

OILMEAL

October- 06 to 10, 2006

## MAJOR ACTIVITY HIGHLIGHTS

- Market sentiments Improved considerably.

## NEWS ANALYSIS

### Soybean Meal: USDA Weekly Export Sales Highlights

Net sales of 265,900 MT were four and three-fifths times the previous week. The major buyers were Mexico (78,600 MT), Honduras (42,000 MT, all late reporting), Panama (39,300 MT, including 35,300 MT late reporting), Turkey (32,000 MT), and Guatemala (23,000 MT). Exports of

120,900 MT were 4 percent above the previous week and 6 percent over the prior 4-week average. The primary destinations were Guatemala (33,800 MT), Canada (26,100 MT), Japan (16,100 MT), and Mexico (12,200 MT). Source: - FAS, USDA.

Export of Oil meal (Extractions) from April 06 to October '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
August 2006	111,075	98,075	---	29,500	---	15,350	254,000
	112,575	43,825	15,100	5,033	----	11,325	187,858
September 2006	179,475	92,775	5,000	32,850	---	14,225	324,325
	102,675	31,025	8,500	---	----	15,950	158,150
October 2006	219,500	74,000	---	21,950	---	17,175	332,625
	160,250	37,250	8,825	---	----	3,100	209,425
Total	1,195,475	525,075	48,100	116,700	---	80,750	1,966,100
	882,150	372,375	75,000	41,083	----	130,125	1,500,733
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

Soy futures finished lower on multiple bearish factors. January soybean finished off 7 cents at \$6.625 and March soybean off 6.75 cents at \$6.745 per bushel. December soybean finished off \$2.8 at \$195.5 per short ton and December soy oil 2 points at 27.69 cents per pound. Some see this as technical correction after posting contract high in January soybean. Fundamentals also were not supportive. Weakness in other grains and hefty stock report

released by USDA were major bearish factors. Sharp decline in crude oil was blamed for bearishness in soy oil. In news, one power plant in New York tested a blend of 5-20% bio-diesel late last month to check efficiency of domestic fuel in producing power. This plant presently is running heating oil. Such slants of power industry could be seen as positive signal in long term.

#### CBOT Soy Meal Futures as on November 10 th.

Month	Open	High	Low	Close	Chg
Dec 06	197.0	197.7	194.3	195.5	-2.8
Jan 07	198.8	198.8	195.3	196.7	-2.7

CBOT Remains Close on Saturday and Sunday

### DOMESTIC MARKETS

#### Soy meal

Soymeal sentiments improved considerably on good demand from feed industry in domestic market and abroad namely Japan, South Korea and South East Asian countries. With the poultry sector growing at 10%, the shortfall in domestic maize crop was a cause for concern that added to support bullish trend for soymeal in major markets. Nearly bullish sentiments for soy futures in International and domestic futures market firmed the sentiments further. An increase in consignments for export is a good indicator for demand from overseas buyers.

However with week coming to an end, sentiments remained steady largely due to acute congestion at the destined ports due to unloading of wheat and fertilizer stocks imported into the country. Evidently the shipments meant for exports are likely to be delayed. Good trend for exports until last month would keep the tempo up for soymeal exports for the days to come. The total export of oil meals during April to October 2006 is reported at 1,966,100 tons compared to 1,500,733 tons of last year i.e. up by 31%.

#### DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	06.11.06	11.11.06
Indore (MP)	9000	9000-9100
Datia (MP)	8900-9000	9200-9300
Shivpuri (MP)	8900	9050
Kota	8400-8500	8950
Nanded/Latur	8800-9000	9200-9500
Dhulia/Jalna	9100-9300	9400-9500
Nagpur (41/45)	8400-8700	8300-8800
Sangli	9500	9750
Solapur	9400	9700

#### Soy Meal Vessel Report (11.11.06)

##### Current vessel positions in different ports

Loading of bagged SBM has started at Mumbai port on the vessel Badulu Valley. Sai Freight Pvt Ltd is the agent handling the vessel. Other vessel that is expected soon is Induruwa Valley-VI, which would be handled by Sai freight P.Ltd. Bright KC has berthed at port and is ready for sailing.

'M.V. Ocean Concord' & 'M.V. Iran Broojer DI' are the expected vessels to be berthed at Kandla Port, they would be loading 9000 MT & 13,000 tonnes of SBM respectively. Taurus agents will be handling the vessel.

### Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Commodity	Destination
Mumbai	Badulu Valley	3500	-	SBM	Korea
Mumbai	Induruwa Valley - VI	2700	Expected	SBM	Indonesia
Mumbai	Bright KC	7500	Ready	SBM	-
Kandla	M.V. Ocean Concord	9000	-	SBM	-
Kandla	M.V. Iran Broojer DI	13,000	Berthed	SBM	-

### Rape/ Mustard meal

Spot market sentiments improved slightly on account of meal demand from South Korea and other overseas destinations. Slightly steady sentiments prevailed during middle of the week due to steady demand and congestion at ports, however it managed to pick up later by end of the week. Traders are optimistic that demand from livestock industry would increase in coming days notably from UAE. As per available estimates from SOPA, rapeseed meal exports increased as compared to last year's data. The availability of rapeseed during off-season from NAFED not only boosted the crushing and oil availability but also increased availability of rapeseed extractions, leading to boost the export of rapeseed meal. The rapeseed meal is an important constituent as additive in feeds for livestock industry. Rates

improved slightly due to increase in consignments for rapeseed meal for export purpose. The DOC prices at Kandla were quoted at Rs. 5100 in [PP bags) and in Mundra it is offered at Rs. 5200. At Jamnagar it is offered at Rs.5050. Jaipur market was offered the same at Rs.4400 per ton & Kota was quoted at Rs 4500 per ton. No quote was obtained for Datia. The demand from feed industry is likely to pick up pace by November. As per SOPA, rapeseed meal export increased from 372,375 tons to 525,075 tons, thanks to availability of rapeseed during off-season from NAFED, which not only boosted the crushing and oil availability but also increased availability of rapeseed extractions, lead to boost the export of rapeseed meal. South Korea a traditional importer of rapeseed meal bought nearly 198,000 tons of rapeseed meal.

### Groundnut meal

Market sentiments improved marginally during first half of the week amidst good arrivals of groundnut in major spot markets. Crushing of nuts is continuous and would improve further for the days to come. However the sentiments declined later due average demand for this oil meal in the domestic markets. By second fortnight of this month demand from animal feed industry would catch up the pace further. At export front, China was a major importer of Indian groundnut meal on account of its price competitiveness. The DOC prices at Kandla were quoted at Rs. 5000 in [PP bags) and in Mundra it is offered at Rs. 5100. At Jamnagar it is offered at Rs.4950. Jaipur market was offered the same at steady at Rs.3900 per ton. No quote was obtained from Kota and Datia. Millers are said to be building their buffer stock so as to adjust for any shortfall during peak crushing time starting from November. As per an estimate area under groundnut till August end stood at 4.5 million

hectare. Groundnut sowing has been affected in Andhra, which received sparse rainfall during most part of July and August. The area under soybean cultivation, meanwhile, is up 4% on year at 8.0 million hectare, which is 21% more than the normal area under the crop. Higher soybean cultivation has been reported in Gujarat, Madhya Pradesh and Maharashtra. It is expected to improve as cultivation is still continuing in Madhya Pradesh. Rainy season also weaken the market tone. The export demand is also reportedly steady at some lower side. The prices of groundnut meal (40%) were quoted steady at Rs. 6700-6750 while 45% was offered also steady at 7300-7600 per MT in Rajkot. As per Solvent Extractors Association of India the total export of oil meals during April to September 2006 is reported at 1,633,475 tons compared to 1,291,308 tons of last year i.e. up by 26%. China was the major importer of groundnut meal from India to a tune of 43,200 tonnes.

### Soy Meal Price Drivers-

- Improved domestic demand.
- Overseas buyers from Japan and South Korea.
- Competitively priced soymeal in world market.

## Outlook-

### Short term (one week)

- ✍ Sentiments likely to show average to moderate tone.

### Monsoon Outlook (11.11.06)

- Under the influence of a western disturbance over north Pakistan and neighborhood. Scattered rain/snowfall activity is likely over Jammu & Kashmir during next two days.
- The night temperatures are about 1-2 °C above normal over most parts of north & central India. No significant change in night temperatures is expected over these regions during next 1-2 days.
- Under the influence of the easterly wave, fairly widespread rainfall is likely over Tamil Nadu & Pondicherry and Kerala during next 1-2 days. Isolated/scattered rain/ thundershowers are also likely over adjoining parts south peninsula during the same period.

### HEAVY RAINFALL WARNING (VALID FOR 48 HOURS).

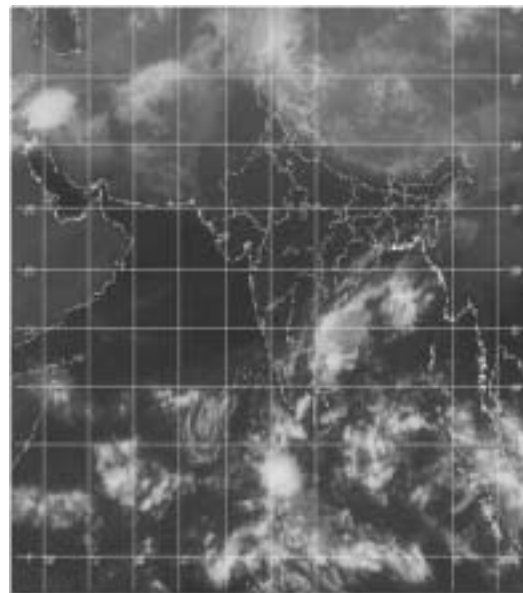
- Isolated heavy rainfall is likely over coastal areas of Tamil Nadu & Pondicherry, Kerala during next 48 hours.

### Outlook for subsequent two days from 0830 hours IST of 13th November 2006 (Based on numerical weather products):

- Scattered rainfall activity is likely over south peninsula.
- Scattered rain/snowfall over Jammu & Kashmir region in view of fresh Western Disturbance.

Source: GOI (IMD)

### Weather Map



Source-IMD

## Forex

### Forex rate as on 11.11.06

Country/ Continent	Currency	Value in Rupees [06.11.06]	Value in Rupees [11.11. 06]
USA	Dollar	44.83	44.45
European Union	Euro	57.21	57.12
Japan	100 Yen	38.07	37.82
United Kingdom	GBP	85.36	84.83

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