

OILMEAL

20th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Market Sharply Dropped
- CBOT Soymeal Lower Amid Technical Selling & Weather Concern
- Indian Oilmeal-Based Feed Demand Set To Surge

TECHNICAL ANALYSIS

July 20, 2005

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

Candlesticks: The candlestick pattern did show some recovery but after a sharp fall in the opening session. The market is expected to open weaker. Moreover, the resistance and support level will be at 9200 and 9092 levels respectively.

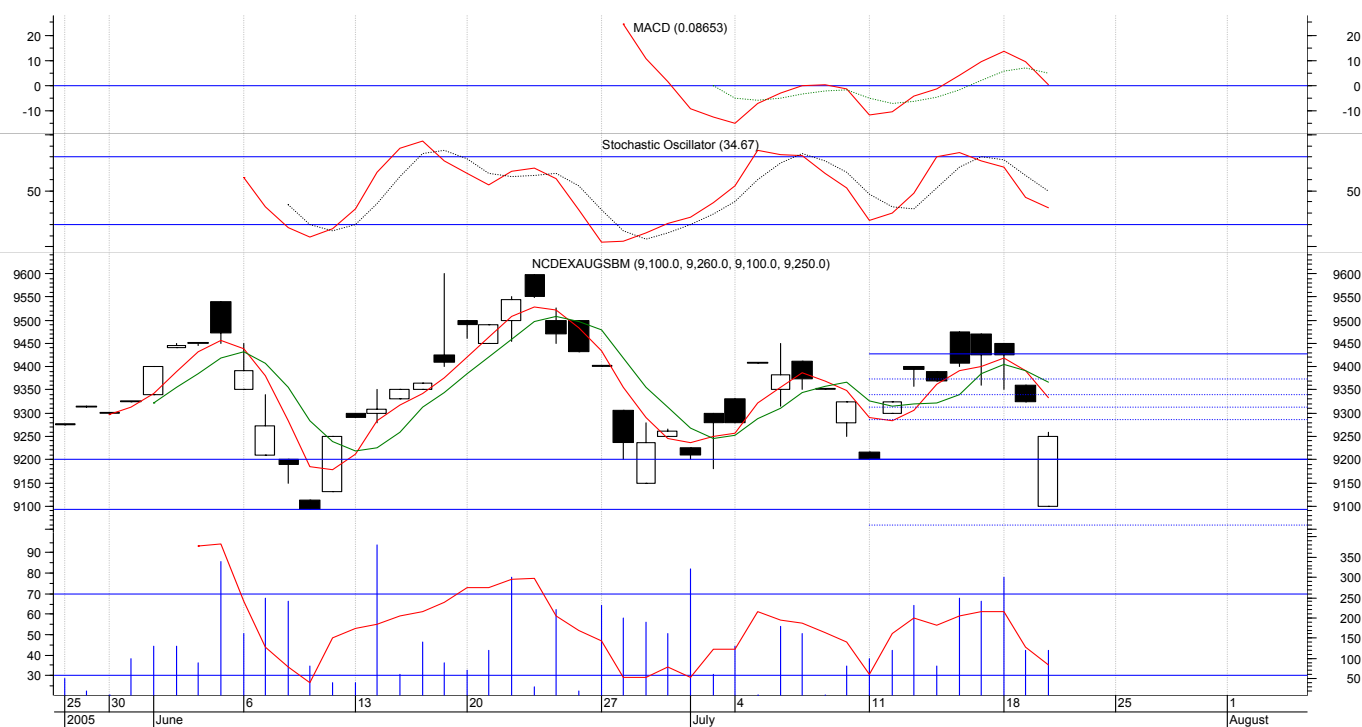
Moving Average: The 3 - day MA after cutting the 5 -day MA from above and both are moving downwards.

MACD: The MACD (5-day) has cut the EMA from above and MACD is just above the zero line and both are moving downwards.

Stochastic: The percent K - line as well as the percent D line is moving downwards. However, both are in neutral region but the curvature is showing a slight bent, showing a decrease in slope.

The market is expected to move further downward due to low demand in the market but some corrections are expected.

Recommendation: The prices will open weak and will trade range bound and some correction in the upward direction is expected. Short selling seems to be profitable.



COMMENTARY

DOMESTIC MARKET

Soy meal

The soymeal market is going through technical selling and the demand is low too. The cash market did show some weakness in the market during the early session. The August contract remained bearish for most of the day and settled after some recovery during the late hours of the morning session. The sowing is progressing steadily after rain disturbances mainly in the Indore region. But still the sowing is below the normal sowing compared to last year. The soymeal futures are expected to remain range bound with some bearishness in the market. The CBOT contract ended on a lower note on Tuesday due to weather forecast and technical correction.

Plant delivery quotes of Soy seeds remained in the range of Rs 1315 per qtl in Indore while soymeal in physical market has been offered at Rs 9000 - 9400 per MT, as per quality. FOR quotes remained at Rs 9800 - 10000 per MT in Kandla in jute bags, FAS has been put at \$ 228 - 232 per MT.

India's soymeal exports totaled **115,750** tons in June 2005 compared with 94,500 tons in June 2004.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)
Indore	9000-9400
Satna/Morena	9200
Javra/ Mandsore	-
Nanded	9050
Nagpur (42-43%)	8800-9100
Latur	9100
Sangli	9500
Dhulia/Jalna	9200/9200
Kota	9150

Soy meal vessel report (20.07.05)

Jamnagar Port is loading 8,000 MT of SBM to Bangkok on the vessel 'Thor Sky'. JM Baxi agents is handling the vessel.

Loading of 2,300 MT of SBM is expected at Mumbai Port on the vessel 'Indruwa Valley'. Sai Freight agents will be handling the vessel.

NCDEX Soy meal Futures price (20th July)

	Prev Close Price	High Price	Low Price	Close Price	Change
Aug	9325.00	9260.00	9100.00	9250.00	-75.00
Sep	9464.00	9400.00	9400.00	9400.00	-64.00

Rape/ Mustard meal

The continuous bullish trend is prevailing in the market. The demand for crushing from the millers is keeping the market in a tight situation. The prices of rape meal are strongly supported by the firmness in demand. Chance of a significant decline is not likely at presently.

In Shivpuri/ Morena, rates remained at Rs 4600 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 **53,975** tons of rapemeal in June 2005 as compared to 45,575 in June 2004.

Groundnut meal

The prices further rolled down amid uncertainty of demand in the market. The drop in soymeal is putting pressure on the market and import of other edible oils is also pushing the prices further downwards. The sowing is still down by 23 per cent in the groundnut-sowing belt of Gujarat. Late and heavy rainfalls are supportive of the market sentiments. The price trend is expected to remain so.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6450 - 6220 for 40% protein and at Dhulia market it was quoted at Rs. 8100 -8200 for 42 per cent protein while at the Nanded market the arrival.

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 **8,900 MT** groundnutmeal in June 2005 as compared to 30,475 MT in June 2004.

INTERNATIONAL MARKET

CBOT Soymeal Lower Amid Technical Selling & Weather Concern

Heavy speculative selling has put pressure on soybean futures at the Chicago Board of Trade on Tuesday, as the market dipped due to less-threatening long-term weather forecasts and technical weakness. Soymeal futures followed the trend of soybeans, with speculative funds selling out during the day long trade. The market lost ground as buyers moved away from the market and set the tone for selling.

August soymeal settled \$10.10 lower at \$214.10 a short ton, and August soyoil ended 108 points lower at 24.46 cent a pound.

Private forecasters are expecting a wetter weather pattern for next week, and severe heat in the region is only for few more days and the lack of buying in the market supported the weakness in the market.

CBOT Soymeal Futures as on 19th July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Aug'05	224.2	222.0	222.0	213.2	-10.1	214.1
Oct'05	224.3	222.7	222.7	213.3	-10	214.3

CBOT remained closed on Saturday and Sunday

China: Soymeal & Rape meal Remained Firm

The Chinese soymeal market remained stable in most of the markets except a decline of RMB 20/MT in Lianyungang. The procurement prices for local produced soybean and the distribution of prices for imported soybean at major ports remained stable. The rape meal market at Guangdong and Hubei increased by RBM 30/MT while in other markets remained stable. The rapeseed market remained stable for most of the day. The Grade 4 and Grade 1 soyoil dropped by RBM 30/MT in South and North provinces but East and Northeastern market remained stable and rapeoil remained steady.

The Chinese government have declared zero tariffs on all Hongkong produced imports. The typhoon Haitang is moving towards the mainland and is yet to affect the crop fields.

In overseas markets, soybean futures on the Dalian Commodity Exchange settled lower in subdued trading Tuesday, tracking an overnight fall in Chicago Board of Trade soybean futures. Trading was range bound because the local market found no clear direction after a choppy, two-sided session on CBOT. The benchmark November soybean contract fell CNY28 to settle at CNY3,013 a metric ton, after trading between CNY3,002 and CNY3,024/ton.

NEWS ANALYSIS

Indian Oilmeal-Based Feed Demand Set To Surge

Rapid growth in India's meat and dairy sectors should push up demand for animal feeds to 68 million tonnes by 2010 from the from the present 42 million tonnes, according to D.P. Khandelia, President of the Solvent Extractors' Association (SEA) of India. The use of high-quality grade oilmeal in compound feeds would help India meet growing demand for animal protein both at home and abroad. The

country has a large population of cattle, but output per animal is currently well below international standards. As a result India should adopt a national agriculture policy to boost India's livestock and aquaculture sectors, India's agriculture sector contributed 24.2% of India's total GDP last year, of which 5.9% was contributed by the livestock sector. Dairy alone accounts for about 2% of total GDP, a figure that should surpass 5% by 2010.

WEATHER WATCH: (20.07.05)

Forecast valid for next 72 hours

North: Rain/thundershowers likely at many places over Utter Pradesh, Uttaranchal and Himachal Pradesh and isolated in the rest region.

East: Rain/thundershowers likely at many places over Northeastern States, Bihar and Sub-Himalayan West Bengal & Sikkim, at a few places Gangetic West Bengal, East Madhya Pradesh and Chhattisgarh and isolated in the rest of the region.

South: Rain/thundershowers likely at many places in Lakshadweep, Karnataka and Kerala and isolated in the rest region.

West: Rain/thundershowers likely at many places over Konkan & Goa, Madhya Maharashtra, Marathwada and isolated in the rest region.

Warning

Heavy to very heavy rainfall likely at isolated places over Sub-Himalayan West Bengal & Sikkim, Northeastern States. Isolated heavy rainfall also likely over Konkan and Goa, Coastal Karnataka and Kerala.

Outlook for subsequent two days

Ongoing rainfall activity over Northeastern States, Sub-Himalayan West Bengal & Sikkim and along West coast of India likely to continue

Subdued rainfall activity over remaining parts of the country likely to continue.

Forex Rates (20.07.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.54
European Union	Euro	52.53

Export of Oilmeal

COMMODITY WISE

India's oil meal exports of April - June '05 (compared to comparative period of previous year 2004-05)

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)
June 2005	115,750 (94,500)	53,975 (45,575)	8,900 (30,475)	12,675 (5,800)	20,225 (6,200)	211,525 (182,550)
TOTAL	371,100 (739,425)	214,525 (242,450)	24,875 (90,025)	19,550 (5,800)	88,225 (6,200)	718,275 (1,083,900)
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	MUMBAI	BHAV-NAGAR	KANDLA	VIZAG	KAKI-NADA	MAGD-ALLA	MUNDRA	TOTAL
April 2005	35,175 (61,525)	43,250 (102,175)	---	126,625 (235,500)	15,850 (24,125)	---	---	---	220,900 (477,425)
May 2005	10,500 (115,600)	48,325 (61,250)	---	188,975 (155,950)	30,425 (56,400)	6,875 (9,000)	750 (---)	---	285,850 (423,925)
June 2005	8,600 (39,300)	45,625 (70,925)	---	120,650 (59,475)	29,900 (---)	6,750 (12,850)	---	---	211,525 (182,550)
TOTAL	45,675 (177,125)	91,575 (163,425)	---	315,600 (391,450)	46,275 (80,525)	6,875 (16,500)	750 (---)	---	506,750 (901,350)

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