

OILMEAL

11th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Showing Bearish Sentiments
- Soymeal Exports to Vietnam and Thailand
- China: Rapeseed Production to Slip Down

TECHNICAL ANALYSIS

July 11, 2005

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

Candlesticks: The candlestick pattern is showing bullishness. 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.

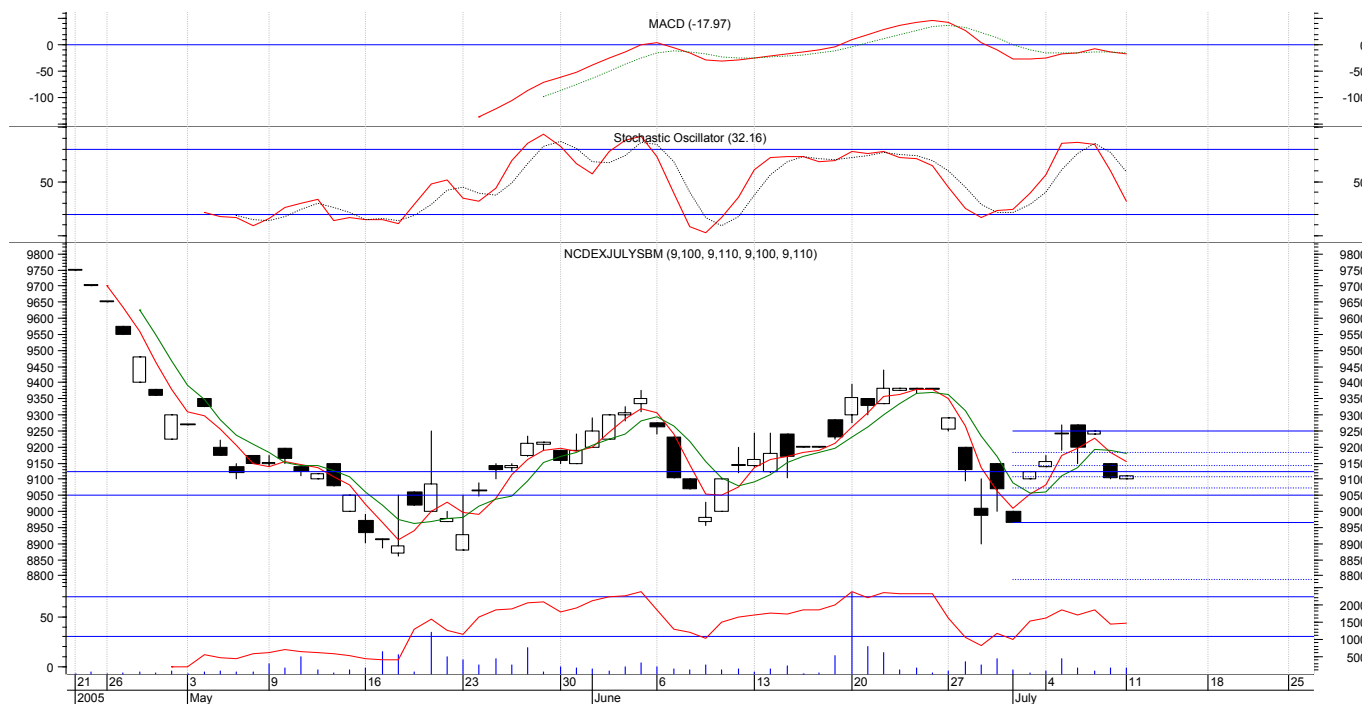
Moving Average: The 3 - day MA has cut the 5 -day MA from above and both are moving down.

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

Stochastic: The percent K - line have cut the percent D line from above. Both are into the neutral zone and showing further weakness.

All the indicators except candlestick are showing some weakness in the market and the market is expected to slid down further in the first half of the week. The floods are affecting the trade.

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 the bearishness as selling was on the rise. The rains are affecting the arrivals and also affecting the trading. However, at NCDEX the July contract did enter into positive territory but the weakness in the market still prevailed. The CBOT contract ended on a lower note last week due to uncertainty about the Hurricane Dennis. The soymeal futures are expected to remain range bound with some weakness in the first of the week. The export is expected to get a boost due to increasing demand from South Asian countries and increasing global prices.

Plant delivery quotes of Soy seeds remained in the range of Rs 1285 per qtl in Indore while soymeal in physical market has been offered at Rs 9350 per MT, as per quality. FOR quotes remained at Rs 9800 - 10000 per MT in Kandla in jute bags, FAS has been put at \$ 230 - 233 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	9350
Satna/Morena	-
Javra/ Mandsore	9400
Nanded	9100
Nagpur (42-43%)	-
Latur	9100
Sangli	9300
Dhulia/Jalna	9300-9100
Kota	9100

Soy meal vessel report

Loading of 6,800 MT of SBM is continuing at Kandla Port on the vessel 'Stella M' to Egypt. Universal agents are handling the vessel. Kandla Port is loading 15,000 MT of SBM on the vessel 'Devon' to Japan. Taurus agents are handling the vessel.

Loading of 2,200 MT of SBM is continuing at Mumbai Port on the vessel 'Merco 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 (11th July)

	Prev Close Price	High Price	Low Price	Close Price	Change
July	9104.00	9110.00	9100.00	9110.00	+6.00
Aug	9324.00	9216.00	9200.00	9200.00	-124.00

Rape/ Mustard meal

The rapemeal cash market showed an improvement. 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 4500 per MT; Kota & Barah at Rs. 4550 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 some consistency during the day. 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: Commentary will be available on Wednesday, as CBOT will remain closed till Monday due to Independence Day Holiday.

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

CBOT Soymeal Futures as on 8th July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	214.6	212.0	212.0	208.4	-3.3	211.3
Aug'05	214.3	211.5	211.5	208.0	-3.3	211.0

CBOT remained closed on Saturday and Sunday

China: Soymeal Prices Declined Further

The Chinese soymeal market declined by RBM 50-80/MT at major markets. The procurement prices for local produced soybean and the distribution prices for imported soybean at major ports remained stable and the procurement amount was around 68140 MT. The rapemeal market maintained the firmness except a rise of RBM 10-

20/MT at Kunming and Chengdu. The new rapeseed crop showed a steady rise of RBM 40-60/MT in Chengdu whereas in other markets the prices remained stable. Experts have advised to change farming practice to control birdflu. Efforts are on to control the floods in Huaihe river.

NEWS ANALYSIS

Soymeal Exports to Vietnam and Thailand

Vietnam and Thailand have bought 18,000 tonnes of Indian soymeal for July shipments in deals at the end of the season on Thursday. Indian soymeal sales, which have been hit by low global prices and a poor domestic crop, have started picking up since June with surging international prices on fears of drought in the United States. 12,000 tonnes of soymeal have been sold to Vietnam at around \$256 a tonne cost and freight.

Soybean futures at the Chicago Board of Trade reversed course on Thursday as traders focused on potential rains from Hurricane Dennis and Tropical Storm Cindy on drier regions in the eastern U.S. Midwest.

India is expected to sell around 100,000 tonnes of soymeal a month until the end of the season in September.

The country usually does not have much soymeal to export during these months but this year crushing was slow until April because of lower international prices and higher domestic rates. The country however sold 115,750 tonnes of soymeal in June compared with 94,500 tonnes in the same month last year.

China: Rapeseed Production to Slip Down

China is expected to produce around 11 million tonnes of rapeseed this year, 15% less than 2004, according to the China National Grains and Oils Information Centre (CNGOIC). However, ample supplies of other oils mean that neither rapeseed prices nor rapeseed imports are likely to benefit from the shortfall. Rapeseed production has been hit by cold spring weather in central China, and this is reported to have reduced the oil yield. CNGOIC estimates this year's harvest at 11.2 million tonnes.

Canada has increased its canola area this year and had hoped to fill some of the supply gap created by lower Chinese rapeseed production. However, CNGOIC said this is unlikely because cooking oil retailers have turned to cheaper palm oil and soybean oil. Soybean imports rose 24.9% in the first five months of this year, to 9.3 million tonnes and palm oil imports rose 16.5% to 911,198 tonnes.

USDA Export Sales Highlights, June 24 - 30, 2005

Soybean Cake and Meal: Net sales of 39,000 MT were 78 percent below the previous week and 63 percent under the prior 4-week average. Major increases for Mexico (38,400 MT), Guatemala (22,600 MT, including 20,000 MT switched from unknown destinations), Turkey (10,000 MT), Syria

(8,300 MT, including new sales of 1,300 MT and changes in destination from Egypt 7,000 MT), and Canada (7,300 MT) were partially offset by decreases for Japan (21,800 MT), unknown destinations (20,000 MT), and the Dominican Republic (20,000 MT, to correct errors in reporting the previous week). Net sales of 15,700 MT for delivery in 2005/2006 resulted as increases for Canada (26,600 MT) were partially offset by decreases for Australia (5,500 MT) and New Zealand (5,500 MT). Exports of 137,100 MT were 30 percent below the previous week, but 14 percent above the prior 4-week average. The primary destinations were Mexico (31,300 MT), the Philippines (28,500 MT), Guatemala (22,600 MT), Canada (21,300 MT), Syria (8,300 MT), and Panama (8,100 MT).

WEATHER WATCH:

North: Rain/thundershowers likely at many places over Uttaranchal and west Uttar Pradesh at a few places in the rest region. Rainfall activity likely to decrease over Punjab and Haryana and increase over east Uttar Pradesh on 13th & 14th.

East: rain/thundershowers likely at many places over northeastern states, sub-Himalayan West Bengal & Sikkim; and at a few places in the rest region. Increase in rainfall activity likely over Bihar, sub-Himalayan West Bengal & Sikkim and northeastern states on 13th & 14th.

South: Rain/thundershowers likely at many places over coastal Karnataka, Kerala and Lakshadweep at a few places in the rest region outside Tamil Nadu & Pondicherry, coastal Andhra Pradesh, Rayalaseema and south interior Karnataka where it may be isolated.

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

Outlook for subsequent two days based on NCMRWF and other numerical weather products: i) Rainfall activity over interior peninsula, east-central India and plains of northwest India likely to decrease further. ii) Rainfall activity may enhance over northeastern states, sub-Himalayan West Bengal & Sikkim, Bihar, east Uttar Pradesh and central Himalayas.

Warning

Heavy to very heavy rainfall likely over northeastern states, sub-Himalayan West Bengal & Sikkim, Uttaranchal and Himachal Pradesh. Isolated heavy rainfall also likely over Lakshadweep, Kerala and coastal Karnataka till 14th July. Isolated heavy rainfall also likely over west Uttar Pradesh during next 48 hours.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
European Union	Euro	52.35

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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