

## MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Fell Slightly
- December Soymeal at NCDEX Witnessed No Trading Activity

COMMENTARY  
DOMESTIC MARKET

## Soy meal

China reported one new outbreak of H5N1 avian influenza in poultry Thursday. It was 26<sup>th</sup> outbreak in China this year. The country also reported its second human death from bird flu yesterday. Around 11 poultry died on Nov. 17 in Turpan city in the western province of Xinjiang according to the Ministry of Agriculture. China's National Avian Flu Reference Laboratory confirmed the birds were infected with the H5N1 strain of the virus. In the follow up measures, Authorities in Xinjiang killed 5,180 birds within a three-kilometer radius of the infection site. 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 and January soymeal at NCDEX witnessed no trading activity today. DOC prices at Indore were also down and traded in the range of Rs 7800-8000 as per quality. FOR quotes were down at Rs 9550-9650 per MT in Kandla in jute bags, FAS was at \$ 187-190 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 (23.11.05)

'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	24.11.05
Indore	7800-8000	7800-8300
Nanded/Latur	7450-7500	7550
Dhulia/Jalna	7800-8000	7800-8000
Kota	7800-7900	7700-7800
Nagpur	7400 (40%) -7800	7500 (40%) -7900
Kandla	8550	8550
Mumbai	8550	8500/8550
Vizag(approx)	8600	8550
Sangli/Solapur	8200	8200
Morena/shivpuri	8000-8200	8000

NCDEX Soy meal Futures price (25<sup>th</sup> November'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Dec'05	8200.00	00.00	00.0	00.00	00.00
Jan'06	8575.00	00.00	00.00	00.00	00.00

## Rape/ Mustard meal

Rapeseed/mustard meal prices remained stable at Rs 4800 per MT against its earlier level of Rs 4900 per in Morena today. The prices at Alwar also fell to 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 Tumbles Further Down Wednesday

(CBOT remained closed on Thursday and Friday due to thanks-giving holiday)

Soymeal futures ended lower, tapped down to 3-week lows on speculative sales. Weakness in soybeans and some technical selling weighed on the prices. Further, a higher than expected stocks figure in the monthly crush report added some bearishness in the sentiments. December soymeal

Settled \$2.90 lower at \$170.70 per MT. Bearish fundamental were bird flu concerns, lagging export demand and higher stock levels. These factors in combination of lack of supportive inputs caused the prices to fall. Once the technical supports were penetrated it triggered selling. Soybean prices also fell in conjunction with falling meal. January soybeans finished 10.25 cents lower at \$5.62, its lowest levels since February 17. Lack of fresh positive inputs for the market, favourable crop conditions in South America and lagging export demand cast a bearish cloud over the market. Demand for soybeans is still gloomy as some importers are considering importing oil instead of soybeans due to uneconomical crushing. Crushing for the importers has become uneconomical on account of lower meal prices and demand.

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. Soybean stocks were observed at 1.864 billion pounds, above the average estimate of 1.758 billion pounds. The yield on soybean was 11.59 pounds per bushel.

Net sales of soybean 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	173.6	173.1	173.3	170.5	-2.9	170.7
Jan'06	174.9	174.9	174.9	171.5	-3.1	171.8

## WEATHER WATCH: (25.11.05)

### 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 3 days.

Numerical Weather Prediction Models indicate formation of a low pressure area over Andaman Sea and adjoining Southeast Bay of Bengal during next 24 hours. Under its influence fairly widespread rainfall with isolated rains is likely over Andaman & Nicobar Islands during next 2-3 days.

### Forecast valid 1430 hours IST of 28<sup>th</sup> November, 2005

**NORTH:** Scattered rainfall/snowfall activity is likely to commence over Jammu & Kashmir and Himachal Pradesh from tomorrow 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 27<sup>th</sup> & 28<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, Rayalaseema 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.

Isolated heavy rain/snow likely over Jammu & Kashmir and Himachal Pradesh from 27<sup>th</sup>.

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

Rainfall activity over Coastal Andhra Pradesh and coastal Tamil Nadu & Pondicherry is likely to increase from 29<sup>th</sup> which may subsequently extend into interior south peninsula. 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 (25.11.05)

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

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