

## OILMEAL

23<sup>rd</sup> July 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Futures Market Ended on a Sound Note
- CBOT Soymeal Traded Mixed; Light Selling Pressures
- USDA's Export Sales Highlights (July 8-15, 2005)

### TECHNICAL ANALYSIS

July 23, 2005

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

**Candlesticks:** The candlestick pattern opened on the higher side but ended lower. The market is expected to open on the higher side. Moreover, the resistance and support level will be at 9450 and 9350 levels respectively.

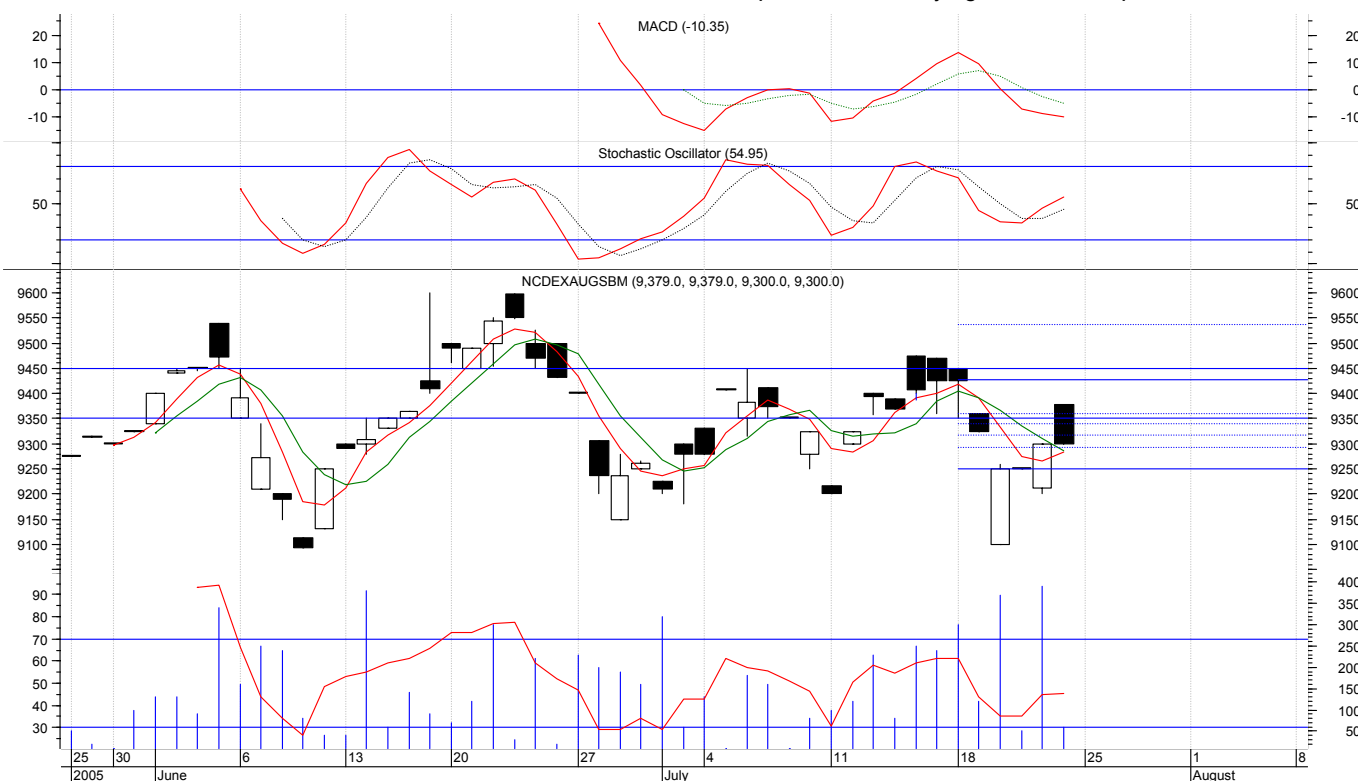
**Moving Average:** The 3 - day MA have cut the 5 - day MA from above and the curvature of 3 - day MA is showing some slight recovery.

**MACD:** The MACD (5-day) has cut the EMA from above and both are moving downwards into the negative territory.

**Stochastic:** The percent K - line after cutting the percent D line is moving upwards. Moreover, both are in the neutral region and showing a further improvement.

All the indicators except the candlestick and MACD is showing further recovery in the market. The market is expected to move further upward and make gains in the market.

**Recommendation:** The prices will open firm and will trade range bound and some recovery in the upward direction is expected. Short buying seems to be profitable.



## COMMENTARY

### DOMESTIC MARKET

#### Soy meal

The soymeal market after a weak long weakness did show some recovery as traders squared their positions before the weekend. The domestic cash market did show some moderate gains. Moreover, at NCDEX till now there has been poor trading in the August contract, though it reversed and was able to recover moderately. The soymeal futures are expected to remain range bound but with some firmness in the market. The CBOT August contract on Friday showed mixed trends due to light technical selling.

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 9200 - 9500 per MT, as per quality. FOR quotes remained at Rs 9850-9950 per MT in Kandla in jute bags, FAS has been put at \$ 228 - 230 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	9200-9500
Satna/Morena	9200
Javra/ Mandsore	-
Nanded	8900-9100
Nagpur (42-43%)	9000-9100
Latur	9100
Sangli	9400
Dhulia/Jalna	9100/9200
Kota	9200

#### Soy meal vessel report (22.07.05)

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 'Indruva Valley'. Sai Freight agents will be handling the vessel.

#### NCDEX Soy meal Futures price (23<sup>rd</sup> July)

	Prev Close Price	High Price	Low Price	Close Price	Change
Aug	9299.00	9379.00	9300.00	9300.00	+1.00
Sep	9350.00	0.00	0.00	9350.00	0.00

#### Rape/ Mustard meal

The market carried on the firm momentum of yesterday and the as there was strong buyers support in the market. The market is in a tight situation due to poor arrivals of other oilseeds. The chance of a significant decline is not likely at presently.

The unsteady progress of sowing of other oilseed crops and continuing dry spell in major growing areas is providing an underlying support to the prices.

In Shivpuri/ Morena, rates remained at Rs 4600 per MT; Kota & Barah at Rs. 4350 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

Continuing the last few day's sentiments the prices remained range bound in most of the domestic markets. The market is not getting sufficient demand from the Oilmeal market.

Groundnut sowing is still down by 23 per cent in the groundnut-sowing belt of Gujarat. The main reason was due to late and heavy rainfalls, which have affected the sowing progress. This might put pressure on the production. The price trend is expected to remain so.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6500 for 40% protein and at Dhulia market it was quoted at Rs. 8100 -8200for 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 Traded Mixed; Light Selling Pressures

Soy complex futures at the Chicago Board of Trade ended mixed Friday, due to weak trading, as light speculative selling that started in late midday pressured soybeans during the close. Soymeal followed the mixed trend of soybean and ended unchanged on Friday.

Most-active August soymeal ended flat at \$212.60 a short ton and August soyoil rose 20 points to 24.51 cents a pound.

During the early and midday trade, soybeans were firmer, supported by speculative fund buying and little selling. Forecasts for extremely hot temperatures in the Midwest did put pressure on the trade and also traders adjusted their positions before the weekend. But light speculative

selling did hit soybeans in late midday trade, which pushed back the soybeans towards the weaker side. After a week of sharp losses, some gains were seen during the early hours of the day.

Soymeal buyers included CIS buying 400 August; Cargill buying 200 August and 100 December; and Goldenberg Heymeyer buying 200 December. Sellers include ADM selling 300 August; Calyon selling 600 December; ABN Amro and Man Financial selling 400 December; and Prudential selling 100 August.

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

#### CBOT Soymeal Futures as on 22<sup>nd</sup> July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Aug'05	212.6	214.5	215.5	211.8	0	212.6
Oct'05	211.7	214.5	214.5	-	-0.5	211.2

CBOT remained closed on Saturday and Sunday

#### China: Soymeal Prices Ended Weaker; Revaluation of RMB; Bird Flu Spreading

The Chinese soymeal market showed steadiness but ended the week on a weak note in most of the markets. The procurement prices for local produced soybean and the distribution of prices for imported soybean at major ports remained stable. The rapeseed and the rape meal markets also followed similar trend and ended the week on a firm note. The typhoon Haitang is moving towards the mainland and is yet to affect the crop fields.

The Chinese government have declared zero tariffs on all Hongkong produced imports. The Producer's Price Index increased by 5.6% in China in June. The Consumer Price Index increased by 2.3% in the first half in China and the urban residents income also rose by 9.5 %. The Chinese GDP grew by 9.5 % in the first half and the figures show that economic measures have paid off. The government is expecting that the trade surplus is likely to continue. There has been a Public announcement of the People's Bank of China on reforming the RMB exchange rate regime. China have adjusted the Yuan rate and abolishes dollar pegs and is untroubled by in or deflation. The Yuan's floating range has been limited to 0.3%.

Indonesia confirmed the first human death linked to bird flu and Indonesia took steps to slaughter all chickens, pigs in bird flu affected areas and this might affect the poultry industry and which inturn might pressurize the soymeal prices. Russia also confirmed 1<sup>st</sup> case of Birdflu. Birdflu in frozen duck meat shipped from China to Japan, WHO says the virus is wide spreading.

## NEWS ANALYSIS

### USDA's Export Sales Highlights (July 8-15, 2005)

**Soybean Cake and Meal:** Net sales of 44,300 MT were 44 percent below the previous week and 56 percent under the prior 4-week average. The primary buyers were Canada (9,600 MT), El Salvador (9,000 MT), Australia (6,500 MT), and Mexico (6,000 MT). Reductions were reported for Guatemala (8,200 MT). Exports of 107,800 MT were 11 percent above the previous week, but 8 percent under the prior 4-week average. The primary destinations were Japan (29,000 MT), Mexico (27,200 MT), Canada (18,700 MT), and El Salvador (10,200 MT).

### WEATHER WATCH: (23.07.05)

#### Forecast valid for next 72 hours

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

**East:** Rain/thundershowers likely at many places over West Bengal & Sikkim, Orissa, Bihar, Jharkhand and Chhattisgarh and at a few places in the rest region./

**South:** Rain/thundershowers likely at most places over North Coastal Andhra Pradesh, Telangana and at many places in the rest region outside Tamil Nadu where it may be at a few places.

**West:** Rain/thundershowers likely at many places over Konkan & Goa, Madhya Maharashtra and Vidarbha and at a few places in Marathawada and West Madhya Pradesh and isolated in the rest region.

#### Warning

Heavy rainfall likely over Gangetic West Bengal, Orissa, Coastal Andhra Pradesh, Telangana, Konkan & Goa, Coastal Karnataka, Himachal Pradesh and Uttaranchal.

#### OUTLOOK for subsequent two days

Rainfall activity likely to increase over central and adjoining peninsular India.

Ongoing rainfall activity along West coast is likely to continue.

### Forex Rates (22.07.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.39
European Union	Euro	52.85

## 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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