

OILMEAL

26-31 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 Soy Meal Futures Settle Slightly Lower

Soy meal futures settle lower on Chicago Board of Trade on Friday. March soybean future settled up 4.75 cents at \$ 6.135 per bushel, 0.50 cents off the high and 9 cents up from the low and May soybean settled higher 4.25 cents at \$ 6.22 per bushel, 8.5 cents up from the low and 1 cent off the high. March soymeal settled lower \$ 1.5 at 196.3 per metric tonnes, \$ 1.3 up from the low and \$1.5 off the high. March Soybean Oil settled higher 0.74 cents at 21.9 cents/pounds, 0.1 cent off the high and 0.78 cents up from the low. There were talks about forecast of scattered rain in

Argentina. USDA weekly export sales were friendly. Weekly export sales for soybean were higher than trade expectations and export sales for soymeal and soyoil were within range of trade expectations. USDA weekly export sales for soybeans came at 906,200 metric tonnes as compared to trade expectations range of 550,000-750,000. Soybean meal sales came at 81,800 metric tonnes as compared to trade expectations range of 75,000-125,000. Oil sales came at 7,500 tonnes as compared to trade expectations between 5,000-15,000 tonnes.

CBOT Soymeal Futures as on 30th December '05

Months	Previous Settle	Open	High	Low	Change	Close
Jan'06	198.1	197.6	198.3	195.5	197.3	-0.80
Mar'06	197.8	197.2	197.5	195.3	196.3	-1.50

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

Soymeal prices continued its gaining streak this week on the back of steady export demand. Recently the good demand of Indian soymeal from the neighbouring countries like China, Vietnam Japan etc. supported the prices at higher levels. The neighbouring countries are importing good quality Indian soymeal on small chunks and this steady demand is supporting the prices. The attractive prices of soymeal induced crushers to hike the activity, which resulted in large stocks of oils. This put pressure on the oil prices and adding some more fuel to the fire, Indian government reduced the tariffs on oil imports. All in all the oil prices are expected to remain on lower side. Further, the lower oil prices would put pressure on the crush margin if soymeal prices also move down. In that case crushing activity would reduce causing lower supply of meals. Hence, this is becoming vicious circle, which supports higher meal prices. Looking at good demand for soymeal we expect the prices to remain steady at these levels if it not improves further.

The prices at most of the spot markets improved during this week on good demand. Prices at Indore spot market climbed to Rs 8540.00 per MT levels as compared to the last weekend's position of Rs 8200-8300 per MT. The soymeal prices at ports also improved smartly during this period on the good demand from the neighbouring countries like Japan, China, and Vietnam etc. The prices at Kandla port remained at higher levels of Rs 9000. The futures market of soymeal witnessed very thin trading during the week. January contract of soymeal saw only two days during the week on which trading took place. The contract gained a heavy Rs 850 during the week at Rs 8600. Similarly the February contract of soymeal also added a good Rs 200 on Saturday. The FAS prices at Kandla port were up at \$202-204 per MT on Saturday. 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 (31st December 05)

	Prev Close Price	High Price	Low Price	Close Price	Change
Jan'06	8600.00	00.00	00.00	00.00	00.00
Feb'06	8100.00	00.00	00.00	00.00	00.00

Soy Meal Vessel Report (30.12.05)

Loading of 20,000 MT of SBM is continuing at Kandla Port on the vessel to 'Fonwa Star' to China. Seacrest agents is handling the vessel. 'Fu Niu Shan' is expected at the port to load 12,000 MT of SBM to Japan. The vessel will be handled by Taurus agents.

'Kwan Mo Bong' has berthed at Jamnagar Port and continues to load 7,500 MT of SBM to Vietnam. Interocean agents is handling the vessel. The port is expecting 'Kamo' to load 8,000 MT of SBM to Japan. JM baxi agents will be handling the vessel.

Mumbai Port is expecting 'Badalu Valley' to load 3,000 MT of SBM. The vessel will be handled by Sai Freight agents.

Rape/ Mustard meal

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

'Cinigreen'. 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 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 there is not much demand for the GN oil also the prices of oil are on the lower side, crushing is likely to be increased due to good demand for the GN meal. GN meals were quoted Rs 6250 in Gujarat mandi. 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.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	31.12.05	24.12.05
Indore	8540	8200-8300
Nanded	8100-8150	7800-8000
Jalna/Dhulia	8100	8100-8200
Kota	8000	8000
Kandla	8975-9000	9100
Mumbai	8900-9000	8875
Vizag	9050	...
Sangli	8500	8400

WEATHER WATCH: (31.12.05)

Chief Features

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

The induced low pressure area over northeast Rajasthan & neighbourhood persists. The associated upper air cyclonic circulation extends upto 2.1 km a.s.l with a trough aloft.

Under this scenario, fairly widespread rain/snowfall is likely over the western Himalayas and scattered rainfall over the plains of Punjab, Haryana (including Chandigarh & Delhi), north Rajasthan and West Uttar Pradesh for next 2 days. The system is likely to cause isolated heavy to very heavy snowfall over higher reaches of Jammu & Kashmir, Himachal Pradesh and Uttaranchal during next 2 days. This

weather activity over northwest India is likely to decrease from 4th.

Under the influence of above Western Disturbance, the night temperature over North west India have increased and are 2-6 deg C above normal. They are likely to remain normal to above normal for another 2 days and may fall thereafter leading to cold wave/fog over the region from 4th onwards.

The upper air cyclonic circulation over Sri Lanka & neighbourhood persists and extends upto 2.1 km a.s.l.

Forecast valid 1430 hours IST of 5th JANUARY, 2006

NORTH : Fairly widespread rainfall/snowfall is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal. Rain/thundershowers are likely at a few places over of

Punjab, Haryana (Chandigarh & Delhi) and isolated over West Uttar Pradesh for next 2 days which will decrease from 4th January onwards. Weather will be mainly dry over East Uttar Pradesh.

EAST : Weather will be mainly dry over the region.

SOUTH : Isolated rain/thundershowers are likely over Andaman & Nicobar islands, Tamil Nadu & Pondicherry, Kerala and Lakshadweep. Weather will be Mainly dry in the rest region.

WEST : Scattered rain/thundershowers are likely over north Rajasthan and isolated over rest Rajasthan. Weather be mainly dry over rest of the region.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.95
European Union	Euro	53.22

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 soybean stocks were pegged at 4.04 million tonnes from 4.150.86

Warning

Isolated heavy to very heavy rain/snow likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during next 2-3 days.

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

Decrease in rainfall/snowfall activity over northwest India. Fog/cold waves likely over some areas.

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 16-22 Dec. 2005)

Net sales of 81,800 MT were 3 percent below the week earlier and 41 percent under the prior 4-week average. The major buyers were Mexico (27,200 MT), Colombia (13,700 MT), the Dominican Republic (9,500 MT), Honduras (8,300 MT), the Philippines (7,000 MT), and Guatemala (6,100 MT). Exports of 107,200 MT were 21 percent below the previous week and 18 percent under the prior 4-week average. Mexico (28,100 MT), Turkey (17,300 MT), Canada (13,900 MT), Egypt (10,600 MT), El Salvador (6,800 MT), Panama (6,700 MT), and Honduras (6,600 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

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
Gujarat			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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