

OILMEAL

6 May-13 May, 06

MAJOR ACTIVITY HIGHLIGHTS

- India's Oil Meal Exports data of April' 05– February' 06
- All India Production Estimate for Soybean, Groundnut and Mustard for '05
- Latest Weather Watch

NEWS ANALYSIS

Export of Oilmeal Increased This Year

(April '05 to March '06)

Indian Oilmeal export during the financial year 2005-06 (11months) increased by 60.82 % as compared to the export during the previous year oil year. India exported 4423025 MT of Oilmeal during this oil year (April-March) according to SEA of India release. The main surge in export was seen in Rice Bran Ex. (291.07%), Castor meal (284.30%), Rapeseed (101.41) and Soymeal (54.35%).

Soymeal exports surged to 3424600 MT during the period, in March the export rose by a huge 54.35% to 3424600 MT as compared to 1861325 MT in last year. 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. However, Mustard meal exports surged by 101.41% to 533275 MT in last year.

Export of Oilmeal (Extractions) from April 05 to March '06 with comparative period of previous year (Qty. in MT)

| Month | S.B.EXT | R.S.EXT. | G.N.EXT | R.B.EXT. | S.F.EXT. | CST.EXT. | TOTAL |
|----------------|---------|----------|---------|----------|----------|----------|---------|
| April 2005 | 99,250 | 90,900 | 12,950 | --- | --- | 17,800 | 220,900 |
| | 366,625 | 96,000 | 14,800 | --- | --- | ---- | 477,425 |
| May 2005 | 156,100 | 69,650 | 3,025 | 6,875 | --- | 50,200 | 285,850 |
| | 278,300 | 100,875 | 44,750 | --- | --- | ---- | 423,925 |
| June 2005 | 115,750 | 53,975 | 8,900 | 12,675 | --- | 20,225 | 211,525 |
| | 94,500 | 45,575 | 30,475 | 5,800 | --- | 6,200 | 182,550 |
| July 2005 | 135,550 | 45,750 | 17,700 | 16,500 | --- | 11,525 | 227,025 |
| | 19,250 | 54,400 | 2,300 | ---- | --- | ---- | 75,950 |
| August 2005 | 112,575 | 43,825 | 15,100 | 5,033 | --- | 11,325 | 187,858 |
| | 17,325 | 33,325 | 8,750 | 5,761 | --- | 15,225 | 80,386 |
| September 2005 | 102,675 | 31,025 | 8,500 | --- | --- | 15,950 | 158,150 |
| | 12,875 | 52,100 | ---- | 5,750 | --- | ---- | 70,725 |
| October 2005 | 160250 | 37250 | 8825 | ... | ... | 3,100 | 209,425 |
| | 18,750 | 17,300 | 4,450 | ... | | 7,225 | 47,725 |
| November 2005 | 266,675 | 21,725 | 2,200 | 12,867 | ... | 18,225 | 321,692 |
| | 174,950 | 28,850 | ... | 11,820 | ... | ... | 215,620 |
| December 2005 | 492950 | 47,400 | 18,000 | 6,500 | 750 | 14,100 | 579,700 |
| | 303,750 | 40,375 | | 13,925 | 460 | 16,275 | 374,785 |
| January 2006 | 483,225 | 16,975 | 8,400 | 25,950 | | 14,175 | 548,725 |
| | 173,550 | 30,275 | 1,100 | ... | 1,096 | 10,825 | 216,846 |
| February 2006 | 587425 | 28750 | 3850 | 29425 | | 12800 | 662250 |

| | | | | | | | |
|--------------------------|----------------|---------------|---------------|---------------|------------|---------------|----------------|
| | 175625 | 70205 | 10100 | | 1266 | 15000 | 272196 |
| March 2006 | 712175 | 46050 | 30475 | 9500 | | 11725 | 809925 |
| | 225825 | 19525 | 4750 | | 252 | | 250352 |
| Total (Apr05 - March 06) | 3424600 | 533275 | 137925 | 125325 | 750 | 201150 | 4423025 |
| (Apr.04 -March.05) | 1861325 | 588805 | 121475 | 43056 | 4790 | 70750 | 2690201 |
| 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

USDA Exports Sales Highlight for Soy Meal

Weekly Export Sales Highlights of US Department of Agriculture is released on Thursday i.e. May 11, 2006. This summary is based on reports from exporters (for the period of April 28-May 4, 2006). Soybean Cake and Meal: Net sales of 61,800 MT were 50 percent below the previous week and one-third under the prior 4-week average. Major increases were reported for Mexico (21,300 MT), unknown destinations (10,000 MT), Libya (7,500 MT, the first activity since the program began), Panama (5,200 MT), and

Colombia (5,000 MT, switched from unknown destinations). Sales of 2,800 MT for delivery in 2006/07 were for Canada (1,500 MT) and Nicaragua (1,300 MT). Exports of 58,900 MT were 45 percent below the week earlier and the prior 4-week average. The primary destinations were Canada (24,000 MT), Mexico (11,500 MT), Japan (8,400 MT), Panama (7,300 MT), and Jamaica (6,900 MT).

Mixed Sentiments Persists in CBOT Soy Futures

July Soybeans settled unchanged at \$6.13/bushel, 7 cent off the high and 5 cent up from the low. November Soybeans settled up 0.75 cent at \$632/bushel, which was 4 cent up from the low and 7 cent off the high. July Soybean Meal settled down \$0.9 at \$177.8/ton that was \$1.8 up from the low and \$3.7 off the high. July Soybean Oil closed down 0.13 cent at 26.19 cent/pound, 0.53 cent off the high and 0.08 cent up from the low. Strength in corn and wheat helped to provide initial support but July soybean pulled to the lower side on low supply news and settled unchanged. The USDA projected ending stocks at 565 million bushels

as compared to trade expectations near 567 million bushels and compared with last month's record high ending stocks at 565 million bushels. The USDA projected ending stocks for the 2006/2007 season at 650 million bushels as compared to trade expectations at 683 million bushels. At the same time world ending stocks for the 2005/2006 season were projected at 55.94 million tonnes from 53.75 million tonnes last month. This all set to new record high of the world ending stock. Meal suffer due to record supply of soybeans. The USDA projection for oil ending stocks remain at 2.379 billion pounds for the 2006/2007 season as compared to 2.749 billion pounds for this season.

CBOT Soybean Futures as on 12th May '06

| Months | Previous Settle | Open | High | Low | Change | Close |
|----------------|-----------------|-------|-------|-------|--------|-------|
| May 06 | 177.8 | 180.5 | 180.5 | 173.5 | -3.0 | 174.8 |
| July 06 | 178.7 | 181.5 | 181.5 | 176.0 | -0.9 | 177.8 |

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

Soy meal prices at the domestic centers still maintain its firm position and remain on the higher levels. High export demand combined with emerging demand from the domestic market results into rising prices into the market. Strong position of stockist results into moderate availability of meal into the market keeping the prices in the higher

levels. SOPA pegged soybean export for the month of April at 368302 ton as compared to 112366 tons in the same period last year with a solid gain of 227.7% growth. The major Indian export destinations were Vietnam that remains the largest importer of Indian meal and imported 97482 tons. China and South Korea closely followed

Vietnam and imported heavy chunk. Other buyers were Indonesia, Japan, Singapore and Taiwan. Traders are expecting more export demands in coming days, which will further support its prices up. Prices at different spot market remain on the higher levels and approaching towards its port price levels. It is expected that the prices would be equivalent to the port prices thereby decline in exports would be obvious. Prices at Indore varied between Rs. 8400-8900 this week while meal at Nanded and Latur traded in the range of Rs. 8900-9100. Nagpur maintains its higher level at Rs. 8600/8900 whereas Sangli, Solapur and Kota prices of meal remains high at Rs. 9500-9700, 9400-9600 and 8900-9000 respectively. Prices at ports witnessed improved sentiments amid high export demand. Soy meal traded at Rs. 9200 –9400 in Kandla port while at Mumbai it traded at Rs. 9250-9450.

Record Soymeal Export from India: SOPA

According to news from SOPA, India exported record high soy meal in April this year. It is reported that India exported 368302 tons of meal in April as compared to 112366 tons in the same period last year. Vietnam remains the largest importer of Indian meal and imported 97482 tons. China and South Korea closely followed Vietnam and imported heavy chunk. Other buyers were Indonesia, Japan, Singapore and Taiwan. Improving international scenario after bird flu pandemic results into greater demand of meal as the poultry industry is reviving very fast. Small container size and high protein content provided additional advantage to Indian meals over others.

DOC Rates at Different Centres

| Places | Ex-factory rates (Rs/ton) | |
|----------------|------------------------------|------------------------------|
| | 6.05.06 | 13.05.06 |
| Indore | 8400-8500 | 8500-8900 |
| Nanded/Latur | 9000-9100 | 9000-9100 |
| Dhulia/Jalna | 8900-9000 | 8900/8800 |
| Kota | 8650 | 9000 |
| Kandla | 9300 (Sellers)-9250 (Buyers) | 9400 (Buyers)-9500 (Sellers) |
| Mumbai | 9300 (Sellers)-9250 (Buyers) | 9400 (Buyers)-9500 (Sellers) |
| Nagpur (42/46) | - | 8600/8900 |
| Sangli | 9500 | 9000 |

NCDEX Soy meal Futures price (13th May' 06)

| Contract | Prev Close Price | High Price | Low Price | Close Price | Change |
|----------|------------------|------------|-----------|-------------|--------|
| May 06 | 8550.00 | - | - | - | - |
| June 06 | 7950.00 | - | - | - | - |

Soy Meal Vessel Report (13.05.06)

Current vessel positions in different ports

`Bao Heng Men' has berthed at Kandla Port and continues to load 12,300 MT of SBM to Japan. Shantilal agents is handling the vessel. The port is expecting `Luna Blue' to load 11,250 MT of SBM. JM Baxi agents will be handling the vessel. Jamnagar Port is loading 6,700 MT of SBM to

Indonesia on the vessel `Jasmine Ace'. GAC agents are handling the vessel. Mumbai Port is loading 4,800 MT of SBM on the vessel `Seven Star'. `Fu Wen Shan' and `Tinai' are expected at Kandla Port to load 13,000 MT and 13,500 MT of SBM to Vietnam and Indonesia respectively. Interocean agents will be handling these vessels.

Current Vessel Position

| Ports | Vessels | Vol. (MT) | Status | Destination |
|--------|--------------|-----------|----------|-------------|
| Kandla | Delfinaki | 16000 | Expected | New Zealand |
| | Bright Dream | 5000 | Expected | Far East |
| | Luna Blue | 11250 | Expected | |
| | Fu Wen Shan | 13000 | Arrived | Vietnam |

| | | | | |
|----------|----------------|-------|----------|-----------|
| | Tinai | 13500 | Loading | Indonesia |
| Jamnagar | Sunrise Ocean | 19000 | Expected | China |
| | New Yega | 12000 | Arrived | Singapore |
| | Lever Star | 6400 | Expected | Indonesia |
| Mumbai | Indruwa Valley | 2600 | Expected | |
| | Seven Star | 4800 | Loading | |

Rape/ Mustard meal

Mustard meal this week improved at different centers amid high demand in the domestic market combined with good export demand. Improvement in the meal prices was quite obvious at this stage as soy meal and groundnut meal remain at their higher levels thereby pulling up the mustard meal prices. This week the prices hovered around Rs. 4100-4200 in Morina, while prices at Indore and Kota varied between Rs. 4450-4500 and 3900-4100 respectively. Ex-factory rate at Jaipur ranged between Rs. 4100-4250. Improved activity during the week was noticed in Kandla and Mundra port and the prices varied between Rs. 4600-4725 and 4800-4875 respectively. The prices however expected to remain range bound with slight decrease in coming week amid expectation of reduced activity in the ports.

WEEKLY WEATHER WATCH

WEATHER OUTLOOK FOR NEXT 5 DAYS

During past 24 hrs fairly widespread rainfall has occurred over Bay islands, West Bengal & Sikkim and northeastern States and at a few places over south interior Karnataka, Bihar, Jharkhand and Orissa. Significant amounts rainfall received this morning include Tadong, Dhubri & Hut-Bay -7 each, Haldia & Dibrugarh- 5 each, Port Blair, Gangtok, & Bangalore- 3 each, Jharsugudha, Shantiniketan, Bankura, Passighat & Mayabandar -2 each. The rainfall activity in coming 2-3 days would over NE states, Sub- Himalayan West Bengal, Orissa, East Rajasthan, north Madhya Pradesh, Chattisgarh, east UP, Bihar, Jharkhand, coastal Andhra Pradesh, south peninsular India, Bay Islands and Lakshadweep. Subsequently, the rainfall activity is expected to continue except over NE states,

Zone-wise weather forecast:

NORTH & NORTH-WEST INDIA: J&K, H.P. and Uttranchal may experience scattered rainfall/snowfall and isolated dustorm/ thunderstorm over plains during 14-15 May 2006. Above normal temperatures are likely all over the region for next 2-3 days.

EAST AND NE INDIA: Scattered to fairly widespread rains are expected over NE States and Sub-Himalayan West Bengal Coastal Orissa, Gangetic West Bengal, East UP, Bihar and Jharkhand may experience isolated rains during next 2-3 days. Subsequently, rainfall might get restricted over West Bengal, Orissa and Jharkhand regions.

Groundnut meal

Good demand of the groundnut meal in the physical market keeps the prices in the higher levels. Crushing is slowed down in the mills, as the plants are not getting enough seeds for crushing. Hike in transportation cost by transporters in Gujarat also results into the inflation of meal rate. High prices of the soy meal also provides some support to the GN meal in domestic market as it also contain 45% protein and comparable to soy meal. Indecision about removal of VAT this week further provides underlying support to the groundnut and its derivatives. The prices are expected to maintain its higher level in the coming week. The prices of groundnut meal (40%) by cash basis varied between Rs. 6500-6600 while 45% ranged between 7000-7300 per MT in Saurashtra.

east UP, Bihar, Jharkhand. The day temperatures over the plains of northwest India, north Gujarat, central India, interior Maharashtra and interior Andhra Pradesh are 2-4°C above normal and heat wave conditions continue to prevail over isolated pockets of north Rajasthan, west Haryana and northwest Madhya Pradesh, where day temperatures are still above 45°C. Model predictions continue to suggest that the rainfall activity over Bay Islands and parts of south peninsular India may enhance from 17 May 2006. It is expected that above normal temperatures are to prevail over NW India, Gujarat, north MP, Chattisgarh, Rayalaseema, Telangana and western Orissa in coming days.

CENTRAL INDIA: Isolated thunderstorm activity is likely over Chhatisgarh and east MP during next 4- days.

SOUTH INDIA: Isolated to scattered thunderstorm activity is expected over Kerala, coastal Tamilnadu, south/north interior Karnataka, Bay Islands, Lakshadweep during next 3-4 days. Isolated thunderstorm activity is expected over Telangana, coastal Andhra Pradesh and Rayalaseema. Andman & Nicobar, Lakshdweep and Kerala are to experience enhanced rainfall from 17 May 2006.

WEST INDIA: Mainly dry weather conditions are likely to prevail over the region.

Source: NCWRMF, GOI.

Forex Rates (13.05.06)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 58.04 |
| European Union | Euro | 45.05 |
| Japan | 100 Yen | 85.36 |
| United Kingdom | GBP | 40.94 |

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