

MAJOR ACTIVITY HIGHLIGHTS

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

COMMENTARY
DOMESTIC MARKET

Soy meal

Yet another chapter of bird flu story opens today as China confirmed its second human death from bird flu and Vietnam reported an infection in a 15-year-old boy. The woman, who lived in Xiuning County in the eastern province of Anhui, tested positive for the H5N1 strain. After this China's largest city, Shanghai, said it would ban sales of pet birds in an attempt to stem the outbreak's spread. Experts have warned that the virus may mutate into a form that's easily passed between people and trigger a pandemic. Further, in Vietnam, the country hardest-hit by the disease, 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. The news added further bearishness in the already subdued soy meal 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.

In the same line soy meal prices at most of the spot markets remained stable today. However at the prices at ports slipped. The soy meal prices at Kandla port fell to Rs 8550, down Rs 100 per MT from its yesterday's position. December soy meal at NCDEX witnessed no trading activity today, however, January contract added Rs 76 at Rs 8575. the gains in January contract indicates that traders are expecting that this story of bird flu will come to an end prior to January and demand will improve consequently. DOC prices at Indore were also down and traded in the range of Rs 7800-8300 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 soy meal during October a huge increase from previous year's 18750 MT during same month. The exports of soy meal 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)

Loading of 15,500 MT of SBM is continuing at Kandla Port on the vessel 'IKI' to Japan. Taurus agents is handling the vessel. Kandla Port is loading 13,000 MT of SBM on the

vessel 'Ever Power' to Vietnam. The vessel is being handled by Shantil agents. '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 'Lindas' to load 45,000 MT of SBM to Black Sea Port. Ambica agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	23.11.05	24.11.05
Indore	8000-8400	7800-8300
Nanded/Latur	7550	7550
Dhulia/Jalna	7800-8000	7800-8000
Kota	7800-7900	7700-7800
Nagpur	7500 (40%) -7900	7500 (40%) -7900
Kandla	8650	8550
Mumbai	8650	8500/8550
Vizag(approx)	8650	8550
Sangli/Solapur	8250	8200
Morena/shivpuri	8000-8200	8000

NCDEX Soy meal Futures price (24th 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	8499.00	8575.00	8575.00	8575.00	+76.00

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 soy meal, 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 Soy meal Tumbles Further Down

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. 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.

According to USDA's last report Net sales of soymeal were 204700 MT were 2.56 times the prior week's levels and 17% above the prior four-week average levels. The main buyers were the Japan 48,400 MT, Canada 33,600 MT, Guatemala 33,100 MT, Cuba 25,000 MT, and Mexico 22,100 MT. Exports were reported at 172400 MT, around 80% above prior week's 95300 MT and nearly 60% above the prior 4-week average. The primary importers were the Philippines 45,600 MT, Mexico 20,000 MT, Canada 19,500 MT, Saudi Arabia 17,500 MT, Turkey 13,600 MT, and Japan 13,600 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: (24.11.05)

Chief Features

Yesterday's low pressure area over Tamil Nadu and neighbourhood now lies over southeast Arabian Sea. Associated upper air cyclonic circulation extends upto mid tropospheric levels. Under its influence fairly widespread rains with isolated heavy falls are likely over Tamil Nadu & Pondicherry, Kerala and Lakshadweep during next 1-2 days.

A fresh western disturbance is likely to affect western Himalayas from 26th to 28th November.

Forecast valid 0830 hours IST of 27th November, 2005

NORTH: Mainly dry weather is likely over the region. However, isolated light rain/snow is likely over Jammu & Kashmir after 36 hours.

EAST: Isolated rain/thundershowers likely over Sub-Himalayan West Bengal & Sikkim and northeastern States. Weather will be mainly dry over the rest region.

SOUTH: Rain/thundershowers likely at many places over Tamil Nadu, Pondicherry, Kerala, South Interior Karnataka and Lakshadweep; at a few places over south Coastal Andhra Pradesh, Rayalaseema and Nicobar Islands and isolated over North Interior Karnataka and Andaman Islands. Mainly dry weather over the rest region. Rainfall over Tamil Nadu & Pondicherry and South Interior Karnataka is likely to decrease after 24 hours whereas it is likely to increase over Andaman & Nicobar Islands.

WEST: Mainly dry weather over the region.

Warning

Isolated heavy rainfall likely over Tamil Nadu, Pondicherry, Kerala and Lakshadweep during next 1-2 days. Isolated heavy rainfall may also occur over Andaman & Nicobar Islands after 24 hours. .

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

Light to moderate rainfall activity likely over south peninsula. Scattered to fairly widespread rain/snow likely over Western Himalayas. Isolated rain/thundershowers may also occur over the adjoining plains.

Source: GOI (IMD)

FOREX RATES (24.11.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.78
European Union	Euro	53.92

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