

## OILMEAL

13 May-20 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

#### NOPA April Soy Crush Jump at 130 million bushels

The National Oilseed Processing Association reports that during April 2006, soybean was crushed at 130.773 million bushels, approximately 2 million less than the average pre-report estimate. March's crush was at 142.852 million bushels and the April 2005 was at 134.185 million bushels. Crush capacity was projected at 159.146 million bushels, down 3.721 million from the previous month and 1.006 million less than last year. Oil stocks remain at 2.350 billion

pounds, compared to 2.393 billion for March 2006 and 1.477 billion in April 2005. Soybean oil production was reported at 1.540 billion pounds, 90 million lower than the month before but 62 million higher than a year ago. Soybean meal exports remained at 446,576 tons, compared to 511,785 in March and 417,783 for April. Meal production for April 2006 totaled 3,087,131 tons, compared to 3,368,023 the month before and 3,194,905 during April 2005.

#### CBOT Soy Futures Stumble on Bearish Weather

July Soybeans settled down 6 cent at \$5.98/bushel, 6.25 cent off the high and 3.50 cent up from the low. November Soybeans settled down 4.50 cent at \$6.21/bushel that was 5 cent up from the low and 4.75 cent off the high. July Soybean meal settled down \$1.1 at \$175.3/ton that was \$0.2 up from the low and \$1.5 off the high. July Soybean Oil closed down 0.25 cent at 25.57 cent/pound, 0.18 cent off the high and 0.3 cent up from the low. Initially the July soybean taken a plunge but later on it recoup on the back of soy oil. Weather is congenial for the planting of soybeans and

expected to hasten the planting progress. Weekly US export sales for soybeans remain well within the range at 332,000 metric tonnes as compared to trade expectations between 200,000-400,000. Meal sales remain high at 157,300 metric tonnes as compared to trade expectations between 25,000-100,000. Oil performed weak as there were net cancellations (negative sales) of 1,400 tonnes as compared to trade expectations between 0-7,000. Weakness in palm futures and slackness in energy markets added to its bearish tone.

#### Weekly USDA Export Sales Report

Net sales of 157,300 MT were more than two and one-half times the previous week and 82 percent over the prior 4-week average. The major buyers were Guatemala (58,400 MT), including 6,800 MT switched from El Salvador), the Dominican Republic (20,300 MT), Mexico (18,800 MT), Canada (18,500 MT), Egypt (16,000 MT), and Japan

(12,700 MT). Exports of 143,400 MT were two and two-fifths times the week earlier and 51 percent over the prior 4-week average. The primary destinations were Canada (31,300 MT), Mexico (21,800 MT) the Dominican Republic (19,800 MT), Japan (16,100 MT), Tunisia (14,800 MT), Guatemala (11,400 MT), and Colombia (11,400 MT).

#### CBOT Soy meal Futures as on 19<sup>th</sup> May '06

Months	Previous Settle	Open	High	Low	Change	Close
June 06	175.3	174.9	174.9	173.0	-1.9	173.4
July 06	176.9	176.3	176.3	174.5	-1.9	175.0

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.

### DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	13.05.06	20.05.06
Indore	8500-8900	8700-8900
Nanded/Latur	9000-9100	9100
Dhulia/Jalna	8900/8800	8900-8950
Kota	9000	9125
Kandla	9400 (Buyers)-9500 (Sellers)	9400 (Sellers)
Mumbai	9400 (Buyers)-9500 (Sellers)	9400 (Sellers)
Nagpur (42/46)	8600/8900	8900/9000
Sangli	9000	9700

### NCDEX Soy meal Futures price (20<sup>th</sup> May' 06)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
May 06	7950.0	-	-	-	-
June 06	8274.0	-	-	-	-

### Soy Meal Vessel Report (20.05.06)

#### Current vessel positions in different ports

'Fu Wen Shan' has berthed at Kandla Port and continues to load 13,000 MT of SBM to Vietnam. Loading of 13,500 MT of SBM is continuing at Kandla Port on the vessel 'Tinai' to Indonesia. Interocean agents is handling these vessels. Mumbai Port is loading 2,700 MT of SBM on the vessel

'Indruwa 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.

#### 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
Jamnagar	Tinai	13500	Loading	Indonesia
	Sunrise Ocean	19000	Expected	China
	New Yega	12000	Arrived	Singapore
	Lever Star	6400	Expected	Indonesia
Mumbai	Timberland	5000	Expected	Black Sea Port
	Indruwa Valley	2600	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**

#### **Monsoon watch:**

Southwest monsoon has further advanced into some parts of southwest & southeast Bay and Andaman Sea. The Northern Limit of Monsoon passes through Lat 5.0 °N/Long. 80.0°E, Lat 10.0 °N/Long. 87.0°E, Lat 16.5 °N/Long. 97.5°E. Prediction continues to indicate sustenance of strong lower level wind flow, moisture build up and persistent large-scale rainfall activity over south Bay of Bengal and Andaman Sea region during next 3 days. Consensus forecast from several models indicate that there could be weakening of Bay of Bengal arm of monsoon current after 21st May, resulting in slight decrease in large scale cloudiness and rainfall over the region. On the other hand, the first indication of Arabian Sea arm of monsoon current, may appear in the form of cross equatorial flow along Somalia (Africa) coast beginning from 23rd May, 2006. Strengthening of lower level wind flow over southwest Arabian Sea in subsequent days may follow this. Prediction also suggests, there is likely to be simultaneous excitement of Intertropical convergence zone (representing a band of cloudiness close to equator) and increase in large-scale cloudiness and rainfall activity over south central and south-east Arabian Sea.

#### **Weather Outlook For Next 5 days**

There has been slight increase in day temperatures over many parts of northwest India, Uttar Pradesh and adjoining central India and parts of east India during past 24 hours. No large change in day temperatures is expected during next 2-3 days in these areas. During past 24 hours, rainfall has occurred at most places over Andaman & Nicobar Islands, at many places over Kerala and Lakshadweep; at a few places over Tamil Nadu, Uttaranchal and at isolated places over Delhi, Chhattisgarh, West Madhya Pradesh, South Interior Karnataka and Rayalseema. The chief amounts of rainfall (in cm) recorded at 8.30 hrs IST today are: Nedumbaserry-12, Kochi-10, Alleppey & Minicoy-8 each, Cananoor & Kottayam-7 each, Tiruchirapalli-5, Nancowrie, Car Nicobar, Karipur, Karaikal- 4 each, Nagapattanam & Tehri-3 each. The rainfall activity over NE States may increase within next 24 hours. Isolated rain and thunderstorm activity over some parts of eastern region e.g. Bihar, Jharkhand and Orissa may continue for another 2-3 days. Many parts of peninsular India e.g. coastal Andhra Pradesh, Telangana, Tamilnadu, Kerala, Interior Karnataka

### **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.

and Lakshadweep may receive scattered rainfall activity during next 2-3 days. Parts of Central India (e.g. Chhattisgarh, east MP and Vidarbha) and West India e.g., Madhya Maharashtra may also receive isolated rains and thundershowers during this period.

#### **Zone-wise weather forecast**

#### **NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**

J&K, H.P. and Uttaranchal may experience isolated rainfall/snowfall during next 2-3 days. Isolated rain/thundershowers may occur over plains of NW India during this period.

#### **EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]**

Isolated rains/ thundershowers are likely in Bihar, Orissa and Jharkhand. Rainfall activity over NE States may increase during next 24 hours.

#### **CENTRAL INDIA [ MP, CHATTISGARH, VIDARBHA]**

Isolated thunder storm activity is likely over the entire region during next 3-4 days.

#### **SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]**

Fairly widespread rains with isolated heavy falls are expected over Bay islands during next 2-3 days. Scattered thunderstorm activity is expected over Coastal AP, Telangana, Kerala, Tamilnadu, Interior Karnataka, Lakshadweep during next 2-3 days. Isolated thunderstorm activity is also expected over Rayalaseema.

#### **WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]**

Isolated rain accompanied with thunderstorm/duststorm activity is expected in Rajasthan and Madhya Maharashtra. Mainly dry weather conditions are likely over rest areas of the region.

**Source: NCMRWF, GOI.**

### Forex Rates (20.05.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.37
European Union	Euro	57.86
Japan	100 Yen	40.62
United Kingdom	GBP	85.11

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