

OILMEAL

20May-27 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)	<b>3424600</b>	<b>533275</b>	<b>137925</b>	<b>125325</b>	<b>750</b>	<b>201150</b>	<b>4423025</b>
(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

#### CBOT Soy Futures Remain Bearish on Weather

July Soybeans settled down 1.75 cent at \$5.825/bushel, 5.50 cent off the high and 0.50 cent up from the low. November Soybeans settled down 0.75 cent at \$6.08/bushel, which was 1.25 cents up from the low and 4.75 cent off the high. July Soybean Oil settled down \$0.2 at \$173.3/ton that was \$0.2 up from the low and \$1.2 off the high. July Soybean Oil closed up 0.02 cent at 25.11 cent/pound, 0.29 cent off the high and 0.06 cent up from the

low. Lack of interest by the fund buyers in July soybean results into the weakness in the market sentiments despite firm opening. This week the weather remain favourable for the growing of soybean and likely to continue for the next week as well, which pressurized the market to settle down. Weakness in gold and energy market also helped to slide in the prices on later part. Brazil govt is trying to finish the unrest by increasing the governmental aid by 13% that will influence the soy futures in CBOT.

#### Weekly USDA Export Sales Report

Weekly Export Sales Highlights of US Department of Agriculture is released on Thursday i.e. May 25, 2006. This summary is based on reports from exporters (for the period of May 12-18, 2006). Soybean Cake and Meal: Net sales of 87,300 MT were 45 percent below the previous week and 3 percent under the prior 4-week average. The major buyers were Mexico (37,500 MT), Turkey (14,000 MT), Canada (11,900 MT), Colombia (8,100 MT), and the Dominican

Republic (7,500 MT). Decreases of 7,000 MT were reported for Guatemala. Exports of 126,600 MT were 12 percent below the week earlier, but 35 percent above the prior 4-week average. The primary destinations were Canada (25,400 MT), Mexico (23,900 MT), Cuba (20,000 MT), the Dominican Republic (17,500 MT), New Zealand (14,000 MT), and Colombia (12,600 MT).

#### CBOT Soy meal Futures as on 26<sup>th</sup> May '06

Months	Previous Settle	Open	High	Low	Change	Close
June 06	173.50	174.00	174.50	173.10	-0.2	173.30
July 06	174.50	175.00	175.50	174.20	-0.2	174.30

CBOT Remains Close on Saturday and Sunday

## DOMESTIC MARKETS

### Soy meal

Soy meal prices at most of the markets remain steady and stuck to the current price level. The major factor that governs the prices this week is slackening of export demand. Little activities witnessed in the ports and what so ever activities are going on were the previous consignments. The prices of meal from India is bit costlier compared to Argentina meal and it cost Rs. 10-15 more, thereby loosing the competition. India has geopolitical advantage amid low freight charges to Far East countries compared to Western counterpart, therefore some demand in trickle is expected from the Far Eastern countries that are likely to boost the prices up in coming days. Stagnancy in demand is mainly due to no fresh agreement on the export

front and likely to continue the situation for some more time. Moderate to high arrivals of seeds into the market results into weakness of the seed prices thereby lowering the meal prices at different centers. The prices at this stage stuck in absence of any fresh news. It is expected that the prices of meal is likely to stay in the same level in coming week as well. Indore spot market decline to Rs 8600-8900 while meal prices at Datia decline from 8800 to 8600. Nanded and Latur traded in the range of Rs. 8900-9000. Marginal decline was noticed in Dhulia/Jalna and traded at 8900. Significant decline was noticed in Nagpur where the meal traded 8400/8700 while meal prices at Kota, Sangli and Solapur remain at 8950, 9600 and 9500 respectively.

## DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	20.05.06	27.05.06
Indore	8700-8900	8600-8700
Nanded/Latur	9100	9000
Dhulia/Jalna	8900-8950	8900
Kota	9125	9125
Kandla	9400 (Sellers)	9200 (Buyers)-9250 (Sellers)
Mumbai	9400 (Sellers)	9300 (Buyers)-9350 (Sellers)
Nagpur (42/46)	8900/9000	8400-8700
Sangli	9700	9600

## NCDEX Soy meal Futures price (27<sup>th</sup> May' 06)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
June 06	8651.0	-	-	-	-
July 06	8696.0	-	-	-	-

## Soy Meal Vessel Report (27.05.06)

### Current vessel positions in different ports

Loading of 3,500 MT of SBM is continuing at Mumbai Port on the vessel 'Badulu Valley'. Sai Freight agents is handling the vessel. Loading of 5,000 MT of SBM is expected at Jamnagar Port on the vessel 'Timberland' to Black Sea Port. Ambika agents will be handling the vessel. 'Ruaha' has berthed at Kandla Port and continues to load 13,000 MT of

SBM to Belawan. Loading of 13,500 MT of SBM is continuing at Kandla Port on the vessel 'Tinai' to Indonesia. Interocean agents is handling these vessels. Shantilal agents is handling the vessel. Loading of 13,650 MT of SBM is continuing at Kandla Port on the vessel 'IKI' to Japan. Sea Trade agents is handling the vessel.

### Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Destination
Kandla	Delfinaki	16000	Expected	New Zealand
	Bright Dream	5000	Expected	Far East
	Multi Trader	15500	Arrived	Japan
	Luna Blue	11250	Expected	
Jamnagar	Bao Heng	12300	Arrived	Japan
	Iran Mahallati	12600	Loading	China
	Sunrise Ocean	19000	Expected	China
	New Yega	12000	Arrived	Singapore
	Sin Chon	14000	Loading	Vietnam
	Jasmine Ace	6700	Loading	Indonesia
	Lever Star	6400	Expected	Indonesia

## Rape/ Mustard meal

Prices of mustard DOC remain range bound this week and still hold its upper level in the domestic market on account of high export demand and demand from cattle feed industry. High groundnut meal prices at the ports combined with respective higher soy meal prices provided additional support to the rapeseed DOC and thereby holding the prices in firm position. The Mustard DOC prices remain range bound this week with

slight bullish tone at Rs 4100-4250 in Morena, whereas prices at Indore and Kota market remain at Rs. 4400-4500 and 4100-4150. Prices at Jaipur spot market remain range bound at Rs.4200-4250. Mundra, Jamnagar and Kandla port witnessed trading at Rs. 4900, 4850 and 4850 respectively. The prices are expected to remain range bound as well in the coming week.

### Groundnut meal

Ground meal prices still remain on the higher level amid low crushing and reduced availability of the groundnut seeds into the market. Fast depleting seeds into the market are expected to hold the current level of prices and there are meagre chances the prices will slip further. The delivery of groundnut meal on credit for one month time has added

### WEEKLY WEATHER WATCH

#### PROGRESS OF SOUTHWEST MONSOON:

Southwest monsoon further advanced into some parts of southwest Bay, some more parts of southeast Bay and most parts of Andaman sea on 18<sup>th</sup> and into more parts of south Bay and Andaman sea on 19<sup>th</sup>. It covered some more parts of southwest and southeast Bay of Bengal, some parts of east central Bay and remaining parts of Andaman Sea on

#### METEOROLOGICAL ANALYSIS:

An upper air cyclonic circulation extending upto 2.1 km a.s.l lay over West Uttar Pradesh on 18<sup>th</sup>. It was seen over East Uttar Pradesh on 19<sup>th</sup> & 20<sup>th</sup> and over Bihar and adjoining areas upto 24<sup>th</sup>. Another upper air cyclonic circulation extending 2.1 km a.s.l lay over West Uttar Pradesh from 21<sup>st</sup> to 24<sup>th</sup>. A fresh upper air cyclonic circulation extending upto 1.5 km a.s.l lay over West Rajasthan and adjoining areas from 18<sup>th</sup> to 23<sup>rd</sup>. It moved over to Punjab and adjoining areas on 24<sup>th</sup>. Another upper air cyclonic circulation extending upto 3.1 km a.s.l lay over west-central Bay off Andhra Pradesh coast on 18<sup>th</sup> & 19<sup>th</sup>. It became less marked on 20<sup>th</sup>. An east-west trough running from Punjab upto Gangetic West Bengal was seen on many days of the week. The wind discontinuity/trough from East Uttar Pradesh to South Interior Karnataka was also seen during first two days of the week.

#### Rainfall

##### Under the influence of the above systems:

Fairly widespread rainfall occurred over Andaman & Nicobar islands throughout the week with isolated heavy to very heavy falls on a few days of the week. Light to moderate rainfall also occurred at a few places over northeastern states, West Bengal & Sikkim, East Uttar Pradesh, Bihar, Jharkhand, Orissa and Chhattisgarh on 20<sup>th</sup> and isolated during remaining days of the week. Isolated to scattered rainfall also occurred over western Himalayan region during the week. Isolated to scattered duststorm/thunderstorm activity also occurred over plains of northwest India. Fairly widespread rainfall/thundershowers occurred over south peninsula and Lakshadweep area on 19<sup>th</sup> and 24<sup>th</sup> with isolated heavy falls over Kerala and Lakshadweep on 19<sup>th</sup>. Isolated to scattered rainfall occurred during the remaining

advantage over soy and rapeseed meal. Good demand of the groundnut meal in the physical market also keeps the prices in the higher levels. The prices are expected to hover around the same level in absence of any fresh news. This week the prices of groundnut meal (40%) by cash basis varied between Rs. 6600-6700 while 45% ranged between 7200-7300 per MT in Saurashtra.

22<sup>nd</sup>. The northern limit of monsoon as on 22<sup>nd</sup> passed through 5°N/80° E, 10° N/85° E, 13° N/90° E and 18° N/94.5°E. Current weather scenario indicates onset of monsoon over Kerala likely during early part of the coming week

days of the week. Rain/thundershowers occurred at isolated places over Vidarbha, Madhya Maharashtra, Marathwada and south Konkan & Goa.

#### TEMPERATURES

Day temperatures remained in the range of 40-44° C over Gujarat region, West Madhya Pradesh, Madhya Maharashtra, Interior Karnataka and interior Andhra Pradesh during first half of the week and over West Rajasthan over the entire week. They were 4-6°C below normal over plains of northwest India, Uttar Pradesh, Bihar, Jharkhand, West Bengal & Sikkim, Orissa, Chhattisgarh and East Madhya Pradesh during the entire week. Day temperatures were 2-3°C below normal over peninsular India; 2-4°C above normal over north-eastern states during the week

#### Outlook for the week ending on 31<sup>st</sup> May 2006

The current meteorological conditions indicate onset of monsoon likely over Kerala during 1<sup>st</sup> half of the week. It is likely to advance further and cover some more parts of west coast & interior peninsula and also enter into northeastern states in the subsequent 2-3 days. Enhanced rainfall activity with heavy to very heavy rainfall at a few places likely over Lakshadweep, Kerala, coastal & South Interior Karnataka, south Konkan & Goa and northeastern states. Scattered rain/thundershowers also likely over East India and isolated over northwest India. Day temperatures are likely to increase over northwest and adjoining westcentral India with possibility of heatwave development in isolated pockets.

**Source: IMD, GOI.**

### Forex Rates (27.05.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.97
European Union	Euro	56.41
Japan	100 Yen	39.39
United Kingdom	GBP	81.04

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