

OILMEAL

8th November, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Markets Witnessed Some Fall in Prices
- No Trading in November Soymeal at NCDEX

COMMENTARY

DOMESTIC MARKET

Soy meal

Soymeal prices continued its recent downtrend today at most of the spot markets, as idle export demand and improved supply expectations hit the prices down. The market got back to their normal activity levels after a sluggish festive period but a major boosting factor of the prices, export demand is still weak. At the same time there are some hints of improved crushing activity in the form of increased seed arrivals are seen in the markets. Arrivals of around 4.5 lakh bags of soybeans are reported in M.P. by the trade sources.

There was no trading in the December and November contracts of soymeal at NCDEX. DOC prices at Indore quoted in the range of Rs.8200-8300 per MT. The soymeal prices at Kandla port were also on downward side at Rs 8900-8950 per MT. FOR quotes dropped at Rs 8950-9000 per MT in Kandla in jute bags, FAS was at \$ 197-199 per MT.

The current situation for the meals is gloomy. As the demand is poor in the international markets and supply is waiting for its takers. Yet another case of avian flu in China, and some cases of Human infections in Indonesia, may further hit the already subdued market. We are on the verge igniting supply, as crushing activity will improve now onwards. Weather conditions are perfect for the harvesting of soybeans and the same is at its peak. For the sake of meal prices we can only expect the export demand to rekindle. Until then the situation seems gloomy for the meals, as the crushing activity will improve only to increase the supply.

Soy Meal Vessel Report (08.11.05)

'Fu Wang' is expected at Kandla Port to load 12,000 MT of SBM. Able Marine agents will be handling the vessel. Loading of 11,500 MT of SBM is expected at the port on the vessel 'New Legend Star' to Vietnam. InterOcean agents will be handling the vessel. Loading of 1,500 MT of SBM is expected at Mumbai Port on the vessel 'Veesham'. Astarl Freight Forwarders will be handling the vessel. Kandla Port is expecting 'IKI' to load 15,500 MT of SBM to Japan.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	06.11.05	07.11.05
Indore	8300	8200-8300
Nanded/Latur	7800-7900	7650-7850
Dhulia/Jalna	8050-8100	8000-8200
Kota	8100	8100-8150
Nagpur	7600-8000	7600 (40%) - 8000
Kandla	8950	8900-8950
Mumbai	8900	8950
Vizag(approx)	9050
Sangli/Solapur	8300	8200-8300
Morena/shivpuri	8300	8300-8400

NCDEX Soy meal Futures price (8th November'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Nov' 05	8400.00	00	00	00	00
Dec'05	8800.00	00	00	00	00

Rape/ Mustard meal

Rapeseed/mustard meal prices remained mixed in the day of very small activity. The markets some activity after the festivals, however, the prices remained stable as there is nothing to cheer about for the meals at the moment. It is expected to witness further bearishness in the coming days as crushing activity in groundnut and soybean will increase supply. However, if export demand rekindles, the situation might get reversed.

In Shivpuri/ Morena, mustard meal quoted stable at Rs.4600 per MT, at Alwar the prices improved to Rs.4450 MT by gaining Rs 50. India exported 31025 tons of rape meal in September 2005 as compared to 52100 in September 2004.

Groundnut meal

Saurashtra Groundnut (45%) quotes remained stable today at its previous level at Rs 6700 per MT and GN 40% was traded at Rs 6100. The surprise rise in prices of groundnut meals recently was the result of slackening of supplies. The crushing of groundnut has slowed down, as there is good demand for groundnut seeds. India exported around 8500 MT groundnut meals in September 2005.

INTERNATIONAL MARKET

CBOT Soymeal Ended Down

December soymeal at CBOT ended \$2.10 lower at \$174.10 per Ton, this was 1.1 up from the low and 1.2 off the high. Soymeal futures extended its Friday's bearish movements along with soybeans. The long tale of bird flu continues to haunt the market causing prices to remain subdued.

November soybeans at Chicago Board of Trade fell by 9 cents at \$5.715, January soybeans ended 9 cents lower at \$5.83, while December soyoil ended 27 points lower at 22.67 cents a pound.

The soybean market sentiments are on the negative side as good stocks position, large expected production, diminished demand and favorable planting conditions all are speaking in favour of soy bears. Large deliveries against November contract further add to the bearish sentiments. The soyoil futures took its cue from bearishness in the rest of the complex. Weakness in palm and weakness in the energy sector had their own roles in hitting the soyoil down.

According to USDA, soybeans inspected (week ending Nov 3) totalled 33.088 million bushels, down from the last week's 41.4 million and expected range of 37-45 million bushels. For the marketing year 2005-06 accumulated

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	176.2	175.1	175.1	173.3	-2.10	174.1
Jan'06	177.8	177.0	177.0	174.8	-2.4	175.4

CBOT remained closed on Saturday and Sunday

WEATHER WATCH: (08.11.05)

Chief Features

Under the influence of the low pressure area over southwest Bay of Bengal, heavy to very heavy rainfall occurred at a few places over Coastal Tamil Nadu & Pondicherry during past 24 hrs. Moderate rainfall also occurred over south Coastal Andhra Pradesh, Rayalaseema and Kerala. Chief amounts of rainfall (cms.): Karaikal-31, Nagapattinam-28, Cuddalore-9, Thanjavur, Kottayam and Tirupati -5 each.

The well marked low pressure area over southwest Bay of Bengal off south Tamil Nadu-Sri Lanka coast now lies as a low pressure area. The associated upper air cyclonic

circulation extends upto 5.8 km a.s.l. tilting southwestwards with height. Another cyclonic circulation lies over southeast Arabian Sea extending upto 1.5 km a.s.l. Under the influence of these systems, widespread rains with heavy to very heavy falls likely to continue over coastal Tamil Nadu & Pondicherry for another 2-3 days. Scattered to fairly widespread rains with isolated heavy falls also likely over interior Tamil Nadu, south Coastal Andhra Pradesh and Kerala.

The feeble western disturbance over north Pakistan and adjoining north Jammu & Kashmir now lies over Jammu & Kashmir. It is likely to cause isolated light rain/snow over higher reaches of Jammu & Kashmir during next 2 days. Another western disturbance is also approaching which is likely to increase rain/snowfall activity over the Western Himalayan region during 10th to 12th Nov.

Forecast valid 0830 hours IST of 7th November, 2005

NORTH : **Isolated** rain/snowfall is likely over Jammu & Kashmir. Weather will be **mainly dry** over the rest region.

EAST : **isolated** rain/thundershowers likely over Nagaland, Manipur, Mizoram & Tripura, Assam and coastal Orissa. Weather will be **mainly dry** over the rest region.

SOUTH : Rain/thundershowers likely **at most places** over Tamil Nadu & Pondicherry; **at many places** over south Coastal Andhra Pradesh and Kerala; **at a few places** over Rayalaseema, Andaman & Nicobar Islands and Lakshadweep and **isolated** over the rest region.

WEST : Weather will be **mainly dry** over the region.

Warning

Heavy to heavy rain is likely to occur over **at a few places** over Tamil Nadu & Pondicherry and **isolated** over south Coastal Andhra Pradesh and Kerala during next 2-3 days.

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

Moderate rain/thundershowers likely to continue over south Peninsula.

Rainfall/snowfall over Western Himalayan region is likely to increase.

Source: GOI (IMD)

FOREX RATES (08.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.99
European Union	Euro	53.91

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