

## OILMEAL

12-17 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. January soybean future settled up 5 cents at \$5.922 and March up 4.5 cents at \$6.025 per bushel. March soybean future settled \$2.8 higher at \$191.7 per short ton and March soybean off 13 points at 21.56 cents per pound. Weather forecasts calling for dry weather in South America triggered speculative buying. Other bullish factors were fund buying and firm cash basis helped limiting downside move due to fowl stories from Asia. Much hyped stories of bird flu has dampened the perspectives of soy markets in Asian countries. Export of soy from United State has been slowed for this very reason.. Weekly exports sales report is released by US Department of Agriculture on December 15,2005. Weekly exports sales for soybeans came at 504100 as against trade expectations between 350000-650000, it is within range of trade expectations by traders, but cumulative sales were 46.5 % of USDA forecast as compared to 65.7% on average over the last five years. Soy meal sales came at 120900 metric tonnes as compared to trader's expectations range 100000-150000. Export sales of Soy oil were only 300 metric tonnes as compared to trade expectations between 0-10,000. The Brazil Geographic and Statistics Institute revealed that the Brazil crop production for the 2005/2006 season is pegged

at 58.4 million tonnes, down from 58.7 million projected last month but up from 51.1 million tonnes last year. South American planted area for soybean crop is declined by 6.4%. News that China reported another human bird flu case, which is also brought negative impact on soy meal exports. There were bearish sentiments in Soybean and meal only due to slow export pace and continuous spread of bird flu in China.

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 soybean 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 Soybean Futures as on 16<sup>th</sup> December '05

Months	Previous Settle	Open	High	Low	Change	Close
Jan'06	187.4	190.8	192.0	188.5	+3.6	191.0
Mar'06	188.9	192.8	193.2	189.7	+2.7	191.6

CBOT Remains Close on Saturday and Sunday

### DOMESTIC MARKETS

#### Soy meal

Soybean market improved during this week after a long subdued period earlier. The prices witnessed some good demand from the neighbouring countries. The soybean market is improving on steady and slightly improving demand from the neighbouring countries despite the bird flu fears. Though the bird flu is making its presence felt by frequent outbreaks the disease is still not very wide spread and poultry production (largest in China) has still not declined notably. Its major impact is on the stocks that importers maintains with them. They are now maintaining lower stocks with them on bird flu fears and preferring buying in small chunks. So, for the neighbouring countries, India is proving to be cheaper and nearer market to buy in small lots. Thus, the prices recovered smartly on the back of some good demand from the countries like Indonesia, Malaysia, Vietnam, Pakistan and Bangladesh. Also, there were some demand from Korea and China. Also, the quality of the Indian meal is better than its western counterparts. However, Most of the demand up to March has been fulfilled and it is now expected to remain steady from here on. The soybean export from India for this year is expected to reach near 2.3 to 2.5 million tonnes, according to some trade sources. Other side of the story is that, the bird flu outbreak is increasing its score with each coming day. In

the same sequence, Ukraine confirmed the H5N1 strain of the bird flu virus in its 11 settlements on Wednesday. The virus is extremely dangerous for humans. Lab results have confirmed the presence of the virus in dead birds. A man died of bird flu in Indonesia, near its capital. Further, China reported its sixth human bird flu case Friday. So all these stories hits the market sentiments and poses potential threat for the soybean demand if it gets severe. However, at present the demand for Indian meal is steady and prices are expected to remain stable to slightly positive.

The soybean prices improved during first half of the week before tumbling slightly towards the end of the week. The prices improved on slightly improved demand on the export front. The prices at Kandla port surged as high as Rs 8850 per MT on Wednesday and closed the week at Rs 8700 as compared to Rs 8650 per MT last weekend. At Mumbai port prices bounced to Rs 8800 on Wednesday before closing the week at Rs 8700 per MT. January contract of the soybean at NCDEX witnessed no trading activity during the week and remained stand still at previous closing of Rs 7720 per MT. February contract however, witnessed trading for two days during this week. The contract ended the week with a gain of Rs 340 at Rs 8490 per MT. DOC prices at Indore improved during the first half of the week, however, it slipped slightly towards the end of the week ending the week at almost similar levels a week earlier at Rs 7900 per

MT. FAS prices were at \$189-192 per MT as compared to a week earlier levels of \$185-187 per MT.

The demand is coming steadily from the countries like Pakistan and Bangladesh, Korea, Indonesia, Vietnam and Malaysia. Though the most of the order up to March has been fulfilled the demand ahead is expected to remain steady and accordingly the prices will also remain stable near this levels. The current demand is mainly due to lower prices of Indian meal and ease of buying in small lots. The

same would be price sensitive and thus huge surge in prices is not expected. 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 (17<sup>th</sup> December 05)

	Prev Close Price	High Price	Low Price	Close Price	Change
Dec'05	7777.00	8050.00	7750.00	7950.00	+173.00
Jan'06	7720.00	00.00	00.00	00.00	00.00
Feb'06	8490.00	00.00	00.00	00.00	00.00

#### Soy Meal Vessel Report (16.12.05)

Kandla Port is loading 14,500 MT of SBM on the vessel 'Jade Ocean' to Korea. The vessel is being handled by Liladhar Pasoo agents. Loading of 12,000 MT of SBM is continuing at Jamnagar Port on the vessel 'African Sun' to Japan. Nilhat agents is handling the vessel. The port is loading 13,000 MT of SBM to Vietnam on the vessel 'Zara III'. Interoccean agents is handling the vessel. Mumbai Port is expecting 'Karaaran Star' to load 7,250 MT of SBM. Time Shipping agents will be handling the vessel.

#### Rape/ Mustard meal

Rapeseed/mustard meal prices are dancing on a small floor for quite some time, and remaining on the higher levels. The mustard meal prices at Morena jumped to Rs 5200 per MT levels as compared to Rs 5000 per MT yesterday. The cattle feed demand of Mustard meal is steady which is supporting the high prices. The supply is on lower side as a the crushing activity in mustard is very small in Rajasthan and Gujarat amid lower demand of Mustard oil. However, according to some unconfirmed sources, NAFED is planning to higher around 40 mills to crush its high stocks of Mustard. The same may increase the supply if the plan materialise, which further in turn would put pressure on prices. Until then there in 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

Harvesting in groundnut crop is in progress in south India and arrivals are also improving. The harvesting in Gujarat is over and arrivals are dropping. As the oil prices are on lower side due to lower demand, crushing activity is subdue, because the plants are finding it difficult to maintain a reasonable crush margin. As a result the supply of GN meal is still lower. Further, there is good demand from the export front for GN meal supporting the higher prices. Production this year is expected to be higher as compared to previous year. With improvement in arrivals and crushing activity prices might come down slightly, however, any drastic downward movement in the prices is not expected. The Saurashtra Groundnut (40%) soymeal prices remained stable on higher levels of Rs 6100 per Mt as compared to Rs 6000 per MT levels recently. 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	10.12.05
Indore	7800-7900	7800-8100
Nanded	7550-7700	7450
Jalna/Dhulia	7900/7800	7700-7800
Kota	7700-7850	7600-7700
Kandla	8700	8650

Mumbai	8700	8550
Vizag	...	....
Sangli	8200	8100

#### 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 17<sup>th</sup> 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<sup>o</sup> C at Churu (Rajasthan) & Amritsar (Punjab).

#### Forecast valid 0830 hours IST of 20<sup>th</sup> 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	45.25
European Union	Euro	54.35

#### USDA Monthly Export Sales Highlights

##### (For 10<sup>th</sup> 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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