

OILMEAL

13th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Futures Market Showing Weak Trading
- CBOT Soymeal Firm on Weather and Production Concern
- China: Soymeal Prices Pushed Ahead, Rape meal Remained stable
- Taiwan and Japanese Importers Expecting Lower Freight Rates
- Feed meal Cost on the Decline; Boost to Poultry Industry

TECHNICAL ANALYSIS

July 13, 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 on the higher side. Moreover, the resistance and support level will be at 9200 and 9125 levels respectively.

Moving Average: The 3 - day MA has cut the 5 -day MA from above but the 3 - day MA has shown a slight upward bent.

MACD: The MACD (5-day) has cut the EMA from above. Moreover, both are in the negative territory but the MACD has shown a correction in the upward direction.

Stochastic: The percent K - line have cut the percent D line from above. Both have crossed the over sold condition and the per cent K line is showing some upward correction.

All the indicators are showing some upward movement in the market but the market is expected to show weak trading.

Recommendation: The prices will open on the higher side but the trading will remain weak.



COMMENTARY

DOMESTIC MARKET

Soy meal

The cash market made firm gains in the domestic sector. Moreover, at NCDEX the July as well as the August contract also improved further but the Traders are not interested in the July contract. The trading was on the lower side for most of the day. The CBOT contract ended on a higher note on Tuesday due to weather and production concern. The soymeal futures are expected to remain range bound with some firmness.

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 9900 - 10000 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	9000 - 9300
Satna/Morena	9200
Javra/ Mandsore	-
Nanded	9000 - 9100
Nagpur (42-43%)	8600-9000
Latur	9100
Sangli	9500-9600
Dhulia/Jalna	9200-9500/9200
Kota	9250

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 (13th July)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	9100.00	9151.00	9150.00	9150.00	+50.00
Aug	9325.00	9400.00	9357.00	9380.00	+55.00

Rape/ Mustard meal

The rapemeal cash market remained range bound for the day. The demand in the market is at an average level. The sowing is progressing but is still below the expected level.

In Shivpuri/ Morena, rates remained at Rs 4500 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 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 has been hampered in some parts of Gujarat and late sowing variety is also being re-sown in some places.

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 Firm on Weather and Production Concern

Chicago Board of Trade soybean futures ended firmly on Tuesday, closing at the session highs as weather uncertainties and supportive fundamental outlooks boosted bullishness in the market. Soymeal futures ended higher across the board, following the bullish momentum of soybeans. Other than the soybean spillover, soymeal was also boosted by supportive supply and demand report data showing increased demand projections.

August soymeal settled \$4.00 higher at \$218.90 a short ton, and August soyoil ended 20 points higher at 25.04 cent a pound.

Futures managed to create bullishness after a choppy start, due to tight new crop balance sheet projections, production uncertainties, fears of the spread of Asian rust and insects attracted speculative buying. The showers from the Dennis Hurricane were also not enough to relief the eastern Midwest from the drought stress.

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

CBOT Soymeal Futures as on 12th July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	214.6	214.5	219.2	212.2	4.6	219.2
Aug'05	214.9	215.2	219.0	212.1	4	218.9

CBOT remained closed on Saturday and Sunday

China: Soymeal Prices Pushed Ahead, Rapemeal Remained stable

The Chinese soymeal market further pushed up by RBM 10 - 30/MT in northern and eastern regions while in the southern region 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 with a port take off 65,280 MT on July 12. The rapemeal market maintained the firmness. China has called out to put an end to export subsidies. The Chinese export grew by 32.7% in the first half.

In overseas markets, soybean futures traded on the Dalian Commodity Exchange settled higher Tuesday, as an overnight rise in Chicago Board of Trade soybean futures spurred some speculative buying in the local market. The benchmark November soybean contract gained CNY43 to settle at CNY3, 061 a metric ton, after trading between CNY3, 042/ton and CNY3, 072/ton.

NEWS ANALYSIS

Taiwan and Japanese Importers Expecting Lower Freight Rates

Japanese companies have not yet started buying soybeans for September shipment, and some of them are still looking for requirements for August. The pace of buying was slow as the freight market continued to decline and buyers are expecting if they wait longer, soybean premiums will fall further.

Cost and freight (C&F) premiums for U.S. soybeans have been under downward pressure as shipping rates for grain vessels have plunged to a one-year low due to a lack of demand from China, the world's largest importer of iron ore and soybeans. Taiwan buyers were also eyeing freight prices in deciding the timing of their next tender. But the lower domestic demand in Taiwan is also a concern for the buyers as it drops off during the hot summer months. C&F for Brazilian soybeans, which vary depending on export terminals, are mostly cheaper than the U.S. soy, but Japanese are mostly interested in US soy which in some states will start to flow in the market as early as August.

The latest government's data show Japanese soybean crushing in the first five months of this year amounted to 1,294,844 tonnes, down 12.6 percent from the same period last year.

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.

WEATHER WATCH:

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Uttaranchal, north Uttar Pradesh and Himachal Pradesh and at few places in the rest region. Further decrease in rainfall activity over Haryana, Punjab and south Uttar Pradesh after 14th.

East: Rain/thundershowers likely at many places over northeastern states, Bihar and West Bengal & Sikkim and at a few places in the rest region. Decrease in rainfall activity over gangetic West Bengal, east Madhya Pradesh and Chhattisgarh on 15th.

South: Rain/thundershowers likely at a few places over costal Karnataka; Kerala and Lakshadweep and isolated in the rest region. Increase in rainfall activity over Tamil Nadu and south Andhra Pradesh after 14th.

West: Rain/thundershowers likely at many places over west Madhya Pradesh at a few places over east Rajasthan and Konkan & Goa and at isolated places in the rest region.

Outlook for subsequent two days

Slight increase in rainfall activity over eastern parts of peninsular India.

Current rainfall activity over northeastern states, sub-Himalayan West Bengal & Sikkim, Bihar, north Uttar Pradesh and western Himalayan region likely to continue. Further decrease in rainfall activity over central and plains of northwestern parts of India.

Warning

Heavy to very heavy rainfall likely over northeastern states, West Bengal & Sikkim, west Uttar Pradesh, Uttaranchal, Himachal Pradesh and Jammu & Kashmir. Isolated heavy rainfall likely over east Uttar Pradesh.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.52
European Union	Euro	53.16

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)	---	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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