

OILMEAL

09-14 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 Higher

Soybean and soymeal witnessed slight recovery on the last trading day of an extended weekend in CBOT, whereas soyoil slipped modestly. March Soybeans finished up 4.5 at 576.5, 0.5 off the high and 6 1/2 up from the low. May Soybeans closed up 4 at 585.5. This was 7 up from the low and 0.5 off the high. March Soymeal closed up 2.7 at 181.7. This was 2.7 up from the low and 0.2 off the high. March Soybean Oil finished down 0.02 at 21.67, 0.04 off the high and 0.17 up from the low. The soybean futures at CBOT ended slightly higher on technical buying in the oversold zone. Soybean market got some energy from the talk of increased Chinese buying interest in U.S. soybean last week. However, the bearish factors were standing like a wall to restrict the gains, as December 1st soybean stocks and world soybean ending stocks at a record high levels,

CBOT Soymeal Futures as on 13th January '06

Months	Previous Settle	Open	High	Low	Change	Close
Jan'06	178.8	179.0	180.0	176.5	176.0	-2.3
Mar'06	179.0	179.0	181.9	179.0	179.0	+2.7

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

The soymeal market remained slightly bearish towards the end of the week on the bearish fundamentals in the global markets and weaker CBOT monthly report. Similarly The global markets witnessed some bearish movements in the entire soy complex during the week on bearish USDA report and favourable weather conditions in Argentina and Brazil. The same spilled over to the Indian market as importers were asking for lower prices based on lower global prices. However, soymeal sellers seemed not interested in trading at lower prices, as the same will bring the disparity in crushing. Due to the lower oil prices the crushing margin had already shrank, and there is no space for lower meal prices for the crushing to remain at least in parity.

The week was characterised by stable to slightly falling soymeal prices and lower activity levels on the export front due to larger spread between bid and ask rates. The

favourable weather conditions in Argentina, expected rains in Brazil speaking loudly in favour of soy bears. Adding to this the USDA news that, that usage in the US for the 2005-06 season is expected to drop by 145 million bushels from last year has kept a negative demand tone in tact for soybeans. Soymeal futures bounced modestly in conjunction with soybeans, recouping some on the losses made recently. The fundamentals of the market are unchanged, but oversold conditions encouraged consolidation. However, Soyoil futures ended with light losses on large stock position and speculative selling. However, good underlying commercial buying continues to limit downside movement. CBOT Soymeal futures as on January 13, 2006

prices at most of the spot markets remained stable or fell slightly during the week. Prices at Indore spot market remained almost stable and traded in the range of Rs 8500-8800 per MT as per quality on Saturday. The prices were in the range of Rs 8500-8900 per MT during the last weekend. The soymeal prices at ports however witnessed some hitting towards the end of the week on bearish USDA report and bearish fundamentals in entire soy complex in the global market. The prices at Kandla port slipped to Rs 9100 per MT as compared to Rs 9400 per MT last week. The futures market of soymeal witnessed very thin trading during the week. The March contract of soymeal at NCDEX trading only on two days during the week and it shed Rs 20 for the week at Rs 8780 per MT. February soymeal witnessed some activity and traded in the range of Rs 8200-8980 during the week before closing at Rs 8584 at a loss of Rs 200 for the period.

NCDEX Soy meal Futures price (7th January 06)

	Prev Close Price	High Price	Low Price	Close Price	Change
Feb'06	8200.00	8800.00	8584.00	8600.00	+384.00
March'06	8780.00	00.00	00.00	00.00	00.00

Soy Meal Vessel Report (13.01.06)

'Gant Star' has berthed at Kandla Port and continues to load 16,000 MT of SBM to Korea. Liladhar Pasoo agents is handling the vessel. 'Fu Niu Shan' has berthed at Kandla Port and continues to load 12,000 MT of SBM. The vessel is being handled by Taurus agents. The port is expecting 'Skipper Ali' to load 5,700 MT of SBM. The vessel will be handled by Inayat Moosa agents.

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.

'Indruwa Valley' has berthed at Mumbai Port and continues to load 2,500 MT of SBM. Sai Freight 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. 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.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Grant Star	16000	SBM	Loading	Korea
	Skipped Ali	5700	SBM	Expected	
	Fu Niu Shan	12000	SBM	Loading	
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
Mumbai	Kardaran Star	7000	SBM	Expected	
	Indruwa Valley	2500	SBM	Loading	
	Mercs Ruhunnu	2000	SBM	Expected	-
	Mercs Ruhunnu	2000	SBM	Expected	-

Rape/ Mustard meal

The recent low temperature weather conditions caused some damage to the Mustard crop by frost injury and thus might cause some reduction in earlier projection of the crop. The mustard crop was earlier projected to be around 70 lakh MT this year. The seed prices may improve a bit if the damages extends. However, good stock positions with the stockists and NAFED are imparting some bearish sentiments. Govt is planning to hire around 36 mills including 6 mills already hired. It will then crush the rapeseed with it and buy fresh 20 lakh tonnes of mustard seed. 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 4900/MT, while it was quoted Rs 5000/metric tonnes yesterday. 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

The arrivals of GN are diminishing in the major producing areas. The prices are almost steady. As the demand for Groundnut meal increases in winter season from the livestock feed industry, crushing of GN is done on support of GN meal prices as the oil prices are down at stage due to increased supply. The oil stocks have increased as the crushing in soybean is running at full throttle due to good demand and price of soymeal from the overseas markets. At the moment the crushing activity is expected to witness some sluggishness, which would support the prices in maintaining the current levels. GN meals (40%) were quoted stand still at Rs 6250 on credit and Rs 6000 on cash in Saurashtra. 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)	
	14.12.05	07.01.06
Indore	8500-8800	8600-8900
Nanded	8300-400	8200-8500
Jalna/Dhulia	8300	8400
Kota	8100	8200
Kandla	9100	9400

Mumbai	9100	9400
Vizag
Sangli	8700	8600

WEATHER WATCH: (14.12.05)

Chief Features

The well marked low-pressure area over Comorin- Maldives concentrated into a depression at 1730 hrs. IST on 13.1.06 over southeast Arabian Sea and lay centred about 575 km southeast of Minicoy near lat. 5.0°N/long.77.0°E. It moved in a west-northwesterly direction and intensified into a deep depression and lay centred at 0830 hrs. IST of 14th January 2006 about 450 km southeast of Minicoy near lat. 5.5°N/long.75.5°E. The system is likely to intensify further and move in a west-northwesterly direction. Under its influence, isolated heavy to heavy rainfall is likely over southern parts of Lakshadweep islands during next 48 hours.

A western disturbance is likely to affect northwest India from today evening. It is likely to cause scattered to fairly widespread rain/snowfall over the Western Himalayas upto 18th. Isolated to scattered light rain/thundershowers are also likely over the adjoining plains of Punjab, Haryana and north Rajasthan from 15th. Minimum temperatures over northwest India are likely to increase by 2-4° C during next 2-3 days which may fall subsequently.

The lowest minimum temperature of 3.4° C was recorded at Amritsar (Punjab).

Forecast valid 0830 hours IST of 17th JANUARY, 2006

NORTH: Isolated to scattered rain /snow is likely to commence over Jammu & Kashmir and Himachal Pradesh

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.9
European Union	Euro	54.51
Japan	100 Yen	39.32
United Kingdom	Pound Sterling	79.76

USDA Monthly Export Sales Highlights (For 12th Jan'06)

The US Department of Agriculture put ending stock of US soybean for year 2005-06 at 13.74 million ton against its previous estimates of 11.02 million ton. Production of soy for Argentina increased to 13.92 million ton as compared to 13.64 in December; similarly production estimates for Brazil were also increased to 16.48 million MT from 14 million MT. The USDA pegged Soybean oil stocks at a whopping 1.12 million tonnes from 1.06 million MT last month. World ending stocks for soybeans for the 005/2006 seasons were pegged at a new all-time record high of

from today evening which may subsequently increase and extend into Uttaranchal. Isolated to scattered rain/thundershowers likely over Punjab and Haryana from 15th. Weather will be mainly dry over the rest region.

EAST: Weather will be mainly dry over the region.

SOUTH: Rain/thundershowers are likely at many places with isolated heavy to very heavy fall over southern parts of Kerala and Lakshadweep; at a few places over south Tamil Nadu and isolated over rest Tamil Nadu, Kerala and Andaman & Nicobar Islands. Weather will be Mainly dry in the rest region.

WEST: Isolated rain/thundershowers likely over north Rajasthan from 15th. Weather will be mainly dry over the region.

Warning

Isolated heavy to very heavy falls likely over southern parts of Lakshadweep and Kerala during next 48 hours.

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

Under the influence of approaching western disturbance scattered rain /snow likely to commence over Jammu & Kashmir and Himachal Pradesh from today evening which may extends further to Uttaranchal and plains of northwest India by 15th January.

Source: IMD, GOI.

53.15 million tonnes from 48.11 million tonnes last month and from 42.09 million tonnes this past season. The higher world stocks numbers came mostly from weaker demand and higher productions. The ending stocks for U.S. soymeal for the 2005/2006 were constant at 0.23 million MT, the world ending stock position of soymeal however increased to 5.17 million MT from 4.04 million MT last month.

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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