

## MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Dropped Further
- December Soymeal at NCDEX Witnessed Sharp Fall

COMMENTARY  
DOMESTIC MARKET

## Soy meal

China has confirmed another (27<sup>th</sup>) outbreak of bird flu in the country on Friday. In Zhalandun (Mongolia) reported 246 poultry died. China's National Avian Flu Reference Laboratory confirmed the birds were infected with the H5N1 strain of the virus. Authorities in Inner Mongolia culled 16,567 birds within a three-kilometer (1.9-mile) radius of the infection site. A day before, China reported 26<sup>th</sup> outbreak of the year of H5N1 avian influenza in poultry. The country also reported its second human death from bird flu Thursday. According to the WHO the virus has infected about 130 people in Cambodia, Indonesia, Thailand, Vietnam and China and killed 67 of them. Vietnam, the country hardest-hit by the disease reported an infection in a 15-year-old boy Thursday. The health authorities said a 15-year-old boy from northern port city of Haiphong was the latest person to test positive for the deadly H5N1 strain of the virus. The boy remains hospitalized but was expected to fully recover. These reports added further bearishness in the already subdued soymeal market. Export demand, which is struggling to revive, will get more hitting from the news. The long tale of bird seems not coming to an end at least for now.

The same old story of falling prices repeated itself in soymeal market today. Soymeal prices at most of the spot markets fell today. The prices at ports remained stable at lower levels. The soymeal prices at Kandla port remained stand still at Rs 8550. December soymeal at NCDEX witnessed a sharp fall of Rs 200 at Rs 8000 per MT. DOC prices at Indore were also down and traded in the range of Rs 7700-7900 as per quality. FOR quotes were down at Rs 9450-9550 per MT in Kandla in jute bags, FAS was at \$ 186-188 per MT.

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. At the moment we think the market has no reason to take prices up. At the most the prices may remain stable if not falling.

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)	
	25.11.05	26.11.05
Indore	7800-7900	7700-8000
Nanded/Latur	7450-7500	7600
Dhulia/Jalna	7800-8000	7700
Kota	7800-7900	7700
Nagpur	7400 (40%) -7800	7400 (40%) -7800
Kandla	8550	8500
Mumbai	8550	8500
Vizag(approx)	8600	....
Sangli/Solapur	8200	8200
Morena/shivpuri	8000-8200	7800-8000

NCDEX Soy meal Futures price (26<sup>th</sup> November'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Dec'05	8200.00	8015.00	8000.0	8000.00	-200.00
Jan'06	8575.00	7720.00	7720.00	7720.00	-855.00

## Rape/ Mustard meal

Rapeseed/mustard meal prices again bounced to Rs 4900 per MT against its yesterday's level of Rs 4800 per MT in Morena today. The prices at Alwar remained at Rs 4750 per MT. 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 were stable at Rs 6500. For prices to go up export demand should improve. 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. Soy oil 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 soy oil 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. Soy meal stocks were 316,137 MT; above the average trade estimate of 272,700 MT. Soy oil stocks were observed at 1.864 billion pounds, above the average estimate of 1.758 billion pounds. The yield on soy oil was 11.59 pounds per bushel.

Net sales of soymeal were 143,200 MT, 30% below the week earlier and 27% below the prior 4-week average. The major buyers were Canada 41,000 MT, Mexico 32,500 MT, Cuba 16,500 MT, Panama 15,600 MT, and Honduras 9,900 MT. Exports of 140,600 MT were down 18% from the previous week's marketing-year high, but were 20% above the prior 4-week average. The primary destinations were Canada 29,800 MT, the Dominican Republic 17,800 MT, Mexico 17,700 MT, Cuba 16,500 MT, New Zealand 11,500 MT, and Turkey 11,000 MT.

(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: (26.11.05)

### Chief Features

The low pressure area over central parts of southeast Arabian Sea persists. With the likely west-northwest movement of the system, the rainfall activity over south Peninsula is likely to remain subdued during next 2-3 days.

The western disturbance is likely to affect western Himalayas from tomorrow for next 2-3 days.

A feeble low pressure area has formed over south Andaman Sea. Associated upper air cyclonic circulation extends upto mid tropospheric level. Under its influence rainfall is likely to occur at many places with isolated heavy rainfall over Andaman & Nicobar Islands during next 2-3 days.

### Forecast valid 1430 hours IST of 29<sup>th</sup> November, 2005

**NORTH:** Scattered rainfall/snowfall activity is likely to commence over Jammu & Kashmir and Himachal Pradesh, which is likely to increase and extend into Uttaranchal subsequently. Isolated to scattered rain/thundershowers also likely over Punjab and Haryana (including Chandigarh & Delhi) on 28<sup>th</sup> & 29<sup>th</sup>. Mainly dry weather is likely over the rest region.

**EAST:** Isolated rain/thundershowers likely over northeastern States. Weather will be mainly dry over the rest region.

**SOUTH:** Rain/thundershowers likely at many places over Andaman & Nicobar Islands and Lakshadweep; at a few places over Kerala and isolated over Tamil Nadu, Pondicherry and Coastal & South Interior Karnataka. Mainly dry weather over the rest region.

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

### Warning

**Isolated heavy** rainfall likely over Andaman & Nicobar Islands and Lakshadweep.

Isolated heavy rain/snow likely over Jammu & Kashmir and Himachal Pradesh from 28<sup>th</sup>.

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

1. Rainfall activity over south coastal Tamil Nadu & Pondicherry, coastal Kerala is likely to increase from 29<sup>th</sup>, which may subsequently extend into interior south peninsula, Lakshadweep and South Interior Karnataka.

2 Scattered to fairly widespread rain/snow with isolated heavy snowfall likely over Western Himalayas. Isolated rain/thundershowers may also occur over the adjoining plains.

Source: GOI (IMD)

### FOREX RATES (26.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.78
European Union	Euro	53.88

### 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>

© 2005 Indian Agribusiness Systems Pvt Ltd.

