

## OILMEAL

14<sup>th</sup> -19<sup>th</sup> November'05

### MAJOR ACTIVITY HIGHLIGHTS

- India's Oil Meal Exports data of April - October' 05
- All India Production Estimate for Soybean, Groundnut and Mustard for '05
- Latest Weather Watch

### NEWS ANALYSIS

#### Export of Oilmeal Increased This Year (April to October'05)

Indian Oilmeals export during the financial year 2005-06 (7 months) increased by 10.45% as compared to the export during the same period previous year. India exported 1500733 MT of Oilmeals during this period (April-March) according to SEA of India release. The main surge in export was seen in Castor meal (101475MT), Rice Bran Ex.(23772MT) and Soymeal(74525MT). However the export of GN meal were down during this period as compared to previous year by 30525MT. According to SEA,

groundnut meal exports fell almost 30% on year to 75,000 tonnes during this period mainly on account of lower crush margin. This release from SEA of India will provide some support to the meal prices as it is export demand what the meal is waiting for. In the scenario of lower feed demand due to fears of bird flu and lower meal prices in international market due to improved supply expectations, the promising export demand will certainly give some support to the falling and subdued prices of meals.

Export of Oilmeal (Extractions) from April to October '05 with comparative period of previous year (Qty. in M.T.)

Month	S.B.EXT	R.S.EXT.	G.N.EXT	R.B.EXT.	S.F.EXT.	CST.EXT.	TOTAL
April 2005	99,250	90,900	12,950	---	---	17,800	220,900
	366,625	96,000	14,800	---	---	----	477,425
May 2005	156,100	69,650	3,025	6,875	---	50,200	285,850
	278,300	100,875	44,750	---	---	----	423,925
June 2005	115,750	53,975	8,900	12,675	---	20,225	211,525
	94,500	45,575	30,475	5,800	---	6,200	182,550
July 2005	135,550	45,750	17,700	16,500	---	11,525	227,025
	19,250	54,400	2,300	----	---	----	75,950
August 2005	112,575	43,825	15,100	5,033	---	11,325	187,858
	17,325	33,325	8,750	5,761	---	15,225	80,386
September 2005	102,675	31,025	8,500	---	---	15,950	158,150
	12,875	52,100	----	5,750	---	----	70,725
October 2005	160250	37250	8825	.....	.....	3,100	209,425
	18,750	17,300	4,450	.....	....	7,225	47,725
Total(Apr.-Oct.'05)	882,150	372,375	75,000	41,083	...	130,125	1,500,733
(Apr.-Oct.'04)	807,625	399,575	105,525	17,311	.....	28,650	1,358,686
2004-2005(F.Y.)	1,861,325	588,805	121,475	43,056	---	70,750	2,685,411
2003-2004(F.Y.)	2,683,675	447,050	126,750	---	---	65,550	3,323,025
2002-2003(F.Y.)	1,333,318	455,533	15,225	---	---	92,445	1,896,521
2001-2002(F.Y.)	2,509,207	313,012	101,001	---	---	97,557	3,020,777
2000-2001(F.Y.)	2,182,142	62,968	18,609	---	---	72,919	2,336,638

## FUNDAMENTAL ANALYSIS

### INTERNATIONAL MARKETS

#### CBOT December Soymeal Closed Firm

#### CBOT Soy Meal Futures Dropped Further

The soymeal prices have been under pressure for quite some time on lower demand due to bird flu fears. The bird flu cases are increasing in China and Vietnam, making the sentiments negative. In the same line the December soymeal at CBOT Friday dropped further \$2.6 at 272.2 and the same was 0.7 up from the low and 1.6 off from the high. The prices fell due to lower demand and sharp fall in soybeans prices. January soybeans finished 9.5 cents

lower at \$5.6975. Soy futures fell to its lowest levels since October 21. Rains in Argentina and WHO report that more outbreak of bird flu expected in China, caused the prices to fall. Further, wetter trend in some dry area on north Brazil also added some bearishness in the prices of soybeans. Other bearish factors were good stock position, favourable weather conditions and lower demand growth. The sharp fall in the soy prices forced the meal prices down. December soyoil ended 15 points lower at 22.01 per pound. The contract fell to its lowest level since March. The soy oil prices dropped due to weakness in the crude oil and good stock positions. Some product share from weaker meal supported the prices to some extent.

#### CBOT Soymeal Futures as on 18<sup>th</sup> November '05

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	174.8	173.2	173.7	172.1	-2.6	172.2
Jan'06	176.2	173.2	174.8	173.2	-3.0	173.2

CBOT remained closed on Saturday and Sunday

### DOMESTIC MARKETS

#### Soy meal

Soymeal prices saw no sign of improvement in recent days and market remained subdued. Definitely it's a period of falling prices in general, as it's a start of post harvest season. The prices generally remain low during this season on account of increased domestic and international supply. In the same line DOC spot market prices fell during the week, as most of the markets remained subdued on account of lower export demand. Where as at the NCDEX in December contract there were very thin trading and in January contract there was only one day during the week when some trading took place. DOC prices at Indore were quoted in the range of Rs.800-8400 per MT as per quality on the last trading day of the week. The soymeal prices at the Kandla port fell by Rs 300 as compared to the corresponding day of the previous week at Rs 8650 per MT. The prices have already down to \$188-190 per tonne

The supplier countries have enough stock positions thanks to good production and favourable weather conditions. Importers are at bargaining position, asking for lower prices. At the same time the bird flu factor is still haunting the markets with several appearances. According to WHO some more outbreak of bird flu are expected and the same is really a bad news as the horrible story is not looking to come to an end. At the moment we think the market has no reason to take prices up. At the most the prices may remain stable if not falling.

(FAS) from the high of \$215 per tonne two weeks earlier. 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 large supplies are waiting for its takers.

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.

#### NCDEX Soy meal Futures price (19<sup>th</sup> November 05)

	Prev Close Price	High Price	Low Price	Close Price	Change
Nov' 05	8000.00	8000.00	8000.00	8000.00	00.00
Dec'05	8499.00	7699.00	7699.00	7699.00	-800.00

#### Soy Meal Vessel Report (18.11.05)

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. Nihant agents will be handling the vessel.

#### Rape/ Mustard meal

Rapeseed/mustard meal prices eased slightly at Rs 4800 per in Morena on the last trading day of the week.. The prices at Alwar were also stand still at Rs 4900 per MT. As it is the period of depleting stocks and crushing activity in mustard has dropped and shifted towards the soymeal, the prices are at higher levels. 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.

#### DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	19.11.05	12.11.05
Indore	8000-8400	8200-8500
Nanded	7450	7900-8000
Jalna/Dhulia	7900-8000	8100-8400
Kota	7700-7800	8100-8200
Kandla	8650	8950
Mumbai	8700	8950
Vizag	8700	8950
Sangli	8000	8400

#### WEATHER WATCH: (19.11.05)

##### Chief Features

Yesterday low pressure area over western parts of southeast Bay of Bengal now lies over central parts of south Bay of Bengal and has become well marked. The system is likely to move in a west-northwesterly direction and concentrated into a depression. Under its influence rainfall activity is likely to increase over coastal Tamil Nadu & Pondicherry with heavy to very heavy falls at a few places during next 3-4 days commencing from 20<sup>th</sup> evening. Fairly widespread rains with isolated heavy falls also likely over interior Tamil Nadu and Kerala commencing from 21<sup>st</sup> during next 2-3 days.

A fresh upper air cyclonic circulation has formed over southeast Arabian Sea extending upto 3.1 km a.s.l.

#### Forecast valid 0830 hours IST of 22<sup>nd</sup> November, 2005

**NORTH** : Mainly dry weather is likely over region.

**EAST** : Isolated rain/thundershowers likely over Arunachal Pradesh and Assam. Weather will be mainly dry over the rest region.

#### Groundnut meal

Saurashtra Groundnut (45%) quotes remained at the Rs 6500 per MT and GN 40% was traded at Rs 6000. As the supply of the GN meal is not at its usual levels due to lower crushing on account of good seed demand. This is causing prices to remain stable. For prices to go up export demand should improve. 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.

**SOUTH** : Rain/thundershowers likely at many places over Andaman & Nicobar Islands during next 2 days and at a few places over coastal Tamil Nadu & Pondicherry during next 24 hours. It is likely at most places over coastal Tamil Nadu & Pondicherry and at many places over interior Tamil Nadu, Kerala and Lakshadweep during subsequent 48 hours. Isolated rain/thundershowers also likely over south Coastal Andhra Pradesh, Rayalaseema, Coastal & South Interior Karnataka on 21<sup>st</sup> and 22<sup>nd</sup>. Mainly dry weather over the rest region.

**WEST** : Mainly dry over the region.

#### Warning

Heavy To Very Heavy Rainfall Likely At A Few Places Over Coastal Tamil Nadu & Pondicherry During Next 3-4 Days Commencing From Tomorrow Evening. Isolated Heavy Rains Also Likely Over Interior Tamil Nadu And Kerala.

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

Fairly widespread rains with isolated heavy falls likely continue over extreme south peninsula.

**Source:** IMD, GOI.

## Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.74
European Union	Euro	53.60

## USDA Weekly Export sales Highlights

(For 28<sup>th</sup> Oct -3<sup>rd</sup> November'05)

**Soybean Cake and Meal:** According to USDA report Net sales of soymeal were 204700 MT were 2.56 times the prior week's levels and 17% above the prior four-week average levels. The main buyers were the Japan 48,400 MT, Canada 33,600 MT, Guatemala 33,100 MT, Cuba 25,000 MT, and Mexico 22,100 MT. Exports were reported at 172400 MT, around 80% above prior week's 95300 MT and nearly 60% above the prior 4-week average. The primary importers were the Philippines 45,600 MT, Mexico 20,000 MT, Canada 19,500 MT, Saudi Arabia 17,500 MT, Turkey 13,600 MT, and Japan 13,600 MT.

## All India Statewise Production Estimates of Soybean, Groundnut and Mustard During 2005.

Area in Lakh Ha. Yield in kg per ha, Production in lakh MT

Name of the state	Soyabean		Groundnut		Mustard/Rapeseed	
	Yr.05-06	Yr. 04-05	Yr.05-06	Yield Total production	Yr.05-06	Yield Total production
Madhya Pradesh	33.50	34.5	1.5	1.5	Uttar Pradesh	8.5
Maharashtra	19.50	17.0	02.00	3.5	Rajasthan	29.0
Rajasthan	5.00	4.2	2.5	2.2	Punjab Haryana	9.0
Andhra Pradesh	1.30	0.2	12.5	14.5	Gujarat	4.0
Karnataka	1.40	1.0	5.0	8.2	Madhya Pradesh & Chhatisgarh	7.5
Chattisgarh	0.50	0.4	....		West Bengal	2.5
Gujrat			20.0	16.5	Eastern India and others	4.0
Tamilnadu			5.5	10.5	Sub Total	64.5
Rest of India	0.40	1.2	2.0	2.8	TORIA (All India)	1.5
Total	61.60	58.5	35.7	42.0	Grand Total	66.0

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