

OILMEAL

19-24 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

CBOT Soymeal Futures Settle slightly Lower

Soy future settled lower at Chicago Board of Trade on Friday. March soybeans settled lower 0.25 cents at \$ 6.25 per bushel, 2 cents off the high and 4.5 up from the low and May soybeans settled unchanged at \$6.3425 per bushels. March Soymeal settled lower \$ 0.2 at \$ 203.4 per tonnes, \$ 1.9 up from the low and \$ 0.4 off the high. March Soybean Oil settled lower 0.15 cents at 21.61 cents/pounds, 0.26 cents off the high and 0.09 cents up from the low. Talk of some rain on weekend in Southern Brazil is helped pressure the market and prices are gone slightly down, day before yesterday prices were surged due to dry weather forecast in Southern Brazil. There was no fresh fundamental news to boost up the market. There were slow demands for crush report this week and slow pace of export sales.

US Department of Agriculture released weekly export sales report on Thursday. This report revealed that the export sales for soybeans came in at 829,800 metric tonnes as compared to trade expectations between 500,000-700,000. Higher export sales of soybean added positive tone in early session. Weekly US export sales for soybean meal came in at 84,100 metric tonnes as compared to trade expectations between 100,000-150,000. Weekly sales for oil came in at 400 metric tonnes as compared to trade expectations between 10,000-20,000. Census Bureau pegged

November soybeans crushed at 151.52 million bushels as compared with trade expectations of 151.9 million bushels and 158.2 million bushels crushed in October. Meal stocks were 305,238 tonnes, which was in line with trade expectations and oil stocks were 1.9 billion pounds from 1.986 billion expected. There is talk that China bought 3 cargoes of US soybeans and 2 cargos from South America added to the positive tone.

Weekly exports sales report is released by US Department of Agriculture on December 22, 2005. Weekly exports sales for soymeal came at 84,100 MT were 30 percent below the week earlier and 45 percent under the prior 4-week average. The traders were expecting it to come around 100000-150000 tonnes. This figure is bearish for the soymeal, which is already struggling on account of bird flu. The export for soybeans and soyoil has increased notably. The major buyers of soymeal were Guatemala (33,800 MT), Canada (13,400 MT), the Dominican Republic (10,500 MT), and Cuba (10,000 MT). Exports of 136,000 MT were 10 percent above the previous week and 3 percent over the prior 4-week average. The primary destinations were Mexico (31,800 MT), Canada (25,400 MT), Venezuela (16,000 MT), Guatemala (10,000 MT), and Colombia (9,900 MT).

CBOT Soymeal Futures as on 24th December '05

Months	Previous Settle	Open	High	Low	Change	Close
Jan'06	203.6	202.0	203.3	201.4	-0.2	203.4
Mar'06	203.6	202.7	203.7	201.7	-0.2	203.4

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

Soymeal market keep on improving this week on some good demand from the neighbouring countries. The prices improved at most of the spot markets on good demand on export front. We are in the phase of the market where we can expect that odds of prices running down from here are higher than the upward movement. Soymeal demand at present is not very high but it is enough to support the prices at these levels. Soymeal export market is witnessing some good demand from neighbouring countries recently, giving support to the prices, which were deep down on bird flu concerns and poor demand. Right now the demand has become slightly sporadic amid holiday season all over the South East Asia, which is major market for Indian soymeal. However, the same will gear up once the holidays are over. The frequency of bird flu outbreaks seems falling, and measures taken by the affected countries look effective enough to cope with the deadly disease. This would definitely ease some of the concerns over the disease and soymeal demand. Dry weather

condition in South America is underpinning the futures prices of soymeal complex, which may also give some spill over impact on Indian soymeal prices.

Soymeal prices at Kandla port surged past the Rs 9000 levels and traded at Rs 9100 per MT on Saturday as compared to Rs 8700 per Mt levels last weekend. At Mumbai port also the prices were as high as Rs 9000 per MT on Friday as compared to Rs 8700 on the last weekend, however it retreated to Rs 8875 per MT on Saturday as there were not much buyers on account of festivals in the North East Asia. In the New Year we are going to witness some more improvement in the demand and consequently the prices. The futures market witnessed some intermittent trading as usual. The most active February contract at NCDEX witnessed trading on only two days and the prices moved erratically. The prices fell to Rs 7900 levels from Rs 8490 on the previous weekend. This movement in the price was not justified by the fundamentals especially in the scenario of

improving demand. FAS prices were up at \$200-203 per MT on Saturday up as compared to the previous week's \$189-197 per MT.

Soymeal exports in November increased 52.43% to 266,675 MT from 174,950 MT in the previous year. Total soymeal exports during this year till

November rose 16.91% to 1148825 MT from 982575 MT during the corresponding period of last year. The main importers were Vietnam 85675 MT, Japan 41475 MT, Thailand 46125 MT and China 26750 MT.

NCDEX Soy meal Futures price (24th December 05)

	Prev Close Price	High Price	Low Price	Close Price	Change
Jan'06	7720.00	00.00	00.00	00.00	00.00
Feb'06	7900.00	00.00	00.00	00.00	00.00

Soy Meal Vessel Report (23.12.05)

Loading of 13,200 MT of SBM is continuing at Kandla Port on the vessel to 'Fu Yang Shan' to Japan. Shantilal agents is handling the vessel. Mumbai Port is loading 7,250 MT of SBM on the vessel 'Kardaran Star'. Time Shipping agents is handling the vessel. 'Kwan Mo Bong' is expected at Jamnagar Port to load 7,500 MT of SBM to Vietnam. Interocean agents will be handling the vessel.

Rape/ Mustard meal

Recently the mustard prices witnessed a sudden surge recently on the news that NAFED will higher somewhat 40 odd mills to crush the stock it is having. The move will definitely ease the pressure on prices of seeds as NAFED is expected to buy again when the new crop will come thus supporting the prices. But all these talks are mere stories right now and has yet to be materialized. At the moment it is off-season and crushing of mustard is going at a very subdued pace, making availability of the meal on lower side. Thus the prices of mustard meal are hovering in the same higher levels of Rs 5000 plus. In the same line the mustard meal prices at Morena remained at higher level of Rs 5200 per MT. The cattle feed demand of mustard meal is steady which is also supporting the high prices. If the aforesaid story of NAFED materializes, it may increase the supply, which further in turn would put pressure on prices. Until then there is no strong chance of downfall in prices as it is the period of declining stocks. 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 seed demand from crushers and for direct consumption is improving, also the demand for seed from farmers for seed purpose has increased these days. As arrivals are at moderate levels and export demand in routine the prices of seeds are expected to improve. The prospective increase in seed prices will put pressure on crushing activity, as crush margin would drop thanks to lower edible oil prices across the board. All in all the prices of GN meal, which is used mainly as poultry and cattle feed is not expected to fall dramatically, rather it is expected to remain stable at the current levels or improve. As the soymeal prices are improving on improved demand this might also spill over to GN meal prices. The Saurashtra Groundnut (40%) soymeal prices remained stable on higher levels of Rs 6100 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 was 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)	
	17.12.05	24.12.05
Indore	7800-7900	8200-8300
Nanded	7550-7700	7800-8000
Jalna/Dhulia	7900/7800	8100-8200

Kota	7700-7850	8000
Kandla	8700	9100
Mumbai	8700	8875
Vizag
Sangli	8200	8400

WEATHER WATCH: (17.12.05)

Chief Features

The depression over Southwest Bay of Bengal moved westwards and has further intensified into a deep depression and lay centered at 0830hrs IST of 17th December 2005 near lat. 8.0°N/long. 84.0°E about 550 km southeast of Nagapattinam. The system is likely to intensify further and move in a west-northwesterly direction. The numerical weather prediction products suggests that this system is likely to move towards Tamil Nadu coast across northern Srilanka during the next 48 hours.

Cold wave conditions prevailed over parts of Punjab, Rajasthan and interior Karnataka. The lowest minimum temperature recorded in the plains of the country was 1.2° C at Churu (Rajasthan) & Amritsar (Punjab).

Forecast valid 0830 hours IST of 20th DECEMBER, 2005

NORTH : Isolated rain/snow likely over higher reaches of Jammu & Kashmir and Himachal Pradesh. Mainly dry weather over rest of the region.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.13
European Union	Euro	53.57

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

EAST : Weather will be mainly dry over the region.

SOUTH : Rain/thundershowers likely at many places over Tamil Nadu & Pondicherry; at a few places over Nicobar Islands and isolated over Coastal Andhra Pradesh, Rayalaseema, Kerala and Lakshadweep. Weather will be mainly dry over the rest region.

WEST : Mainly dry weather over the region.

Isolated heavy fall is likely along Tamilnadu coast during next 48 hours. Strong winds with speed reaching 50-60 kmph also likely along and off Tamilnadu coast during the same period. State of sea will be rough to very rough along and off Tamilnadu coast. Fishermen are advised not to venture into the sea.

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

Gradual improvement in weather over Tamil Nadu.

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

	Soyabean		Groundnut		Mustard/Rapeseed	
Name of the state	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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