

OILMEAL

21st -26th November'05

MAJOR ACTIVITY HIGHLIGHTS

- India's Oil Meal Exports data of April - October' 05
- All India Production Estimate for Soybean, Groundnut and Mustard for '05
- Latest Weather Watch

NEWS ANALYSIS

Export of Oilmeal Increased This Year (April to October'05)

Indian Oilmeals export during the financial year 2005-06 (7 months) increased by 10.45% as compared to the export during the same period previous year. India exported 1500733 MT of Oilmeals during this period (April-March) according to SEA of India release. The main surge in export was seen in Castor meal (101475MT), Rice Bran Ex.(23772MT) and Soymeal(74525MT). However the export of GN meal were down during this period as compared to previous year by 30525MT. According to SEA,

groundnut meal exports fell almost 30% on year to 75,000 tonnes during this period mainly on account of lower crush margin. This release from SEA of India will provide some support to the meal prices as it is export demand what the meal is waiting for. In the scenario of lower feed demand due to fears of bird flu and lower meal prices in international market due to improved supply expectations, the promising export demand will certainly give some support to the falling and subdued prices of meals.

Export of Oilmeal (Extractions) from April to October '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
October 2005	160250	37250	8825	.....	.....	3,100	209,425
	18,750	17,300	4,450	.....	....	7,225	47,725
Total(Apr.-Oct.'05)	882,150	372,375	75,000	41,083	...	130,125	1,500,733
(Apr.-Oct.'04)	807,625	399,575	105,525	17,311	.....	28,650	1,358,686
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 Soymeal Gets Further Hitting

Soymeal futures continued its downward trend at CBOT. December Soymeal touched its one month low and closed down 0.6 at 170.1, up 1.4 from the low and 0.6 off the high. The prices fell on speculative selling. Concerns over the spread of bird flu in Asia, as China reported 27th outbreak of bird flu in the country, caused the prices to tumble. The horrible disease is hammering the feed demand, which is resulting in lower prices. Crushing is becoming uneconomical due to lower meal prices. However, higher than expected export sales of soymeal in USDA report gave some support to the prices. Soybean futures fell sharply to a new 9-months low, due to speculative sales, as growing inventories amid high oil content and a record crush pace continued to keep the downtrend intact. However, higher than expected weekly export sales provided some support to the prices. December soybean ended 50 points lower at 21.63 cent a pound. January soybeans finished 7.75 cents lower at \$5.5425.

According to the U.S. Census Bureau's crush report 158.2 million bushels were crushed in October. It was in line with the average trade estimate of 158 million bushels. Soybean stocks were 316,137 MT; above the average trade estimate of 272,700 MT. Soybean stocks were observed at 1.864 billion pounds, above the average estimate of 1.758 billion pounds. The yield on soybean was 11.59 pounds per bushel.

Net sales of soybean were 143,200 MT, 30% below the week earlier and 27% below the prior 4-week average. The major buyers were Canada 41,000 MT, Mexico 32,500 MT, Cuba 16,500 MT, Panama 15,600 MT, and Honduras 9,900 MT. Exports of 140,600 MT were down 18% from the previous week's marketing-year high, but were 20% above the prior 4-week average. The primary destinations were Canada 29,800 MT, the Dominican Republic 17,800 MT, Mexico 17,700 MT, Cuba 16,500 MT, New Zealand 11,500 MT, and Turkey 11,000 MT.

CBOT Soybean Futures as on 25th November '05

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	170.7	168.7	169.8	168.7	-0.6	170.1
Jan'06	171.8	170.0	171.2	169.8	-1.1	170.7

CBOT remained closed on Thursday and Friday (Thanks-giving holiday)

DOMESTIC MARKETS

Soy meal

Yet another chapter added in bird flu story on Thursday when China confirmed its second human death from bird flu and Vietnam reported an infection in a 15-year-old boy. The woman, who lived in Xiuning County in the eastern province of Anhui, tested positive for the H5N1 strain. After this China's largest city, Shanghai, said it would ban sales of pet birds in an attempt to stem the outbreak's spread. Experts have warned that the virus may transmute into a form that's easily passed between people and trigger a pandemic. Further, in Vietnam, the country hardest-hit by the disease, health authorities said a 15-year-old boy from northern port city of Haiphong was the latest person to test positive for the deadly H5N1 strain of the virus. The boy remains hospitalized but was expected to fully recover. Adding to the bitterness China confirmed another (27th) outbreak of bird flu in the country on Friday. In Zhilandun (Mongolia) reported 246 poultry died. China's National Avian Flu Reference Laboratory confirmed the birds were infected with the H5N1 strain of the virus. Authorities in Inner Mongolia culled 16,567 birds within a three-kilometer radius of the infection site. A day before, China reported 26th outbreak of the year of H5N1 avian influenza in poultry. This news added further bearishness in the already subdued soybean market. Export demand, which is struggling to revive, will get more hitting from this news. The long tale of bird flu seems not coming to an end at least for now.

In the same line soybean prices at most of the spot markets fell towards the end of the week. However prior to this news the prices of soybean remained almost stable at lower

levels during the early part of the week in the absence of any fresh inputs. Soybean prices at ports also slipped on Saturday. At Kandla port soybean was traded at Rs 8500, down Rs 150 per MT from its prior week's level. December soybean at NCDEX also witnessed a sharp fall of Rs 200 on the last trading day of the week. Trading in December contract took place only on two days with a very small volume, and recorded no change during the week. However, January contract witnessed strong surge in the earlier part of the week to Rs 8587 levels before closing the week at a marginal gains of Rs 21 at Rs 7720. the traders were expecting the bird flu story to finish and consequently improved demand for soybean by January. But the series of these bird flu stories caused prices to wipe off earlier gains. FOR quotes were down on Saturday at Rs 8450-8550 per MT in Kandla in jute bags as compared to its prior week levels of Rs 860-8650, FAS was at \$ 186-188 per MT.

The current situation for the meals is gloomy. The supplier countries have very good stock positions thanks to good production and favourable weather conditions. As a result 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. For the sake of meal prices we can only expect the export demand to rekindle and bird flu story 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.

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

NCDEX Soy meal Futures price (26th November 05)

	Prev Close Price	High Price	Low Price	Close Price	Change
Dec'05	8200.00	8015.00	8000.0	8000.00	-200.00
Jan'06	8575.00	7720.00	7720.00	7720.00	-855.00

Soy Meal Vessel Report (25.11.05)

'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 'Thor Star' and 'Iran Bayan' to load 13,000 MT and 13,500 of SBM respectively to China. JM Baxi agents will be handling the vessel.

Rape/ Mustard meal

Rapeseed/mustard meal prices again bounced to Rs 4900 per MT against its yesterday's level of Rs 4800 per MT in Morena today. The prices at Alwar remained at Rs 4750 per MT. As it is the period of depleting stocks and crushing activity in mustard has dropped and shifted towards the soy meal, the prices are at comparatively

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	19.11.05	26.11.05
Indore	8000-8400	7700-8000
Nanded	7450	7600
Jalna/Dhulia	7900-8000	7700
Kota	7700-7800	7700
Kandla	8650	8500
Mumbai	8700	8500
Vizag	8700	....
Sangli	8000	8200

WEATHER WATCH: (19.11.05)

Chief Features

The low pressure area over central parts of southeast Arabian Sea persists. With the likely west-northwest movement of the system, the rainfall activity over south Peninsula is likely to remain subdued during next 2-3 days.

The western disturbance is likely to affect western Himalayas from tomorrow for next 2-3 days.

A feeble low pressure area has formed over south Andaman Sea. Associated upper air cyclonic circulation extends upto mid tropospheric level. Under its influence rainfall is likely to occur at many places with isolated heavy rainfall over Andaman & Nicobar Islands during next 2-3 days.

Forecast valid 1430 hours IST of 29th November, 2005

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 were stable at Rs 6500. 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.

NORTH: Scattered rainfall/snowfall activity is likely to commence over Jammu & Kashmir and Himachal Pradesh, which is likely to increase and extend into Uttaranchal subsequently. Isolated to scattered rain/thundershowers also likely over Punjab and Haryana (including Chandigarh & Delhi) on 28th & 29th. Mainly dry weather is likely over the rest region.

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

SOUTH: Rain/thundershowers likely at many places over Andaman & Nicobar Islands and Lakshadweep; at a few places over Kerala and isolated over Tamil Nadu, Pondicherry and Coastal & South Interior Karnataka. Mainly dry weather over the rest region.

WEST: Mainly dry weather over the region.

Warning

Isolated heavy rainfall likely over Andaman & Nicobar Islands and Lakshadweep.

Isolated heavy rain/snow likely over Jammu & Kashmir and Himachal Pradesh from 28th.

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

Rainfall activity over south coastal Tamil Nadu & Pondicherry, coastal Kerala is likely to increase from 29th, which may subsequently extend into interior south peninsula, Lakshadweep and South Interior Karnataka. Scattered to fairly widespread rain/snow with isolated heavy snowfall likely over Western Himalayas. Isolated rain/thundershowers may also occur over the adjoining plains.

Source: IMD, GOI.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.78
European Union	Euro	53.88

USDA Weekly Export sales Highlights

(For 11th Oct -19th November'05)

Soybean Cake and Meal: According to USDA report Net sales of soymeal were 143,200 MT, 30% below the week earlier and 27% below the prior 4-week average. The major buyers were Canada 41,000 MT, Mexico 32,500 MT, Cuba 16,500 MT, Panama 15,600 MT, and Honduras 9,900 MT. Exports of 140,600 MT were down 18% from the previous week's marketing-year high, but were 20% above the prior 4-week average. The primary destinations were Canada 29,800 MT, the Dominican Republic 17,800 MT, Mexico 17,700 MT, Cuba 16,500 MT, New Zealand 11,500 MT, and Turkey 11,000 MT.

All India Statewise Production Estimates of Soybean, Groundnut and Mustard During 2005.

Area in Lakh Ha. Yield in kg per ha, Production in lakh MT

	Soyabean		Groundnut		Mustard/Rapeseed	
Name of the state	Yr.05-06	Yr. 04-05	Yr.05-06	Yield Total production	Yr.05-06	Yield Total production
Madhya Pradesh	33.50	34.5	1.5	1.5	Uttar Pradesh	8.5
Maharashtra	19.50	17.0	02.00	3.5	Rajasthan	29.0
Rajasthan	5.00	4.2	2.5	2.2	Punjab Haryana	9.0
Andhra Pradesh	1.30	0.2	12.5	14.5	Gujarat	4.0
Karnataka	1.40	1.0	5.0	8.2	Madhya Pradesh & Chhatisgarh	7.5
Chattisgarh	0.50	0.4	....		West Bengal	2.5
Gujrat			20.0	16.5	Eastern India and others	4.0
Tamilnadu			5.5	10.5	Sub Total	64.5
Rest of India	0.40	1.2	2.0	2.8	TORIA (All India)	1.5
Total	61.60	58.5	35.7	42.0	Grand Total	66.0

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