

OILMEAL

9th 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 November contract at NCDEX with no change in prices. DOC prices at Indore quoted in the range of Rs.8100-8500 per MT as per quality. The soymeal prices at Kandla port were stable at Rs 8900 per MT. FOR quotes dropped 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 have cancelled at least four contracts of 13,000 MT each, which they bought at around \$235 a tonne, 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.

Soy Meal Vessel Report (09.11.05)

'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	08.11.05
Indore	8100-8500	8200-8300
Nanded/Latur	8300	7650-7850
Dhulia/Jalna	8000-8200	8000-8200
Kota	8100-8150	8100-8150
Nagpur	7600(40%)-7900	7600 (40%) - 8000
Kandla	8900	8900-8950
Mumbai	8950	8950
Vizag(approx)
Sangli/Solapur	8200	8200-8300
Morena/shivpuri	8300	8300-8400

NCDEX Soy meal Futures price (9th November'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Nov' 05	8400.00	8400.00	8400.00	8400.00	00.00
Dec'05	8500.00	00	00	00	00

Rape/ Mustard meal

Rapeseed/mustard meal prices remained mixed in the day of very small activity. The markets some activity after the festivals, however, the prices remained stable, as there is nothing to cheer about for the meals at the moment. It is expected to witness further bearishness in the coming days as crushing activity in groundnut and soybean will increase supply. However, if export demand rekindles, the situation might get reversed.

In Shivpuri/ Morena, mustard meal quoted stable at Rs.4600 per MT, at Alwar the prices improved to Rs.4450 MT by gaining Rs 50. India exported 31025 tons of rape meal in September 2005 as compared to 52100 in September 2004.

Groundnut meal

Saurashtra Groundnut (45%) quotes remained stable today at its previous level at Rs 6700 per MT and GN 40% was traded at Rs 6100. The surprise rise in prices of groundnut meals recently was the result of slackening of supplies. The crushing of groundnut has slowed down, as there is good demand for groundnut seeds. India exported around 8500 MT groundnut meals in September 2005.

INTERNATIONAL MARKET

CBOT Soymeal Closed Slightly Down

December soymeal at CBOT ended \$0.2 lower at \$173.9 per Ton; which was 0.8 up from the low and 0.5 off the high. Soymeal futures extended its recent bearish movements despite some bounce back in other soy complex. 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 soymeal supplies from India bought earlier due to slack demand caused further bearishness in the market. It was taken by market as a confirmation of demand reduction on the wake of the bird flu. However, consolidation after recent downward movements caused the market to remain sideways.

November soybeans at Chicago Board of Trade ended 2.75 cents up at \$5.7425 and January soybeans closed 2.5 cents up at \$5.855. December soyoil also added 14 points lower at 22.81 cents a pound.

After recent downward movements, Tuesday's gains were mere technical correction or consolidation as the markets were slightly oversold. Otherwise, there seems no reason for the up move on the fundamental front, as good stocks position, large expected production, diminished demand and favorable planting conditions are still there to oppose any sharp upward movements.

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	174.1	173.4	174.2	173.2	-0.2	173.9
Jan'06	175.4	175.4	175.8	174.8	0.00	175.4

CBOT remained closed on Saturday and Sunday

WEATHER WATCH: (09.11.05)

Chief Features

Under the influence of the low pressure area over southwest Bay of Bengal, fairly widespread rains with isolated heavy rainfall have occurred over Tamil Nadu & Pondicherry during past 24 hrs. Moderate rainfall also occurred over south Coastal Andhra Pradesh and Kerala.

Chief amounts of rainfall (cms.): Karaikal-7, Cuddalore-5, Trivendrum-4 and Nagapattinam-3.

The low pressure area over southwest Bay of Bengal off south Tamil Nadu-Sri Lanka coast persists. The associated upper air cyclonic circulation extends upto 5.8 km a.s.l. tilting southwestwards with height. The other cyclonic circulation over southeast Arabian Sea also persists and extends upto 0.9 km a.s.l. Under the influence of these systems, fairly widespread rains with isolated heavy falls likely to continue over Tamil Nadu & Pondicherry for another 2 days. Scattered to fairly widespread rains with isolated heavy falls also likely over south Coastal Andhra Pradesh and Kerala.

The feeble western disturbance over Jammu & Kashmir has moved away northeastwards. Another western disturbance is approaching the Western Himalayan region. Under its influence, light rainfall /snowfall is likely to commence over Jammu & Kashmir from 10th evening. This weather activity is likely to increase on 11th and 12th.

Forecast valid 0830 hours IST of 7th November, 2005

NORTH : **Isolated** light to moderate rainfall/snowfall is likely to commence over Jammu & Kashmir from 10th evening. This activity is likely to increase on 11th and 12th and may extend over to Himachal Pradesh. **Mainly dry** weather is likely over the rest region.

EAST : **Isolated** rain/thundershowers likely over coastal Orissa. Weather will be **mainly dry** over the rest region.

SOUTH : Rain/thundershowers likely **at many places** over Tamil Nadu & Pondicherry, south Coastal Andhra Pradesh and Kerala; **at a few places** over Andaman & Nicobar Islands and Lakshadweep and **isolated** over the rest region outside Telangana and 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:

Moderate rain/thundershowers likely to continue over south Peninsula.

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

Source: GOI (IMD)

FOREX RATES (09.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.80
European Union	Euro	53.82

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