

OILMEAL

7th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal: Domestic Market Remained Sluggish
- Decline In Brazil's Soybean Exports
- CBOT: Soymeal Futures Ended Unchanged

COMMENTARY & ANALYSIS

DOMESTIC MARKET

Soy meal

The cash market showed bearish trading in the domestic market. At NCDEX the June contract further nose-dived and opened at a very low level of 8850. The weather is also playing a role in the market sentiments. The soymeal futures at CBOT on Monday showed mixed trends and ended unchanged at the closing bell due to late selloff. 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 1310per qtl in Indore while soymeal in physical market has been offered at Rs 9100-9500 per MT, as per quality. FOR quotes remained at Rs 9950 - 10,000per MT in Kandla in jute bags, FAS has been put at \$ 232- 234 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 expecting 'Carakk Jaya Niga III' to load 3,500 MT of SBM. 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	9100-9500
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 (7th June)

	Prev Close Price	High Price	Low Price	Close Price	Change
June	9048.00	8930.00	8850.00	8905.00	-143.00
July	9262.00	9232.00	9106.00	9106.00	-156.00

Rape/ Mustard meal

The rapemeal cash market remained firm 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 at and also remained bullish during the day. The demand also shows an upward surge and might further improve. 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 Ended Unchanged

Chicago Board of Trade July soybean futures after moving through a strong phase lost ground on Monday as local traders sold the market and set a bearish tone during the closing bell. Side by side low weekly export inspections estimate and forecasts for rains this weekend in dry areas of Illinois were the reasons for the selling.

July soymeal settled unchanged at \$215.20 a short ton and July soyoil ended 21 points higher at 23.16 cents a pound.

CBOT soymeal and soyoil futures closed steady to firmer, as soymeal lost its gains due to selling off in soybeans

however, soyoil managed to end firmer but near session lows.

In early action, July soymeal traded to nearly a one-year high of \$222.50, but prices gradually dropped and late selling pushed the prices to unchanged level by the closing bell.

July soyoil hit a four-session high of 23.60 in early trade, but it too finished off its highs amid the selling pressure.

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

CBOT Soymeal Futures as on 6th June, 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	215.2	221.5	221.5	215.0	0	215.2
Aug'05	215.3	222.0	222.0	215.3	0.1	215.4

CBOT remained closed on Saturday and Sunday

WCE : Canola Ended on a High Note

Grain and oilseed futures at the Winnipeg Commodity Exchange (WCE) finished Monday's session higher with gains prompted by the steep rise in Chicago Board of Trade soybean and corn futures, brokers said.

Canola rallied sharply early and then settled back to trade at moderate gains in moderate volumes. The market held onto its gains even when CBOT soy futures drop well below their highs. Canola futures advanced mainly on the firmness in the CBOT soy complex with tightening cash market supplies and steady export and crush demand all contributing to the advance. Friendly technical signals also fueled some buying.

Beneficial moisture for the main canola producing areas of Saskatchewan and Alberta offset the continued planting delays due to excessive moisture in Manitoba.

China: Soymeal Futures Recovering Slowly

Demand is recovering slowly; most of feed mills are holding the limited stock of soybean meal. For instance, medium size feed mills are averagely keeping about only one-week stock of soybean meal with very low intention to enter market. The profit margin for soybean crushing plants is pretty even. Price Indication (43% ex factory RMB/mt): Dalian 2550-2600

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

NEWS ANALYSIS

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.

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.

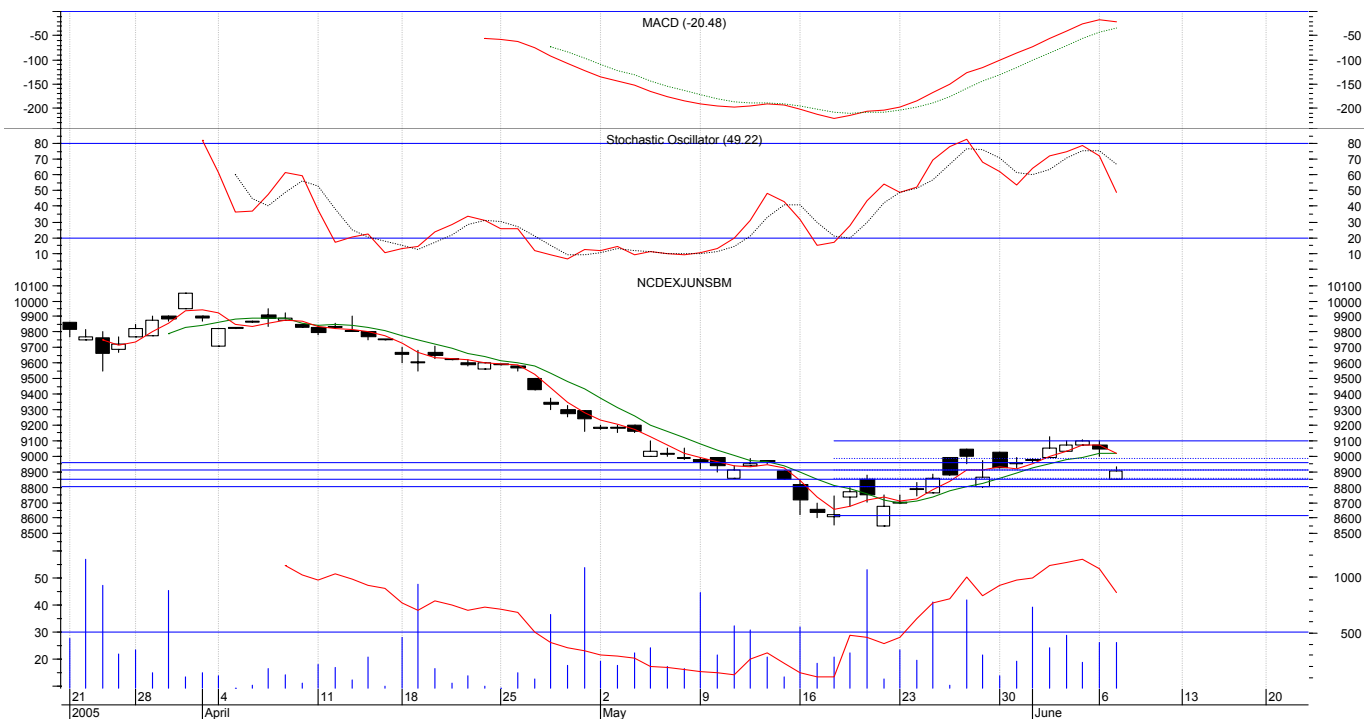
Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
European Union	Euro	53.55

Technical Analysis

June 7, 2005

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



Candlesticks: The candlestick pattern is showing a bullish trend during the daylong trade but 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 is above the 5 -day MA but the 3 - day MA is showing a weak trend.

MACD: The MACD (5-day) has cut the EMA from the bottom side but the MACD has shown a downward bent. 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.

Recommendation: If the prices go above the resistance level at around 8912 mark, remain long.

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