

## OILMEAL

July 4 - 9, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- **USDA Export Sales Highlights, June 24 - 30, 2005**
- **SEA: Export of Oilmeal (April-June 2005) - down by 34%**
- **Oilmeal Exports Dropped by 54% in April**
- **Sowing Progress of Oilseeds**
- **China: Soymeal Prices Remained Steady During the Week**
- **CBOT Soymeal Ended Lower on Weather Uncertainty after a Roaring Start**
- **Soymeal Domestic Market Showed Mixed Range Bound Trade**

### NEWS ANALYSIS

#### USDA Export Sales Highlights, June 24 - 30, 2005

**Soybean Cake and Meal:** Net sales of 39,000 MT were 78 percent below the previous week and 63 percent under the prior 4-week average. Major increases for Mexico (38,400 MT), Guatemala (22,600 MT, including 20,000 MT switched from unknown destinations), Turkey (10,000 MT), Syria (8,300 MT, including new sales of 1,300 MT and changes in destination from Egypt 7,000 MT), and Canada (7,300 MT) were partially offset by decreases for Japan (21,800 MT), unknown destinations (20,000 MT), and the Dominican Republic (20,000 MT, to correct errors in reporting the previous week). Net sales of 15,700 MT for delivery in 2005/2006 resulted as increases for Canada (26,600 MT) were partially offset by decreases for Australia (5,500 MT) and New Zealand (5,500 MT). Exports of 137,100 MT were 30 percent below the previous week, but 14 percent above the prior 4-week average. The primary destinations were Mexico (31,300 MT), the Philippines (28,500 MT), Guatemala (22,600 MT), Canada (21,300 MT), Syria (8,300 MT), and Panama (8,100 MT).

#### SEA: Export of Oilmeal (April-June 2005) - down by 34%

The Solvent Extractors' Association of India has just compiled the data for export of oilmeal for the month of June 2005. The export of oilmeals during June 2005 is reported at 211,525 tons compared to 182,550 tons in June last year i.e. up by 16 %. The overall export of oilmeal for the month of April to June 2005 is reported at 718,275 tons compared to 1,083,900 tons during the same period of last year i.e. down by 34%.

During first quarter soybean meal export shown decline trend and reduced to nearly half, while rapeseed meal has more or less maintained the share. The groundnut meal exports has greatly declined while castorseed meal exports has picked up and is mainly exported to Taiwan and S.

Korea. Ricebran extraction export has also revived after long time.

South East Asia is the major market for Indian oilmeals. To check the overall declining trend and promote oilmeals export from India; SEA is deputing a 15 members strong delegation to Taiwan, S. Korea, Vietnam and Thailand during middle of August 2005 to meet the leading feed millers & importers of oilmeals.

#### Port-wise Export:

The export from Kandla is reported at 436,250 tons (62%), followed by Mumbai, which handled 137,200 tons (19%), Bedi handled 54,275 tons (8%), Vizag handled 76,175 tons (11%) and Kakinada handled 13,625 tons (2%).

#### Oilmeal Exports Dropped by 54% in April

Low activity in soybean crushing, caused by poor arrival of the oilseed in the mandis of Madhya Pradesh for the past couple of months, has put some pressure on the availability of soymeal exports.

After meeting domestic demand against its low supply, particularly in the largest soybean producing state of Madhya Pradesh, the oilmeal trade exported just 99,250 tonnes of soymeal in April '05, down 73% from the last year's 366,625 tonnes. Since soymeal accounts for 70% of the country's total oilmeal exports, such a sharp drop in its exports has pushed down the country's total oilmeal exports in the month by 54% to 220,900 tonnes from 366,625 tonnes in the same month last year.

#### Sowing Progress of Oilseeds

Kharif sowing is down 73 per cent at 1.4 million hectares compared with 5.1 million hectares last year. This year shortfall is largely due to delayed monsoon. However, agriculture ministry still considers this year's sowing, till date, to be 9 per cent above normal. Groundnut sowing is

down 63 per cent to 838,000 hectares compared to 2.3 million hectares last year. Delayed rains also held up sowing. Currently, sowing has been stopped in the groundnut growing regions of Gujarat due to flood. But, the agriculture ministry is yet to assess the damage to the earlier sown regions in the state that may have been caused by floods. Soybean sowing is down 87 per cent at 245,000 hectares compared with 1.9 million hectares last year. This is largely due to intermittent rains in the sowing regions, which is largely rainfed. Sowing is likely to pick up this week as IMD has forecasted that current monsoon will strengthen in the region. Sunflower sowing is down 63 per cent at 138,000 hectares, sesamum down 70 per cent at 140,000 hectares, niger seed down 81 per cent at 3,000 hectares and castor seed down 33 per cent at 28,000 hectares.

### 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: Soymeal Future Analysis

Soymeal Futures ended on the lower side on Friday amid nervous selling due to expectation that the Hurricane Dennis might bring in beneficial rains to the driest areas of the central Midwest next week. The weather pressurized the futures on Friday to close on the lower side. Soy-product futures finished lower following the declines in soybeans. Soymeal, despite ending lower, emerged as the strongest link in the complex.

August soymeal settled \$3.30 lower at \$211.00 a short ton, and August soyoil ended 56 points lower at 24.63 cent a pound on Friday. The market though opened on a sound note on Tuesday after a long weekend Holiday due to Independence Day and closed at \$ 221 but thereafter steadily slid down and ended the week at \$ 211. For the week, July soybeans were up 2 cents, November soybeans gained 2 cents, August soymeal was \$0.50 higher, and August soyoil was 40 points higher.

Speculative-led selling brought about the losses, as traders took a careful approach to the beneficial rain in the Midwest. The absence of significant buying kept the market on the lower side throughout the week. However, futures

found a level of support from private forecasters, which predicted that there, will be shifting in the direction of the storm i.e. towards eastward, a path that would keep showers out of the Midwest.

In soymeal trades, Bunge Chicago bought 400 July, and Cargill Investor Services bought 500 December. Cargill Investor Services sold 200 December and 800 September, Fimat sold 300 December, Man Financial sold 300 August and Calyon Financial sold 300 September.

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

#### CBOT Soymeal Futures as on 8<sup>th</sup> July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	214.6	212.0	212.0	208.4	-3.3	211.3
Aug'05	214.3	211.5	211.5	208.0	-3.3	211.0

CBOT remained closed on Saturday and Sunday

#### China: Soymeal Prices Remained Steady During the Week

The Chinese soymeal market showed a steady tone in most market except a rise of RBM 20-70/MT in some places for most of the week. The new rapeseed crop showed a steady rise of RBM 60/MT in Guizhou whereas in other markets the prices remained stable. Experts have advised to change farming practice to control birdflu. The heatwave is sweeping the country and the power demand is on the high.

The Chinese soymeal market declined by RBM 20/MT at Zhejiang, Henan, Guangdong and Shenyang and remained stable at other markets during the weekend. The procurement prices for local produced soybean and the distribution prices for imported soybean at major ports remained stable and the procurement amount was around 63990 MT. The rapemeal market maintained the firmness except a rise of RBM 50/MT at Anhui, Shenyang and Jiangxi.

### DOMESTIC MARKETS

#### Soy meal

The cash market showed mixed trading during the week. The market opened on a strong note on Monday and later on showed some mixed sentiments and ended the week on a weak note than last week. Moreover, at NCDEX the July contract showed a strong opening and remained bullish on Wednesday and Friday but remained within a range of 9150 and 9250 levels. The market is still at a weak position and lot is depending on the sowing progress and arrivals. The rains are affecting the arrivals. The soymeal futures are expected to remain range bound with some weakness in the first of the coming week. The floods in M.P. are affecting the trading and the arrivals too. The cash market showed the bearishness as selling was on the rise but the ended the week on a better note compared to last week. On Thursday the market witnessed a steady rise due to some demand arising from some corners.

The future July market at the NCDEX opened on a strong note on Monday and closed at Rs. 9155 and then after

showed mixed sentiments for most of the week but it closed on a weak note on Saturday at 9101 level. The market did not see much trading for the last few days.

Plant delivery quotes of Soy seeds remained in the range of Rs 1280 - 1300 per qtl in Indore but on Tuesday the market remained almost dormant while soymeal in physical market has been offered between Rs 9000-9400 per MT and Rs 9400-9500 for most of the week. FOR quotes opened at Rs. 9700-9900 per MT and moved upto Rs. 9800-10000 per MT in Kandla in jute bags, while FAS has been put at \$ 226-228 on Monday and it moved upto \$231--233 per MT.

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

### NCDEX Soy meal Futures price (9<sup>th</sup> July)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	9250.00	9150.00	9100.00	9101.00	-149.00
Aug	9350.00	9280.00	9250.00	9250.00	-100.00

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

	04.7	05.7	06.7	07.7	08.7	09.7
Indore	9000 -	9000 -	9400 -	9300 -	9300	9200 -
	9400	9350	9500	9500		9400
Dhulia	9300	9400	9200	9200	9400	9300

### Soy meal vessel report

Loading of 6,800 MT of SBM is continuing at Kandla Port on the vessel 'Stella M' to Egypt. Universal agent is handling the vessel. Kandla Port is loading 15,000 MT of SBM on the vessel 'Devon' to Japan. Taurus agents are handling the vessel. 'Thor Skipper' has berthed at the port and continues to load 12,700 MT of SBM to Indonesia. Intercocean agents are handling the vessel.

Loading of 2,200 MT of SBM is continuing at Mumbai Port on the vessel 'Merco Yala'. Sai Shipping agents is handling the vessel. 'Indruva Valley' has berthed at Mumbai Port and continues to load 2,300 MT of SBM. Sai Freight agents are handling the vessel.

Jamnagar Port is expecting 'Thor Sky' to load 8,000 MT of SBM to Bangkok. JM Baxi agents will be handling the vessel.

### Rape/ Mustard meal

The rapemeal cash market maintained a steady upward market momentum for most of the week but slowed down during the end of the week, as there was lack of interest from the traders' front. The arrivals in the major markets were normal for the week. The arrivals are being affected by the monsoon. The farmers are facing storage problem and this may put pressure on the market.

In Shivpuri/ Morena, rates remained between Rs 4550 - 4300 per MT; Kota & Barah between Rs. 4500 and 4350 per MT. The market is expected to remain weak for the first few days but later on might see some betterment in the market prices.

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 domestic market did open on a strong note and thereafter maintained some consistency during the week. The market demand is at a low level and so are the arrivals. The sowing is being hampered in Gujarat due to floods and the market is under pressure.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6500 for 40 percent protein during the first few days but later on moved ahead and at Dhulia market it was quoted between Rs. 8000 for 42 per cent protein. For 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.

### WEATHER WATCH:

**North:** Rain/thundershowers likely at a few places over east Uttar Pradesh, Uttaranchal, Himachal Pradesh and Jammu & Kashmir and isolated in the rest region.

**East:** Rain/thundershowers likely at many places over northeastern states, Sub-Himalayan West Bengal & Sikkim, Orissa and Chhattisgarh at a few places in the rest region. Increase in rainfall activity over Bihar and northeastern states on 11th and 12th July.

**South:** Rain/thundershowers likely at many places over coastal & north interior Karnataka, coastal Andhra Pradesh, Telangana and Kerala and at a few places in the rest region outside Tamil Nadu & Pondicherry where it may be isolated.

**West:** Rain/thundershowers likely at many places over Konkan & Goa and Vidarbha and at a few places over the region outside Gujarat state and Rajasthan where it may be isolated.

**Outlook** for subsequent two days based on NCMRWF and other numerical weather products: Increase in rainfall activity over Uttar Pradesh, Bihar, northeastern states and along the west coast. Rainfall activity over plains of northwest India likely remain subdued.

## Warning

Isolated heavy rainfall likely over northeastern states, north coastal Andhra Pradesh Telangana, coastal Karnataka and Kerala.

## Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.63
European Union	Euro	52.02

## Indian 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 - 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)	---	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)

## 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	<b>6,988</b>	<b>6,811</b>	<b>5,461</b>	<b>3,950</b>	<b>5,534</b>	<b>5,262</b>
World Total	<b>35,699</b>	<b>40,782</b>	<b>42,306</b>	<b>44,611</b>	<b>45,942</b>	<b>47,135</b>
<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	<b>36,591</b>	<b>39,994</b>	<b>41,811</b>	<b>43,992</b>	<b>45,684</b>	<b>46,784</b>
World Total	<b>36,591</b>	<b>39,994</b>	<b>41,811</b>	<b>43,992</b>	<b>45,684</b>	<b>46,784</b>

#### Consumption

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	<b>89,003</b>	<b>94,153</b>	<b>100,372</b>	<b>99,697</b>	<b>106,136</b>	<b>112,642</b>
United States	<b>28,706</b>	<b>30,001</b>	<b>29,357</b>	<b>29,257</b>	<b>30,753</b>	<b>31,207</b>
World Total	<b>117,709</b>	<b>124,154</b>	<b>129,729</b>	<b>128,954</b>	<b>136,889</b>	<b>143,849</b>

#### Ending Stocks

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	7,800	7,190	6,325	7,150	8,098	7,533

Republic of						
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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