

OILMEAL

21th November, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Markets Almost Stable
- December Soymeal at NCDEX Remained Stationary

COMMENTARY DOMESTIC MARKET

Soy meal

Soymeal prices saw no sign of improvement in recent days and market remained subdued. Definitely it's a period of falling prices in general, as it's a start of post harvest season. The prices generally remain low during this season on account of increased domestic and international supply. The supplier countries have enough stock positions thanks to good production and favourable weather conditions. Importers are at bargaining position, asking for lower prices. At the same time the bird flu factor is still haunting the markets with several appearances. According to WHO some more outbreak of bird flu are expected and the same is really a bad news as the horrible story is not looking to come to an end. At the moment we think the market has no reason to take prices up. At the most the prices may remain stable if not falling.

In the same line soymeal prices at most of the spot markets remained stable today, however it slightly improved slightly at ports. December soymeal at NCDEX remained stand still at Rs 8000. DOC prices at Indore remained stable in the range of Rs 8000-8400 per MT as per quality. The soymeal prices at Kandla improved slightly at Rs 8750 per MT, the prices at Mumbai port saw some improvement at Rs 8750 as compared to Rs 8700 per MT on the previous day. FOR quotes fell to Rs 8600-8650 per MT on Saturday in Kandla in jute bags, FAS was down at \$ 188-190 per MT on the same day.

The current situation for the meals is gloomy. The importers are at bargaining position and asking for lower prices. Also, we are on the verge igniting supply to make the situation worse. For the sake of meal prices we can only expect the export demand to rekindle and bird flu story to come to an end.

India exported 160250 MT of soymeal during October a huge increase from previous year's 18750 MT during same month. The exports of soymeal were up during last seven months at 882150 MT as compared to 807625 MT during same period of the previous year.

Soy Meal Vessel Report (21.11.05)

Loading of 15,500 MT of SBM is continuing at Kandla Port on the vessel 'IKI' to Japan. Taurus agents is handling the vessel. Kandla Port is loading 13,000 MT of SBM on the vessel 'Ever Power' to Vietnam. The vessel is being handled by Shantilal agents. 'Fu Yang' has arrived at the port to load 12,000 MT of SBM. JM Baxi agents will be handling the vessel.

Jamnagar Port is expecting 'Lindas' to load 45,000 MT of

SBM to Black Sea Port. Ambica agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	21.11.05	19.11.05
Indore	8000-8400	8000-8400
Nanded/Latur	7450	7450
Dhulia/Jalna	7900-8000	7900-8000
Kota	7800-7900	770-7800
Nagpur	7400 (40%) -7800	7400 (40%) -7800
Kandla	8750	8650
Mumbai	8750	8700
Vizag(approx)	8750	8700
Sangli/Solapur	8200	8000
Morena/shivpuri	8000	8000-8200

NCDEX Soy meal Futures price (21th November'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Dec'05	8000.00	8000.00	8000.00	8000.00	00.00
Jan'06	7699.00	0.00	0.00	0.00	0.00

Rape/ Mustard meal

Rapeseed/mustard meal prices remained stable at Rs 4800 per in Morena today. The prices at Alwar were also stand still at Rs 4800 per MT. As it is the period of depleting stocks and crushing activity in mustard has dropped and shifted towards the soymeal, the prices are at comparatively higher levels. India exported 37250 MT of rape meal in October 2005 as compared to 17300 MT in October 2004 an increase of 19950 Mt. However, R.S. meal export during the last seven months decreased slightly to 372375 MT as compared to corresponding period in previous year.

Groundnut meal

Saurashtra Groundnut (45%) quotes remained at the yesterday's level of Rs 6500 per MT and GN 40% was traded at Rs 6000. As the supply of the GN meal is not at its usual levels due to lower crushing on account of good seed demand. This is causing prices to remain stable. For prices to go up export demand should improve. India exported around 8825 MT groundnut meals in October 2005 increased from previous month's 8500 MT. However,

the GN meal exports during last seven months were 75000 MT down as compared to previous year's 105525 MT during the same period.

INTERNATIONAL MARKET

CBOT Soy Meal Futures Dropped Further

The soymeal prices have been under pressure for quite some time on lower demand due to bird flu fears. The bird flu cases are increasing in China and Vietnam, making the sentiments negative. In the same line the December soymeal at CBOT Friday dropped further \$2.6 at 272.2 and the same was 0.7 up from the low and 1.6 off from the high. The prices fell due to lower demand and sharp fall in soybeans prices. January soybeans finished 9.5 cents lower at \$5.6975. Soy futures fell to its lowest levels since October 21. Rains in Argentina and WHO report that more outbreak of bird flu expected in China, caused the prices to fall. Further, wetter trend in some dry area on north Brazil also added some bearishness in the prices of soybeans. Other bearish factors were good stock position, favourable weather conditions and lower demand growth. The sharp fall in the soy prices forced the meal prices down. December soyoil ended 15 points lower at 22.01 per pound. The contract fell to its lowest level since March. The soy oil prices dropped due to weakness in the crude oil and good stock positions. Some product share from weaker meal supported the prices to some extent.

According to USDA report Net sales of soymeal were 204700 MT were 2.56 times the prior week's levels and 17% above the prior four-week average levels. The main buyers were the Japan 48,400 MT, Canada 33,600 MT, Guatemala 33,100 MT, Cuba 25,000 MT, and Mexico 22,100 MT. Exports were reported at 172400 MT, around 80% above prior week's 95300 MT and nearly 60% above the prior 4-week average. The primary importers were the Philippines 45,600 MT, Mexico 20,000 MT, Canada 19,500 MT, Saudi Arabia 17,500 MT, Turkey 13,600 MT, and Japan 13,600 MT.

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	174.8	173.2	173.7	172.1	-2.6	172.2
Jan'06	176.2	173.2	174.8	173.2	-3.0	173.2

WEATHER WATCH: (19.11.05)

Chief Features

Yesterday's depression over southwest Bay of Bengal moved west-northwards and now lay centered today morning at 0830 hrs. IST with its center close to lat 8.5° N /long. 83.0° E about 400 km southeast of Nagapattinam. The system is likely to intensify further and move in a west-northwesterly direction. Under its influence, widespread rains with heavy to very heavy falls are likely over coastal Tamil Nadu & Pondicherry during next 2-3 days. Fairly widespread rains with isolated heavy falls also likely over interior Tamil Nadu, south Coastal Andhra Pradesh and Rayalaseema. This enhanced rainfall activity is likely to extend into Kerala, interior parts of Karnataka rest Andhra Pradesh after 48 hours.

A fresh western disturbance as an upper air system lies over north Pakistan and adjoining Jammu & Kashmir which is likely to cause isolated light rain/snow over Jammu & Kashmir during next 48 hours.

Forecast valid 0830 hours IST of 24th November, 2005

NORTH : Isolated rain/snow is likely over Jammu & Kashmir during next 48 hrs. Mainly dry weather is likely over the rest region.

EAST : Isolated rain/thundershowers likely over northeastern States. Weather will be mainly dry weather over the rest region.

SOUTH : Rain/thundershowers likely at most places over Coastal Tamil Nadu & Pondicherry; at many places over interior Tamil Nadu, south Coastal Andhra Pradesh and Rayalaseema; at a few places over Andaman & Nicobar Islands, Kerala and South Interior Karnataka and isolated over the rest region. Rainfall activity over Kerala, Karnataka and rest Andhra Pradesh is likely to increase from tomorrow evening.

WEST : Mainly dry weather over the region.

Warning

Heavy to very heavy rainfall likely at a few places over Coastal Tamil Nadu & Pondicherry. Isolated heavy rains also likely over interior Tamil Nadu, south Coastal Andhra Pradesh and Rayalaseema.

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

Rainfall activity over south peninsula will decrease. However, moderate rains may continue.

Source: GOI (IMD)

FOREX RATES (21.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.78
European Union	Euro	53.92

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

