

OILMEAL

17th November, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Markets Witnessed Some Downward Movements
- December Soymeal at NCDEX Witnessed no Trading

COMMENTARY

DOMESTIC MARKET

Soy meal

Soymeal prices dropped down in most of the spot markets today. The soymeal markets remained subdued in the absence of new export demand recently, and in the same note the prices further fell slightly today. News that three Chinese people found infected with bird flu raised the concerns over this deadly disease, causing fall in both domestic and international prices. There was no trading activity observed in the December contract however, November contract made some unruly gains at NCDEX. DOC prices at Indore quoted fell further and traded in the range of Rs.7800-8000 per MT as per quality. The soymeal prices at Kandla port fell further down at Rs 8675 per MT as compared to Rs 8725 per MT yesterday. FOR quotes were at Rs 8750-8850 per MT in Kandla in jute bags, FAS was at \$ 194-195 per MT.

The export scene is still gloomy and no fresh contracts are seen to boost the market. However, another outbreak of bird flu in china is hitting the already subdued market. The long tale of the bird flu is keeping on pressuring the markets as there is no sign of relief in this front. The importers (Indonesian) are asking for very low prices, around \$209 per MT including cost of freight. The current situation for the meals is gloomy. As the demand is poor in the international markets and supply is waiting for its takers. 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 heading towards its completion. 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.

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 (16.11.05)

Loading of 13,200 MT of SBM is continuing at Kandla Port on the vessel 'Tina Da' to Malaysia. Shantilal agents is handling the vessel. Kandla Port is expecting 'IKI' to load 15,500 MT of SBM to Japan. The vessel will be handled by Taurus agents. 'Ever Power' is expected at the port to load 13,000 MT of SBM to Vietnam. Shantilal 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. Jamnagar Port is expecting 'Ha Na' to load 12,000 MT of SBM. Nilhant agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	16.11.05	17.11.05
Indore	8000-8550	7800-8000
Nanded/Latur	7560	7500-7700
Dhulia/Jalna	7900-8000	7800
Kota	7900-8000	7800-7900
Nagpur	7500 (40%) -7800	7400 (40%) -7800
Kandla	8725	8600
Mumbai	8800	8675
Vizag(approx)	8850	8700
Sangli/Solapur	8300	8100
Morena/shivpuri	8200	8000

NCDEX Soy meal Futures price (17th November'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Nov' 05	7925.00	8100	8050	8050	+75.00
Dec'05	8330.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

Rapeseed/mustard meal prices rose further to Rs 4900 per in Morena. Yesterday and remained there today. The prices fell at Rs 4900 per MT in Alwar. As it is the period of depleting stocks and crushing activity in mustard has dropped and shifted towards the soymeal, the rise in prices are obvious. 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 came back to its earlier level of Rs 6500 per MT and GN 40% was traded at

Rs 6000. As the supply of the GN meal is up with increase in crushing activities the prices are expected to remain subdued, as the export demand is poor. 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 Soymeal Ended Sharply Lower

Soymeal futures fell to one-week lows Wednesday, due to fund selling on bird flu fears and technical weakness.

December soymeal settled \$6.80 lower at \$173.40 per ton its lowest level in one week. The concerns over potential lower feed demand from Asia due to bird flu worries prompted the fund selling. According to some unofficial news numerous human deaths related to avian influenza (bird flu) as well as human to human spread of the virus in China were observed. The news sparked bearish sentiment in the market.

Soybean futures on the CBOT closed at its 2.5 weeks lows on some bearish fundamentals and technical weakness. January soybeans closed 15.5 cents down at \$5.7675 and December soyoil ended 15 points lower at 22.19 cent a pound. The futures fell mainly on speculative selling. The unofficial; report of bird flu and human infections along with other bearish fundamentals (good U.S. soybean supplies, lower export demand and favorable weather) kept the buyers away. Soyoil futures ended lower but talk of sharp fall in oil share percentage supported oil futures to limit the losses.

According to USDA report Net sales of soymeal were 79,800 MT 74% above the week earlier. The major buyers were the Philippines 24,100 MT, the Dominican Republic 17,000 MT, Canada 15,600 MT, Mexico 15,200 MT, and Guatemala 14,000 MT. Exports were reported at 95,300 MT nearly 30% below the week earlier and 15% below the prior 4-week average. The primary destinations were the Philippines 25,000 MT, Mexico 25,000 MT, Canada 15,000 MT, Japan 10,000 MT, and the Dominican Republic 9,300 MT.

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	180.2	179.1	179.1	172.5	-6.8	173.4
Jan'06	181.3	180.3	180.3	173.8	-6.9	174.4

CBOT remained closed on Saturday and Sunday

WEATHER WATCH: (17.11.05)

Chief Features

The low pressure area over southeast Bay of Bengal persists. Associated upper air cyclonic circulation extends upto 2.1 km a.s.l. The system is likely to move slowly west-northwestwards. Under its influence rainfall activity over Tamil Nadu is likely to increase from 19th and areas of south Karnataka and Kerala from 20th.

The upper air cyclonic circulation over southeast Arabian Sea has moved westwards and become unimportant.

Forecast valid 0830 hours IST of 20th November, 2005

NORTH : Mainly dry weather is likely over region.

EAST : Isolated rain/thundershowers likely over Arunachal Pradesh, eastern parts of Assam and Nagaland, Manipur, Mizoram & Tripura. Weather will be mainly dry over the rest region.

SOUTH : Rain/thundershowers likely at many places over Andaman & Nicobar Islands and isolated over coastal Tamil Nadu & Pondicherry and Kerala. Weather may be mainly dry over the rest region. Rainfall over Tamil Nadu is likely to increase from 19th.

WEST : Mainly dry over the region.

Heavy rainfall warning

Isolated heavy rainfall likely over coastal Tamil Nadu from 19th.

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

Rainfall over Tamil Nadu and Kerala is likely to increase with isolated heavy rainfall over these areas.

Source: GOI (IMD)

FOREX RATES (17.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.77
European Union	Euro	53.43

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