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

#### CBOT Soymeal Futures as on 10<sup>th</sup> June, 2005

##### (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	212.9	214.5	215.1	211.2	-1.5	211.4
Aug'05	213.4	215.0	215.7	212.0	-1	212.4

CBOT remained closed on Saturday and Sunday

## WCE

### Canola Ended Moderately Lower

Grain and oilseed futures at the Winnipeg Commodity Exchange (WCE) finished Friday's session narrowly mixed with canola mainly lower in step with the declines in the Chicago Board of Trade soy complex.

Canola ended the day with small losses in very dull trade. Canola initially rallied in line with the firm opening in CBOT soy complex futures. As the US soybean rally faded canola drifted down to close at modest losses. As the declines in CBOT soybeans intensified at the close, canola prices were pulled to there low. The firm Canadian dollar and the favorable crop outlook contributed to the weak tone, they added.

Reports from the Canola Council of Canada indicating that the canola crop is virtually planted with the crop conditions positive weighed on the market. However, canola losses were limited by steady commercial demand under the market and as a result canola did not see as large a decline as the CBOT soy market.

## DOMESTIC MARKETS

### Soy meal

The cash market made some bearish trading in the domestic sector and ended after making some recovery in the market. The week long trend remained weak except on Friday the spot gained some ground. However, at NCDEX the June contract continued the technical corrections and pushed ahead after similar trend it followed in the future market. The market after a lean phase is making a recovery.

The future June market at the NCDEX opened on a steady note on Monday and closed at Rs. 9097 and then after dipped. There was a continuous down trend in the market for most of the week but during the last two days it made some recovery and gained some ground. The soy meal July contract finished at Rs. 8775 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 1315 and later on dropped to Rs 1275-1285 per qtl in Indore while soy meal in physical market has been offered between Rs 9000-9200 per MT and Rs 9500-9600 for most of the week. FOR quotes opened at Rs. 9850-9950 per MT and move upto Rs. 9950 - 10000 per MT in Kandla in jute bags but later dropped to Rs. 9700-9750, while FAS has been put at \$ 227-228 on Saturday and it opened at \$ 228-230 and moved upto \$232-234 per MT. 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 (11<sup>th</sup> June, 2005)

### NCDEX Soy meal Futures price (11<sup>th</sup> June)

	Prev Close Price	High Price	Low Price	Close Price	Change
June	8680.00	8900.00	8705.00	8775.00	+95.00
July	9100.00	9145.00	9145.00	9145.00	+45.00

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

	06.6	07.6	08.6	09.6	10.6	11.6
Indore	9500	9100	9100	9000	9000	9000
	-	-	-	-	-	-
	9600	9500	9400	9350	9200	9200
Dhulia	9200	9300	9300	9100	9000	9000

### Soy meal vessel report

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.

### Rape/ Mustard meal

The rapemeal cash market did show some fluctuation in the market but remained firm and improved from last week. The market is expected to maintain the consistency in the coming week. The demand is likely to remain firm in the market.

In Shivpuri/ Morena, rates remained between Rs 4250 and Rs 4300 per MT; Kota & Barah between Rs. 4150 and 4200 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 maintained a steady trading and remained at the same level. The demand also remained at the same level as last week. The market remained firm due to interests shown by the traders. The demand remained stagnant and is expected to remain at the same level for the coming week.

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.

## WEATHER WATCH:

**Medium range weather prediction over the country for the period 9-14, June,2005.**

### A. Weather Systems:

#### South-West Monsoon

Monsoon Flow has weakened over Arabian Sea which is causing decrease in rainfall activity over South Peninsular India.

A seasonal trough at sea level runs from Punjab to Assam across central Uttar Pradesh and south Bihar.

Model prediction suggests that monsoon may remain in weak phase during next 2-3 days but subsequently the rainfall activity may increase again by 12th June,2005.

#### Western Disturbance

A western disturbance is likely to approach north Pakistan and adjoining J&K area by 11 June 2005. It is expected to cause isolated to scattered snowfall/rainfall over hilly regions of NW India on 11 and 12 June 2005 and isolated duststorm/ thunderstorm over adjoining plains of NW India (Punjab, Haryana, Delhi and west U.P.) during the period.

### B. Rainfall:

## 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

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

Scattered rainfall is likely over south peninsular India viz., Kerala, Karnataka, Costal Andhra Pradesh and Tamilnadu. Scattered to fairly widespread rains are likely over Lakshdeep, Andman & Nicobar and NE States during next 3-4 days.

Isolated to Scattered rainfall/snowfall is likely over J&K, H.P. and Uttranchal on 11 and 12 June 2005. Isolated duststorm/ thundershowers may occur over plains of NW India (North Rajasthan, Haryana, Punjab, West U.P.) on 11 and 12 June 2005.

### C. Temperature

Parts of plains of northwest and central India are likely to experience rise in day temperature by about 1-2 degree during next 2 days.

### Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
European Union	Euro	53.21

## 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>						
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
<b>Exports</b>						
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
<b>Imports</b>						
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
<b>Consumption</b>						
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
<b>Ending Stocks</b>						
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)
<b>Production</b>						
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
<b>Exports</b>						
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

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