

OILMEAL

02-07 Jan'06

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 Lower

Soy meal complex fell in entirety on Friday on lower than expected export sales shown in USDA report. The dry weather conditions in Brazil couldn't support the prices. However, predicted rains in Argentina added further bearishness in the market. March soybeans contract at CBOT closed 7.5 cents lower at \$6.11 per bushel retreating from 4 month's high levels of \$6.33 attained on Wednesday. Soybean and soybean meal futures ended lower following soybeans. CBOT March soybean meal settled \$2.60 lower at \$188.70 per short ton and March soybean ended 22 points lower at 22.99

cents a pound. Soybean export sales of 461,500 metric tons were in-line with estimates and had little impact on trade. However, the export sales for soybean meal and soybean oil came lower bringing some bearish sentiments in the market. Net weekly U.S. soybean oil export sales totaled 600 metric tons, well below estimates of 4,000 to 9,000 metric tons. Soybean meal sales were 46,200 compared to estimates of 75,000 to 125,000 tons. Net sales of 46,200 tons were a marketing-year low and were 43% below the week earlier and 67% under the prior 4-week average.

CBOT Soybean Futures as on 6th January '06

Months	Previous Settle	Open	High	Low	Change	Close
Jan'06	188.8	191.0	191.0	186.8	186.9	-1.9
Mar'06	191.3	192.4	192.4	188.3	188.7	-2.6

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

The soybean meal market remained stable Saturday and witnessed no spill over effect of weaker CBOT soy futures on Friday due to bearish CBOT report. The global markets witnessed some bearish movements in the entire soy complex Friday on the bearish USDA report and predicted rains in Argentina. However, the domestic market ignored these bearish sentiments in the international market and thus the prices remained stable around the earlier levels. As the recent jump in prices of soybean meal at both spot and export markets were steep, the same is causing some traders remorse at this stage. But, the steady demand is coming in trickles to support the prices.

For the week soybean meal prices continued its gaining streak on the back of steady export demand. Recently the good demand of Indian soybean meal from the neighbouring supported the prices at higher levels. As the jump in prices of soybean meal at both spot and export markets during the week were steep, the same is causing some traders remorse at this stage. But, the steady demand coming in trickles is supporting the price at the higher levels. The global situation is indecisive as Brazilian crop is struggling with the dry weather conditions and Argentina is expected to produce a large crop. We expect that the international scene is not going to affect the Indian soybean meal export in a big way, as Indian soybean meal is still finding its destinations regularly.

The prices at most of the spot markets improved during this week on good demand. Prices at Indore spot market climbed higher during the week and traded in the range of Rs 8600-8900 per MT as per quality on Saturday. The prices were at Rs 8540 during the last weekend. The soybean meal prices at ports also improved smartly during this period on the good demand from the neighbouring countries like Korea, Japan, China, and Vietnam etc. The prices at Kandla port remained at higher levels of Rs 9400 per MT as compared to Rs 9000 per MT last week. The futures market of soybean meal witnessed very thin trading during the week. February contract of the meal remained stationary on the last trading day of the week where as the March contract saw some heavy losses on a very volatile session. The prices of the March contract danced on a large floor ranging between Rs 9850 to Rs 8800 before closing at Rs 8800 at a loss of Rs 517 for the day. However, the contract closed the week with a gain of Rs 200 per MT. Soybean meal exports in November increased 52.43% to 266,675 MT from 174,950 MT in the previous year. Total soybean meal 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 (7th January 06)

	Prev Close Price	High Price	Low Price	Close Price	Change
Feb'06	8600.00	00.00	00.00	00.00	00.00
March'06	9317.00	9850.00	8800.00	8800.00	-517.00

Soy Meal Vessel Report (6.01.06)

Loading of 12,100 MT of SBM is continuing at the Jamnagar Port on the vessel 'Iran Ehsan' to China. The vessel is being handled by Interocean agents. 'Thor Sun' has berthed at the port and continues to load 12,000 MT of SBM to Vietnam. JM Baxi agents is handling the vessel. Mumbai Port is expecting 'Mercs Ruhunnu' to load 2,000 MT of SBM. Forbes Gokak agents will be handling the vessel.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Iran Ehsan	12100	SBM	Expected	China
	China Trader	35000	SBM	Expected	Korea
	Fu Niu Shan	12000	SBM	Expected	
Jamnagar	Kwan Mo Bong	7500	SBM	Loading	Vietnam
	Iran Ehsan	12000	SBM	Loading	China
	Thor sun	12000	SBM	Loading	Vietnam
Mumbai	Kardaran Star	7000	SBM	Expected	
	Mercs Ruhunnu	2000	SBM	Expected	-

Rape/ Mustard meal

The plan of NAFED to higher 36 oil mills has still not materialized and it has hired only 6 mills till date. Government is to buy 20 lakh tonnes of mustard in the coming season and the current stock will be crushed in the hired mills. The mustard prices will get support in times to come if this planning come on the real ground. It will also put some pressure on the mustard meal prices. Crushing of rapeseed has declined due to subdued demand of rape oil in the domestic markets. Further the export demand of rape meal is low as Indian rape meal contains a harmful compound for cattle called 'Cinigrin'. Since, oil recovery is higher in rapeseed compared to other oilseeds, crushing of rapeseed is done mainly for oil. Low crushing of rapeseed has simultaneously kept control over supply of rape meal. So, prices of rape meal held steady levels due to limited supply. Mustard oilcake was quoted in Morena Rs 5250/MT Saturday, while it was quoted Rs 5450/metric tonnes on

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	31.12.05	07.01.06
Indore	8540	8600-8900
Nanded	8100-8150	8200-8500
Jalna/Dhulia	8100	8400
Kota	8000	8200
Kandla	8975-9000	9400
Mumbai	8900-9000	9400
Vizag	9050	...
Sangli	8500	8600

Loading of 7,000 MT of SBM is expected at the port on the vessel 'Kardaran Star'. Sai Shipping agents will be handling the vessel. 'Fu Niu Shan' is expected at Kandla Port to load 12,000 MT of SBM. The vessel will be handled by Taurus agents. Loading of 35,000 MT of SBM is expected at the port on the vessel 'China Trader' to Korea. The vessel will be handled by Trinity agents.

Yestarday. 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 meal markets continued to see stable trend. Arrivals of groundnut seed are shrinking in major producing mandis. Demand for GN meal usually increases in winter season from livestock feed industry. As the prices of GN oil are at lower levels, crushing is likely to be increased due to good demand for the GN meal. The Saurashtra Groundnut (40%) meal prices continued to hold higher at Rs 6100 per MT. Total groundnut export till November was 77,200 down 26.75% as compared to 105,525 MT during corresponding period of last year.

WEATHER WATCH: (31.12.05)

Chief Features

Many parts of Jammu division, Punjab, Haryana, Rajasthan and parts of Uttar Pradesh continued to be in grip of cold wave to severe cold wave conditions. They are likely to continue till tomorrow. Subsequently, the night temperatures over parts of northwest India are likely to increase leading some respite from chilly weather.

The lowest minimum temperature of -4.0°C was recorded at Adampur (Punjab).

Due to low night temperatures, ground frost is likely over some parts of Punjab, Haryana, West Uttar Pradesh and Rajasthan during next 2 nights. Fog is likely over northern parts of Gangetic plains during morning hours.

The western disturbance as an upper air system over Jammu & Kashmir and adjoining North Pakistan persists.

The upper air cyclonic circulation over southeast Arabian Sea persists and extends up to 1.5 km a.s.l.

The trough of low pressure over south Bay of Bengal persists.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.66
European Union	Euro	54.22
Japan	100 Yen	39.01
United Kingdom	Pound Sterling	79.08
China	CNY	5.537

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 005/2006 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. World soymeal stocks were pegged at 4.04 million tonnes from 4.150.86

Forecast valid 1430 hours IST of 10th JANUARY, 2006

NORTH: Isolated rain/snow likely over higher reaches of Jammu & Kashmir. Weather will be mainly dry over the rest region.

EAST: Weather will be mainly dry over the region.

SOUTH: Rain/thundershowers are likely at a few places over Coastal Tamil Nadu & Pondicherry and Nicobar Islands and isolated over Andaman islands, rest Tamil Nadu, South Interior Karnataka, Lakshadweep and Kerala. Weather will be Mainly dry in the rest region.

WEST: Weather will be mainly dry over the region.

Low Temperature warning:

Night temperatures over some parts of Punjab, Haryana, West Uttar Pradesh and Rajasthan are likely to remain below 4°C leading to frost during next 2 nights.

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

Rise in night temperatures over northwest India leading to cessation of cold wave conditions.

Source: IMD, GOI.

million MT last month. The ending stocks for U.S. soybeans for the 2005/2006 were constant at 0.23 million MT.

USDA Weekly Export Sales Highlights (For 23-29 Dec. 2005)

Soybean Cake and Meal: Soymeal Net sales were at 46,200 MT, lowest during the marketing year. The sales were 43% below the previous year and 67% under the four-week average. The major buyers were Colombia 17,700 MT, Turkey 15,000 MT, Australia 7,800 MT, and Panama 2,500 MT. Exports of 110,200 MT were 3 percent above the previous week, but 20 percent under the prior 4-week average. Guatemala 28,200 MT, Mexico 23,700 MT, Canada 15,700 MT, Colombia 13,200 MT, and Japan 9,700 MT were the primary destinations.

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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