

OILMEAL

2nd July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Low Volume Trading
- CBOT: Soymeal Pushed Ahead; Covered Up the Losses
- China's Soybean Harvest to Decline by 1.3 Million Tonnes
- USDA Export Sales Highlights, June 17 - 23, 2005

COMMENTARY & ANALYSIS

DOMESTIC MARKET

Soy meal

The cash market again showed low volume trading but the prices remained firm, as the arrivals were low. Moreover, at NCDEX the July contract showed low trading but the prices opened at a high level. The market may show some correction in the coming days. The CBOT futures on Friday settled higher due to dryness concern and were able to cover up some of the losses. Soymeal future is likely to remain range bound but for the time being some technical correction is being expected. The monsoon is to be watched.

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 'Merco Yala'. Sai Shipping agents will be handling the vessel.

NCDEX Soy meal Futures price (2nd July)

| | Prev Close Price | High Price | Low Price | Close Price | Change |
|------|------------------|------------|-----------|-------------|---------|
| July | 8966.00 | 9100.00 | 9100.00 | 9100.00 | +134.00 |
| Aug | 9209.00 | 9299.00 | 9180.00 | 9279.00 | +70.00 |

Rape/ Mustard meal

The rapemeal cash market maintained the steady prices. 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** groundnutmeal in May 2005 as compared to 44,750 MT in May 2004.

INTERNATIONAL MARKET

CBOT: Soymeal Pushed Ahead; Covered Up the Losses

Soybean futures at the Chicago Board of Trade ended on a higher note on Friday, and were able to cover up this week's losses to some extent, with dryness a major concern in the eastern belt. There was also excessive selling throughout the week and side by side dryness in the eastern Midwest served as the catalyst for the bounce back from the losses. There is also an extended weeklong holiday. CBOT markets will be closed Monday in observance of the Independence Day holiday. Soymeal futures followed the price bounce in soybeans. Technical buying also pushed soymeal to climb, gathering strength from July contract. A lack of deliveries against the nearby contract was deemed supportive as well.

July soymeal settled \$2.50 higher at \$209.50 a short ton, and July soyoil ended 54 points higher at 24.15 cents a pound.

For the week, July soybeans finished 71 cents lower, November soybeans dropped 79 3/4 cents, July soymeal was down \$21.70 and July soyoil lost 200 points.

From a fundamental point of view, the crop is facing several uncertainties such as dryness, and also fears of Asian rust and insects, which is providing a level of support in the market. The area of dryness covers a big chunk of corn and soybean country. A chain of areas is being hit by drought, which runs from the southern tip of Texas through Louisiana, southeast Oklahoma, Arkansas, most of Missouri, Illinois and into Indiana.

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

CBOT Soymeal Futures as on 1st July 2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|---------|-----------------|-------|-------|-------|--------|-------|
| Jul '05 | 207.0 | 209.5 | 210.0 | 206.7 | 2.5 | 209.5 |
| Aug'05 | 207.3 | 210.1 | 210.5 | 207.0 | 3.2 | 210.5 |

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 but rest of the market maintained the firmness. The rapeseed market was steady today and in soybean the procurement prices for local produce was lower by RMB 10/MT in Harbin and the distribution prices remained stable for imported soybean. The bird flu in Qinghai is under control and no casualties to human and poultry has been reported.

NEWS ANALYSIS

Bird Flu in Qinghai Under Control

The Chinese Ministry of Agriculture said that on Friday that the bird flu outbreak in Qinghai Province in northwestern China has been brought under control. The number of migrant birds killed by the disease has dropped to about 20 a day since June 8. Thus far, more than 6,000 migratory birds have died since the disease was reported on May 4.

The governments at all levels in China are giving great importance to the prevention and control of bird flu and related departments have taken many measures to prevent the disease. Since the bird flu outbreak was reported in Qinghai, the local government has done a lot to prevent the epidemic from spreading, infact no fowl or human beings have been infected so far.

China has provided five viral strains to the World Health Organization (WHO) since bird flu cases were reported in the country last year.

In late May, more than 1,000 wild birds, including geese and gulls, were killed by the H5N1 flu strain in Qinghai. In Asia, at least 54 people have died so far this year after being infected by sick birds.

China's Soybean Harvest to Decline by 1.3 Million Tonnes

China, the world's biggest soybean importer, expected to gather 7% less of the oilseed this year because of planting delays caused by excess rain in Heilongjiang, the biggest soybean-growing province. Farmers may reap this year about 17 million tonne of the oilseed, used to make meal to feed poultry and livestock and cooking oil, according to a report today by Beijing Orient Agribusiness Consultant Ltd. The harvest last year was 18.3 million tonne. A drop in production may boost demand for imports from China, which counts on the US, Brazil and Argentina to meet about half of the country's consumption. China more-than-doubled soybean imports to 2 million tonne in May from the year-ago period. Imports are forecast to rise 41% to 23.8 million tonne in the marketing year ending September 30.

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).

WEATHER WATCH:

Rain/thundershowers likely at most places in east Madhya Pradesh and 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 a few places over rest region.

Outlook for subsequent two days: Ongoing rainfall activity over central parts of the country is likely to continue and may extend to northwestern parts of the country. The heavy rainfall activity over Gujarat state is likely to decrease.

Warning

Heavy to very heavy rainfall likely at a few places over Madhya Pradesh, Konkan and Goa and Gujarat state. Isolated heavy rainfall also likely over gangetic West Bengal, Orissa, east Rajasthan, Uttar Pradesh, Madhya Maharashtra and coastal Karnataka.

Forex Rates

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 43.53 |
| European Union | Euro | 52.38 |

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

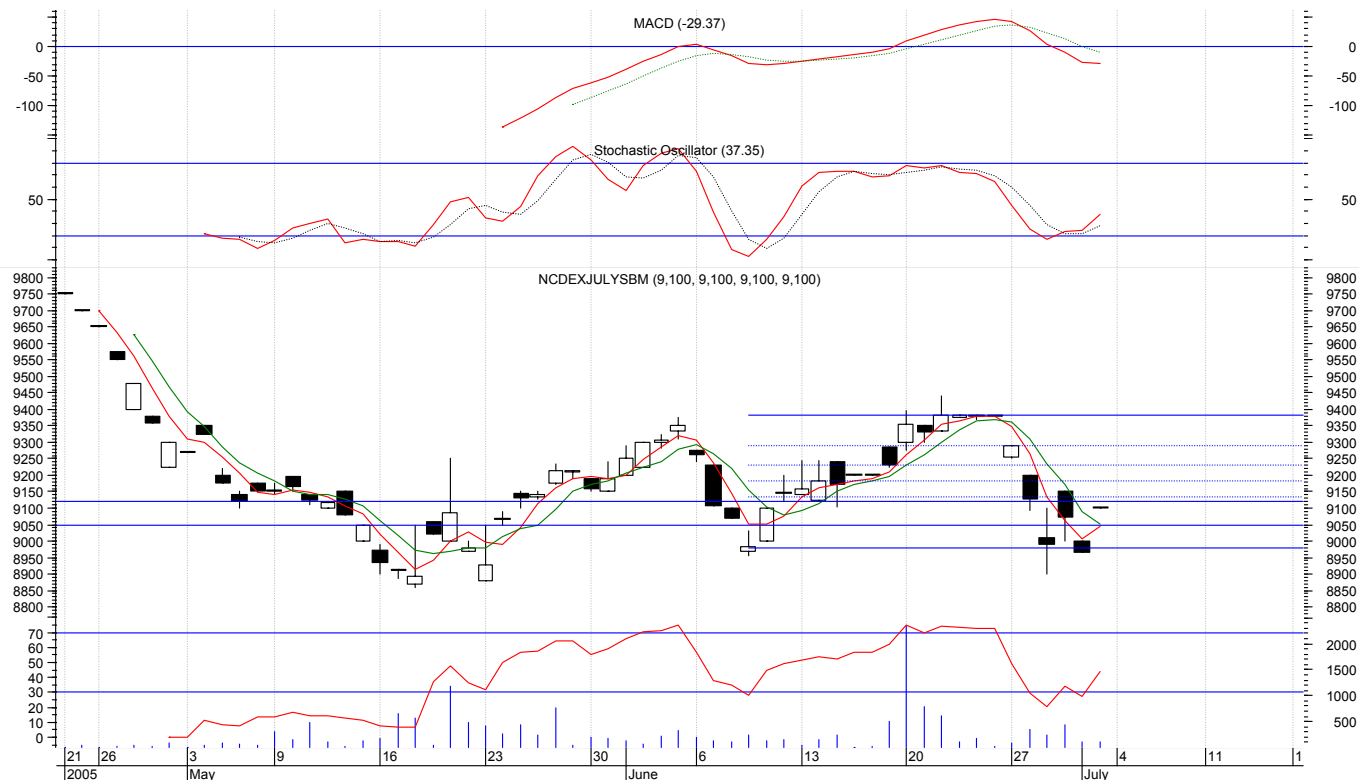
PORTWISE

| 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 02, 2005

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



Candlesticks: The candlestick pattern is showing indecisiveness. The market did not witness enough trading. However, the resistance and support level will be at 9120 and 9050 levels respectively.

Moving Average: The 3 - day MA has cut the 5 -day MA from above and the 3 - day MA is showing an upward correction.

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

All the indicators are showing a correction in the market and the prices are expected to move ahead.

Recommendation: The prices will remain range bound with some upward correction.

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