

OILMEAL

August 14<sup>th</sup>-19<sup>th</sup>, 06

## MAJOR ACTIVITY HIGHLIGHTS

- A Thin Trading Prevailed In Spot on Lower Demand

## NEWS ANALYSIS

### USDA Export Sales Highlights

Soybean Cake and Meal: Net sales of 132,800 MT were 22 percent above the previous week and 7 percent over the prior 4-week average. Major increases for Mexico (43,000 MT), Chile (26,200 MT), Colombia (18,000 MT), Saudi Arabia (17,000 MT), and Israel (15,000 MT) were partially offset by decreases for unknown destinations (24,000 MT). Sales of 125,400 MT for delivery in 2006/07 were mainly for unknown destinations (48,000 MT), Canada (30,800 MT),

and Mexico (20,700 MT). Exports of 95,400 MT were 38 percent below the week earlier and 34 percent under the prior 4-week average. The primary destinations were Chile (26,200 MT), Mexico (25,800 MT), and Canada (17,800 MT).

Source-USDA

Export of Oil meal (Extractions) from April 06 to July'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
July 2006	119,450	49,500	---	11,000	---	---	179,950
	135.550	45.750	17.700	16.500	---	11.525	227.025
Total	685,425	260,225	43,100	32,400	---	34,000	1,055,150
	506.650	260.275	42.575	36.050	....	99.750	945.300
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

November Soybeans settled down 4 cent at \$5.605/bushel, 5.25 cent off the high and 1 cent up from the low. January Soybeans settled down 4.50 cent at \$5.7275, which was 0.75 cent up from the low and 5 cent off the high. December Soy meal settled down \$1.6 at \$162.1/ton that was \$0.4 up from the low and \$1.9 off the high. December Soybean Oil closed up 0.01 cent at 25.45 cent/pound, 0.1 cent off the high and 0.15 cent up from the low. The

weather seems to be perfectly good for the soybean crop growth on cool weather this week. September soybean fetches its lowest value since November 2005. Noted sellers dominated the session with 2400 contracts into the mid-session.

#### CBOT Soy Meal Futures as on Aug 17<sup>th</sup>.

Month	Open	High	Low	Close	Chg
Sep 06	160.3	161.3	159.7	160.5	+1.3
Oct 06	161.4	162.0	160.6	161.6	+1.5

CBOT Remains Close on Saturday and Sunday

### DOMESTIC MARKETS

#### Soy meal

A range bound with weak undertone sentiment is still prevailed in majority of the soy-meal market in the country. Rainfall activity lowered the market activity. The Independence Day and Krishna Janmastmi festival also interrupted the market activities. The lower demand is still dominating market tone. The export demand reportedly at some lower side also. Exporters are reportedly covered for their immediate demand and this led to stagnation in export demand. On the other hand, more competitive South American soy meal pressurised our soy meal export market. Recent outbreaks of bird flu in Thailand and Laos also lowered the export demand. A lower soybean production is estimated in the global level. The global oilseeds production estimates are also likely to down at 383.2 million tons, which are about 6.5 million less from the last year. The recently released United States Oilseeds production estimates for 2006/07, indicates towards lower soybean production owing to

dry weather in the western Corn Belt and plains. The total U.S. oilseed production for 2006/07 is estimated at 89.2 million tons, down 2.6 million tons from last month. The present status of crushing of soy oil is reportedly very low and expected to increase in November. Due to weakness in soy oil prices for steady import, burden of crushing cost is passing on to soy meal. Export of the soy meal probably has declined for this very reason. According to Solvent Extractors' Association of India (SEA), export of soy meal in July totalled at 119,450 ton down from 135,550 MT during the corresponding period last year. Traders perceived that the market sentiments might ease further in the coming days. The end of rainy season may drive the market at some upper sides in future. No significant trading at NCDEX in Soy meal futures was witnessed.

#### DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	04.08.06	18.08.06
Indore (MP)	7800-8100	7900-8100
Datia (MP)	8100	8200
Shivpuri (MP)	8000	8000
Nanded/Latur	8500	8500
Dhulia/Jalna	8300	8300
Nagpur (42/46)	8200-8500	8200-8400
Sangli	9000	9000
Solapur	8900	8900
Kota	8150	8200

## Soy Meal Vessel Report (18.07.06)

### Current vessel positions in different ports

`Marine Blue' is expected at Kandla Port to load 16,000 MT of SBM to Vietnam. Another vessel, `Be Gae Bong' is also expected at the port to load 8,000 MT of SBM to Vietnam.

Shantilal agents will be handling these vessels. The port is expecting `Young Xiang 9' to load 10,300 MT of SBM to Vietnam. The vessel will be handled by Seaworld agents.

### Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Commodity	Destination
Kandla	Be Gae Bong'	8000	Berthed	SBM	Vietnam
Kandla	Marine Blue	16,000	Expected	SBM	Vietnam

### Rape/ Mustard meal

Rapeseed market witnessed a weak and steady sentiment throughout the week. The lower demand amidst good stock-still pressurised the market sentiments. However, the prices improved slightly. Export demand remained at slow pace. Exporters are reportedly covered for their immediate demand and this led to decrease in export demand. Also, regular selling by Nafed has also regulating the market sentiments. Nafed is selling mustard in Rajasthan at Rs 1585 per qtl. Crushing is continuing as demand for Kachi ghani is

good from eastern states. The DOC prices at Kandla and Mundra were quoted at Rs. 4550 and 4675 (in PP bags) respectively. Prices for the same at Jamnagar were quoted higher also at Rs 4550 per ton. Jaipur market was offered the same at slightly higher of Rs.3900 per ton. Indore offered lower at Rs.4150 per ton and Kota quoted the same at Rs. 3900 per ton. Steady to weak tone likely to prevailed in the market. Spot prices are expected to remained steady or further declined slightly in the coming days.

### Groundnut meal

The groundnut market still remained weak on lower demand amidst good stock. Rainy season also weaken the market tone. The export demand is also reportedly steady at some lower side. The lower groundnut meal demand from the poultry industry is also underpinning

the groundnut seed market sentiments. The prices of groundnut meal (40%) were quoted lower at Rs. 6400 while 45% was offered also lower at 7000 per MT in Rajkot market during the week. The market sentiment is likely to remain calm in the coming days.

### Monsoon Outlook (18.08.06)

- ✍ Yesterday's depression over Chhattisgarh moved west-northwestwards and now lies over southwest Madhya Pradesh at 0830 hours IST of today with its centre near lat. 23.00 N and long. 78.00 E about 100 km southeast of Bhopal. The system is likely to move in a west-northwesterly direction and weaken gradually. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over southwest Madhya Pradesh, southeast Rajasthan and Gujarat Region during next 24 hours.
- ✍ Yesterday's low pressure area over Saurashtra & Kutch and neighbourhood moved away westwards.

### Heavy Rainfall Warning:

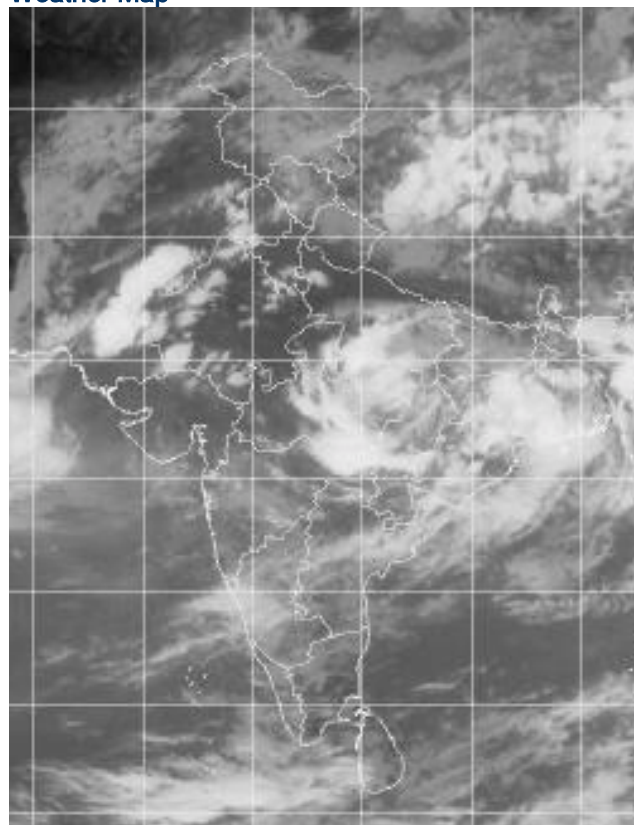
- ✍ Heavy to very heavy falls likely at a few places over southwest Madhya Pradesh, southeast Rajasthan and Gujarat Region during next 24 hours. Isolated heavy falls also likely over Kerala and Coastal Karnataka.

### Outlook for subsequent two days from 0830 hours IST of 15th August 2006 (Based on numerical weather products):

- ✍ Numerical weather prediction models suggest formation of a low pressure area over north Bay of Bengal around 22nd. This may subsequently enhance the rainfall activity over Orissa and Gangetic west Bengal.

Source: **IMD**

### Weather Map



Source-IMD

### Forex

Forex rate as on 18.08.06

Country/ Continent	Currency	Value In Rupees
USA	Dollar	46.48
European Union	Euro	59.66
Japan	100 Yen	40.09
United Kingdom	GBP	87.61

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