

OILMEAL

July 03 - 08, 06

## MAJOR ACTIVITY HIGHLIGHTS

- India's Oil Meal Exports up 22% during April - June' 06 on Year Basis
- Demand Weak in Domestic Markets

## NEWS ANALYSIS

### Export of Oilmeal Increased This Year (April '06 to June '06)

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 17425 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 Oilmeal (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
	108,975	79,900	12,175	11,000	---	7,600	219,650
	115,750	53,975	8,900	12,675	---	20,225	211,525
Total	565,975	210,725	43,100	21,400	---	34,000	875,200
	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 Settle Mixed

Soy futures at Chicago Board of Trade settled higher on follow-through mood on Monday (July 10, 06). November soybean ended up 2 at \$6.2975 per bushel. December soybean finished up \$0.5 at \$178.9 per short ton, while December soybean settled up 15 points at 28.26 cents per pound. The iterations about weather outlook was the main reason behind the Monday's volatile action. Initial bounce was

the result of talks of dry weather conditions to prevail for next few weeks. However, selling emerged when futures failed to surpass last week's highs, as forecasters still showed the chance of a significant rain event for Iowa for early this week. If this rain hits, the crop will be in much better shape to withstand a period of hot and dry weather. Areas which miss out on rains early this week, however, could be in a stressful situation soon.

## CBOT Soy meal Futures as on 10<sup>th</sup> July '06

Months	Previous Settle	Open	High	Low	Change	Close
July 06	172.9	175.0	176.0	172.0	+0.5	173.4
Aug 06	174.1	175.3	177.5	172.8	+0.2	174.3

CBOT Remains Close on Saturday and Sunday

## DOMESTIC MARKETS

### Soy meal

Soy meal demand although has been good on export front, its demand contrarily remained weak here in domestic markets. Traders blame seasonality for this. Demand of soymeal in the month of 'Savaan' declines from the feed industry, as a consequence of seasonally poor off-take of poultry items. Crushing in recent months therefore was done mainly to meet the export demand. Demand for soy oil was weak due to increased availability of import. According to traders, arrivals of soybean has increased in the interior markets of Madhya Pradesh, as stockists/farmers are in mood to empty out their stocks ahead of fresh harvest. Sowing of new crop is nearing completion. Monsoon though has delayed in many areas of Madhya Pradesh and Rajasthan, which consequently defer its sowing in these states. Since, prices have not been lucrative for soybean through the season last year, farmers also are not very enthusiastic about this crop. India has emerged as good export market last year; traders expect this momentum to continue ahead. Apart from its competitive prices and better quality, proximity factor also provide edge to Indian exporters. Vietnam, China, Indonesia and Thailand are potential importers of Indian oil meal. With increased volatility in the soy markets importers would not take chance of importing big cargos from American continents.

### Export of Oil meals Up by 22% During April-June 2006

The export of oil meals during June 2006 is reported 219,650 tons compared to 211,525 tons in June last year. The total export of oil meals during April to June 2006 is reported at 875,200 tons compared to 718,275 tons of last year i.e. up by 22% due to jump in export of Soybean meal from 371,100 tons to 565,975 tons in first three months.

### Country-wise Export - April - May 2006

The export of Oil meal during June 2006 is reported at 208,100 tons mainly exported to Vietnam (58,850 tons), China (39,725 tons), South Korea (39,900 tons), Thailand (31,175) Indonesia (18,850 tons) and Japan (16,050 tons). Rapeseed meal export during June 2006 is reported at 79,400 tons mainly exported to S. Korea (31,900 tons), followed by China (26,800 tons) and Thailand (13,750 tons). Groundnut meal export during June 2006 is reported at 12,175 tons mainly exported to China. South Korea was the main buyer for castor meal (7,600 tons) and Vietnam was main buyer for Rice Bran Ext (11,000 tons).

### Port-wise Export - April - May 2006

The export from Kandla is reported at 535,700 tons (61%), followed by Mumbai which handled 149,925 tons (17%), Bedi handled 118,100 tons (13%), Vizag handled 44,875 tons (5%), and Kakinada handled 26,600 tons (3%).

## DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	08.07.06	01.07.06
Indore	8400-8600	8500-8600
Nanded/Latur	8800	8800
Dhulia/Jalna	8850-8900	8850-8900
Kota	8600-8700	8600-8700
Kandla	9050 -9100	9200-9300
Mumbai	8400-8500	9300-9400
Nagpur (42/46)	8500-8800	8500-8800
Sangli	9500	9500

## Soy Meal Vessel Report (10.07.06)

### Current vessel positions in different ports

'Dagat Blue' has berthed at Kandla Port and continues to load 11,000 MT of SBM to Indonesia. JM Baxi agents is handling the vessel. Kandla Port is loading 8,500 MT of SBM on the vessel 'Carolina' to Baharin. Atlantic agents is handling the vessel.

Loading of 3,500 MT of SBM is continuing at Mumbai Port on the vessel 'Badalu Valley'. Sai Freight agents is handling the vessel.

### Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Desti-nation
Kandla	Delfinaki	16000	Expected	New Zealand
	Tay Sun II'	12,000	Expected	Vietnam
	Zara III	17000	Loading	Karachi
	Tay Sun II	12000	Expected	Vietnam
	Bright Dream	5000	Expected	Far East
Jamnagar	Sunrise Ocean	19000	Expected	China
	Lever Star	6400	Expected	Indonesia
	Timberland	5000	Expected	Black Sea Port
Mumbai	Badulu Valley	3500	Loading	

### Rape/ Mustard meal

Demand also remained weak for Rape DOC in domestic markets. According to traders, crushing for the same has fallen down due to disparity. Low availability of the same thereby, has helped offsetting the demand factor. According to trades, demand for the meal is low due to seasonality factors; where as demand for oil has declined due to increased availability of

imported oil. Prices for Rape/Mustard Meal during the week remained steady at Rs. 4250 in Morina, while prices at Kota were quoted at Rs. 4050. Ex-factory rate at Jaipur at Rs. 4100-4125 Prices for the same at Kandla port were quoted at Rs. 4750 and Mundra at Rs. 4800 whereas no buying at Jamnagar. Prices are expected to remain range bound in near term.

### Groundnut meal

Groundnut meal markets also observed lackluster trading during the week. Recent spell of rains in Saurashtra helped replenishing enough soil moisture. Weather is perfect for the crop growth. According to government official, sowing of kharif crop has been done in more than 80% area in Saurashtra.

Crushing is low due to subdued demand for both oil and meal. So, groundnut meal will likely to keep commanding off-season premiums despite poor demand in domestic markets. The prices of groundnut meal (40%) during the week held steady at Rs. 6800 while 45% was offered at 7400 per MT in Saurashtra.

## WEEKLY WEATHER WATCH

### Monsoon Watch:

A low pressure area has formed over Bangladesh and adjoining Gangetic West Bengal with associated upper air cyclonic circulation extending upto mid-tropospheric levels. The system is likely to move in west northwesterly direction. Heavy to very heavy falls are likely at a few places over Uttar Pradesh, Himachal Pradesh, Uttaranchal, West Bengal & Sikkim, Jharkhand and Bihar.

**Northwest India** Rain/thundershowers are likely at many places over the region outside Jammu & Kashmir where it may be at a few places.

**East India** Rain/thundershowers are likely at most places over Gangetic West Bengal, Bihar and Jharkhand and at many places over the rest region. Rainfall activity is likely to increase over Orissa during next 2-3 days.

**Northeast India** Rain/thundershowers are likely at a few places over the region.

**South India** Rain/thundershowers are likely at many places over Coastal Karnataka and at a few places over Kerala, Lakshadweep and Andaman & Nicobar Islands. It may be isolated over the rest region.

**West India** Rain/thundershowers are likely at many places over Konkan & Goa, East Rajasthan and Northwest Rajasthan and at a few places over the rest region.

**Central India** Rain/thundershowers are likely at a few places over the region.

#### **Heavy Rainfall Warning**

Heavy to very heavy rainfall is likely at a few places over Gangetic West Bengal, Bihar and Jharkhand. Isolated heavy rainfall also likely over Himachal Pradesh, Uttaranchal, Uttar Pradesh, Sub-Himalayan West Bengal & Sikkim and Orissa.

**Source: IMD, GOI.**

#### **Forex Rates (11.07.06)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.21
European Union	Euro	58.80
Japan	100 Yen	40.47
United Kingdom	GBP	85.06

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