

## OILMEAL

17<sup>th</sup> -22<sup>nd</sup> October'05

### MAJOR ACTIVITY HIGHLIGHTS

- India's Oil Meal Exports data of April - September' 05
- All India Soybean Kharif Crop Estimate for '05
- Latest Weather Watch

### NEWS ANALYSIS

#### Export of Oilmeal Declined This Year (April to September'05)

As per the data generated by The Solvent Extractors Association of India (SEA) India's Oilmeal exports sales for April to September declined when compared to the export sales for the same period during the last few years. However the export sales are improving during last four months. The fall in total export sales during the six months was mainly due to lower export during first 3 months. The following table provides with the details relating to Oilmeal exports for April to September for the past few years.

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**Export of Oilmeal (Extractions) from April to September '05 with comparative period of previous year (Qty. in M.T.)**

Month	S.B.EXT.	R.S.EXT.	G.N.EXT.	R.B.EXT.	S.F.EXT.	CST.EXT.	TOTAL
April 2005	99,250	90,900	12,950	---	---	17,800	220,900
	366,625	96,000	14,800	---	---	----	477,425
May 2005	156,100	69,650	3,025	6,875	---	50,200	285,850
	278,300	100,875	44,750	---	---	----	423,925
June 2005	115,750	53,975	8,900	12,675	---	20,225	211,525
	94,500	45,575	30,475	5,800	---	6,200	182,550
July 2005	135,550	45,750	17,700	16,500	---	11,525	227,025
	19,250	54,400	2,300	----	---	----	75,950
August 2005	112,575	43,825	15,100	5,033	---	11,325	187,858
	17,325	33,325	8,750	5,761	---	15,225	80,386
September 2005	102,675	31,025	8,500	---	---	15,950	158,150
	12,875	52,100	----	5,750	---	----	70,725
Total(Apr.-Sept.'05)	721,900	335,125	66,175	41,083	---	127,025	1,291,308
(Apr.-Sept.'04)	788,875	382,275	101,075	17,311	---	21,425	1,310,961
2004-2005(F.Y.)	1,861,325	588,805	121,475	43,056	---	70,750	2,685,411
2003-2004(F.Y.)	2,683,675	447,050	126,750	---	---	65,550	3,323,025
2002-2003(F.Y.)	1,333,318	455,533	15,225	---	---	92,445	1,896,521
2001-2002(F.Y.)	2,509,207	313,012	101,001	---	---	97,557	3,020,777
2000-2001(F.Y.)	2,182,142	62,968	18,609	---	---	72,919	2,336,638

## FUNDAMENTAL ANALYSIS

### INTERNATIONAL MARKETS

#### CBOT December soymeal Ended Lower Thursday

December soymeal settled 30 cents lower at \$171.90 a short ton. This was 1.7 up from the low and down from the high. Soymeal futures ended weak Thursday copying losses in soybeans. The market lost most of the gains of yesterday on the face of increased harvest activity and fears of the bird flu. The lower weekly export sales also helped in downward move. Weekly U.S. soymeal export sales totaled 119,800 tons, down 71% from the week earlier. The U.S. weekly export sales were expected to be in the range of 125,000-225,000 MT. Cumulative sales have reached 20.7% of the USDA forecast as compared to 29.2% on average over the last five years.

CBOT November soybeans ended Wednesday down 4.25 cents at \$5.85

and December soyoil ended 33 points lower at 23.98 cents a pound.

Soyoil futures ended lower due to heavy speculative sales and disappointing weekly export sales data. Drop in crude oil prices tapped it further. Soybean oil sales were 1,300 metric tonnes as compared to trade expectations between 2,000-7,000 MT. Strong economic growth in China for the third quarter (up 9.4%) would provide some underlying support as China is the world's largest soybean importer.

Chicago Board of Trade soybean futures ended lower Thursday, due to speculative sales as losses in soyoil and poor weekly export sales data (for oil) weighed on soybeans. Even strong export sales data couldn't pull it up. The weekly U.S. soybean export sales were 888,700 metric tons, including sales of 477,500 metric tons to China.

#### CBOT Soymeal Futures as on 21st October '05

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	171.9	169.8	170.2	168.5	-2.5	169.2
Jan'06	173.6	171.2	171.8	170.5	-2.2	171.3

CBOT remained closed on Saturday and Sunday

### DOMESTIC MARKETS

#### Soy meal

Prices at soymeal spot market this week saw some improvement during the most part of the week on the back of good export demand and weak arrivals. However towards the end the market fell slightly as the export demand got diminished due to fears of the bird flu in Europe and Asia. Though the bird flu story was still there during the earlier part of the week but small crushing activity and poor arrivals maintained the prices. Now the soybean arrivals are increasing so will the crushing activity. This will definitely put pressure on the prices during the coming week. Further if export demand remains subdued on the fears of bird flu or the like factors the prices may see some more hitting. During this phase of the market when supply is increasing the prices can get support only from the export demand.

Looking at the futures market, NCDEX soymeal futures in October and November contract no extensive trading was

observed. There was trading on only two days of the week. However prices improved marginally during the week from Rs 8400 to Rs 8490 per MT. However there was no trading activity in December contract for the week.

In Indore soymeal in physical market traded up during the week except Saturday. The trading range was around Rs 8400-8900 per MT as per quality. FOR quotes improved at Rs 9400-9500 per MT in Kandla in jute bags, FAS was at \$ 209-2012 per MT

India's soymeal exports totalled 112,575 tons in August 2005 compared with 17,325 tons in August 2004 and declined in the month of September. It totalled around 102,675 tons in September 2005 as compared with 128,750 tons in September 2004. The soymeal prices are expected to remain subdued in the coming week as crushing activity will improve.

#### NCDEX Soy meal Futures price (22<sup>nd</sup> October 05)

	Prev Close Price	High Price	Low Price	Close Price	Change
Nov' 05	8490.00	00.00	00.00	8490.00	00.00
Dec'05	8600.00	00.00	00.00	8600.00	00.00

#### Soy Meal Vessel Report (22.10.05)

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

## Rape/ Mustard meal

The Rapeseed/mustard meal market mostly remained range bound this week by reason of accumulation of stocks with NAFED. The prices for Mustard seed are expected to remain range bound. The Government has fixed a minimum support price (MSP) of Rs. 1715 for the coming crop.

In Shivpuri/Morena, it traded at Rs.4600 per MT; Alwar 4400, which remained same compared to previous day. India exported 43,825 tons of rapemeal in August 2005 as compared to 33,325 in August 2004 and a total of 31025 tons of rapemeal in September'05 as compared to 52100 tons in September 2004.

## Groundnut meal

The groundnut meal market continued to remain range bound throughout the week. According to the traders, the new kharif crop is arriving in the spot markets.. The crushing activities have started and it will cause prices of Groundnut meal to fall. In Saurashtra, the GN meal has been quoted for Rs.5850 /MT for cash and Rs. 6100 for credit. India exported around 15,100 MT groundnut meals in August 2005 as compared to 8750 MT in August 2004 and a total of 8500 MT in September 2005.

## DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	21.10.05	22.10.05
Indore	8500-8900	8300-8500
Nanded	8300	8100
Jalna/Dhulia	8200-8400	8200-8300
Kota	8600-8700	8450
Kandla	9300	9200-9300
Mumbai	9200	9950-9100
Vizag	9400	9300
Sangli	8600	8400-8500

## WEATHER WATCH:

### Chief Features

Yesterday's upper air cyclonic circulation over Orissa and neighbourhood now lies over Jharkhand and neighbourhood extending upto 3.1 km a.s.l. persists. The trough in the middle troposphere nearly along Long 82 deg E and north of Lat. 20 deg N persists. Under their influence widespread rainfall with isolated heavy fall is likely over northeastern States during next 2-3 days. Widespread to fairly widespread rainfall is also likely over West Bengal & Sikkim, coastal Orissa, Jharkhand and Bihar with isolated heavy to very heavy falls over West Bengal & Sikkim and coastal Orissa during next 1-2 days.

The upper air cyclonic circulation over central parts of south Bay of Bengal now lies over coastal Tamilnadu and neighbourhood extending upto 3.1 km a.s.l. Under its influence fairly widespread rainfall with isolated heavy falls likely over Tamilnadu & Pondicherry, Kerala and Lakshadweep islands.

### Forecast valid 0830 hours IST of 25<sup>th</sup> October, 2005

**NORTH :** Rain/ thundershowers likely occur at a few places over East Uttar Pradesh during next 24 hours. Subsequently the rainfall activity will decrease significantly. Mainly dry weather likely in the rest region outside Jammu & Kashmir where scattered light rain/snow may commence from 24<sup>th</sup> onwards.

**EAST :** Rain/thundershowers likely at most places over northeastern states. Rain/thundershowers also likely at most places over West Bengal & Sikkim and coastal Orissa; at many places over Bihar and Jharkhand and at a few places in interior Orissa upto 24<sup>th</sup>. Rain/thundershowers may occur at isolated places over these regions thereafter.

**SOUTH :** Rain/thundershowers likely at many places over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry, Kerala and Lakshadweep islands, at a few places over Coastal Andhra Pradesh and South Interior Karnataka and isolated in the rest region

**WEST :** Mainly dry weather is likely over the region.

### Heavy Rainfall Warning

Heavy to very heavy rainfall is likely at isolated places over West Bengal & Sikkim and coastal Orissa. Isolated heavy rainfall also likely over northeastern states, Andaman & Nicobar Islands, Lakshadweep, Kerala and Tamil Nadu & Pondicherry.

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

Rainfall activity over east and northeast India is likely to decrease and it will increase over south Peninsula.

A western disturbance is likely to affect Jammu & Kashmir from 24<sup>th</sup> onwards causing light to moderate scattered rain/snow.

**Source: GOI (IMD)**

## Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.09
European Union	Euro	54.31

## USDA Weekly Export sales Highlights (For 30<sup>th</sup> Sep - 6<sup>th</sup> October'05)

**Soybeans** The USDA declared its Export Sales data for Soybean seed for the period September 30 to October 6 2005. Net sales of 684,900 MT were 27 percent above the previous week and 7 percent over the prior 4-week average. China (517,800 MT, including 173,000 MT switched from unknown destinations) and Japan (121,200 MT) were the major buyers, with smaller quantities to Taiwan (48,200 MT), Mexico (36,400 MT), and Singapore (25,000 MT). Decreases were reported for unknown destinations (111,000 MT). In addition, optional origin sales of 60,000 MT were reported for the Netherlands. Exports of 397,900 MT were 93 percent above the week earlier and two and one-fifth times the prior 4-week average. The primary destinations were China (227,800 MT), Mexico (73,400 MT), Taiwan (33,600 MT), Malaysia (24,500 MT), and Japan (17,700 MT).

**Soybean Cake and Meal** During the marketing year 05-06 net sales for soy meal were 173,600 MT. The main gainers were Canada, Mexico, Saudi Arabia, Turkey and Dominican Republic, corresponding figures for them were 81700 MT, 52200 MT, 13200 MT, 10000 MT and 9500 MT

respectively. A total backlog from previous period was 234,700 MT on Sep 30 at the end of the last marketing year, which was carried over to 2005-06. The exports figure aggregated to 49,900 MT. The main contributors to this figure were Cuba (16,500 MT), Egypt (16,500 MT), and Canada (10,200 MT). The accumulated exports for the year summed up to 6,020,600 MT, up 52% from previous year's 3,967,500 MT. Exports of 59,900 MT for Oct. 1-6 were mainly to Mexico (18,500 MT), Canada (16,400 MT), Saudi Arabia (8,200 MT), and Japan (7,100 MT).

**Soybean Oil:** Net sales of 3,200 MT for the 2005/06 marketing year (which began Oct. 1) were primarily for Canada (3,000 MT). A total of 21,300 MT in sales were outstanding on Sept. 30 (the end of the 2004/05 marketing year) and were carried over to the 2005/06 marketing year. Exports of 2,800 MT for Sept. 30 were mainly to Canada (2,100 MT). Accumulated exports of 429,300 MT were up 77 percent from the 241,900 MT exported during the prior year. Exports of 3,800 MT for Oct. 1-6 were primarily to Canada (1,700 MT) and Mexico (1,700 MT).

## All India State wise area coverage and yield Estimates of Soybean during Kharif 2005.

### Area in Lakh Ha. Yield in kg per ha, Production in lakh Metric tones

Name of the state	Year 2003			Year 2004			Year 2005		
	Area sown	Yield	Total production	Area sown	Yield	Total production	Area sown	Yield	Total production
Madhya Pradesh	40.908	1019	41.685	44.439	780	34.662	41.922	722	30.268
Maharashtra	15.598	1253	19.540	18.717	914	17.107	23.893	810	19.353
Rajasthan	5.269	1057	5.950	5.562	752	4.183	6.981	690	4.817
Andhra Pradesh	0.820	940	0.771	0.690	800	0.552	1.359	800	1.087
Karnataka	0.600	900	0.540	1.775	790	1.402	1.418	810	1.149
Chattisgarh	0.500	846	0.423	0.400	690	0.276	0.650	750	0.488
Rest of India	0.500	830	0.415	0.500	655	0.328	0.500	710	0.355
Total	64.554	1074	69.324	72.083	812	58.510	76.723	750	57.516

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