

OILMEAL

05-10 Dec'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 (8 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 November '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	99,250 366,625	90,900 96,000	12,950 14,800	--- ---	--- ---	17,800 ---	220,900 477,425
May 2005	156,100 278,300	69,650 100,875	3,025 44,750	6,875 ---	--- ---	50,200 ---	285,850 423,925
June 2005	115,750 94,500	53,975 45,575	8,900 30,475	12,675 5,800	--- ---	20,225 6,200	211,525 182,550
July 2005	135,550 19,250	45,750 54,400	17,700 2,300	16,500 ---	--- ---	11,525 ---	227,025 75,950
August 2005	112,575 17,325	43,825 33,325	15,100 8,750	5,033 5,761	--- ---	11,325 15,225	187,858 80,386
September 2005	102,675 12,875	31,025 52,100	8,500 ---	--- 5,750	--- ---	15,950 ---	158,150 70,725
October 2005	160,250 18,750	37,250 17,300	8,825 4,450	--- ---	--- ---	3,100 7,225	209,425 47,725
November 2005	266,675 174,950	21,725 28,850	2,200 ---	12,867 11,820	--- ---	18,225 ---	321,692 215,620
Total (Apr.-Nov.'05)	1,148,825	394,100	77,200	53,950	...	148,350	1,822,425
(Apr.-Oct.'04)	982,575	428,425	105,525	29,131	---	28,650	1,574,306
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

Soymeal Futures at CBOT Ended Firm

Soy futures at Chicago Board of Trade settled mixed on Friday. With smaller exports and a larger carryout projection previously dialed into the market, and a tight cash situation, as farmers remain reluctant sellers at current prices, futures were able to find price strength. The speculative fund buying in the soy meal market provided added support to limit selling pressure. Market then candidly ignored the USDA's bearish stock numbers. January soybean future settled up 2 cents at \$5.6875 and March up 3 cents at \$5.785 per short ton. Soy meal futures ended higher, maintaining their position as the strongest link in the soy complex. The active January futures climbed to nearly one-month highs, bolstered by good underlying demand. January soy meal ended firm at a gain of \$1.6 at \$180.9 per short ton. March soy meal settled \$2.1 at \$181.7 per short ton and March soy oil off 3 points at 21.24 cents per pound. There was nothing out of the blue from the USDA report. Upward revision in soybean stock was earlier

expected and this presumably had already been factored. The US Department of Agriculture put ending stock of US soybean for year 2005-06 at 11.02 million ton against its previous estimates of 9.52 million ton. Production of soy for South American countries was kept unchanged. The USDA pegged Soybean oil stocks at a whopping 1.06 million tonnes from 0.86 million MT last month. World ending stocks for soybeans for the 2005/2006 season were pegged at a new all-time record high of 48.11 million tonnes from 46.75 million tonnes last month and from 42.09 million tonnes this past season. The higher world stocks numbers came mostly from weaker demand outlook as Argentina and Brazil production forecasts were left unchanged from last month at 40.5 and 58.5 million tonnes respectively. Word soy meal stocks were pegged at 4.04 million tonnes from 4.150.86 million MT last month. The ending stocks for U.S. soybeans for the 2005/2006 were constant at 0.23 million MT.

CBOT Soy meal Futures as on 10th December '05

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	179.3	177.5	182.0	177.5	+2.3	181.6
Jan'06	179.3	177.5	181.5	177.5	+1.6	180.9

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

Soy meal market remained subdued during the most part of the week; however, it showed some improvement towards the end of the week. Initially, the prices remained on the lower side thanks to frequent outbreaks of bird flu, and then it improved on demand from the countries like Pakistan, Bangladesh and Malaysia, which are not affected by the deadly disease. Also, there were also talks in the market that some Chinese demand is coming again, giving the much-needed boost to the market. The demand seems improving at lower prices and coming in trickles. Once the bird flu becomes a thing of past the demand along with the prices is bound to improve.

The week witnessed some more outbreaks of bird flu in different countries creating obstacle in front of the meal prices. The soy meal bears got another news to prove their point as Vietnam, Ukraine and Romania reported fresh cases of bird flu. Vietnam confirmed a new outbreak of bird flu in the country Wednesday. The outbreak in the northern province of Ha Giang in late November, was the 14th Vietnamese province affected by avian influenza since the beginning of October. Further, Bird flu outbreaks reported in six more Ukrainian villages Wednesday. After Tuesday's state of emergency covering announcement, the affected autonomous region of Crimea have been sealed off with 2 mile exclusion zone and domestic poultry within the area

are being culled. However, Mass poultry die-offs hit four more Ukrainian villages today, sparking fears the government effort to limit the extent of a bird flu epidemic had failed. In addition to this, another village in Romania in the Danube delta has confirmed an outbreak of an H5 strain of avian influenza among chickens, but the samples are currently awaiting confirmation of H5N1 from British laboratories. However, WHO has issued a statement confirming that there is no danger of contracting avian flu from cooked poultry, giving some relief to the consumers. Further, China confirmed its fifth human case of bird flu Friday, after which it increased the efforts to monitor migratory birds, which are believed to spread the virus. There have been already two deaths among country's other four bird flu cases. A 10-year-old girl is still undergoing emergency treatment for the disease in the southern region of Guangxi after falling ill on November 23. In the latest case a woman, 31 years of age, from the northeast province of Liaoning was found infected with the deadly disease. She fell ill after contact with dead birds but has since recovered. China has the biggest poultry population and is in the global routes taken by migratory birds this is causing concerns regarding the potential global spread of the disease. The deadly H5N1 strain of bird flu has claimed almost 70 human lives in Asia since 2003.

The prices got sever hitting during the first half of the week on lower demand due to bird flu fears and good supply position. The prices at Kandla port dipped as low as Rs

8200 per MT. However, the same improved towards the end of the week to Rs 8650 per MT levels. At Mumbai port prices bounced to Rs 8500 as compared to Rs 8200 per MT during midweek. December and January contract of the soymeal at NCDEX witnessed no trading activity during the week. DOC prices at Indore recovered towards the end of the week after falling up to midweek. The prices bounced to better levels as compared position a week earlier on Saturday and traded in the range of Rs 7800-8300 as per quality. FAS prices were at \$185-187 per MT.

The demand is coming in trickles from the countries like Pakistan and Bangladesh, which are not big markets for

India. The major demand generally comes from Japan, Vietnam, Malaysia and Korea. Let us expect that demand from these big buyers would ignite slowly especially looking at the competitive prices in India. If this happens, the prices will stabilise at least. For the prices to come to the justified levels the bird flu story should come to an end first to ignite the demand.

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 (10th December 05)

	Prev Close Price	High Price	Low Price	Close Price	Change
Dec'05	7700.00	00.00	00.00	00.00	00.00
Jan'06	7720.00	00.00	00.00	00.00	00.00

Soy Meal Vessel Report (09.12.05)

Kandla Port is loading 15,000 MT of SBM to Japan on the vessel 'IBI'. InterOcean agents is handling the vessel. Loading of 14,000 MT of SBM is expected at the port to Japan on the vessel 'Arihant'. InterOcean agents will be handling the vessel.

Loading of 12,000 MT of SBM is continuing at Kandla Port on the vessel 'African Sun' to Japan. Nilhat agents is handling the vessel. Jamnagar Port is loading 5,000 MT of SBM to Singapore on the vessel 'Thor Master'. Avani agents is handling the vessel. 'Fu Yang' has arrived at the port and continues to load 12,000 MT of SBM to Indonesia. JM Baxi agents is handling the vessel. The port is loading 13,000 MT of SBM to Vietnam on the vessel 'Zara III'. InterOcean agents is handling the vessel.

Rape/ Mustard meal

Rapeseed/mustard meal prices fell slightly but still remaining at higher levels of Rs 4900 per MT. The prices have been stable within a small range for quite some time. This is the period of declining stocks and we

are not going to see any sharp fall in the prices of mustard meal. Further, the crushing activity has shifted towards soybeans as demand for mustard oil has decreased and stocks of the same are good. This is causing supply shortages in mustard meal, supporting the higher prices. India exported 37250 MT of rape meal in Rapeseed meal exports in November declined 24.7% to 21,725 MT from 28,850 MT in the previous year. Total export till November was 394,100 MT down 8.1% as compared to 428,425 MT during corresponding period of the previous year.

Groundnut meal

Groundnut production this year is expected to be higher as compared to previous year. Harvesting of groundnut crop in southern India is going on and arrivals are starting. With improvement in arrivals and crushing activity prices might come down. Saurashtra Groundnut (45%) traded down today at Rs 6400 as compared to recent levels of Rs 6500 per MT. India exported around 8825 India exported 2,200 tons of groundnut meal during November; there was no export of GN meal in November last year. Total groundnut export till November were 77,200 down 26.75% as compared to 105,525 MT during corresponding period of last year.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	03.12.05	10.12.05
Indore	7700-7800	7800-8300
Nanded	7600	7450
Jalna/Dhulia	7700/7600	7700-7800
Kota	7700	7600-7700
Kandla	8500	8650
Mumbai	8500	8550
Vizag
Sangli	8000	8100

WEATHER WATCH: (10.12.05)

Chief Features

Morning's cyclonic storm 'FANOOS' over southwest Bay of Bengal moved slightly westwards and lay centred at 1430 hrs. IST near lat. 10.5°N/long. 82.5°E about 300 km east-southeast of Cuddalore. The system is likely to intensify further and move in a west-northwesterly direction and cross North Tamilnadu coast between Vedaranniyam and Pondicherry by tomorrow afternoon.

Under its influence widespread rainfall with scattered heavy to very heavy falls are likely over Coastal Tamil Nadu-south Coastal Andhra Pradesh during next 36 hours. Fairly widespread rainfall with isolated heavy falls also likely over interior Tamilnadu and Rayalaseema during the same period. Gale with wind speed reaching 60-70 kmph are likely to commence by tonight along and off north Tamilnadu coast. Squally winds speed reaching 50-60 kmph also likely to commence by tonight along and off south Tamilnadu and south Andhra Pradesh coasts. State of sea will be very rough to high along and off north Tamilnadu and rough to very rough along and off south Tamilnadu and south Andhra Pradesh coasts. Fishermen along the above coasts are advised not to venture into the sea. Morning's upper air cyclonic circulation over northeastern States and neighbourhood persists and extends upto 3.1 km a.s.l.

Forecast valid for next 72 hours

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.12
European Union	Euro	54.528

USDA Monthly Export Sales Highlights

(For 10th Dec'05)

The US Department of Agriculture put ending stock of US soybean for year 2005-06 at 11.02 million ton against its previous estimates of 9.52 million ton. Production of soy for South American countries was kept unchanged. The USDA pegged Soybean oil stocks at a whopping 1.06 million tonnes from 0.86 million MT last month. World ending stocks for soybeans for the 2005/2006 season were pegged at a new all-time record high of 48.11 million tonnes from 46.75 million tonnes last month and from 42.09 million

NORTH: Isolated rain/snow likely over Jammu & Kashmir for next 24 hrs.. 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 and Nicobar Islands; at a few places over Andaman Islands, Rayalaseema, south Interior Karnataka, Kerala and Lakshadweep and isolated over south coastal Andhra Pradesh and south Coastal Karnataka. Mainly dry weather in the rest region. Rainfall activity is likely to decrease over Tamil Nadu after 24 hrs. and increase over Kerala and Lakshadweep.

WEST: Mainly dry weather over the region.

Warning

1. Isolated heavy to very heavy falls are likely over Tamil Nadu & Pondicherry. Isolated heavy falls also likely over Nicobar Islands, Kerala and Lakshadweep.

2. Squally winds speed reaching 50-60 kmph are likely along and off Tamil Nadu coast between Tondi and Pondicherry during next 12 hours. State of the sea will be rough to very rough along and off Tamilnadu coast during the same period. Fishermen along the above coasts are advised not to venture into the sea during next 12 hrs.

Source: IMD, GOI.

tonnes this past season. The higher world stocks numbers came mostly from weaker demand outlook as Argentina and Brazil production forecasts were left unchanged from last month at 40.5 and 58.5 million tonnes respectively. Word soymeal stocks were pegged at 4.04 million tonnes from 4.150.86 million MT last month. The ending stocks for U.S. soybeans for the 2005/2006 were constant at 0.23 million 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	Yr.04-05	State	Yr.05-06
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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