

OILMEAL

16-21 Jan'06

MAJOR ACTIVITY HIGHLIGHTS

- India's Oil Meal Exports data of April - December '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 December'05)

Indian Oilmeals export during the financial year 2005-06 (9 months) increased by 23.1% as compared to the export during the same period previous year. India exported 20402125 MT of Oilmeals during this period (April-December) according to SEA of India release. The main surge in export was seen in Castor meal (261%), Rice Bran Ex.(40.3%) and Soymeal(23.1%). However the export of

GN meal were down during this period as compared to previous year by 9.8%. According to SEA, groundnut meal exports fell during this period mainly on account of lower crush margin. Despite the bird flu fears and bearish factors in the overseas meal markets, the Indian meals export recorded growth due to its attractive prices and good quality.

Export of Oilmeal (Extractions) from April to December '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 ---	---	---	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
December 2005	49,295 303,750	47,400 40,375	18,000 ---	6,500 13,925	750 460	14,100 16,275	579,700 374,785
Total (Apr.-Dec.'05)	1,641,775	441,500	95,200	60,450	750	162,450	2,402,125
(Apr.-Decct.'04)	1,286,325	468,800	105,525	43,056	2,176	44,925	1,950,807
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

The entire soy complex witnessed a brief recovery bounce on the last trading day of the week at CBOT. Soy future settled higher at Chicago Boards of trades on Friday. March Soybeans settled high 3 cent at \$ 5.68/bushel, 3.75 cent off the high and 3 .50 cent up from the low. May Soybeans closed up 3 cent at \$ 5.7775, it was 3.75 up from the low and 3.75 off the high. March Soymeal closed up \$ 1 at \$ 179.4/ton it was \$ 1.4 up from the low and \$ 1.1 off the high. March Soybean Oil finished up 0.2 cent at 21.28 cents/pound, 0.14 cent off the high and 0.27 cent up from the low. It was a technical bounce in the oversold region supported by higher than expected export sales data and talk of China buying additional soybeans from U.S. ahead of lunar New Year holidays. The traders witnessed some hope in higher than expected weekly export sales data.

Net sales of soybeans (during the week 6-12 January) of 1,278,700 MT were highest during the marketing year. This was 2.8 times the previous week and 95% over the prior 4-

CBOT Soymeal Futures as on 20th January '06

Months	Previous Settle	Open	High	Low	Change	Close
Mar '06	177.5	179.0	182.8	176.0	179.4	+1.00
May'06	179.2	180.8	184.0	178.0	180.9	+0.4

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

The soymeal market remained almost steady to slightly improving during the last week. The improvement in the prices were seen towards the end of the week as bullish export sales report and warmer and drier weather conditions developing in Argentina helped prices to gain some strength. Similarly The global markets witnessed some bullish movements in the entire soy complex towards the weekend on bullish USDA report and technical buying. The same spilled over to the Indian market and some improvement in the prices was seen towards the end of the week. There is still no strong chance of bounce back in the soymeal prices at domestic as well as international markets. The entire world for the soymeal seems bearish at the moment, thanks to the piling stock with the Western counterparts and large expected production in South America. Looking at the global weakness in the prices the Indian exporters are also finding it difficult to bargain higher prices from the overseas customers. This weakness in the export prices is being relayed to the domestic spot markets too.

The week was characterised by stable to slightly improving soymeal prices and lower activity levels on the export front due to larger spread between bid and ask rates. The prices at most of the spot markets remained stable during the week. Prices at Indore spot market remained almost stable and traded in the range of Rs 8400-8600 per MT as

week average. Further the talks that China is buying soybeans aggressively from U.S. ahead of the lunar New Year holiday gave some support to the prices. The price of soybean futures jumped on these factors, as it was over due after recording fall in 9 out of last 10 sessions. However, the bearish factors were there to restrict the larger gains with weather conditions in favour of the soy crop in most part of Argentina and stock positions towering high. Soymeal futures ended Friday's session posting light gains, but lost product share to soyoil. Supportive weekly export sales provided strength to prices initially, but without strong follow-through momentum, weakening spot prices and lingering fears of potential feed demand slowdowns due to bird flu overseas, upside potential was limited. Net sales of soymeal of 158,000 MT were 2.3 times the week earlier and 2.25 times the prior 4-week average Exports.

per quality on Saturday. The prices were in the range of Rs 8500-8800 per MT during the last weekend. The soymeal prices at ports however witnessed some improvement towards the end of the week on bullish USDA export sales report and improved soy futures prices at CBOT. The prices at Kandla port improved to Rs 9150 per MT as compared to Rs 9100 per MT last week. The futures market of soymeal witnessed trading in very thin volumes during the week. The contract slipped to Rs8460 per MT levels as compared to Rs 8584 per MT on the previous weekend. The contract traded in the range of Rs 8600-8231 during the week.

The soymeal prices are expected to remain slightly improving to stable, however, any strong surge is not expected. The prices will improve once the arrivals of soybean fall and stocks come in the stronger hands capable of snatching higher prices.

Soymeal export during December increased 62.28% to 492950 MT. The exports of soymeal rose to 1641775 MT (23.1%) during last 9 months (April-Dec). This growth was recorded the scenario of lower demand due to bird flu fears and other bearish factors like piling stock positions with the western counterparts. The Indian soymeal snatched demand on its attractive prices and good quality. Further the neighbouring countries found it easier to buy in small lots in the period of uncertainty in feed demand. The major

destinations were, Japan (93,275 MT), China (84975 MT), Indonesia (81875MT), South Korea (74575 MT), Vietnam

(73925 MT) and Thailand (31275 MT) in SE Asia and Jordan (27850MT) in Middle East.

NCDEX Soy meal Futures price (21st January 06)

	Prev Close Price	High Price	Low Price	Close Price	Change
Feb'06	8213.00	00.00	00.00	00.00	00.00
March'06	8500.00	00.00	00.00	00.00	00.00

Soy Meal Vessel Report (21.01.06)

Loading of 4,681 MT of SBM is continuing at Mumbai Port on the vessel 'Al Maha'. Shann Marine agents is handling the vessel. Mumbai Port is loading 7,000 MT of SBM on the vessel 'Kardaran Star'. 'Seven Star' has berthed at the port and continues to load 6,000 MT of SBM. Sai Shipping agents is handling the vessel. Kandla Port is loading 10,800 MT of SBM to Malaysia on the vessel 'Aion'. The vessel is being

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Skipped Ali	5700	SBM	Expected	
	Iran Takhti	18500	SBM	Loading	Ulsan
	Golden Rain	19500	SBM	Loading	Bangkok
	Aian	10800	SBM	Loading	Malaysia
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
	Asean Victory	13200	SBM	Expected	Thailand
Mumbai	Kardaran Star	7000	SBM	Loading	
	Al Maha	7500	SBM	Loading	
	Seven Star	6000	SBM	Loading	-

handled by Shantilal agents. 'Golden Rain' has berthed at the port and continues to load 19,500 MT of SBM to Bangkok. Hind Shipping agents is handling the vessel. Loading of 18,500 MT of SBM is continuing at the port on the vessel 'Iran Takhti' to Ulsan. Taurus agents is handling the vessel. Loading of 13,200 MT of SBM is expected at Jamnagar Port on the vessel 'Asean Victory' to Thailand. Nilhant agents will be handling the vessel..

Rape/ Mustard meal

Fresh arrivals of rapeseed are seen in the Kota Mandi and this foretells that the season is about to begin in Mustard and market will again come in flow. The crop is still expected to be higher from previous year despite some losses due to frost. The seed prices may remain stable at this moment until arrivals gears up. Stock position with NAFED is already imparting bearish sentiments to the market. Though, the export demand of Indian rape meal is low as it contains a harmful compound for cattle called 'Cinigreen', still some exports were noticed at Kandla port today at Rs 5000 per MT. The prices at domestic market will witness weakness as and when the arrivals and crushing finds momentum. Today the Mustard oilcake was quoted in Morena Rs 4800/MT, while it was quoted Rs 4900/metric tonnes yesterday.

Exports of Rapeseed meal during December 05 increased 17.39% to 47400 MT, however, the export for the period between April to December fell 5.8% to 441500 MT from 468800 MT during the same period of

2004. The main destinations were, South Korea (27850), Taiwan (9500MT), Thailand (6500MT) and Indonesia (2550MT).

Groundnut meal

The week saw nothing new in GN Meal market and prices remained steady at the earlier levels. 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 6200 on credit and Rs 6000 on cash in Saurashtra.

GN Meal exports during December were 18000 MT according to reports of SEA of India. The export fell 9.7% to 95200 MT during April to December 2005 from 105525 MT during same period in 2004. The major destinations were china (14800 MT) and Indonesia (2550 MT).

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	14.12.05	21.01.06
Indore	8500-8800	8400-8600
Nanded	8300-400	8300-8400
Jalna/Dhulia	8300	8300
Kota	8100	8000-8100
Kandla	9100	9150
Mumbai	9100	9150
Vizag
Sangli	8700	8600

WEATHER WATCH: (14.12.05)

Chief Features

A fresh Western disturbance is likely to Western Himalayan region during next 2-3 days and is likely to cause scattered rain /snow over Western Himalayan region from 22nd evening. Night temperatures over northwest India are likely to fall by 1-2 deg. C for next 1-2 days.

Forecast valid 0830 hours IST of 24th JANUARY, 2006

NORTH: Isolated rain/snow likely over Jammu & Kashmir. Weather will be mainly dry over the rest region. However, a spell of moderate rainfall/snowfall is likely over the western Himalayas from 22nd evening till 24th.

EAST: Isolated rain/thundershowers likely over northeast Assam and Arunachal Pradesh. Weather will be mainly dry over the rest region.

SOUTH: Isolated rain/thundershowers are likely over Nicobar Islands. Weather will be Mainly dry in the rest region.

WEST: Weather will be mainly dry over the region.

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

Night temperatures are likely to fall by 2-3 deg. C over northwest India from 25th for next 2-3 days. Fog is also likely during morning hours in the plains of north India from 25th.

Source: IMD, GOI.

Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.11
European Union	Euro	53.52
Japan	100 Yen	38.15
United Kingdom	Pound Sterling	78.10

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

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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