

OILMEAL

11th November, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Markets Remained Stable
- No Trading in November Soymeal at NCDEX

COMMENTARY

DOMESTIC MARKET

Soy meal

Soymeal prices almost stable in most of the spot markets today. The soymeal markets remained subdued in the absence of new export demand. December and November contract at NCDEX witnessed no trading activity. DOC prices at Indore quoted marginally down in the range of Rs.8000-8300 per MT as per quality. The soymeal prices at Kandla port were also down at Rs 8900 per MT. FOR quotes were at Rs 8900-9000 per MT in Kandla in jute bags, FAS was at \$ 195-197 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. But there is no sign of the same as some Chinese buyers 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. Though, China is a new entrant in the Indian market for meal, this news will certainly hurting the market sentiments. The importers are asking for very low prices which are not acceptable to the Indian exporters causing halt in fresh deals. 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.

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.

Soy Meal Vessel Report (11.11.05)

'Fu Wang' is expected at Kandla Port to load 12,000 MT of SBM. Able Marine agents will be handling the vessel. Loading of 13,200 MT of SBM is expected at the port on the vessel 'Tina Da' to Malaysia. Shantilal agents will be 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.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	11.11.05	10.11.05
Indore	8000-8300	8100-8300
Nanded/Latur	7700-7800	7700-7800
Dhulia/Jalna	7950-8100	8050-8200
Kota	8000-8100	8150
Nagpur	7600 (40%) -8000	7600 (40%) - 7900
Kandla	8900	8950
Mumbai	8900	8900
Vizag(approx)	8900	8900
Sangli/Solapur	8300	8200-8300
Morena/shivpuri	8300-8400	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	8300.00	00.0	00.00	00.00	00.00

Rape/ Mustard meal

Rapeseed/mustard meal prices remained stable at its yesterday's level of Rs 4600 per MT in Morena.. Similarly, the prices were unmoved at Rs 4750 per MT in Alwar. The recent up move appears to be abnormal in the scenario of falling meal prices, the reason for the same seems lower stocks of the cheaper meal as crushing is still weak. However it is expected to remain stable in near future with crushing activity in groundnut and soybean will 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 remained calm today at Rs 6500 per MT and GN 40% was traded at Rs 6000. The GN meal prices got hitting recently due to downward movements in soy meal prices. Further, supply of the soy meal is likely to increase with increase in 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 December Soy meal Ended Up

December soy meal at CBOT ended \$1.2 up at \$175.5 per Ton. The rise was mainly backed by optimistic outlooks for the market due to the lack of any change in the USDA's ending stock projection despite higher production outlooks. Some technical buying and soy product spreading also helped the futures to gain. Talks that china buying U.S. soybeans also supported the meal futures.

November soybeans closed 1.25 cent lower at \$5.77, January soybeans ended 1 cent lower at \$5.875, while December soy oil ended 19 points lower at 22.77 cent a pound.

Soybeans futures witnessed downward movement on the influence of large production and ending stock forecasts from the U.S. Department of Agriculture. However, USDA's crop data was nothing more than mere confirmation of the market expectations preventing any large selling. Soy oil futures fell to six week lows during the session on bearish stocks data from the USDA. This was further pressured by some speculative selling and reduced soy meal-soy oil spread.

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(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	174.3	173.0	176.5	172.3	+1.2	175.5
Jan'06	175.6	174.3	178.0	173.8	+1.0	176.6

CBOT remained closed on Saturday and Sunday

WEATHER WATCH: (11.11.05)

Chief Features

The upper air cyclonic circulation over southwest Bay of Bengal off south Tamil Nadu-Sri Lanka has become less marked and is now seen as a northeast-southeast shear zone over central Bay of Bengal. persists. The other cyclonic circulation over southeast Arabian Sea also persists and extends upto 2.1 km a.s.l. Under the influence of these systems, scattered light to moderate rainfall is likely over Tamil Nadu and Kerala for next 2 days.

The western disturbance as an upper air system over north Pakistan and neighbourhood persists. Under its influence, light to moderate rainfall /snowfall is likely at many places over higher reaches of Jammu & Kashmir. This weather activity is likely to decrease from 13th.

Forecast valid 0830 hours IST of 14th November, 2005

NORTH : Rainfall/snowfall is likely at many places over higher reaches of Jammu & Kashmir. It may also occur at a few places over rest Jammu & Kashmir and Himachal Pradesh. Isolated rain/thundershowers may also occur over north Punjab. Mainly dry weather is likely over the rest region.

EAST : Weather will be mainly dry over the region.

SOUTH : Rain/thundershowers likely at many places over Andaman Islands ; at a few places over Tamil Nadu & Pondicherry, Nicobar Islands, Kerala and Lakshadweep and isolated over south Coastal Andhra Pradesh and coastal Karnataka where weather may be mainly dry.

WEST : Weather will be mainly dry over the region.

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

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

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

Night temperature over northwest India are likely to fall from 14 leading to cold wave conditions over Western Himalayas and adjoining plains..

Source: GOI (IMD)

FOREX RATES (11.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.77
European Union	Euro	53.51

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