

OILMEAL

8th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Future Market Showed Firmness
- CBOT Soymeal Futures Ended Modestly Lower
- USDA Export Sales Highlights, June 24 - 30, 2005

TECHNICAL ANALYSIS

July 08, 2005

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

Candlesticks: The candlestick pattern is showing firmness. There was slow trading during the day. The market is expected to open firm. Moreover, the resistance and support level will be at 9275 and 9200 levels respectively.

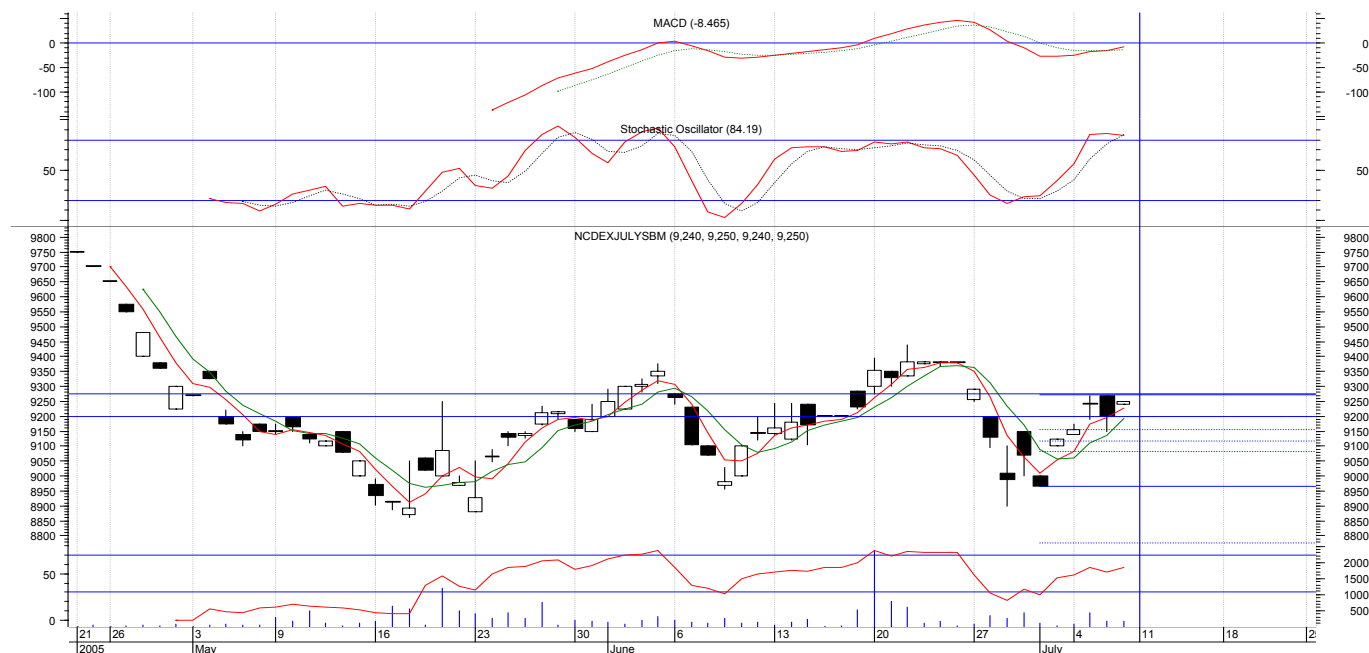
Moving Average: The 3 - day MA has cut the 5 -day MA from below and both are moving ahead.

MACD: The MACD (5-day) is showing an upward movement and has just crossed the EMA from the bottom side. Moreover, both are moving ahead and just below the zero level.

Stochastic: The percent K line have crossed the overbought condition but is showing a slight bent. The per cent K - line have just touched the percent D line.

All the indicators except the stochastic are showing some firmness in the market and the market is expected to move ahead. The floods are affecting the trade.

Recommendation: The prices will remain bullish but during the day it will show some reversals.



COMMENTARY

DOMESTIC MARKET

Soy meal

The cash market showed the bearishness as selling was on the rise. The rains are affecting the arrivals. However, at NCDEX the July contract showed a positive movement and was able to cover up some of the losses of yesterday. The CBOT contract ended on a lower note on Thursday due to uncertainty about the Hurricane Dennis. The soymeal futures are expected to range bound with some firmness in the market. The floods in M.P. are affecting the trading and the arrivals too.

Plant delivery quotes of Soy seeds remained in the range of Rs 1300 per qtl in Indore while soymeal in physical market has been offered at Rs 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 \$ 231 - 233 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 | 9300 |
| Satna/Morena | - |
| Javra/ Mandsore | - |
| Nanded | 9100 - 9200 |
| Nagpur (42-43%) | 9200 |
| Latur | 9300 |
| Sangli | 9600 |
| Dhulia/Jalna | 9400-9200 |
| Kota | 9250 |

Soy meal vessel report

Loading of 6,800 MT of SBM is continuing at Kandla Port on the vessel 'Stella M' to Egypt. Universal agent is handling the vessel. Kandla Port is loading 15,000 MT of SBM on the vessel 'Devon' to Japan. Taurus agents are handling the vessel. 'Thor Skipper' has berthed at the port and continues to load 12,700 MT of SBM to Indonesia. Interocean agents are handling the vessel.

Loading of 2,200 MT of SBM is continuing at Mumbai Port on the vessel 'Mercs Yala'. Sai Shipping agents is handling the vessel. 'Indruwa Valley' has berthed at Mumbai Port and continues to load 2,300 MT of SBM. Sai Freight agents are 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 (8th July)

| | Prev Close Price | High Price | Low Price | Close Price | Change |
|------|------------------|------------|-----------|-------------|--------|
| July | 9198.00 | 9250.00 | 9240.00 | 9250.00 | +52.00 |
| Aug | 9374.00 | 9350.00 | 9350.00 | 9350.00 | -24.00 |

Rape/ Mustard meal

The rapemeal cash market slowed down today, as there was lack of interest from the traders' front. The demand was at a normal level. 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 4400 per MT; Kota & Barah at Rs. 4500 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 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 **3,025 MT** groundnutmeal in May 2005 as compared to 44,750 MT in May 2004.

INTERNATIONAL MARKET

CBOT Soymeal Futures Ended Modestly Lower

Soybean futures at the Chicago Board of Trade ended modestly lower on Thursday, as uncertainty was revolving around the exact path that Hurricane Dennis will take which produced volatile two-sided trade. Soymeal futures experienced two-sided action on Thursday, moving along with soybeans. Technical support from the active contracts' provided a small underlying strength.

August soymeal settled \$2.10 lower at \$214.30 a short ton, and August soyoil ended 10 points higher at 25.19 cents a pound.

The market revolved around the weather forecasts throughout the day, as traders were doubtful about taking positive steps due to confusion over the exact path of Hurricane Dennis and whether it would bring beneficial rains to the dry eastern Midwest growing areas.

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

CBOT Soymeal Futures as on 7th July 2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|---------|-----------------|-------|-------|-------|--------|-------|
| Jul '05 | 216.2 | 212.5 | 217.0 | 211.5 | -1.6 | 214.6 |
| Aug '05 | 216.4 | 212.0 | 218.0 | 211.5 | -2.1 | 214.3 |

CBOT remained closed on Saturday and Sunday

China: Soymeal Prices Declined

The Chinese soymeal market declined by RBM 20/MT at Zhejiang, Henan, Guangdong and Shenyang and remained stable at other 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 63990 MT. The rapemeal market maintained the firmness except a rise of RBM 50/MT at Anhui, Shenyang and Jiangxi. The new rapeseed crop showed a steady rise of RBM 60/MT in Guizhou whereas in other markets the prices remained stable. Experts have advised to change farming practice to control birdflu. The heatwave is sweeping the country and the power demand is on the high.

NEWS ANALYSIS

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).

SEA: Export of Oilmeal (April-June 2005) - down by 34%

The Solvent Extractors' Association of India has just compiled the data for export of oilmeal for the month of June 2005. The export of oilmeals during June 2005 is reported at 211,525 tons compared to 182,550 tons in June

last year i.e. up by 16 %. The overall export of oilmeal for the month of April to June 2005 is reported at 718,275 tons compared to 1,083,900 tons during the same period of last year i.e. down by 34%.

During first quarter soybean meal export shown decline trend and reduced to nearly half, while rapeseed meal has more or less maintained the share. The groundnut meal exports has greatly declined while castorseed meal exports has picked up and is mainly exported to Taiwan and S. Korea. Ricebran extraction export has also revived after long time.

South East Asia is the major market for Indian oilmeals. To check the overall declining trend and promote oilmeals export from India; SEA is deputing a 15 members strong delegation to Taiwan, S. Korea, Vietnam and Thailand during middle of August 2005 to meet the leading feed millers & importers of oilmeals.

Port-wise Export:

The export from Kandla is reported at 436,250 tons (62%), followed by Mumbai, which handled 137,200 tons (19%), Bedi handled 54,275 tons (8%), Vizag handled 76,175 tons (11%) and Kakinada handled 13,625 tons (2%).

WEATHER WATCH:

North: Rain/thundershowers likely at many places over Himachal Pradesh and Jammu & Kashmir; at a few places in the rest region outside east Uttar Pradesh where it may be isolated. The rainfall activity over these areas is likely to decrease further.

East: Rain/thundershowers likely at many places over Orissa and at a few places in the rest region outside Bihar and Jharkhand where it may be isolated. Increase in rainfall activity over Orissa and Chhattisgarh on 10th July.

South: Rain/thundershowers likely at many places over north coastal Andhra Pradesh and Telangana and at a few places in the rest region outside south interior Karnataka, Tamil Nadu & Pondicherry where it may be isolated. The rainfall activity will increase over Telangana and coastal Andhra Pradesh on 9th onwards.

West: Rain/thundershowers likely at a few places over the region outside Gujarat state and Rajasthan where it may be isolated.

Outlook for subsequent two days based on NCMRWF and other numerical weather products: Rainfall activity over north peninsular India including Maharashtra is likely to increase slightly. Rainfall activity over northeastern states, plains of northwest and northern India is likely to remain subdued.

Warning

Isolated heavy rainfall likely over Jammu & Kashmir, Himachal Pradesh and Orissa.

Forex Rates

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 43.63 |
| European Union | Euro | 52.02 |

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 - Castoseed 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) |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
© 2005 Indian Agribusiness Systems Pvt Ltd.