

OILMEAL

19 December 2007

## MAJOR ACTIVITY HIGHLIGHTS

- Soy meal witnessed weak sentiments

## DOMESTIC MARKET

### Soy meal

Soymeal is mostly traded weak in the major spot markets following weak sentiment at CBOT coupled with bearish domestic market. The domestic market seems influenced by the global cues at CBOT both soybean and meal made new contract highs before it dropped due to the weakness in crude oil. Export inspections this week were higher than the expected at 35.561 million bushels, than expected 27-32 million bushels in US. This compares to 34.630 million bushels last week and 16.008 needed each week to reach the USDA export projection. China is likely to lift its 13 percent export tax on essential commodities like corn, wheat, rice and soybean to restrict inflation. Extreme cold weather in and new contract highs has led to increased farmer selling and nervousness of farmers to sell soybean at the current level at the same time traders believe that the market is overbought. On the other hand many analysts feel the need of increasing soybean acreage in US by the 8-9 million acres to meet 2008/09 needs. At Indian ports the FAS meal price is fetching \$397-400.

### Soybean DOC: - rates at different centers

Places	Ex-factory rates (Rs/ton)		
	18.12.07	17.12.07	Parity To
Indore (MP)	14700	14600-700	Gujarat, MP
Kota	14100	14200	Rajasthan, Del, Punjab, Haryana
Nanded/Latur	14800/15000	14700/14800	Andhra, AP, Kar, TN
Dhulia/Jalna	15100	15100	Mumbai Maharashtra
Nagpur (41/45)	13800-14100	14000-300	CG, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	15000	15200	Local and South
Dharwar	-	15500	Karnataka, Tamil Nadu

### DOC Port rate at different centers

Centers	FOR Price (Buy price)	
	18.12.07	17.12.07
Kandla	15550-15600	15600-15700
Mumbai	15500D/15700J	15500D/15700J

### Current vessel positions in different ports: -

#### Kandla: -

Current vessel positions in different ports: -

#### Kandla: -

Vessel **MV Stella M** was expected to arrive on 07.12.07. It would load 8,000 MT of SBM. Seacrest agent is handling the vessel.

Vessel **M.V. GULF PRIDE** was expected to arrive on 14.12.07. It would load 8,400 MT of RSM. Seacrest agent is handling the vessel.

Vessel **M.V. FUSHIMI** has berthed on 08.12.07. It would load 14,500 MT of SBM/RSM. Taurus agent is handling the vessel.

#### Mumbai:-

Vessel **Badulu Valley** - VI has arrived on 07.12.07. It would load 3400 MT of SBM. Sai Freight P.Ltd. is handling the vessel.

#### Rape/ Mustard Meal: -

Prices of mustard oil cake at Jaipur and other regional/local markets were firm on Tuesday. At Jaipur, mustard meal traded at Rs.875.00/MT on Tuesday which is up on Monday's level of Rs. 872.50/MT. However, India's rapeseed crop is showing minor signs of recovery after receiving rains in the major growing areas of Rajasthan and Madhya Pradesh. According to the head of the country's largest rapeseed oil extraction company the overall production is expected to be lower this year due to a sharp fall in acreage. Crop prospects is expected to marginally improved due to the late showers in Rajasthan and Madhya Pradesh and the production is estimated at around 5.2 million to 5.3 million metric tons against the previous estimates of less than 5.0 million tons. India's rapeseed production this year is around 5.8 million tons compared to 6.8 million tons the previous year. India's rapeseed production is crucial for determining the country's overall edible oil imports as the oilseed has higher oil content. According to the latest government data, India's rapeseed acreage is down around 12% as of first week of December at 5.59 million hectares. The higher MSP of other commodities like wheat and pulses in comparison to mustard, by the government, this year has diverted the farmers of rapeseed growing area towards wheat at the same time unusually warm weather at the showing time kept farmers away from the oilseed. As per Solvent Extractors Association of India's rapeseed/mustard meal exports have increased to 79,250 tonnes during April-November period this year from 68,250 tonnes in corresponding period last year.

### Groundnut DOC: -

Spot groundnut complex witnessed range bound trading on Tuesday amidst firm due to fluctuation in physical demand. However, lower Rabi acreage of 2.41lha against 2.79 last year is likely to support the prices in near term besides news report that country has resumed groundnut oil exports. Meanwhile, country has resumed exports of groundnut oil after a long gap of around 2 years, on the back of increased Kharif output. However, the volumes shipped may remain thin because of low profitability on the back of lower groundnut prices in international markets, which further pressured the domestic prices as the demand from exporters remained subdued in the market. However, around 15,000-20,000 tonnes have already been contracted and most shipments so far are destined for European and Chinese ports in containers as well as in bulk. Export orders signed so

far include delivery of 5,000 tonne of groundnut oil at a price of \$1,745/MT, basis cost and freight, to be delivered to Dunkirk port in France. Expectation of higher meal export this year following lower crop globally and bumper production this Kharif season in the country is also expected to support the sentiment. The prices of groundnut seeds for different qualities were weak on Tuesday and traded between the price range of Rs.522–523 per 20 kg in different markets of Gujarat. In Rajkot market groundnut oil was traded weak at Rs.675--676 per 10 kg on Tuesday. The Solvent Extractors' Association of India has compiled the data for export of oil meals for the month of October 2007 and reported at 200 tons. During April to October 2007, around 12,475 MT of groundnut meal was exported compare to 12,275 MT of groundnut meal in April-September 2007 period. No exports were witnessed for the month of November 2007.

### CBOT Soy Meal Futures as on December 18, 2007 [Open Auction]

Month	Open	High	Low	Close	Chg
Jan 08	327.5	328.0	323.8	324.7	-1.2
March 08	334.0	335.0	330.5	331.5	-0.6

#CBOT remain closed on Saturday

### Monsoon Outlook (18.12.07)

#### Chief Features:

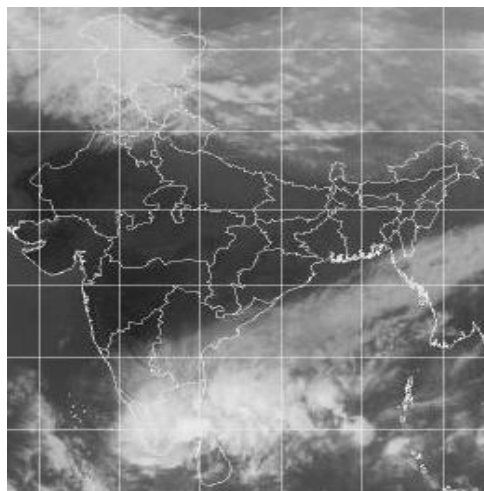
- Cold wave conditions abated from northwest India. However, the minimum temperature were below normal by 2-4°C over Punjab, Haryana, Jammu & Kashmir, West Madhya Pradesh, East Rajasthan and West Uttar Pradesh. Cold wave condition is likely to develop over East Uttar Pradesh and Bihar.
- Under the influence of an approaching western disturbance, increase in minimum temperatures is likely over northwest India during next 48 hours.
- Under the influence of a trough in easterlies over southwest Bay of Bengal, scattered to fairly widespread rainfall with isolated heavy falls is likely over extreme south peninsula during next 2-3 days.

#### Outlook for subsequent two days from 1430 hours IST of 21<sup>st</sup> December, 2007 (Based on numerical weather products):

- Decrease in rainfall activity is likely over extreme south peninsula. The rainfall activity is likely to increase over Lakshadweep area.
- Fall in temperatures are likely over northwest India, Rajasthan and Central India.

Source: GOI (IMD)

### Weather Map [As on 18.12.07]



Source-IMD

### FOREX RATE AS ON 18.12.07

Country/ Continent	Currency	Value in Rupees
USA	Dollar	39.57
European Union	Euro	56.99
Japan	100 Yen	34.97
United Kingdom	GBP	79.91

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

