

OILMEAL

22-27 Oct, 2007

## MAJOR ACTIVITY HIGHLIGHTS

- Soymeal sentiments reflected steady to firm tone.

## NEWS ANALYSIS

### Soybean Meal: USDA Weekly Export Sales Highlights

Net sales of 244,400 MT were two and two-fifths times the prior week. Increases were reported for Canada (50,400 MT), Venezuela (48,000 MT), South Korea (45,000 MT), the Philippines (29,000 MT), and the Dominican Republic (20,000 MT). Exports of

116,500 MT were 11 percent above the previous week, but 9 percent under the prior 4-week average. The primary destinations were Canada (33,200 MT), Mexico (20,100 MT), Japan (19,300 MT), and the Dominican Republic (11,000 MT). Source: USDA

Export of Oil meal (Extractions) from April '06 to September '07 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
November 2006	457,450	68,250	3,200	21,900	---	32,450	583,250
	266,675	21,725	2,200	12,867	----	18,225	321,692
December 2006	506,300	63,500	14,250	18,550	---	24,075	626,675
	492,950	47,400	18,000	6,500	750	14,100	579,700
January 2007	505,975	91,650	5,000	24,925	---	18,900	646,450
	483,225	16,975	8,400	25,950	----	14,175	548,725
February 2007	449,975	97,650	---	18,500	---	26,650	592,775
	587,425	28,750	3,850	29,425	----	12,800	662,250
March 2007	546,700	124,600	13,100	51,700	---	19,350	755,450
	712,175	46,050	30,475	9,500	----	11,725	809,925

April 2007	250,775	108,375	4,500	33,200	---	36,100	432,950
	316,925	53,425	12,400	5,650	----	10,825	399,225
May 2007	110,050	74,225	---	6,050	---	39,700	230,025
	140,075	77,400	18,525	4,750	----	15,575	256,325
June 2007	64,075	51,825	275	16,025	---	21,425	153,625
	108,975	79,900	12,175	11,000	----	7,600	219,650
July 2007	66,700	46,075	----	11,650	---	15,750	140,175
	119,450	49,500	----	11,000	----	----	179,950
August 2007	47,225	41,375	----	12,275	---	21,975	122,850
	111,075	98,075	----	29,500	----	15,350	254,000
September 2007	236,450	68,175	7,500	12,275	---	28,400	352,800
	179,475	92,775	5,000	32,850	----	14,225	324,325
<b>Total</b>	775,275	390,050	12,275	91,475	---	163,350	1,432,425
	975,975	451,075	48,100	94,750	----	63,575	1,633,475
<b>2006-2007(F.Y.)</b>	3,661,875	970,725	83,650	252,275	---	202,175	5,170,700
<b>2005-2006(F.Y.)</b>	3,424,600	533,275	137,925	125,325	750	201,150	4,423,025
<b>2004-2005(F.Y.)</b>	1,861,325	588,805	121,475	43,056	4,790	70,750	2,690,201
<b>2003-2004(F.Y.)</b>	2,683,675	447,050	126,750	---	---	65,550	3,323,025

## FUNDAMENTAL ANALYSIS

### INTERNATIONAL MARKETS [27.10.07]

#### CBOT Soy futures Settled Weak on Friday

November soybeans closed 0.75 cents up to \$365.75 per MT. January soybeans settled up 0.75 cents to \$372.27 per MT. December soy meal closed \$1.7 down to \$306.22 per MT. December soybean oil ended 0.46 up at \$912.02 per MT. The historical high in crude oil and new low in US dollar were the factor that supported market to reach the highest since end of September. Besides, market also got

support from hike in 10% export taxes on palm oil from 7.5% earlier and relaxation in import taxes in palm and soybean oil by China. Hot and dry weather remain supportive for soybean harvest in US while interfering soybean sowing in Brazil added mixed advice to soybean futures.

#### CBOT Soy Meal Futures as on 27<sup>th</sup> October 2007.

Month	Open	High	Low	Close	Chg
Dec 07	282.00	283.00	277.50	277.80	-1.70
Jan 07	285.00	285.2	280.50	280.60	-1.80

CBOT Remains Close on Saturday and Sunday

Note: - Values in parentheses (#) are for Monday

## DOMESTIC MARKETS

### Soy meal

Soymeal prices mostly traded firm during the period on expectation of higher exports of soymeal during oilmeal marketing year 2007-08 as well as earlier commitment of soymeal exports. Sources revealed, over 7lt meal to be exported for Oct, Nov and Dec. shipments. Soy DOC prices soaring upwards by 55-60 per cent in last couple of months. Soymeal in the export market is fetching at US \$355-360/MT. Soymeal exports for 2007-08 oilmeal marketing year is likely to shot up by 4-4.5 MMT on the back of bumper crop this year as well as prospects of higher soymeal exports due to worldwide shortage of oilmeal on the back of lower crop in US and China this year. Country already entered into the forward contract of around 1.3 mil tonnes of soymeal from

the fresh crop at prices above the previous years. Further, news reports that South Korea would import Indian soymeal boosted the sentiment. Also lower freight charges compared to US, Brazil and Argentina etc attracting the overseas buyers. Soymeal export deals already struck with Asian countries and millers are procuring beans to meet targeted export volumes for shipments due November / December. Rising feed demand in other Asian countries also supported the sentiment. In Indore, prices for meal quoted in the range of 12,900 - 13,200/MT. Port delivery prices quoted at Rs 13,800-13,900/MT.

### Soy Meal Price Drivers-

- Lower soymeal exports in September.
- Earlier commitments of higher soymeal exports for Nov-Dec'07 shipments
- Prospects of higher soymeal export on lower crop in US and China
- Harvest pressure of soybean in India and US.
- Higher carry over stock of US soybean as on 1<sup>st</sup> Sept [572.7 million bushels].
- Attractive parities at current levels

### Outlook-

#### Short term (one week)

- ✍ Prices of meal are likely to trade steady to slightly firm.

### DOC Rates at Different Centres

S.No	Places	Ex-factory rates (Rs/ton)	
		27.10.07	20.10.07
1.	Indore (MP)	13,300-13500	12,900
2.	Kota	12,800	12,400
3.	Nanded/Latur	13,300 / 14,100	12,600 / 13,100
4.	Dhulia/Jalna	14,100 / 14,200	13,400
5.	Nagpur (41/45)	12,900-13,200	12,300-12,600
6.	Sangli	14,200	13,500

### Rape/ Mustard meal

Prices of mustard oil cake at Jaipur improved from the Friday's level of Rs 7670-7675/ MT to Rs 7770-7775/ MT on improved sentiment of mustard seed and oil across the markets following expectation of lower production this year. Improved sentiments of edible oil as well as other seeds (soybean) also lent support mustard. However, news report that NAFED to sell 5,000 tonnes of rapeseed for next 20 days ahead to festivities is seen limiting the upside. NAFED is likely to sell around 2,00,000 tonnes of Mustard during the period. However, good physical demand and announcement of higher MSP by the Center is seen limiting the downside. As per Solvent Extractors Association of India's around 3,90,050 MT of rapeseed DOC was exported during April-September 2007 period compared to 4,51,075 MT corresponding period last. During September month 68,175 tons was exported compared to the 92,775 tons in corresponding period last year.

### Groundnut meal

Spot prices of groundnut oil improved further across the major markets from the Friday's level of Rs 622-

### Soy Meal Vessel Report (27.10.07)

Current vessel positions in different ports: -

#### Kandla: -

Vessel **MV Pulau Cebu** has berthed 15.10.07. It would load 10,500 MT of SBM. Taurus agent is handling the vessel.

Vessel **MV Wakasa** has berthed 19.10.07. It would load 10,500 MT of SBM. Taurus agent is handling the vessel.

Vessel **MV Asha Manan** has berthed on 18.10.07. It would load 15,000 MT of SBM+CSM. Taurus agent is handling the vessel.

Vessel **MV Poseidon** was expected to arrive on 19.09.07. It would load 11,000 MT of SBM. Taurus agent is handling the vessel.

Vessel **Iran Broojardi** has berthed on 02.10.07. It would load 14,500 MT of SBM/RSM. Taurus agent is handling the vessel.

MV. **Hazel Ace** has berthed on 30.09.07. It would load 8,400 MT of SBM. Taurus agent is handling the vessel.

#### Mumbai:-

Vessel **Badulu valley - VI** was expected to arrive on 25.10.07. It would load 3400 MT of SBM. Sai Freight P. Ltd. is handling the vessel.

623/10 Kg to 626-627/10 Kg on good physical demand at lower levels and ahead of festivals. Lower arrival across the markets also lent support to the prices. Firmness in other edible also supported the groundnut oil. Further, expectation of export opportunity may boost the sentiment of groundnut complex as millers are eyeing for exports opportunity of groundnut complex due to lower crop / crop failure in Brazil, America and China. Meanwhile, sources revealed that most of the mills start crushing in Saurashtra region, while some mills are likely to start crushing soon, which is seen restricting the upside. Prices of groundnut DOC stood steady at Saturday's level of 10,200-10,300/MT. The Solvent Extractors' Association of India has just compiled the data for export of oil meals for the month of September 2007 and reported at 7,500 tons compared to 5,000 tons compared to corresponding period last year. During April to September 2007, around 12,275 MT of groundnut meal was exported compare to 4,775 MT of groundnut meal in April-August 2007 period. No exports were witnessed for the month of July and August 2007.

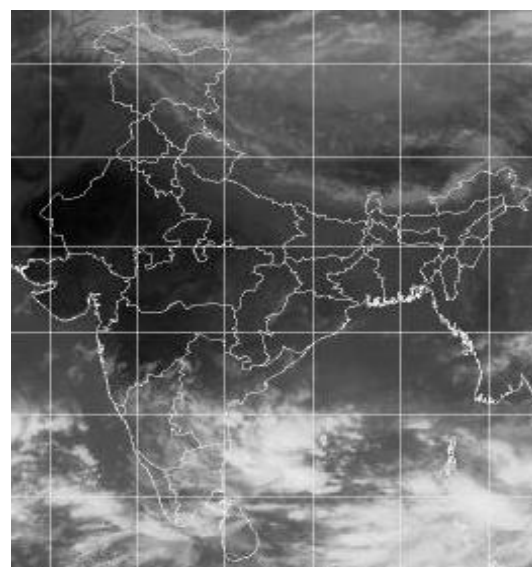
## Monsoon Outlook and salient features observed during the week.

- Southwest monsoon withdrew from the remaining parts of the country, Bay of Bengal and Arabian Sea on 22nd October 2007. Simultaneously, the northeast monsoon rains commenced over Tamil Nadu and adjoining states of south peninsula on 22nd October 2007.
- An upper air cyclonic circulation lay over extreme south peninsula in lower tropospheric levels during 18th to 20th October 2007 and became less marked thereafter.
- A trough of low at mean sea level extended from South-West Bay of Bengal to west-central Bay of Bengal off Tamil Nadu -south Andhra Pradesh coast during 21st to 23rd. A low pressure area formed over southwest Bay of Bengal off Tamil Nadu coast and adjoining Sri Lanka on 24th October with a trough extending from the low towards west-central Bay of Bengal off Andhra Pradesh coast.
- An active east-west shear zone passed through extreme south Peninsula extending upto mid-tropospheric level during 22nd to 24th October.
- Another trough of low pressure at mean sea level ran from southeast Arabian Sea to eastcentral Arabian Sea off Kerala and Karnataka coasts during 21st to 24th October 2007.
- An upper air cyclonic circulation in lower tropospheric levels lay over Assam & Meghalaya and neighbourhood on 18th, over east Assam and neighbourhood on 19th and moved away eastwards on 20th. However, an upper air trough in westerlies ran from Sub-Himalayan West Bengal & Sikkim to Gangetic West Bengal on 20th & 21st and became less marked on 22nd.

## Outlook for subsequent two days from 0830 hours IST of 31<sup>st</sup> of October 2007 (Based on numerical weather products):

- A low pressure area is likely to form over southeast Bay of Bengal around 27th and intensify further while moving westwards. Under its influence, enhanced rainfall with scattered heavy to very heavy rainfall is likely over Andaman & Nicobar Islands and extreme south peninsula during second half of the week.
- Under the influence of another low pressure area over southeast Arabian Sea which is likely to intensify further, widespread rainfall with isolated/scattered heavy to very heavy falls are likely over Lakshadweep during first half of the week.

## Weather Map [ As on 27.10.07]



Source: - IMD

Forex: -

## Forex rate as on 27.10.07 and 20.10.07

Country/ Continent	Currency	Value in Rupees [27.10.07]	Value in Rupees [20.10.07]
USA	Dollar	39.51	39.79
European Union	Euro	56.76	56.87
Japan	100 Yen	34.54	34.60
United Kingdom	GBP	81.16	81.41

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