

OILMEAL

12th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Futures Market Showing Weakness
- CBOT Soymeal Up on Weather Concerns
- Feedmeal Cost on the Decline; Boost to Poultry Industry
- Brazil Expects 50.2 Million Tonne 2004-05-Soybean Crop
- U.S. Soybean Planted Area Down Slightly From 2004

TECHNICAL ANALYSIS

July 12, 2005

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

Candlesticks: The candlestick pattern is showing indecisiveness. The market is going through a lean phase. The market is expected to open weak. Moreover, the resistance and support level will be at 9125 and 9050 levels respectively.

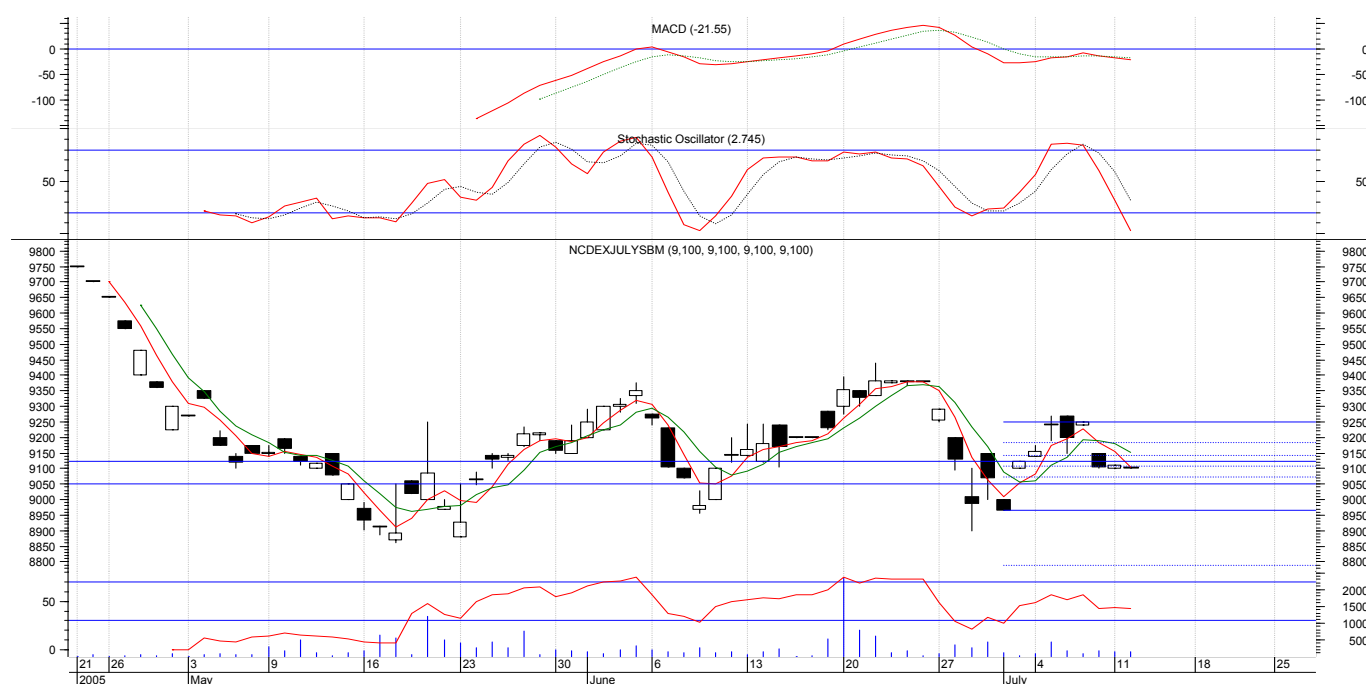
Moving Average: The 3 - day MA has cut the 5 -day MA from above and both are moving down.

MACD: The MACD (5-day) has cut the EMA from above. Moreover, both are moving down in the negative territory.

Stochastic: The percent K - line have cut the percent D line from above. The per cent K line have crossed the over sold condition and showing further weakness.

All the indicators are showing some weakness in the market and the market is expected to remain low during the week.

Recommendation: The prices will remain weak and further slid down but later on in the week some reversals are expected.



COMMENTARY

DOMESTIC MARKET

Soy meal

The cash market showed some reversal and made some firm gains in the domestic sector. However, at NCDEX the July as well as the August contract did not show trading. The trading was on the lower side for the daylong trade. The CBOT contract reversed back and ended on a higher note as weather concern attracted speculative buying. The soymeal futures are expected to remain range bound with some weakness.

Plant delivery quotes of Soy seeds remained in the range of Rs 1285 -1290 per qtl in Indore while soymeal in physical market has been offered at Rs 9000 - 9300 per MT, as per quality. FOR quotes remained at Rs 9800 - 9900 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 - 9300
Satna/Morena	-
Javra/ Mandsore	9300
Nanded	9000 - 9100
Nagpur (42-43%)	-
Latur	9200
Sangli	9500
Dhulia/Jalna	9300-9100
Kota	9200

Soy meal vessel report

Loading of 2,200 MT of SBM is continuing at Mumbai Port on the vessel 'Merces Yala'. Sai Shipping agents is 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.

NCDEX Soy meal Futures price (12th July)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	9110.00	9100.00	9100.00	9100.00	-10.00
Aug	9200.00	9325.00	9300.00	9325.00	+125.00

Rape/ Mustard meal

The rapemeal cash market remained range bound for the day. This was mainly due to increase in demand in the market. 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 at Rs 4550 per MT; Kota & Barah at Rs. 4350 - 4450 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 groundnut meal domestic market was showing the same consistency during the last few days. 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% protein and at Dhulia market it was quoted at Rs. 8000 for 42 per cent protein while at 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 **8,900 MT** groundnutmeal in June 2005 as compared to 30,475 MT in June 2004.

INTERNATIONAL MARKET

CBOT Soymeal Up on Weather Concerns

Soybean futures at the Chicago Board of Trade finished on a higher note on Monday, reversing back from earlier declines as forecasting is reducing the chances of showers from Hurricane Dennis which is about to reach central and northern Illinois and this attracted speculative buying. Soy product futures ended higher on Monday, followed the recovery path of soybeans. Speculative buying helped both the markets' to reverse back from their lows.

August soymeal settled \$3.90 higher at \$214.90 a short ton, and August soyoil ended 21 points higher at 24.84 cent a pound.

There was also enough selling in the market and also there was concern about the continuing dry spell, as Hurricane Dennis could not bring in rain. There was also some confusion that if it rains then whether the needed hurricane moisture will bring in unneeded rust spores. The uncertainties regarding the 2005 production also added some bullishness in the market.

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

CBOT Soymeal Futures as on 11th July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	211.3	211.8	215.0	208.7	3.3	214.6
Aug'05	211.0	212.8	215.5	208.8	3.9	214.9

CBOT remained closed on Saturday and Sunday

China: Soymeal Prices Recovered; Fluctuations Likely to Continue

The Chinese soymeal market reversed back and pushed up by RBM 10 - 30/MT in Zhejiang while rest of the major markets remained stable. The fluctuation in soymeal is likely to continue in the near future. The procurement prices for local produced soybean and the distribution of prices for imported soybean at major ports remained stable. The amount of soybean imported during the month of July is estimated to be around 2.66 million MT. The rapemeal market maintained the firmness. Experts have advised to change farming practice to control birdflu. A new case of birdflu has been reported in Thailand. Torrential rains and rainstorms in river Huaihe have caused floods.

In overseas markets, soybean futures traded on the Dalian Commodity Exchange settled mostly lower Monday, mostly affected by Friday's fall in CBOT soybean futures. The benchmark November soybean contract fell CNY12 to settle at CNY3, 018 a ton, after trading between CNY2, 989 and CNY3, 043/ton.

NEWS ANALYSIS

Feedmeal Cost on the Decline; Boost to Poultry Industry

The USDA has projected a 21 percent drop in feed costs in 2005 and a 7 percent drop in 2006.

The cost of feedmeal -- a combination of corn and soymeal -- were down 31 percent year over year in the quarter ended in June, though they were up 10 percent from the previous quarter. So as the feed accounts for 25 percent to 35 percent of the cost of goods sold for chicken companies it is expected that it will boost up the poultry industry. This will in turn increase the soymeal demand in the market.

Brazil Expects 50.2 Million Tonne 2004-05-Soybean Crop

Brazil's Agriculture Ministry held its estimate for the 2004-05-soybean crop (October-September) at a record 50.2 million tonnes in its July forecast. The production estimate is marginally higher than last year's record 49.8 million tonnes. However, output could have been 10 million tonnes higher if the drought did not prevail in the southern part of the country. The Ministry reduced its total grain, oilseeds and cereals crop forecast to 112.4 million tonnes from the 113.7 million tonnes expected in May. The reduction mainly is due to losses to the corn crop.

U.S. Soybean Planted Area Down Slightly From 2004

U.S. soybean planted area for 2005 could reach 29.7 million hectares, down 3 percent from last year's record high acreage. Area for harvest, forecast to be 29.3 million hectares, is down 2 percent from 2004. Area planted was decreased or unchanged from last year in most of the 31

major soybean producing States but increased in other states. USDA reported last week that soybeans stored in all positions on June 1, 2005 totaled 19.1 million tonnes, up 70 percent from June 1, 2004. On-farm stocks totaled 9.69 million tonnes, up 224 percent from a year ago. USDA said off-farm stocks were 9.36 million tonnes, up 14 percent from the 2004 level.

WEATHER WATCH:

Forecast for next 24 hours

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

East: Rain/thundershowers likely at many places over northeastern states, Bihar, sub-himalayan West Bengal & Sikkim, east Madhya Pradesh and Chhattisgarh; and at a few places in the rest region.

South: Rain/thundershowers likely at many places over coastal Karnataka; at a few places in Rayalseema, south interior Karnataka, Kerala and Lakshadweep and isolated in the rest region.

West: Rain/thundershowers likely at many places over east Rajasthan, west Madhya Pradesh, Konkan & Goa and Vidarbha and at a few places in the rest region outside Gujarat state where it may be isolated. Decrease in rainfall activity over west Madhya Pradesh, Vidarbha, Haryana and Rajasthan after 13th July.

Outlook for subsequent two days

Subdued rainfall activity over interior peninsula likely to continue.

Current rainfall activity over northeastern states, sub-himalayan West Bengal & Sikkim, Bihar, Uttar Pradesh and western himalayan region likely to continue. Decrease in rainfall activity over central India.

Warning

Heavy to very heavy rainfall likely over northeastern states, sub-himalayan West Bengal & Sikkim, west Uttar Pradesh, Uttaranchal, Himachal Pradesh and Jammu region of Jammu & Kashmir. Isolated heavy rainfall likely over east Uttar Pradesh, Haryana, north Rajasthan, north Madhya Pradesh, coastal Karnataka and Lakshadweep till 14th July.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
European Union	Euro	52.90

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	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)
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)	--- (46,925)	315,600 (391,450)	46,275 (80,525)	6,875 (16,500)	750 (---)	--- (25,400)	506,750 (901,350)

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