

## OILMEAL

22<sup>nd</sup>-27<sup>th</sup> August, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Latest Kharif Sowing Progress
- Oil Meal Exports Witnesses Triple In July
- Cuba Trip's Payout: \$17 million Including Soymeal

### NEWS ANALYSIS

#### Cuba Trip's Payout: \$17 million Including Soymeal

Cuban officials agreed to buy \$17 million in Nebraska agriculture products, including corn, wheat, soybeans and beef, over the next 18 months. This is truly a historic day for Nebraska agriculture. According to Cuban officials, it plans to sales of 25,000 tons of wheat, the same amount of corn, and possibly 15,000 tons of soybeans or soy meal in November.

#### Oil Meal Exports Witnesses Triple In July

India's exports of oilseed meal almost tripled in July from a year earlier, the Solvent Extractors Association of India said. Total exports of meal made from the oilseeds and soybeans and rapeseed in particular, rose to 227,025 metric tonne in the month from 75,950 tonne a year ago. Export of the commodity fell 18.5% to 945,300 tonne in the four months ended July 31 from a year earlier, the trade body that represents 800 oilseed processors in the country said. However, the overall export of oilmeal for the month of April to July 2005 is reported at 945,300 tonne compared with 1,159,850 tonne during the same period of last year ie down by 18%. During the first four months soybean meal export had shown decline trend and reduced to 506,650 tonne from 758,675 tonne, while rapeseed meal has more or less maintained the share. The groundnut meal exports declined to 42,575 tonne from 92,325 tonne, while castorseed meal exports has jumped to 99,750 tonne from 6,200 tonne and mainly exported to Taiwan and South Korea. Ricebran extraction export has also revived after long time and reported at 36,050 tonne compared to 5,800 tonne of last year. South East Asia is a 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 sponsored by ministry of commerce to Taiwan, South Korea, Vietnam and Thailand during middle of August 2005, to meet the leading feed millers and importers of oilmeals.

#### Latest Kharif Sowing Progress

Shortfall in kharif sowing is on a decrease, according to the latest agriculture ministry data, thereby spelling good news for the farmers and consumers. Delay in onset and advancement of the south west monsoon has led to shortfall in kharif acreage this year. As on 22 August, coarse cereals is down 1.3 per cent on year, pulses down 2.9 per cent and oilseed down 3.4 per cent. On the other

hand, sugarcane acreage has risen 9.3 per cent on year, rice up 1.05 per cent, cotton up 2.4 per cent and that of jute is up slightly. Kharif oilseeds sowing is down merely 3.4 per cent at 160.78 lakh hectare compared with 166.40 lakh hectare last year. This on-year shortfall is largely owing to delayed monsoon. Acreage in Karnataka is lower owing to the continuous dry spell from June-end to 15 July. However, following rains after that period, sowing of groundnut and sunflower is still on and the state oilseed acreage will be slightly lower on year at 16.96 lakh hectare.

Groundnut sowing is down 5.1 per cent on year at 53.5 lakh hectare. This is mainly owing to lower coverage in Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu.

However, sowing is still on in AP, Karnataka and Tamil Nadu. Andhra Pradesh is also seeing diversion this year to other crops. Sowing is almost completed in Gujarat and Maharashtra.

Soybean acreage is lower on year. This is largely owing to lower acreage in Madhya Pradesh, as of today, because of delayed onset and advancement of monsoon. Sowing in other states such as Andhra Pradesh, Maharashtra and Rajasthan are higher on year.

Acreage is down 3.2 per cent at 76.06 lakh hectare compared with 78.62 lakh hectare last year. Sunflower sowing is down 8.9 per cent at 7.07 lakh hectare, sesamum down 5.4 per cent at 15.51 lakh hectare and niger seed down 39.6 per cent at 96,000 hectare.

On the other hand, castor seed acreage is up 36 per cent at 7.68 lakh hectare.

#### Great Year for Canola in Canada

Following optimum growth conditions in the first half of summer; Alberta farmers expect to produce bumper crops of wheat and canola. Statistics Canada canola production is estimated to jump 4.3 per cent to 3.1-million tonnes, breaking the record harvest of 3-million tonnes in 1999.

#### MSP Increased for Kharif Oilseeds

The Cabinet Committee on Economic Affairs (CCEA) today approved the Minimum Support Prices (MSPs) for Kharif Oilseeds Crops for the year 2005-06 season announced by the Govt. These rates will be effective from coming Kharif season. The MSPs of various commodities will be at the rates given below:

| Crops              | 2003-04 (Rs) | 2004-05(Rs) | Change (Rs) |
|--------------------|--------------|-------------|-------------|
| Groundnut-in-Shell | 1520         | 1500        | 20          |
| Soybean (Black)    | 900          | 900         | Nil         |
| Soybean (Yellow)   | 1010         | 1000        | 10          |
| Sunflower          | 1500         | 1340        | 160         |
| Sesameseed         | 1550         | 1500        | 50          |
| Nigerseed          | 1200         | 1180        | 20          |

## FUNDAMENTAL ANALYSIS

### INTERNATIONAL MARKETS

#### CBOT Soymeal Higher on Speculative Buying

Soy-product futures on the Chicago Board of Trade (CBOT) closed modestly higher amidst light trade, choppy session, with both soymeal and soyoil futures finding stability along with consolidation mode in soybeans. However, the weight of higher-than-expected stocks in Thursday's Census Crush report managed to limit upside potential for both markets. Soybean futures ended moderately higher Friday, performance a modest bounce off Thursday's lows, with rumblings of Chinese demand underpinning prices. November soybeans ended 4.25 cents higher at \$6.02 per bushel; December soybean settled \$0.50 higher at \$186.70 a short ton, while December soyoil ended 6 points higher at 22.38 cent a pound.

However, rumors of China buying up to five cargoes of U.S. soybean supplies provided light support in a thinly traded market. Cash-connected traders said firm basis levels at the Louisiana Gulf fed the rumors of export demand.

In other news, Pro Farmer on Friday estimated the 2005-06 U.S. soybean crop at 2.783 billion bushels, with a yield at 38.5 bushels per acre. The 2005-06 estimates released Friday are from Pro Farmer and are in no way associated with the John Deere/Pro Farmer Midwest crop tour or its participants.

In soybean trades, Term Commodities, Cargill and Rand Financial were light buyers. FCBStone sold 400 December, Cargill sold 300 December, and Citigroup and Fimat each sold 100 December.

#### CBOT Soybean Futures as on 26<sup>th</sup> August 2005 (Cents/pound)

| Months | Previous Settle | Open  | High  | Low   | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| Aug'05 | 183.7           | 184.0 | 184.5 | 183.0 | 0      | 183.7 |
| Oct'05 | 184.3           | 184.3 | 185.3 | 183.8 | 0.5    | 184.8 |

CBOT remained closed on Saturday and Sunday

## DOMESTIC MARKETS

### Soy meal

The soybean meal market remained range-bound with stable in this week at most of the places due to lack of demand from poultry industry, poor global demand, released the stock by the stockists and lack of export situation at this time.

However the demand from poultry industry was not acceptable due to the poor consumption pattern of human beings in this month and bird flu in the Asia. The futures market also did not show any tremendous volatility but fluctuate slightly. The futures market at the NCDEX witnessed a stable undertone in this week. The September contract remained poor at this weekend, where as October contract remained strong.

Plant delivery quotes of Soy seeds witnessed slight weak today as compared to last day and traded at Rs 1255 per qtl in Indore while soybean in physical market has been traded at range bound with stable price of Rs.8400-8850 per MT, as per quality. FOR quotes remained at Rs 9200-9250 per MT in Kandla in jute bags, FAS has been put at \$ 213-214 per MT.

India's soybean exports totalled **135,550** tons in June 2005 compared with 19,250 tons in June 2004.

#### NCDEX Soy meal Futures price (27<sup>th</sup> August)

|     | Prev Close Price | High Price | Low Price | Close Price | Change |
|-----|------------------|------------|-----------|-------------|--------|
| Sep | 8589.00          | 8449.00    | 8300.00   | 8449.00     | -140   |
| Oct | 8700.00          | 8746.00    | 8300.00   | 8746.00     | +46    |

### Soy meal vessel report

'Indruva Valley' has berthed at Mumbai Port and continues to load 2,500 MT of SBM. Sai Freight agents is handling the vessel.

Kandla Port is loading 13,600 MT of SBM to Japan on the vessel 'IKI'. The vessel is being handled by JM Baxi agents. 'An Guang Jiang' has berthed at Kandla Port and continues to load 12,200 MT of SBM to Japan. Shantilal agents is handling the vessel. Loading of 11,000 MT of SBM is expected at Kandla Port on the vessel 'Jat Na Mu' to Vietnam. An interocean agent is handling the vessel.

### Rape/ Mustard meal

The Rapeseed/mustard meal market remained almost same with range bound in most of the places in this week as compared to previous week. The demand for rape/mustard meal remained stable. The demand in the market is expected to be firm and continue the trend in the coming week.

In Shivpuri/ Morena, it was traded at Rs.4550 per MT; Kota at Rs.4450 & Barah at Rs. 4500 per MT, which was remained range bound with stable undertone from previous day.

India exported **45,750** tons of rapemeal in June 2005 as compared to 54,400 in June 2004.

### Groundnut meal

The groundnut meal market remained almost unchanged with stable demand in this week as compared to last week. According to the traders, the new kharif crop will hit the market in November and production is expected to be good. In the coming days the prices may remain within the range and later on will be comfortable.

In Rajkot, the GN extraction has been quoted at Rs 5650/MT for 40% protein at stable position and in Dhulia it remained at Rs.7750/MT.

India exported around **17,700 MT** groundnut meals in June 2005 as compared to 2,300 MT in June 2004.

#### DOC rates at different centers

| Places          | Ex-factory rates (Rs/ton) |           |
|-----------------|---------------------------|-----------|
|                 | 20.08.05                  | 27.08.05  |
| Indore          | 8300-8400                 | 8400-8850 |
| Satna/Morena    | 8500                      | 8600      |
| Nanded          | 8600                      | 8600-8700 |
| Nagpur (42-43%) | 8600-8700                 | 8600      |
| Latur           | 8600                      | 8700      |
| Sangli          | -                         | -         |
| Dhulia/Jalna    | 8500-8600                 | 8600-8800 |
| Kota            | 8600                      | 8600-8700 |
| Kandla          | 9200-9300                 | 9200      |
| Mumbai          | 9400-9450                 | 9300      |
| Vizag           | 9350-9400                 | 9200      |

#### WEATHER WATCH:

##### Meteorological Analysis

Last week's upper air cyclonic circulation over Jharkhand and adjoining southeast Uttar Pradesh lay over East Uttar Pradesh and adjoining Bihar on 18th & 19th. It was seen over central Uttar Pradesh extending in the lower tropospheric levels on 20th & 21st. The system became less marked on 22nd. The other upper air cyclonic circulation over central Pakistan and neighbourhood became less marked on 18th. The upper air cyclonic circulation extending in middle tropospheric levels over Gujarat and neighbourhood persisted on 18th and 19th and became less marked on 20th.

A fresh upper air cyclonic circulation extending upto 5.8 km a.s.l. formed over north Bay of Bengal on 18th. It moved in a northnorthwesterly direction across coastal Orissa and Gangetic West Bengal on 19th and 20th. It was seen over Bihar & neighbourhood on 21st & 22nd. It lay over southeast Uttar Pradesh on 23rd and over Sub-Himalayan west Bengal & Sikkim on 24th.

Another upper air cyclonic circulation developed over Tamil Nadu and adjoining Kerala extending upto middle tropospheric levels on 23rd. It was seen over Lakshadweep area extending between 3.1 & 4.5 km a.s.l. on 24th.

The western end of the axis of the monsoon trough lay close to foothills of Himalayas throughout the week. However its eastern end passed through East Uttar Pradesh, Bihar, Gangetic West Bengal and thence to central Bay of Bengal on most days of the week with slight day to day oscillations.

#### Rainfall

Under the influence of above systems moderate rainfall occurred at many places with isolated heavy falls over Northeastern States, West Bengal & Sikkim, Bihar, East Uttar Pradesh, East Madhya Pradesh, Orissa, Chhattisgarh and Jharkhand on many days of the week. Scattered showers also occurred over Peninsular India and Western Himalayan region on some days of the week. Rainfall activity remained subdued over plains of northwest and westcentral India.

#### Rainfall During The Week (For the week ending on 24th August, 2005)

Rainfall was excess/normal in 14 and deficient/scanty in 22 out of 36 meteorological sub-divisions (Actual: 47.2 mm, Normal: 56.9 mm and Departure: -17%).

Cumulative Seasonal Rainfall (1st June to 24th August, 2005)

Rainfall was excess/normal in 28 and deficient/scanty in 8 out of 36 meteorological sub-divisions (Actual: 646.7 mm, Normal: 668.0 mm and Departure: -3%).

The sub-division-wise weekly and seasonal rainfall distribution is presented in the enclosed map.

#### Outlook For The Week Ending On August 31st, 2005

1. Axis of the monsoon trough is likely to remain close to foothills of Himalayas leading to break monsoon conditions over the country during the week.
2. Moderate rainfall with isolated heavy falls likely over Northeastern states, Sub-Himalayan West Bengal & Sikkim and Bihar.
3. Rainfall activity is likely to increase over south Peninsula.
4. Rainfall activity is likely to remain subdued in the rest regions of the country with the possibility of mainly dry weather over northwest & westcentral India during the week.

#### Forex Rates

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA                | Dollar   | 43.73           |
| European Union     | Euro     | 53.82           |

## Indian Export of Oilmeal

### COMMODITY WISE

India's oil meal exports of April - July 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<br>(366,625)  | 90,900<br>(96,000)   | 12,950<br>(14,800) | ---<br>(---)      | 17,800<br>(---)   | 220,900<br>(477,425) |
| May 2005         | 156,100<br>(278,300) | 69,650<br>(100,875)  | 3,025<br>(44,750)  | 6,875<br>(---)    | 50,200<br>(---)   | 285,850<br>(423,925) |
| June 2005        | 115,750<br>(94,500)  | 53,975<br>(45,575)   | 8,900<br>(30,475)  | 12,675<br>(5,800) | 20,225<br>(6,200) | 211,525<br>(182,550) |
| July 2005        | 135,550<br>(19,250)  | 45,750<br>(54,400)   | 17,700<br>(2,300)  | 16,500<br>(---)   | ---<br>(---)      | 11,525<br>(---)      |
| TOTAL            | 506,650<br>(758,675) | 260,275<br>(296,850) | 42,575<br>(92,325) | 36,050<br>(5,800) | ---<br>(---)      | 99,750<br>(6,200)    |
| 2004-05          | 1,861,325            | 588,805              | 121,475            | 43,056            | ---               | 70,750               |
| 2003-04          | 2,683,675            | 447,050              | 126,750            | ---               | ---               | 65,550               |
| 2002-03          | 1,333,318            | 455,533              | 15,225             | ---               | ---               | 92,445               |
| 2001-02          | 2,509,207            | 313,012              | 101,001            | ---               | ---               | 97,557               |
| 2000-01          | 2,182,142            | 62,968               | 18,609             | ---               | ---               | 10,992               |
| 1999-00<br>(F.Y) | 2,249,505            | 79,874               | 1,808              | ---               | 3,918             | 93,365               |

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-<br>BAI          | BHAV-<br>NAGAR  | KANDLA               | VIZAG               | KAKI-<br>NADA      | MAGD-<br>ALLA | MUNDRA          | TOTAL                  |
|------------|---------------------|----------------------|-----------------|----------------------|---------------------|--------------------|---------------|-----------------|------------------------|
| April 2005 | 35,175<br>(61,525)  | 43,250<br>(102,175)  | ---<br>(34,700) | 126,625<br>(235,500) | 15,850<br>(24,125)  | ---<br>(7,500)     | ---<br>(---)  | ---<br>(11,900) | 220,900<br>(477,425)   |
| May 2005   | 10,500<br>(115,600) | 48,325<br>(61,250)   | ---<br>(12,225) | 188,975<br>(155,950) | 30,425<br>(56,400)  | 6,875<br>(9,000)   | 750<br>(---)  | ---<br>(13,500) | 285,850<br>(423,925)   |
| June 2005  | 8,600<br>(39,300)   | 45,625<br>(70,925)   | ---<br>(---)    | 120,650<br>(59,475)  | 29,900<br>(---)     | 6,750<br>(12,850)  | ---<br>(---)  | ---<br>(---)    | 211,525<br>(182,550)   |
| July 2005  | 21,400<br>(6,300)   | 41,050<br>(17,250)   | ---<br>(---)    | 118,250<br>(52,400)  | 29,825<br>(---)     | 16,500<br>(---)    | ---<br>(---)  | ---<br>(---)    | 227,025<br>(75,950)    |
| TOTAL      | 75,675<br>(222,725) | 178,250<br>(251,600) | ---<br>(46,925) | 554,500<br>(503,325) | 106,000<br>(80,525) | 30,125<br>(29,350) | 750<br>(---)  | ---<br>(25,400) | 945,300<br>(1,159,650) |

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