

## MAJOR ACTIVITY HIGHLIGHTS

- Good Export Demand For Rape DOC Persists
- Weather Friendly for Soy Crop

## NEWS ANALYSIS

### Soy Crush in US Reaches 3.57 Mln T in June

Crush report of NOPA for June came at 3.57 million ton against trade expectations of 3.76 million ton. Oil Stocks at end of June were put at 21,800 ton. Crush although was low against earlier expectations, but has improved compared to trend in past two months. Demand for the soy meal in US is good on export front. In fact, both domestic usage and export of US soy meal is projected higher for 2006-07 compared to last year. According to USDA, soymeal export in 2006-07 might reach 7,750 MT, up against 7,200 ton in 2005-06. Likewise, domestic usage of soy meal in US is expected at 41,850 MT, up against 40,600 MT during 2005-06.

### Export of Oil meal Increased This Year

Demand of Soymeal has been good on export front. According to Solvent Extractors' Association, export of soy meal in the last quarter (April to June 2006) was up at 565,975 MT against 371,100 MT during the corresponding period last year. Export, however remained slightly low in June on year basis. SEA has estimated soybean export in June at 108,975 MT down against 115,750 MT. Maximum 45,125 MT of soy meal was exported to Vietnam in June 2006, which is followed by 17,425 MT of export to Thailand. Volatility in soy meal prices has increased in these countries due to bird flu factor. Importing big vessels from continent is very risky affair. Apart from this, proximity is another factor giving edge to Indian exporters.

### Export of Oil meal (Extractions) from April 06 to June '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 2006      | 316,925        | 53,425         | 12,400        | 5,650         | ---         | 10,825        | 399,225        |
|                 | 99,250         | 90,900         | 12,950        | ---           | ----        | 17,800        | 220,900        |
| May 2006        | 140,075        | 77,400         | 18,525        | 4,750         | ---         | 15,575        | 256,325        |
|                 | 156,100        | 69,650         | 3,025         | 6,875         | ----        | 50,200        | 285,850        |
| June 2006       | 108,975        | 79,900         | 12,175        | 11,000        | ----        | 7,600         | 219,650        |
|                 | 115,750        | 53,975         | 8,900         | 12,675        | -           | 20,225        | 211,525        |
| <b>Total</b>    | <b>565,975</b> | <b>210,725</b> | <b>43,100</b> | <b>21,400</b> | <b>....</b> | <b>34,000</b> | <b>875,200</b> |
|                 | 371,100        | 214,525        | 24,875        | 19,550        | ....        | 88,225        | 718,275        |
| 2005-0006(F.Y.) | 3,424,600      | 533,275        | 137,925       | 125,325       | 750         | 201,150       | 4,423,025      |
| 2004-2005(F.Y.) | 1,861,325      | 588,805        | 121,475       | 43,056        | 4,790       | 70,750        | 2,690,201      |
| 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      |

## FUNDAMENTAL ANALYSIS

### INTERNATIONAL MARKETS

#### CBOT Soy Futures Improved on Weather Concerns

Soy futures at Chicago Board of Trade finished up on Monday. December Soy meal settled up \$1.7 at \$172.1/ton that was \$0.9 up from the low and \$1.3 off the high. The market got support from the talk that market was ruling in oversold region and got a technical bounce to closed high. Different weather models suggest different outlook. Majority

calls for rains in western corn belts followed by hot weather, while some see hot and dry weather ahead. Weekly export inspections remain at 10.815 million bushels as compared with 5-10 million expected. Weakness in Crude oil and overnight weak closing of palm oil helped limiting gains.

#### CBOT Soy meal Futures as on 24<sup>th</sup> July '06

| Months  | Previous Settle | Open  | High  | Low   | Change | Close |
|---------|-----------------|-------|-------|-------|--------|-------|
| Aug 06  | 166.5           | 167.5 | 168.8 | 167.5 | +1.4   | 167.9 |
| Sept 06 | 168.0           | 169.5 | 170.2 | 169.0 | +1.2   | 169.2 |

CBOT Remains Close on Saturday and Sunday

## DOMESTIC MARKETS

### Soy meal

Soymeal markets featured lackluster trend through the week following its weak demand and weak advises from overseas markets. Weather is turning friendly across major soy producing belts. Crushing has slowed due to off-season, so is its demand on both domestic and export front. Production of soybean is expected to decline slightly this year, as farmers switched some acreage from soybean to other lucrative options. Realization against last crop also was not very good to farmers last year. Good export of soy meal was the only conciliating factor. Bird flu factor though in whole affected the industry adversely, but facilitated increase in export of Indian soy meal. Bird flu factor has led

to increased volatility in its markets. Asian Importing nations turned to Indian markets due to proximity factor. Frequent import of small cargos of soy meal from India was better option than importing in big panmax vessel from American continents amidst increased volatility. Export of soy meal in financial year 2005-06 by end of June had reached 3,424,600 MT, which by end of FY (September 2006) is expected to cross 3.70 million ton. Even biggies like China are sourcing some part of their soy meal requirement (although very small fraction) from India. In June 2006, some 750 MT of SBM found destination in China.

#### DOC Rates at Different Centres

| Places         | Ex-factory rates (Rs/ton) |                    |
|----------------|---------------------------|--------------------|
|                | 15.07.06                  | 24.07.06           |
| Indore         | 8300-8500                 | 8300-8500          |
| Nanded/Latur   | 8500                      | 8500               |
| Dhulia/Jalna   | 8850-8900                 | 8850-8900          |
| Kota           | 8600                      | 8600               |
| Kandla         | 9050 (S)- 9100 (B)        | 9050 (S)- 9100 (B) |
| Mumbai         | 9300 (S)- 9300 (B)        | 9300 (S)- 9300 (B) |
| Nagpur (42/46) | 8200/8500                 | 8200/8500          |
| Sangli         | 9300                      | 9300               |

## Soy Meal Vessel Report (24.07.06)

### Current vessel positions in different ports

'Thash Son' has berthed at Kandla Port and continues to load 5,500 MT of SBM. Shantilal agents is handling the vessel. Loading of 9,000 MT of SBM is expected at Kandla Port on the vessel 'Asian Rose' to Japan. The vessel will be handled by Taurus agents.

Mumbai Port is expecting 'Badulu Valley' to load 3,500 MT of SBM. Sai Freight agents will be handling the vessel.

### Current Vessel Position

| Ports  | Vessels       | Vol. (MT) | Status   | Commodity | Destination |
|--------|---------------|-----------|----------|-----------|-------------|
| Kandla | Thash Son     | 5500      | Berthed  | SBM       | -           |
|        | Asian Rose    | 9000      | Expected | SBM       | Japan       |
| Mumbai | Badulu Valley | 3500      | Loading  | SBM       | -           |

### Rape/ Mustard meal

Good demand of rapeseed meal from the export front kept the markets in upbeat mood. Crushing has scaled high in Rajasthan, as demand remained good both for meal and ghanni. Demand of kacchi ghanni usually picks up from eastern states particularly from West Bengal in the rainy season. However, gains in prices were moderate due to increased

availability due to increase in crushing. Supply of rapeseed is not concerning. Stock of rapeseed with NAFED itself is more than 3 million ton. According to sources, approx 30,000 MT of rape DOC was exported during the week. Covering was mostly done from Jaipur and surrounding belts. Delivery at Kandla port was given at Rs 4850-4900 per ton.

### Groundnut meal

Crushing has been down in most areas due to off-season. Most plants have stopped crushing for annual maintenance. Demand has been moderately good for groundnut DOC both on domestic front. This week there has not been any report of its export. Prices for the groundnut meal in Rajkot ranged Rs

6700-6750 per ton during the week. Improved weather situation also had mild bearish impact on Groundnut meal markets. Sowing of the groundnut has been done all through the state. There were good rains reported in major producing areas during the week.

## WEEKLY WEATHER WATCH

### Chief Features

Yesterday's low pressure area over northwest Madhya Pradesh and adjoining east Rajasthan has become less marked. The monsoon trough passes through Anupgarh, Sikar, Kanpur, Varanasi, Gaya, Asansol and thence southeastwards to northeast Bay of Bengal. During past 24 hours fairly widespread rainfall activity with isolated heavy to very heavy falls have occurred over Konkan & Goa, Madhya Maharashtra and Sub-Himalayan West Bengal & Sikkim.

### Warning

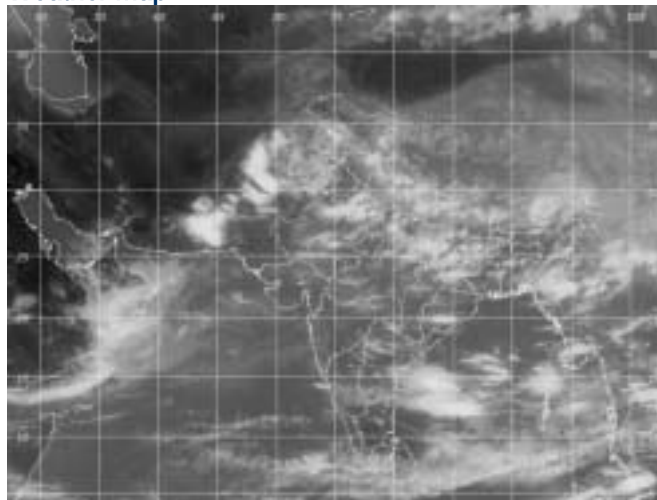
Isolated heavy to very heavy falls likely over Jammu division of Jammu & Kashmir, and Himachal Pradesh. Isolated heavy falls also likely over Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya and Arunachal Pradesh.

### Outlook for subsequent two days from 27<sup>th</sup> July 2006 (Based on numerical weather products):

Rainfall activity along the west coast and over east India likely to increase with the likely formation of a low pressure area over northwest Bay of Bengal around 27<sup>th</sup> July.

Source- IMD

### Weather Map



2006-07-24 12:00:03

Source- IMD

**Forex Rates (25.07.06)**

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA                | Dollar   | 46.930          |
| European Union     | Euro     | 59.290          |
| Japan              | 100 Yen  | 40.240          |
| United Kingdom     | GBP      | 86.890          |

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