

OILMEAL

29th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Soymeal Market Remained Bearish
- CBOT Soymeal: Ends Firm; Weather Concerns put Pressure
- China: Soymeal Increased in Certain Markets; Death toll Rise
- USDA's Export Sales Highlights (July 15-21, 2005)
- Latest Kharif Oilseeds Sowing Progress; Picking Up

TECHNICAL ANALYSIS

July 29, 2005

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

Candlesticks: The candlestick pattern is showing that the market opened weak and during the closing hours dropped down further. The market is expected to open weak and will show a dull and weak trading. The resistance and support level will be at 9190 and 9100 levels respectively.

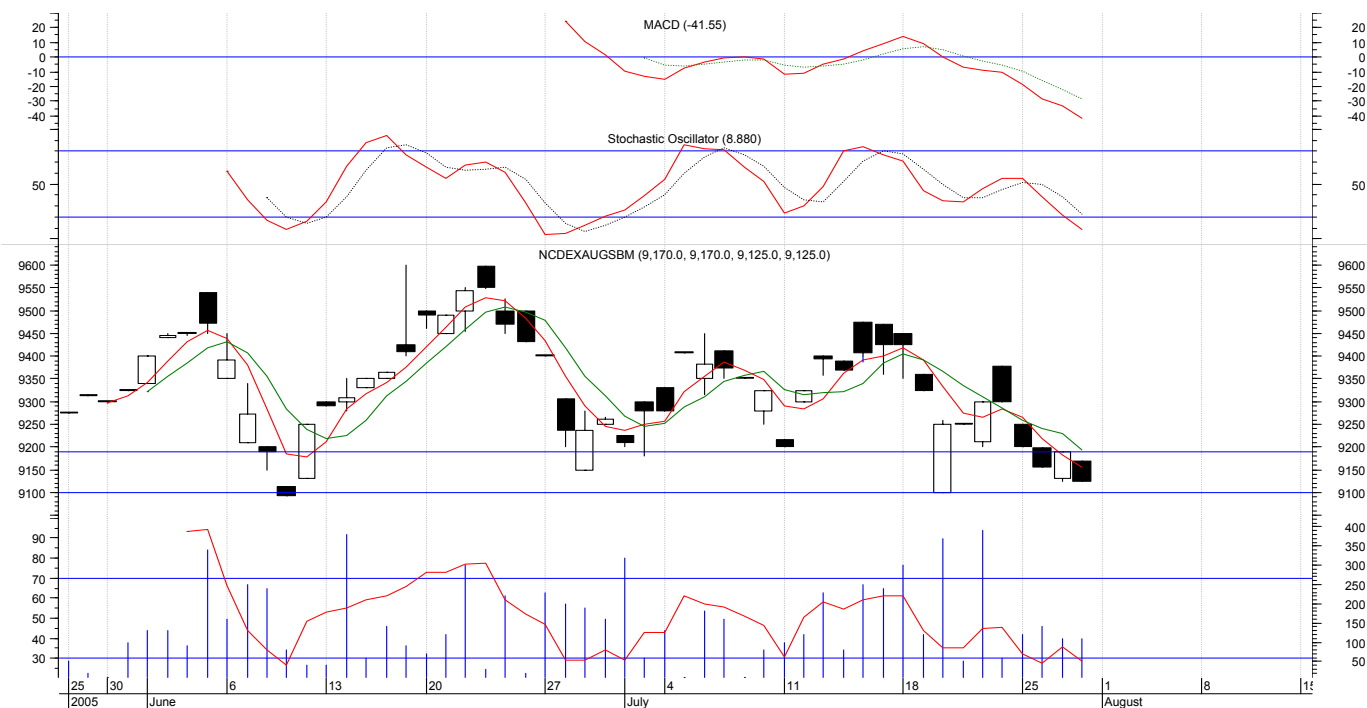
Moving Average: The 3 - day MA has cut the 5 - day MA from above and both are moving downwards steeply.

MACD: The MACD (5-day) after cutting the EMA from above moving downwards into the negative territory.

Stochastic: The percent K - line after cutting the percent D line has just crossed the oversold condition and is moving down. However, the percent D line is still in the neutral region and it will further move downwards.

The technical indicators are suggesting that the market sentiment will remain range bound with some weakness during the closing hours.

Recommendation: The prices are expected to open weak and short time buying will be profitable.



COMMENTARY

DOMESTIC MARKET

Soy meal

Soymeal market is going through a lean phase for the last few days. The domestic spot market continued the low tone at major market places. At NCDEX, the futures contract remained in the negative territory with poor trading. The August soymeal future at the NCDEX opened on the lower side and during the closing hour dropped down further. The rains affected the markets in the western parts of India. The selling pressure is keeping the prices lower.

Plant delivery quotes of Soy seeds remained in the range of Rs 1305-1290 per qtl in Indore while soymeal in physical market has been offered at Rs 8900 - 9300 per MT, as per quality. FOR quotes remained at Rs 9800-9900 per MT in Kandla in jute bags, FAS has been put at \$ 227 - 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	8900-9300
Satna/Morena	8900
Vizag	10000
Nanded	8900
Nagpur (42-43%)	8400/9000
Latur	9000
Sangli	9400
Kandla	9725
Mumbai	9800
Dhulia/Jalna	----/9100
Kota	9050

Soy meal vessel report (29.07.05)

Loading of 2,300 MT of SBM is continuing at Mumbai Port on the vessel 'Indruwa Valley'. Sai Freight agents is handling the vessel.

NCDEX Soy meal Futures price (29th July)

	Prev Close Price	High Price	Low Price	Close Price	Change
Aug	9190.00	9170.00	9125.00	9125.00	-65.00
Sep	9370.00	0.00	0.00	9370.00	0.00

Rape/ Mustard meal

The rape meal prices today remained within the same range that is continuing for last several days. The demand in the market is lean during the last few days.

In Shivpuri/ Morena, rates remained at Rs 4500 per MT; Kota & Barah at Rs. 4450 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

Continuing the firmness of last few days the prices of groundnut meal today remained steady. The market of groundnut meal is being affected mainly by the low arrivals and uncertainty regarding the yield results. In the coming days the prices may remain within the range and will further move ahead.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6500 for 40% protein and at Dhulia market there was no trading for today.

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: Ends Firm; Weather Concerns put Pressure

Soybean futures at the Chicago Board of Trade ended Thursday's session on the higher side, pressured by weather related crop concerns due to heat and dryness rebuilding in the Midwest during the next week. Soyproduct futures climbed along with soybeans, but both markets finished on the higher side. Futures pushed up higher from the beginning, with technically motivated speculative buying adding to the bullish theme. But later on there was some selling at CBOT, which pushed back the high momentum. Soymeal did manage to gain at the expense of soyoil, with higher than expected weekly export sales and a census stock figure well below the average trade estimate supporting the prices.

August soymeal settled \$2.30 higher at \$215.80 a short ton, and August soyoil ended 19 points higher at 24.50 cent a pound.

Soybeans are a crop of August, and with yields adversely affected by heat and dryness, traders took the opportunity to add risk premium due to the weather forecasting stating that there will be warmer temperatures and limited rain potential in the Midwest over the next 10-days.

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

CBOT Soymeal Futures as on 28th July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Aug'05	213.5	213.5	218.3	213.5	215.8	2.3
Oct'05	212.6	212.6	217.5	212.6	215.1	2.5

CBOT remained closed on Saturday and Sunday

China: Soymeal Increased in Certain Markets; Death toll Rise

The Chinese soymeal domestic market increased by RMB 10-60/MT in Jiangsu, Guangdong and Guangxi while remained stable in other markets. The piling of soymeal stock is putting pressure on the Crusher's. The procurement prices for local produced soybean and the distribution of prices for imported soybean at major ports remained stable. The imported fishmeal market also remained stable at most of the ports. The rapemeal prices increased in most markets except for Guangdong.

In overseas markets, most soybean futures traded on the Dalian Commodity Exchange settled slightly higher Thursday, encouraged by a rise in CBOT soybean futures in electronic trading spurred by light speculative buying. The benchmark January 2006 contract rose CNY9 to settle at CNY2,930 a ton, after trading in a tight range between CNY2,920 and CNY2,945/ton.

Death toll related to pig bacteria in China rise to 31 in Sichuan. China has started producing pig borne disease vaccine.

China's economy to grow by 9.2 % with low inflation rate in 2005. Urban employees in China will enjoy 13.2 per cent pay rise in 1st half. The Chinese government is expected to raise personal income tax threshold.

NEWS ANALYSIS

USDA's Export Sales Highlights (July 15-21, 2005)

Soybean Cake and Meal: Net sales of 88,800 MT were double the previous week and 4 percent above the prior 4-week average. The primary buyers were Mexico (38,000 MT), Taiwan (13,700 MT), Panama (12,700 MT), and El Salvador (6,800 MT). Sales of 21,600 MT for delivery in 2005/06 were mainly for Mexico (21,000 MT). Exports of 91,400 MT were 15 percent below the previous week and 32 percent under the prior 4-week average. The primary destinations were Canada (18,600 MT), Mexico (18,200 MT), Taiwan (13,700 MT), Panama (11,600 MT), and the Dominican Republic (9,100 MT).

Latest Kharif Oilseeds Sowing Progress; Picking Up

The shortfall in kharif acreage due to a delay in the onset and advancement of southwest monsoon seems to be picking up now. According to the latest agriculture ministry data, Kharif oilseed sowing is down merely 3.6 per cent (as on July 25) at 119.54 lakh hectares compared with 123.98 73 lakh hectares last year. This on-year shortfall is largely due to delayed monsoon and intermittent rains in regions like Indore division.

Following improvement in rains situation in central India, especially Malwa-Nimar belt, soybean sowing is now up 7 per cent at 62.84 lakh hectares compared with 58.73 lakh hectares last year. The situation has improved drastically since last week.

Groundnut sowing is down 15.4 per cent to 38.41 lakh hectare compared to 45.40 lakh hectare. Late rains followed by heavy rains had delayed sowing of the crop in Gujarat. Currently, sowing is said to be in full swing in groundnut-regions in Gujarat.

Sunflower sowing is down 39 per cent at 3.42 lakh hectares, sesamum down 8 per cent at 9.98 lakh hectares and niger seed down 38 per cent at 37,000 hectares. On the other hand, castor seed acreage is up 63.5 per cent at 4.53 lakh hectares.

WEATHER WATCH: (29.07.05)

Forecast valid for next 72 hours

North: Rain/thundershowers likely at many places over Himachal Pradesh and Uttaranchal and at a few places in the rest region.

East: Rain/thundershowers likely at most places over Orissa and Chhattisgarh; at many places over Gangetic West Bengal and Jharkhand and at a few places in the rest region. Increase in rainfall activity over East Madhya Pradesh on 1st August.

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

West: Rain/thundershowers likely at most places over Saurashtra & Kutch; at many places in Gujarat Region, south Rajasthan, Konkan & Goa and Madhya Maharashtra and at a few places in the rest region.

Warning

Heavy to very Heavy rainfall likely at a few places over Orissa, Chhattisgarh and Saurashtra & Kutch. Isolated heavy rainfall also likely over Gujarat Region, Konkan & Goa, Madhya Maharashtra, Coastal Karnataka, Gangetic West Bengal, Jharkhand and Kerala.

Outlook for subsequent two days

Rainfall activity over Central India is likely to increase considerably.

Slight increase in rainfall activity over northwest India is also likely.

Forex Rates (29.07.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.49
European Union	Euro	52.73

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	MUMBAI	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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