

OILMEAL

10th November, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Markets Remained Stable
- Thin Trading in November Soymeal at NCDEX

COMMENTARY

DOMESTIC MARKET

Soy meal

Soymeal prices almost stable in most of the spot markets today, however there was some thin trading seen in December contract at NCDEX with Rs 200 loss at Rs 8300. DOC prices at Indore quoted in the range of Rs.8100-8300 per MT as per quality. The soymeal prices at Kandla port were stable at Rs 8950 per MT. FOR quotes were stable at Rs 8850-8950 per MT in Kandla in jute bags, FAS was at \$ 194-196 per MT.

After a long lull on export front during recent festive period and scenario of bird flu fears, the soymeal was expected to see some activity as the festive season is over. Recent release by SEA of India added further hope as it reported export during last seven months increased by 10% as compared to corresponding period of previous year. But, all these expectations got some serious shock by some Chinese buyers as they cancelled their contracts of soymeal import from India on growing fears of bird flu. They cancelled at least four contracts of 13,000 MT each, which they bought at around \$235 a tonne including cost of freight. The shipped meals were finally sold at a discounted price of \$222 including cost and freight. The soymeal prices were already under pressure and this news might further hit the prices down. Though China is buying only this year from India and there were around 250000 MT of soymeal contracted to be bought, this news will certainly hit the market sentiments. The prices have already down to \$195 per tonne (FAS) from the high of \$215 per tonne. However, traders are expecting that this story will not hit the estimated export for the season of 2.5 million MT, as the lower demand on account of bird flu is a temporary phase of the market. 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 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.

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.

Nothing comes out of the blue in USDA monthly crop report. As expected, USDA increased its estimates for soybean production in United State to 82.82 million ton against its previous estimates of 80.75 million ton. Production of Brazil was put at 58.5 million ton against previous estimate of 60 million ton. Production of Argentina was kept unchanged at 40.5 million ton.

Soy Meal Vessel Report (9.11.05)

'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. Kandla Port is expecting 'IKI' to load 15,500 MT of SBM to Japan.

Loading of 1,500 MT of SBM is expected at Mumbai Port on the vessel 'Veesham'. Astarl Freight Forwarders will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	09.11.05	10.11.05
Indore	8100-8500	8100-8300
Nanded/Latur	7700	7700-7800
Dhulia/Jalna	8000-8200	8050-8200
Kota	8100-8150	8150
Nagpur	7600(40%)-7900	7600 (40%) - 7900
Kandla	8900	8950
Mumbai	8950	8900
Vizag(approx)	8900
Sangli/Solapur	8200	8200-8300
Morena/shivpuri	8300	8200-8400

NCDEX Soy meal Futures price (10th November'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Nov' 05	8400.00	00.00	00.00	00.00	00.00
Dec'05	8500.00	8700.0	8300.00	8300.00	-200.00

Rape/ Mustard meal

Rapeseed/mustard meal prices bounced slightly to Rs 4700 in Morena from its previous level of Rs 4600 per MT.

Similarly, the prices rose to Rs 4750 from Rs 4450 previously. Though it appears to be abnormal movement in the scenario of falling meal prices, the reason for the same seems lower stocks of the cheaper meal. However it is expected to remain stable in near future with crushing activity in groundnut and soybean in progress. However, if export demand rekindles, the situation might get better.

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 down today at Rs 6500 as compared to previous level of Rs 6700 per MT and GN 40% was traded at Rs 6000. The GN meal prices got hitting due to downward movements in soy meal prices. Further, supply of the soy meal is increasing on accounting of increased crushing activities.

India exported around 8825 MT groundnut meals in October 2005 increased from previous month's 8500 MT. However, the GN meal export 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 Closed Firm After Initial Weakness

December soy meal at CBOT ended \$0.4 up at \$174.3 per Ton; which was 2.3 up from the low and 1.5 off the high. Soy meal futures remained under pressure during most the day as the long tale of bird flu continues to haunt the market causing prices to remain subdued. Adding to this, the rumors that China cancelled some soy meal supplies from India bought earlier due to slack demand caused further bearishness in the market. However, the soy meal futures recovered towards the end of the day along with soybeans on short covering by the traders ahead of the November crop report to be released on Thursday.

November soybeans at Chicago Board of Trade ended up 4 cents at \$5.7825 and January soybeans closed 3 cents up at \$5.885. December soy oil also added 15 points at 22.96 cents a pound.

Good stocks position, large expected production, diminished demand and favorable planting conditions were the factors causing soy complex to remain under the pressure through out the day. Weakness in meal further added bearishness to the market. But towards the end of the trading the futures saw some short covering before the crop report, which is going to be released on Thursday before the opening of the trade. The market is expecting soybean production slightly above 3 billion bushels as compared with the October USDA estimate of 2.967 billion bushels with ending stocks near \$310 million bushels as compared with 260 million bushels in previous month. The soybean sales are being expected near 700,000 tonnes, meal sales at 125,000 tonnes and oil sales near 5000 tonnes.

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
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Dec'05	173.9	173.4	175.8	172.1	+0.4	173.4
Jan'06	175.4	174.6	177.0	173.8	+0.2	175.6

CBOT remained closed on Saturday and Sunday

WEATHER WATCH: (10.11.05)

Chief Features

The low pressure area over southwest Bay of Bengal off south Tamil Nadu-Sri Lanka coast has weakened and now lies as an upper air cyclonic circulation extending upto 5.8 km a.s.l. The other cyclonic circulation over southeast Arabian Sea also persists and extends upto 2.1 km a.s.l. The associated rainfall activity over Tamil Nadu and Kerala has decreased considerably. Only scattered light to moderate is now likely over Tamil Nadu, south Coastal Andhra Pradesh and Kerala for next 2 days.

A fresh western disturbance as an upper air system lies over north Pakistan and neighbourhood. Under its influence, light rainfall /snowfall is likely to commence over Jammu & Kashmir from today evening. This weather activity is likely to increase on 11th and 12th.

Forecast valid 0830 hours IST of 13th November, 2005

NORTH: Isolated light to moderate rainfall/snowfall is likely to commence over Jammu & Kashmir from today evening. This activity is likely to increase on 11th and 12th and may extend over to Himachal Pradesh. Isolated rain/thundershowers may also occur over Punjab on 12th. Mainly dry weather is likely over the rest region.

EAST: Isolated rain/thundershowers likely over Nagaland, Manipur, Mizoram & Tripura. Weather will be mainly dry over the rest region.

SOUTH: Rain/thundershowers likely at a few places over Tamil Nadu & Pondicherry, south Coastal Andhra Pradesh, Kerala, Lakshadweep and Andaman & Nicobar Islands and isolated over the rest region outside Telangana and Coastal & North Interior Karnataka where weather may be mainly dry.

WEST: Weather will be mainly dry over the region.

Warning

Isolated heavy rain is likely to occur over Tamil Nadu & Pondicherry, south Coastal Andhra Pradesh and Kerala during next 2-3 days.

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

Light to moderate rain/thundershowers likely to continue over south Peninsula.

Rainfall/snowfall over Western Himalayan region is likely to decrease from 13th.

Night temperature over northwest India are likely to fall.

Source: GOI (IMD)

FOREX RATES (10.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.81
European Union	Euro	53.90

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