

OILMEAL

26th October, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Prices Remained Steady Today
- NCDEX Soymeal Futures Settled up

COMMENTARY DOMESTIC MARKET

Soy meal

DOC spot market prices remained in its previous day's range at most of the places. DOC prices at Indore quoted in the range of Rs.8200-8400 per MT. The soymeal prices at Kandla port were down as compared to its recent levels of Rs 9350 per MT and were traded at Rs 9100 per MT. The bird flu in Europe and Asia have pressurised the demand, which in turn caused lower prices. More than 500 chickens and ducks were died in a week due to bird flu, it was revealed in 3rd outbreak of China report. Just after revealing this report China's Veterinary Bureau destroyed another 2487 poultry. Therefore, the bird flu will bring negative impact on feed demand. India is estimated to have committed to export more than 600,000 tons of soymeal in the next three months, to Japan, Southeast Asian countries and surprisingly, China. China is said to have bought 100,000 tons of soymeal from India this year, because Indian soymeal is cheaper than those manufactured domestically using imported U.S. or South American soybeans. So this impact on demand would pressurise the meal prices.

Further as the crushing activity is increasing the supply is expected to increase. Increased supply in the absence of good demand will definitely hit the prices further until the export demand ignites. However the gains at NCDEX today were due to intermittent trading and rise in oil prices. As far as fundamentals are concerned the futures are expected to go down from here on. FOR quotes were steady at Rs 9100-9150 per MT in Kandla in jute bags, FAS was at \$ 202-203 per MT.

India's soymeal exports totalled 102675 tons in September 2005 compared with 12875 tons in September 2004.

Soy Meal Vessel Report (22.10.05)

Loading of 2,500 MT of SBM is expected at Mumbai Port on the vessel 'Indruwa Valley'. Sai Freight agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	25.10.05	26.10.05
Indore	8100-8400	8200-8400
Nanded	8100	8000
Dhulia/Jalna	8100	8200-8400

Kota	8200-8300	8250-8300
Nagpur	7800-8200	8300
Kandla	9100	9100
Mumbai	9000	9000
Vizag(approx)	9150-9200	9100
Sangli	8300	8300-8400
Latur	8100-8200	8000
Morena/shivpuri	8100-8200	8400

NCDEX Soy meal Futures price (26th October'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Nov' 05	8325.00	8600.00	8600.00	8600.0	+275.00
Dec'05	8600.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

Rapeseed/mustard meal prices didn't observe any significant change and remained range bound today. It is expected to witness bearish market sentiment in coming days due to new crop harvesting of groundnut and soybean and crushing of the same is started in major producing states in India.

In Shivpuri/ Morena, mustard meal quoted steady at Rs.4600 per MT, at Alwar the price remained unchanged at Rs.4400 MT. Market is maintaining its stable sentiment. India exported 31025 tons of rape meal in September 2005 as compared to 52100 in September 2005.

Groundnut meal

Saurashtra Groundnut (45%) quotes improved slightly at Rs. 6300 for cash and Rs 6500 for credit. As the crushing activity is starting to gear up the prices of meal is going to be affected in coming time. However the arrivals and crushing activity is still dull causing prices to maintain its levels. India exported around 8500 MT groundnut meals in September 2005.

INTERNATIONAL MARKET

CBOT Soymeal Settled Slightly Up

December soymeal closed \$1.00 higher at \$170.90 a short ton. This was 0.9 up from the low and 0.8 off from the high.

Soymeal futures ended modestly higher, with the help of up tick in soybean and soyoil. November soybeans closed 3 cents higher at \$5.78, January soybeans ended 2.75 cents higher at \$5.90.25, while December soyoil ended 8 points higher at 23.78 cent a pound.

Soyoil futures ended mixed after a two-sided session. The market garnered initial support from rising energy prices and, but once the market failed to attract follow through buying at session highs, selling pressure surfaced. This continued, until commercial buying managed to underpin prices down. Higher palm prices and technical buying from the strong close yesterday added to the positive tone initially. The thought that harvest-selling pressures will subside soon as harvest now 87% complete and talk that bird flu could be kept out of European commercial poultry operations were also seen as supportive factors. The upsurge in energy markets garnered another jump in soybean oil values to support the soybean market early in the day. The talk of interest in US soybeans from China buyers has added to the more positive tone. However, upside potential remained limited as market bulls failed to get excited amid the mixed actions in the products.

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	169.9	170.5	171.7	170.0	+1.0	170.9
Jan'06	171.6	172.2	173.5	171.0	+0.9	172.5

CBOT remained closed on Saturday and Sunday

WEATHER WATCH: (26.10.05)

Chief Features

The well marked low pressure area over southeast and adjoining southwest Bay of Bengal has concentrated into a depression and lies centred today morning at 0830 hrs IST near Lat 12 N /Long 84.5 E about 500 km east southeast of Chennai. The system is likely to intensify further and move in a northwesterly direction initially. Under its influence widespread rains with heavy to very heavy falls is likely over Coastal Andhra Pradesh, Rayalaseema and north coastal Tamil Nadu during next 2-3 days. Heavy rainfall also likely over south coastal Tamil Nadu and South Interior Karnataka for another 24- 36 hours. As the system moves northwestwards, the rainfall activity over Tamil Nadu and South Interior Karnataka is likely to ease and extend northwards along the east coast to coastal areas of Orissa and West Bengal.

The western disturbance as an upper air system over North Pakistan and neighbourhood persists. The induced cyclonic circulation over central Pakistan extending upto 2.1 km a.s.l. also persists. These systems may cause scattered light to moderate rain/snow over Jammu & Kashmir during

next 2 days. Subsequently the weather is likely to improve, resulting in fall in night temperatures over the state

Forecast valid 0830 hours IST of 29th October, 2005

NORTH : Light to moderate rain/snow likely at a few places over higher reaches of Jammu & Kashmir and isolated over rest Jammu & Kashmir, Himachal Pradesh during next 48 hours. Weather is likely to improve over Jammu & Kashmir after 48 hours leading to fall in night temperatures. Isolated rain/thundershowers likely over Punjab. Mainly dry weather likely in the rest region.

EAST: Rain/thundershowers likely at a few places over coastal Orissa and isolated in the rest region outside Bihar, north Chhattisgarh & East Madhya Pradesh where weather may be mainly dry. Rainfall over coastal areas of Orissa and West Bengal is likely to increase from 27th.

SOUTH : Rain/thundershowers likely at most places over Andaman & Nicobar Islands, Coastal Andhra Pradesh and north coastal Tamil Nadu & Pondicherry; at many places over interior Tamil Nadu, Rayalaseema, South Interior Karnataka and at a few places over the rest region outside coastal and North Interior Karnataka where it may be isolated.

WEST : Isolated rain/thundershowers likely over Vidarbha, Marathwada and southern parts of Madhya Maharashtra and Konkan & Goa. Weather will be Mainly dry weather is likely over the rest region.

Heavy Rainfall Warning

Heavy to very heavy rainfall likely at a few places over north coastal Tamil Nadu & Pondicherry and Coastal Andhra Pradesh. **Isolated heavy rainfall** is also likely over Andaman & Nicobar Islands, rest Tamil Nadu, South Interior Karnataka and Rayalaseema. **Isolated** heavy rainfall may also occur over Coastal areas of Orissa and West Bengal from 28th onwards.

ii) Squally winds with speed reaching 55-65 kmph likely along and off Tamil Nadu and Andhra Pradesh from tonight. State of sea will be rough to very rough. Fishermen are advised not to venture into the sea.

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

Rainfall activity over Tamil Nadu and Karnataka is likely to decrease and it may increase over Orissa, West Bengal and adjoining east central India.

Improvement in weather conditions over Jammu & Kashmir leading to fall in night temperatures.

Source: GOI (IMD)

FOREX RATES (26.10.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.94
European Union	Euro	54.52

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