

### OILMEAL

18<sup>th</sup> January 2010

- Soy meal prices shown mixed trend. FAS unchanged.
- Strong demand of soymeal from export houses influencing the Prices.
- USDA cut its estimate of 2010 soybean production by 46 million bushels to 3.329 billion.
- Demand from China, US crushers seen tightening supplies of soybean.

#### DOMESTIC SOYMEAL MARKET:

Mixed sentiment witnessed at key Soy meal cash markets. Soymeal prices at Indore and Kota spot markets were up by Rs. 50/ton. Prices at other soymeal markets were down by Rs. 150-300/ton compared to previous day prices on reduced demand from domestic users due to higher price of soymeal.

CBOT soymeal futures climbed to its highest level since August 2009, in step with soybeans on bullish longer-range fundamental outlooks. Depleting soybean inventory in the world market is pushing up the soymeal prices.

- ✓ Soybean prices at domestic market may rise further as there is healthy exports demand for Indian soymeal.
- ✓ Soybean crush margin for processors found down and is Rs.-510/ton soybean crush (negative) which is down by Rs. 423/ton soybean crush compared to the previous day crush margin as a result of significant rise in soybean price at mandi.
- ✓ Soybean output in Argentina, the largest producer after the U.S. and Brazil, is forecast to fall 15 percent to 47 MMT this year because of water shortages in the main growing regions.
- ✓ US Soybean production is estimated at 3.329 billion bushels, down 46 million bushels based on reduced harvested area and lower yields and global soybean production is projected at 255.5 million tons, down 2.3 million-USDA report.
- ✓ Soybean exports are projected at a record 1.590 billion bushels, unchanged from last month and ending stocks are projected at 140 million bushels, down 25 million from last month-USDA.
- ✓ As per USDA projection, the soybean meal price will be at \$320 to \$360 per short ton, up 10 dollars on both ends of the range.
- ✓ Initial support in soyoil from strength in world vegoil markets amid fears of shrinking palm oil supplies may influence for more soybean crushing in the medium term period which will increase the supply of soymeal in the market.
- ✓ India's soybean-meal exports surged by 62 percent last month as Southeast Asian buyers substituted imports from South America, where dry weather threatens planting- Soybean Processors Association of India.
- ✓ India's oilmeal exports rose 94 percent to 765,954 tonnes in December from 395,663 tonnes a year earlier. Oilmeal exports in the first nine months of the current financial year from April 2010 rose to 3.2 million tonnes compared with 2.3 million tonnes a year ago- Solvent Extractors' Association of India.

#### SOYBEAN DOC PORT RATE:

Centers	FOR Kandla Rs/MT		FAS Kandla US \$/MT	
	17.01.11	15.01.11	17.01.11	15.01.11
Low	18500	18200	405	408
High	18700	18550	410	410

#### CBOT SOY MEAL FUTURES MARKET:

CBOT March soymeal prices closed up by 4.50 points at \$388.10 per short ton on Friday and is its highest level since August 2009.

#### CBOT Soy meal Futures Prices as on 14 January 2011

Month	Open	High	Low	Close	Chg
Mar 11	382.50	388.50	379.60	388.10	+4.50
May 11	385.60	390.40	382.10	390.40	+4.10
Jul 11	386.00	390.60	382.50	390.60	+4.10

\*overnight quotes

#### FOREX RATES

Country/ Continent	Currency	Value in Rupees		
		17.01.11	15.01.11	Chg.
USA	Dollar	45.59	45.35	+0.24

#### RAPE/ MUSTARD MEAL & GROUNDNUT DOC:

- Rapeseed meal price in Sri Ganganagar was up and quoted at **Rs.1067.50/qtl** compared to the previous day's level of **Rs.1050/qtl**. Rapeseed area in top producing Rajasthan state went up 24 percent to 2.75 million hectares, while the current weather conditions have boosted yield prospects for the country's main winter oilseed crop.
- India's rapeseed meal exports in the month of December 2010 stood at 110,237 MT higher as compared to 51,402 MT in the corresponding month 2009.
- Groundnut meal Ex-stock Saurashtra, Gujarat, guaranteed (Basis 45% O&A) was quoted at Rs.14400/MT and GN meal Ex-stock Saurashtra, Gujarat non-guaranteed (Basis 40% O&A) was quoted at Rs.13300/MT.

We expect that, India might get an advantage of exporting more soy meal to South East Asian countries on lowering of production forecast for Argentina, CBOT soybean and soymeal futures prices are likely to stay high in coming months and even rally further to curb demand.

**SOYBEAN - DOC PRICES**

Key Centres	Ex-factory rates (Rs/tonne)	
	17.01.2011	15.01.2011
Indore (MP)	17300-17400	17000-17350
Kota	17100	16850-17050
Dhulia	18200-18300	18200-18450
Nagpur (42/45)	17500	17000-17150
Nanded/ Latur/ Parbani/ Hingoli	17500-17600	17750-17950
Sangli	18000-18200	18000-18350
Solahpur	17700-17800	18000-18150

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