

## MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Witnessed Sharp Fall.
- December Soymeal at NCDEX Witnessed No Trading Activity

## COMMENTARY DOMESTIC MARKET

### Soy meal

The soymeal market has every reason to fall. The has been subdued since last three week and still there are no signs of improvement. Today the market got further hitting on the talks that china has cancelled some import contracts of soymeal from U.S. on bird flu fears. Recently china reported its 27<sup>th</sup> outbreak of bird flu and one human death by the deadly disease. The supplier countries are sitting on the piles of soymeal and they are selling at whatever prices being offered by importers. At the moment the importers are at the driving seat and turning the market wheels in their desired direction. It is true that the deadly disease is hearting the market sentiments across the glob, but at this time it is mainly concentrated in China and Vietnam. It should not hit the demand from other countries like Indonesian and Japan. It seems that the importers are taking undue advantage of the whole bird flu story and asking for soymeal at very cheaper rate.

The same old story of falling prices repeated itself in soymeal market today. Soymeal prices at most of the spot markets fell sharply today. The prices at ports also fell on the talks that China has cancelled some soymeal import contracts from U.S. on bird flu concerns.. The soymeal prices at Kandla port fell sharply by Rs 250 to Rs 8250. December soymeal at NCDEX witnessed no trading activity today. DOC prices at Indore were also down and traded in the range of Rs 7500-7800 as per quality.

The current situation for the meals is gloomy. The supplier countries have enough stock positions thanks to good production and favourable weather conditions. Importers are at bargaining position, asking for lower prices. At the same time the bird flu factor is still haunting the markets with several appearances. The importers are at bargaining position and asking for lower prices. For the sake of meal prices we can only expect the export demand to rekindle and bird flu story to come to an end. Until then the prices would continue its downward path.

India exported 160250 MT of soymeal during October a huge increase from previous year's 18750 MT during same month. The exports of soymeal were up during last seven months at 882150 MT as compared to 807625 MT during same period of the previous year.

### Soy Meal Vessel Report (25.11.05)

'Fu Yang' has arrived at the port to load 12,000 MT of SBM. JM Baxi agents will be handling the vessel.

Jamnagar Port is expecting 'Thor Star' and 'Iran Bayan' to load 13,000 MT and 13,500 of SBM respectively to China. JM Baxi agents will be handling the vessel.

## DOC rates at different centers

| Places          | Ex-factory rates (Rs/ton) |                  |
|-----------------|---------------------------|------------------|
|                 | 27.11.05                  | 26.11.05         |
| Indore          | 7500-7800                 | 7700-8000        |
| Nanded/Latur    | 7400-7500                 | 7600             |
| Dhulia/Jalna    | 7600                      | 7700             |
| Kota            | 7500-7600                 | 7700             |
| Nagpur          | 7400 (40%) -7800          | 7400 (40%) -7800 |
| Kandla          | 8250                      | 8500             |
| Mumbai          | 8250                      | 8500             |
| Vizag(approx)   | ...                       | ....             |
| Sangli/Solapur  | 8000                      | 8200             |
| Morena/shivpuri | 7700-7800                 | 7800-8000        |

## NCDEX Soy meal Futures price (28<sup>th</sup> November'05)

| Contract | Prev Close Price | High Price | Low Price | Close Price | Change |
|----------|------------------|------------|-----------|-------------|--------|
| Dec'05   | 8000.00          | 000        | 00.00     | 00.00       | 00.00  |
| Jan'06   | 7720.00          | 00.00      | 00.00     | 00.00       | 00.00  |

## Rape/ Mustard meal

Rapeseed/mustard meal prices fell slightly to Rs 4850 per MT against its yesterday's level of Rs 4900 per MT in Morena today. The prices at Alwar also fell slightly to Rs 4700 per MT as compared to Rs 4750 yesterday. As it is the period of depleting stocks and crushing activity in mustard has dropped and shifted towards the soymeal, the prices are at comparatively higher levels. India exported 37250 MT of rape meal in October 2005 as compared to 17300 MT in October 2004 an increase of 19950 Mt. However, R.S. meal export during the last seven months decreased slightly to 372375 MT as compared to corresponding period in previous year.

## Groundnut meal

Saurashtra Groundnut (45%) quotes jumped sharply to Rs 7000. the groundnut meals are in short supply due to comparatively lower crushing this year. The demand for seeds is higher causing the crushing activity to be lower. India exported around 8825 MT groundnut meals in October 2005 increased from previous month's 8500 MT. However, the GN meal exports during last seven months were 75000 MT down as compared to previous year's 105525 MT during the same period.

## INTERNATIONAL MARKET

## CBOT Soymeal Gets Further Hitting

Soymeal futures continued its downward trend at CBOT. December Soymeal touched its one month low and closed down 0.6 at 170.1, up 1.4 from the low and 0.6 off the high. The prices fell on speculative selling. Concerns over the spread of bird flu in Asia, as china reported 27<sup>th</sup> outbreak of bird flu in the country, caused the prices to tumble. The horrible disease is hammering the feed demand, which is resulting in lower prices. Crushing is becoming uneconomical due to lower meal prices. However, higher than expected export sales of soymeal in USDA report gave some support to the prices. Soyoil futures fell sharply to a new 9-months low, due to speculative sales, as growing inventories amid high oil content and a record crush pace continued to keep the downtrend intact. However, higher than expected weekly export sales provided some support to the prices. December soyoil ended 50 points lower at 21.63 cent a pound. January soybeans finished 7.75 cents lower at \$5.5425.

According to the U.S. Census Bureau's crush report 158.2 million bushels were crushed in October. It was in line with the average trade estimate of 158 million bushels. Soymeal stocks were 316,137 MT; above the average trade estimate of 272,700 MT. Soyoil stocks were observed at 1.864 billion pounds, above the average estimate of 1.758 billion pounds. The yield on soyoil was 11.59 pounds per bushel.

(Cents/pound)

| Months | Previous Settle | Open  | High  | Low   | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| Dec'05 | 170.7           | 168.7 | 169.8 | 168.7 | -0.6   | 170.1 |
| Jan'06 | 171.8           | 170.0 | 171.2 | 169.8 | -1.1   | 170.7 |

## WEATHER WATCH: (28.11.05)

### Chief Features

Morning's depression over southeast Bay of Bengal moved slightly westwards and intensified into a deep depression near lat. 10.5°N/long. 90.0°E at 1130 hrs. IST. It lay centred at 1430 hrs. IST of today near lat. 10.5°N/long. 89.0°E about 1000 km east-southeast of Chennai. The system is likely to intensify further and move in a westnorthwesterly direction. Under its influence rainfall is likely to occur at many places with isolated heavy rainfall over Andaman & Nicobar Islands during next 24 hrs.

The Numerical Weather Prediction products suggest that this system is likely to move towards Tamil Nadu and south Andhra Pradesh coasts during next 2-3 days. Scattered rainfall activity is likely to commence over Coastal Tamil Nadu & Pondicherry, Coastal Andhra Pradesh from tomorrow evening. Subsequently, the rainfall activity over south peninsula is likely to increase with heavy to very heavy falls at a few places.

The western disturbance as an upper air system over Jammu & Kashmir and neighbourhood persists. The induced upper air cyclonic circulation over north Rajasthan & neighbourhood now lies over north Rajasthan & adjoining Punjab and extends upto 3.1 km a.s.l. The low pressure area over central parts of south Arabian Sea also persists. Associated upper air cyclonic circulation extends upto 3.1 km a.s.l.

### Forecast valid 1430 hours IST of 1<sup>st</sup> DECEMBER, 2005

**NORTH :** Rainfall/snowfall is likely at many places over Jammu & Kashmir and at a few places Himachal Pradesh and Uttaranchal. Isolated rain/thundershowers also likely over Punjab and Haryana (including Chandigarh & Delhi), north Rajasthan and West Uttar Pradesh. Mainly dry weather is likely over the rest region.

**EAST :** Isolated rain/thundershowers likely over coastal Orissa from 30<sup>th</sup>. Weather will be mainly dry over the rest region.

**SOUTH :** Rain/thundershowers likely at many places over Andaman & Nicobar Islands and Lakshadweep during next 24 hrs. ; and isolated over Tamil Nadu & Pondicherry and Kerala. Rainfall activity over Coastal Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh is likely to increase from tomorrow evening.

**WEST :** Mainly dry weather over the region.

### Warning

**Isolated heavy** snowfall likely over higher reaches of Jammu & Kashmir and Himachal Pradesh during next 24 hrs.

**Isolated heavy** rainfall likely over Andaman & Nicobar Islands during next 24 hrs.

**Isolated to scattered heavy to very heavy** rainfall likely over Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh from November 30<sup>th</sup> for next 2-3 days.

**Strong winds** with speed reaching 45-55 kmph and rough sea conditions likely along & off Andaman & Nicobar Islands during next 24 hrs.

### Outlook for subsequent two days based on NCMRWF and other numerical weather products:

Fairly widespread moderate rainfall with isolated heavy to very heavy rains likely over south peninsula.

### Source: GOI (IMD)

### FOREX RATES (28.11.05)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA                | Dollar   | 45.94           |
| European Union     | Euro     | 53.74           |

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