

## OILMEAL

18<sup>th</sup>-24<sup>th</sup> September'05

### MAJOR ACTIVITY HIGHLIGHTS

- [USDA Oil Meal Export Data](#)
- [India's Oil Meal Exports Data of April - August' 05](#)
- [Latest Weather Watch](#)

### NEWS ANALYSIS

#### Japan to Import Soymeal from India

Japan is expected to import 1.4 million-to-1.5 million tons of soymeal in 2005. Soybean crushing in Japan increasingly move to low-cost countries such as China or be replaced by higher-margin canola-seeds crushing. In South Korea, Nonghyup Feed Inc. have bought two 15,000-ton cargos of Indian soymeal from Cargill at \$251.99/ton, C&F to South Korea.

#### Chinese Vegoil Suppliers Selling Interest to Foreigners.

In China two vegoil suppliers were in talks with foreign investors they announced restructuring of oil industry. Dalian Huanong Group Ltd, headquartered in the northern port city of Dalian was in conversation with two three foreign companies to sell its stake. China Force Oil & Grains Industrial Holdings Co., Ltd was also in discussions with a multinational company on a possible strategic investment. One of the first acquisitions is the purchase of a Chinese crusher by Bunge Ltd, which is the largest oilseed processor. Bunge will acquire a controlling stake in the plant located in Shandong Province's port Rizhao with a daily refining capacity of 400 tonnes. The acquisitions are taking place due to problems relating to cash flow prices at local plants.

#### Chinese Overcapacity Results in Price Variations

Chinese crushers have an annual capacity to produce 70 million tonnes of meal. However China's own consumption requirement for animal feed is less than half of this. This has resulted in variations in China's Soy and Veg oil prices when compared with Chicago Soy futures against which Chinese imports are priced. This makes it difficult for the crushers to hedge their positions to reduce the risk on their imports.

#### USDA Export Sales Data for Soymeal

Soybean cake and meal observed Net sales of 41,400 MT were 31 percent below the previous week and 42 percent under the prior 4-week average. The major buyers were Canada (18,500 MT), El Salvador (13,000 MT, including 13,000 MT switched from Guatemala), Mexico (11,000 MT), and Panama (7,100 MT, including 4,000 MT switched from Guatemala). Net sales of 52,800 MT for delivery in the

2005/06 marketing year (which begins Oct. 1) resulted as major increases for Mexico (35,500 MT), El Salvador (17,100 MT), and Canada (10,100 MT) were partially offset by decreases for Guatemala (15,800 MT). Exports of 84,600 MT were 55 percent above the previous week and 4 percent over the prior 4-week average. The primary destinations were Mexico (30,700 MT), Canada (22,400 MT), Tunisia (12,400 MT), and Panama (8,100 MT). The above export data is for the week starting from 9th September'05 to 15th September'05.

### FUNDAMENTAL ANALYSIS

#### INTERNATIONAL MARKETS

##### CBOT Soy Futures Settle Lower

Soy futures at Chicago Board of Trade settled down following interrupted shipping from New Orleans port. CBOT November future settled off 6.5 cents at \$5.74 and January off 6.25 cents at \$5.825 per bushel. CBOT December soy meal future settled off 8 cents at \$174.2 per ton and December soyoil off 41 points at 23.15 cents per pound. Market opened on firm note on ideas of fresh Chinese buying ahead. However, concern over complications in shipping offset the bullish ideas later. Some traders were of the view that easterly shift of RITA might cause delay in harvest. However, still the track of storm is uncertain; guesses on likely affect on crop harvest in Midwest might prove phony.

##### CBOT Soymeal Futures as on 23rd September'05

(Cents/pound) CBOT remained closed on 24th September 2005.

Months	Previous Settle	Open	High	Low	Change	Close
Sept'05	172.1	172.7	172.9	171.2	-0.8	171.3
Oct'05	175.0	175.7	175.8	173.8	-0.8	174.2

CBOT remained closed on Saturday and Sunday

### DOMESTIC MARKETS

#### Soy meal

This week most of the time soyameal spot markets remained range bound on a slightly weaker side. The prices

declined due to stable demand and plant maintenance work. Fresh arrivals of 30,000 bags in domestic spot markets were also observed.

Looking at the futures market, NCDEX soymeal futures September contract remained stable throughout this week. Most of the time no trading activity was observed and market remained illiquid and lack lustrous. In September contract extremely thin trading was observed as it was about to expire. At the same time for October and November contracts trading became visible only twice this week. The prices of both October and November contracts remained unchanged on the last trading day of the week.

Plant delivery quotes of Soy seeds traded at Rs1175 per qtl in Indore while soymeal in physical market traded within a range of Rs.8200-8400 per MT, as per quality FOR quotes remained at Rs 8950-9000 per MT in Kandla in jute bags, FAS has been put at \$ 206-208 per MT.

India's soymeal exports totalled **112,575** tons in August 2005 compared with 17,325 tons in August 2004.

NCDEX Soy meal Futures price (24<sup>th</sup> September)

	Prev Close Price	High Price	Low Price	Close Price	Change
Sept'05	8610.00	0.00	0.00	8610.00	0.00
Oct'05	8450.00	0.00	0.00	8450.00	0.00

### Soy Meal Vessel Report (24.09.05)

Kandla Port is loading 12,000 MT of SBM on the vessel 'Phuong Dong 2' to Vietnam. Hind Shipping is handling the vessel. The port is expecting to load 16,000 MT of SBM on the vessel 'State of Nagaland'. Shantilal agents will be handling the vessel.

### Rape/ Mustard meal

The Rapeseed/mustard meal market remained range bound this week as most of the stocks are with NAFED. The prices for Mustard seed are expected to remain range bound.

In Shivpuri/Morena, it was traded at Rs.4600 per MT; Alwar 4200, which remained same compared to previous day.

India exported **43,825** tons of rapemeal in August 2005 as compared to 33,325 in August 2005.

### Groundnut meal

The groundnut meal market remained in a range bound throughout the week. According to the traders, the new kharif crop started arriving in market. Production is expected to be good but if rains continue for 2-3 more days then there is a possibility that crops may damage.

In Rajkot, the GN extraction has been quoted for Rs.6150/MT at a declining position and in Dhulia it remained same at Rs.7500-7600/MT.

India exported around **15,100 MT** groundnut meals in August 2005 as compared to 8750 MT in August 2004.

### DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	17.09.05	24.09.05
Indore	8400-8500	8200-8400
Shivpuri/Morena	8300	8800-8900
Nanded	8700	8600-8700
Jalna/Dhulia	8550-8600	8400
Kota	8600	8600
Kandla	9160	N.A.
Mumbai	9400	N.A.
Vizag	9300-9400	N.A.
Sangli	8900-9000	8800-8900

### WEATHER WATCH:

#### Chief Features

During last 24 hours, widespread rains with heavy to very heavy falls have occurred over Gujarat region. Fairly widespread rain with isolated heavy falls also occurred over Konkan & Goa, Madhya Maharashtra, southeast Rajasthan and Haryana. Scattered moderate rainfall also occurred over west Madhya Pradesh, Punjab, Himachal Pradesh, Uttaranchal, Telangana and Northeastern states. Chief amounts of rainfall (cms): Dholka (Gujarat) -17, Gandhi Nagar - 14 , Ahmedabad - 12, Goa -12 , Bhira - 10, Mahabaleshwar, North Lakhimpur and Deesa- 8 each, Udaipur, Karnal & Panaji - 7 each, Ambala & Dehradun-5 each and Kota - 4.

Yesterday's low pressure area over southeast Rajasthan, adjoining Gujarat and southwest Madhya Pradesh moved north-northeastwards and now lies over northeast Rajasthan and adjoining northwest Madhya Pradesh. The associated upper air cyclonic circulation extends upto 4.5 km a.s.l.. The system is likely to move northeastwards and weaken further.

Yesterday's western disturbance as an upper air system extending upto 3.1 km a.s.l. over north Pakistan now lies over Jammu & Kashmir and neighbourhood with a deep westerly trough aloft along longitude 72° East and north of latitude 20° North.

Under this scenario of interaction of the above system, rainfall activity is likely to enhance with heavy to very heavy falls at a few places over Himachal Pradesh, Uttaranchal , West Uttar Pradesh, East Rajasthan, Haryana, Delhi and Northwest Madhya Pradesh during next 48 hours. This rainfall activity will decrease subsequently. Also the ongoing heavy rainfall activity over Gujarat region and Konkan & Goa is likely to decrease considerably during next 24 hours.

### Forecast valid 0830 hours IST of 27<sup>th</sup> September, 2005

**NORTH:** Rain/thundershowers likely at most places over Himachal Pradesh and Uttaranchal and at many places over Delhi, Haryana and west Uttar Pradesh and at a few places in the rest region. Rainfall activity is likely to increase over Uttar Pradesh from 25<sup>th</sup>.

**EAST:** Rain/thundershowers likely at many places over Northeastern States and at a few places over the rest region outside Chhattisgarh, Jharkhand and Orissa where it may be Isolated. Slight increase in rainfall activity over Bihar, Orissa and Jharkhand from 26<sup>th</sup>.

**SOUTH:** Rain/thundershowers likely at a few places over Coastal Karnataka and North Coastal Andhra Pradesh. It may be isolated in the rest region.

**WEST :** Rain/thundershowers likely at many places over Konkan & Goa, west Madhya Pradesh, east Rajasthan and Gujarat region; at a few places over the rest region. Rainfall activity is likely to decrease over Gujarat region and Konkan & Goa from 25<sup>th</sup>

#### Warning

Heavy to very heavy rainfall likely at a few places over Himachal Pradesh, Uttaranchal, West Uttar Pradesh, East Rajasthan, Haryana, Delhi and Northwest Madhya Pradesh. **Isolated** heavy falls also

likely over Gujarat region and Konkan & Goa only during next 24 hours.

#### Outlook for subsequent two days based on NCMRWF and other numerical weather products:

1) Decrease in rainfall activity over western Himalayan Region, adjoining plains and west central India.

2) Slight increase in rainfall over Bihar, Jharkhand, Northeastern States and along the east coast.

Source: GOI (IMD)

#### Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.85
European Union	Euro	52.7801

#### Indian Export of Oilmeal

##### COMMODITY WISE

India's oil meal exports of April - August' 05 (compared to comparative period of previous year 2004-05)

Quantity in metric tones

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)
July 2005	135,550 (19,250)	45,750 (54,400)	17,700 (2,300)	16,500 (---)	--- (---)	11,525 (---)
August 2005	112,575 (17,325)	43,825 (33,325)	15,100 (8,750)	5,033 (5,761)	11,325 (15,225)	187,858 (80,386)
TOTAL	619,225 (776,000)	304,100 (330,175)	57,675 (101,075)	41,083 (11,561)	111,075 (21,425)	1,133,158 (1,240,235)
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	48,325	---	188,975	30,425	6,875	750	---	285,850

	(115,600)	(61,250)	(12,225)	(155,950)	(56,400)	(9,000)	(---)	(13,500)	(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)
July 2005	21,400 (6,300)	41,050 (17,250)	--- (---)	118,250 (52,400)	29,825 (---)	16,500 (---)	--- (---)	--- (---)	227,025 (75,950)
August 2005	--- (19,550)	31,625 (5,150)	--- (---)	146,800 (44,625)	4,400 (5,100)	5,033 (5,761)	--- (---)	--- (---)	187,858 (80,386)
TOTAL	75,675 (242,275)	209,875 (256,750)	--- (46,925)	701,300 (546,150)	110,400 (85,625)	35,158 (35,111)	750 (---)	--- (25,400)	1,135,158 (1,240,236)

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