

OILMEAL

12th November, 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Markets Witnessed Marginal Upward Movements
- No Trading in November Soymeal at NCDEX

COMMENTARY

DOMESTIC MARKET

Soy meal

Soymeal prices moved up slightly in most of the spot markets today. The soymeal markets remained subdued in the absence of new export demand recently, and these upward movements are mere short term fluctuations in a subdued market. December and November contract at NCDEX witnessed no trading activity today. DOC prices at Indore quoted marginally up in the range of Rs.8200-8500 per MT as per quality. The soymeal prices at Kandla port were also up at Rs 8950 per MT. FOR quotes were at Rs 8950-9000 per MT in Kandla in jute bags, FAS was at \$ 195-197 per MT.

The export scene is still gloomy and no fresh contracts are seen to boost the market. The long tale of the bird flu is keeping on pressuring the markets as there is no sign of relief in this front. In the same line some Chinese buyers cancelled their contracts of soymeal import from India. Though, China is a new entrant in the Indian market for meal, this news adds some bitterness in already subdued market. The importers are asking for very low prices, around \$210 per MT including cost of freight, which is unacceptable 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 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 (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	12.11.05
Indore	8000-8300	8200-8500
Nanded/Latur	7700-7800	..
Dhulia/Jalna	7950-8100	8100-8400
Kota	8000-8100	8100-8200
Nagpur	7600 (40%) -8000	8100
Kandla	8900	8950
Mumbai	8900	8950
Vizag(approx)	8900	8950
Sangli/Solapur	8300	8400
Morena/shivpuri	8300-8400	8400

NCDEX Soy meal Futures price (12th 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 soymeal 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 Soymeal Ended Firm

December soymeal at CBOT ended strongly \$6.2 up at \$181.7 per Ton; which was 5.6 up from the low and 0.2 off the high. The rise was mainly backed by Thursday's gains and optimistic outlooks for the market due to the lack of any change in the USDA's ending stock projection despite higher production outlooks. Talks that china buying U.S. soybeans and profitable crush margin supported the prices. According to talks in the market, China bought around 12 cargos of soybean last week despite spread of bird flu in the Asian region. Some funds were net buyers in the soymeal futures. January soybeans ended 14 cents higher at \$6.015per bushel, while December soyoil ended 3 points lower at 22.74 cent a pound. The buying support in January contract came from the commercial stopping of November soybean deliveries. Further the china's buying interest and strength in meals pulled the prices up. The oil futures remained subdued for the second day on bearish ending stock expectation from USDA report yesterday. 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	175.5	176.8	181.8	176.6	+6.2	181.7
Jan'06	176.6	178.8	182.8	178.0	+5.8	182.4

CBOT remained closed on Saturday and Sunday

WEATHER WATCH: (12.11.05)

Chief Features

A trough of low pressure lies over southwest Bay of Bengal. The upper air cyclonic circulation over southeast Arabian Sea persists and now extends upto 3.6 km a.s.l. Under the influence of these systems, fairly widespread rains with isolated heavy falls are likely over Tamil Nadu & Pondicherry, Kerala, Lakshadweep and Nicobar Islands during next 2-3 days.

The western disturbance as an upper air system over north Pakistan and neighbourhood now lies over Jammu & Kashmir and adjoining Himachal Pradesh. This system is likely to cause rainfall/snowfall at a few places over higher reaches of Jammu & Kashmir during next 24 hours. The weather is likely to improve from tomorrow due to eastwards movement of the system. It may lead to fall in night temperatures by 2-3° C in the different parts of the state during next 2-3 days. The induced upper air cyclonic circulation over central Pakistan has become less marked.

Forecast valid 0830 hours IST of 15th November, 2005

NORTH : Rainfall/snowfall is likely at a few places over higher reaches of Jammu & Kashmir. It may be isolated over rest Jammu & Kashmir and Himachal Pradesh. 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 Tamil Nadu & Pondicherry, Kerala, Lakshadweep and Nicobar Islands and isolated over Rayalaseema, south Coastal Andhra Pradesh, Coastal & South Interior Karnataka and Andaman Islands. Weather may be mainly dry over the rest region.

WEST : 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.

Fair weather conditions likely over Western Himalayan Region leading to cold wave conditions.

Source: GOI (IMD)

FOREX RATES (12.11.05)

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

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