

OILMEAL

1st July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Showed Weakness, Low Trading
- USDA Export Sales Highlights, June 17 - 23, 2005
- Latest US Oilseed Scenario

COMMENTARY & ANALYSIS

DOMESTIC MARKET

Soy meal

The cash market again showed a weakness in trading as traders are showing less interest. Moreover, at NCDEX the July contract showed a low trading and remained almost dull for the early session. The market is showing bearishness and the demand is also weak. The CBOT futures on Thursday settled on the lower side due to rain forecasting and speculative selling. Soymeal future is likely to remain weak for the day. The sowing is in full swing. The arrivals will move up due to storage problem with farmers.

Plant delivery quotes of Soy seeds remained in the range of Rs 1280 per qtl in Indore while soymeal in physical market has been offered at Rs 9000-9200 per MT, as per quality. FOR quotes remained at Rs 9700 - 9900 per MT in Kandla in jute bags, FAS has been put at \$ 226 - 228 per MT.

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

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)
Indore	9000-9200
Satna/Morena	-
Javra/ Mandsore	-
Nanded	9000-9100
Nagpur (42-43%)	8600-9000
Latur	9100
Sangli	8900
Dhulia/Jalna	9100-9000
Kota	9200

Soy meal vessel report

Kandla Port is expecting 'Devon' to load 15,000 MT of SBM to Japan. The vessel will be handled by Taurus agents. Another vessel, 'Thor Skipper' is expected at the port to load 12,700 MT of SBM to Indonesia. Interocean agents will be handling the vessel.

Loading of 2,200 MT of SBM is expected at Mumbai Port on the vessel 'Merics Yala'. Sai Shipping agents will be handling the vessel.

NCDEX Soy meal Futures price (1st June)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	9071.00	9000.00	8966.00	8966.00	-105.00
Aug	9261.00	9225.00	9200.00	9200.00	-61.00

Rape/ Mustard meal

The rapemeal cash market showed some firmness in some markets. The demand in the market is at a firm level. The market is expected to stay range bound and the arrivals remained at the same 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 **69,650** tons of rapemeal in May 2005 as compared to 100, 875 in May 2004.

Groundnut meal

The domestic market of groundnut meal remained firm at last few day's level. The trading is expected to maintain the momentum in the market. The market is going through a wait and watch situation in the market. The sowing has started in some places in Gujarat.

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 **3,025 MT** groundnut meal in May, 2005 as compared to 44,750 MT in May, 2004.

INTERNATIONAL MARKET

CBOT Soymeal Falls Due to Weather; Spec Selling

Soybean futures at the Chicago Board of Trade ended sharply lower on Thursday, extending the week's downfall from recent highs, as speculative traders continued to reduce the market volatility amid less threatening long term weather forecasts. Soyproduct futures ended lower across the board, moving along with the speculative led selling in soybeans. Soymeal managed to displace soyoil as the strongest link in the complex Thursday.

NEWS ANALYSIS

USDA Export Sales Highlights, June 17 - 23, 2005

Soybean Cake and Meal: Net sales of 177,500 MT were 62 percent above the previous week and two and one-third times the prior 4-week average. Increases for the Philippines (70,100 MT, including 44,000 MT late reporting of which 40,000 MT was switched from unknown destinations), Japan (60,900 MT), the Dominican Republic (20,000 MT), and Guatemala (17,900 MT) were partially offset by decreases for unknown destinations (34,000 MT). Exports of 195,800 MT were much improved from the previous week and double the prior 4-week average. The primary destinations were the Philippines (70,400 MT, including 44,000 MT late reporting), Japan (33,600 MT), Mexico (21,300 MT), Canada (18,900 MT), Cuba (15,000 MT), and Honduras (11,000 MT).

Latest US Oilseed Scenario

Soybeans stored in all positions on June 1, 2005 totaled 700 million bushels, up 70% from June 1, 2004, according to the USDA's latest stocks in all positions estimates for the United States. On-farm stocks totaled 356 million bushels, up 224% from a year ago. Off-farm stocks, at 344 million bushels, are up 14% from the previous year. The March - May 2005 indicated disappearance is 682 million bushels,

July soymeal settled \$3.20 lower at \$207.00 a short ton, and July soyoil ended 93 points lower at 23.61 cent a pound.

Morning and midday weather outlooks are projecting rain potentials, which will reduce the severe heat and is increasing the chances for rain in the dry eastern Midwest and this is putting pressure on the prices. The weather has reduced the risk in the market and it is expected that the yields will be normal. However, the spread of Asian rust and insects in the Midwest is still prevailing.

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

CBOT Soymeal Futures as on 30th June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	210.2	205.5	207.5	202.8	-3.2	207.0
Aug'05	210.6	206.0	208.0	20	-3.3	207.3

CBOT remained closed on Saturday and Sunday

China: Soymeal Prices Steady

The Chinese soymeal market showed a steady tone in most market except in Qinhuangdao and Beijing where it decreased by RMB 30 /MT compared to last day's prices. The rapemeal market showed a surge of RMB 20/MT in Anhui and Jiangsu. The rapeseed market was firm today and in soybean the procurement prices for local produce was lower by RMB 10/MT.

up 38% from the same period a year earlier. U.S. production of mustard and rapeseed is likely to decrease sharply this year in the United States as seeded area for both crops sinks, according to the USDA seeded area estimates for 2005. Planted area of mustard seed is estimated at 61,000 acres, down 12,000 acres from 2004. Mustard seed area for harvest is forecast at 42,500 acres, down 26,200 acres or 38% from the previous year. Rapeseed growers planted an estimated 2,200 acres, a 75% decrease from last year. Harvested rapeseed area is forecast to be 1,900 acres.

Demand for Indian Soymeal is on the Rise

Demand for Indian soymeal has increased following soaring prices at the Chicago Board of Trade due to erratic weather in the US. Japan had finalised deals at about \$ 285 a tonne, including cost and freight, and Indonesia struck deals at prices close to \$ 273. Total sales to the two countries were about 30,000 tonnes. Some more sales to Indonesia and Vietnam are likely.

Chicago Board of Trade soybean futures surged nearly three per cent to a fresh 11-month high in Asian trade on June 22 as buying regained strength amid concerns about dry weather in key US production areas.

If the global situation continues to be tight, India will be at an advantageous position. India was yet to crush around 1.1 million tonnes of soybean, which would yield about 8 to 9 lakh tonnes of soymeal. After meeting domestic demand

of 5 to 6 lakh tonnes, India would still have an export surplus of about 300,000 tonnes, which is a good sign for soymeal.

WEATHER WATCH:

Rain/thundershowers likely at most places in east Madhya Pradesh and Chhattisgarh; at many places over the rest region. Rain/thundershowers likely at most places over Konkan & Goa and Gujarat state and west Madhya Pradesh and at many places over rest region outside west Rajasthan where it may be at a few places.

Outlook for subsequent two days: Ongoing rainfall activity over central parts of the country is likely to continue and shift westwards to western parts of the country. Enhanced rainfall activity likely to continue over Gujarat state and along the west coast.

Warning

Export of Oilmeal

COMMODITY WISE

India's oil meal exports of April - May '05 (compared to comparative period of previous year 2003-04)

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)
TOTAL	255,350 (644,925)	160,550 (196,875)	15,975 (59,550)	6,875 (—)	68,000 (—)	506,750 (901,350)
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

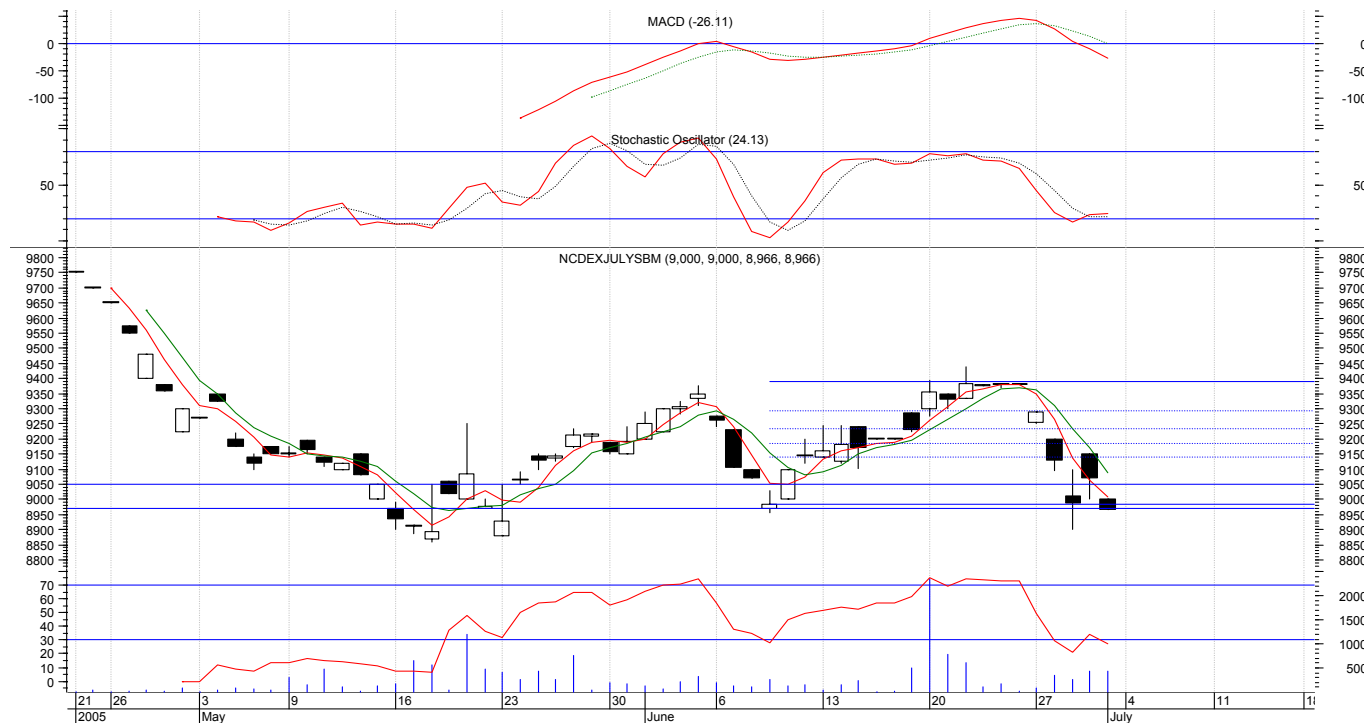
PORTWISE

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)
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)

Technical Analysis

July 01, 2005

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



Candlesticks: The candlestick pattern is showing bearish trend in the prices. The market will open on the lower side. However, the resistance and support level will be at 9050 and 8970 levels respectively.

Moving Average: The 3 - day MA has cut the 5 -day MA from above and the 3 - day MA is showing a steady downward slope.

MACD: The MACD (5-day) is showing a downward bent and has cut the EMA from above. Both are moving down and MACD have entered the negative territory.

Stochastic: The %K-line has cut the % D -line from below and the per cent K line have come out of the over sold condition.

All the indicators except the stochastic are showing a weakness in the market and the prices are expected to remain weak and some technical correction is expected.

Recommendation: The prices will remain range bound with weaker price sentiments. However, the market is expecting a reversal.

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