

## OILMEAL

2<sup>nd</sup> August 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Remained Bearish
- CBOT Soymeal Higher In Choppy Two-Sided Trade
- Argentine Soybean Production To Be 40 Million Tonnes In 2005-06

### COMMENTARY

#### DOMESTIC MARKET

##### Soy meal

The market of soymeal is going through a lean phase. The cash market slipped down further as traders did not show enough interest in trading today. At NCDEX, the August soymeal future contract opened on the lower side. However, later on the futures did show some gains but is still showing some weak range bound trading. The rains affected the markets in the western parts of India.

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.

Plant delivery quotes of Soy seeds remained in the range of Rs 1275 per qtl in Indore while soymeal in physical market has been offered at Rs 8800 - 9000 per MT, as per quality. FOR quotes remained at Rs 9650-9750 per MT in Kandla in jute bags, FAS has been put at \$ 226 - 230 per MT.

India's soymeal exports totalled **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	8800-9000
Satna/Morena	9400
Nanded	8800-8900
Nagpur (42-43%)	8900
Latur	9000
Sangli	-
Dhulia/Jalna	-----/9100
Kota	9000
Kandla	9650
Mumbai	9800
Vizag	9900

#### Soy meal vessel report (02.08.05)

Loading of 6,000 MT of SBM is continuing at Mumbai Port on the vessel 'Lisa L' to Sharja. SDS agents is handling the vessel. The port is loading 3,000 MT of SBM on the vessel 'Zale'. The vessel is being handled by Seagull agents.

#### NCDEX Soy meal Futures price (2<sup>nd</sup> August)

	Prev Close Price	High Price	Low Price	Close Price	Change
Aug	8997.00	8935.00	8902.00	8925.00	-72.00
Sep	9200.00	9050.00	9050.00	9050.00	-150.00

#### Rape/ Mustard meal

Continuing the weak trend for the last few days the rapemeal market today remained bearish. The demand in the market is lean during the last few days. The floods and rains hit the trading and the rapemeal market is following the weakness of other oilmeals.

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

The market of groundnut meal was badly hit by the rains in the western province of India. The prices of this meal remained weak because of low arrivals and uncertainty regarding the yield results. In the coming days the prices may remain within the range and later on will be better off.

Groundnut sowing is down 15.4 per cent to 38.41lakh 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.

GN extraction in Junagarh, Rajkot has been quoted at Rs 6450 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 Higher In Choppy Two-Sided Trade

Soybean futures at the Chicago Board of Trade ended modestly higher on Monday, showing a choppy two-sided session that lacked a clear price trend. Soymeal futures ended marginally higher, following the choppy price trend of soybeans. Underlying domestic demand and the lack of deliveries against the nearby futures were supportive features.

December soymeal settled \$0.30 higher at \$212.70 a short ton, and December soyoil ended 14 points lower at 24.49 cents a pound.

Futures managed to bounce back to a higher level after a lower start, with concerns regarding hot conditions currently engulfing the Midwest, and extended forecasts indicating a hot, dry pattern to resurface across the soybean belt next week keeping the prices under pressure. In fact, many traders were in confusion that the market might show a fall during the day amid forecasts that there will be limited chances of rain in the Midwest during the next 10 days. (One million metric tons of soybeans or wheat equals 36.74 million bushels.)

### CBOT Soymeal Futures as on 1<sup>st</sup> August 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Aug'05	212.4	213.0	214.5	212.0	0	212.4
Oct'05	210.6	211.1	213.8	210.5	0.3	210.9

CBOT remained closed on Saturday and Sunday

### China: Soymeal Remained Stable

The Chinese soymeal market remained stable for today. There was no change in the procurement of soybean and the port off take was 67220 MT on 1<sup>st</sup> August. The imported fishmeal remained stable in most markets in China. There were 2 new deaths related to pig borne endemic in Sichuan. The vaccines for swine virus have been sent to Sichuan.

In overseas markets, soybean futures traded on the Dalian Commodity Exchange settled lower Monday, tracking losses in CBOT soybean futures Friday, traders said. The benchmark January 2006 contract ended down CNY24 a ton at CNY2,892/ton. That contract traded between CNY2,865 and CNY2,916/ton.

## NEWS ANALYSIS

### Argentine Soybean Production To Be 40 Million Tonnes In 2005-06

Argentine farmers are expected to produce a record 40 million tonnes of soybeans in 2005-06, the Agriculture Secretariat said last week. The forecast is based on the assumption that planted areas will increase to 15 million hectares from 14.4 million now. The Secretariat expects the average yield to fall slightly to 2.68 tonnes/hectare from 2.7 tonnes/hectare in 2004-05, when good weather helped lift the output of almost all local crops. If his forecast holds, it would put soybean production up 1.7 million tonnes from the previous year, when output totaled 38.3 million tonnes, according to the Secretariat. USDA forecasts Argentine soybean output for 2005-06 to be 39 million tonnes.

The Secretariat also forecast the 2005-06 Argentine crush to be 31.5 million tonnes, up from 28.5 million tonnes a year earlier. Because of increased crushing, the Secretariat expects soybean exports to decline to 7 million tonnes from 8.3 million tonnes in 2004-05.

### Ocean Freight Rates Decline

While the summer months are typically a slow period for ocean freight and rates, the number of new vessels entering service is not slowing and is adding further pressure on rates. Between now and the end of the year, a new dry bulk vessel will enter service daily pushing this year's fleet up nearly 350 vessels or about 7 percent to 5,078 dry bulk vessels of all sizes.

Over the next two months, freight rates are anticipated to continue the freefall until about mid- September or early October as fall movement patterns ramp up in the Northern Hemisphere. But, even then, rates will find it hard to gain much traction given the large order book of vessels not just for 2005, but also for the new vessels to be delivered the next three years.

The prospects for next year point to continued rate weakness as supply and demand fall more into equilibrium. The key linchpin in this will be China demand. According to some trade statistics, China's dry bulk demand is steady, although, current inventories of iron ore for example are rather plentiful, unlike the demand for pig iron that is still steady to growing. If China clears up its inventory and increases its steel output to yet another level, then the freight market will have some traction. But at present, China's steel market is in surplus, so much so that it equals all of Germany's annual output.

## WEATHER WATCH: (02.08.05)

### Forecast valid for next 72 hours

**North:** Rain/thundershowers likely at a few places in the region. Increase in rainfall activity over Punjab, Haryana and Western Himalayas after 3<sup>rd</sup>.

**East:** Rain/thundershowers likely at many places over Northeastern states, Orissa, south Chhattisgarh at a few places in the rest region outside Bihar where it may be

isolated. Increase in rainfall activity over Orissa and Chhatisgarh from 4<sup>th</sup>.

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

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

### Warning

Heavy to very Heavy rainfall likely at a few places over Konkan & Goa and Gujarat state. Isolated heavy rainfall

and also likely over Orissa, Coastal Karnataka, Madhya Maharashtra, South Rajasthan and West Madhya Pradesh.

### Outlook for subsequent two days

Increase in rainfall activity over East Central India.

Decrease in rainfall activity over Northeastern States.

Subdued rainfall activity likely to continue over Bihar and East Uttar Pradesh.

### Forex Rates (02.08.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.46
European Union	Euro	53.08

### 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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