

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Improved Further
- February Soymeal at NCDEX Witnessed No Trading Activity

COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices improved further at most of the spot markets on good demand on export front. We are in the phase of the market where we can expect that odds of prices running down from here are higher than the upward movement. Soymeal demand at present is not very high but it is enough to support the prices at these levels. Soymeal export market is witnessing some good demand from neighbouring countries recently, giving support to the prices, which were deep down on bird flu concerns and poor demand. Right now the demand has become slightly sporadic amid holiday season all over the South East Asia, which is major market for Indian soymeal. However, the same will gear up once the holidays are over. The frequency of bird flu outbreaks seems falling, and measures taken by the affected countries look effective enough to cope with the deadly disease. This would definitely ease some of the concerns over the disease and soymeal demand. Dry weather condition in South America is underpinning the futures prices of soymeal complex, which may also give some spill over impact on Indian soymeal prices.

Soymeal prices at Kandla port surged remained stable at higher levels of Rs 9100 per MT tons Saturday. At Mumbai port also the prices were Rs 8875 per MT. The buyers seemed little reluctant at higher prices but finally came forward to buy at the higher levels. In the New Year we are going to witness some more improvement in the demand and consequently the prices. The futures market witnessed no trading activity in January, February and March contracts of soymeal at NCDEX witnessed no trading activity Saturday. FAS prices were up at \$200-203 per MT.

Soymeal exports in November increased 52.43% to 266,675 MT from 174,950 MT in the previous year. Total soymeal exports during this year till November rose 16.91% to 1148825 MT from 982575 MT during the corresponding period of last year. The main importers were Vietnam 85675 MT, Japan 41475 MT, Thailand 46125 MT and China 26750 MT.

Soy Meal Vessel Report (23rd December'05)

Loading of 13,200 MT of SBM is continuing at Kandla Port on the vessel to 'Fu Yang Shan' to Japan. Shantilal agents is handling the vessel. Mumbai Port is loading 7,250 MT of SBM on the vessel 'Kardaran Star'. Time Shipping agents is handling the vessel. 'Kwan Mo Bong' is expected at Jamnagar Port to load 7,500 MT of SBM to Vietnam. Interocean agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	24.12.05	23.12.05
Indore	8200-8300	8200-8500
Nanded/Latur	7800-8000	7800/8000
Dhulia/Jalna	8100-8200	8100-8200
Kota	8000	7700-7800
Nagpur	7600(40%) -8000	7500(40%) -8000
Kandla	9100	9050-9100
Mumbai	8875	9000
Vizag(approx)	...	9000
Sangli/Solapur	8400	8400
Morena/shivpuri	8400/7900	8400/7900

NCDEX Soy meal Futures price (24th December'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Jan'06	7720.00	00.00	00.00	00.00	00.00
Feb'06	7900.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

Recently the mustard prices witnessed a sudden surge recently on the news that NAFED will higher somewhat 40 odd mills to crush the stock it is having. The move will definitely ease the pressure on prices of seeds as NAFED is expected to buy again when the new crop will come thus supporting the prices. But all these talks are mere stories right now and has yet to be materialized. At the moment it is off-season and crushing of mustard is going at a very subdued pace, making availability of the meal on lower side. Thus the prices of mustard meal are hovering in the same higher levels of Rs 5000 plus. In the same line the mustard meal prices at Morena remained at higher level of Rs 5200 per MT. The cattle feed demand of mustard meal is steady which is also supporting the high prices. If the aforesaid story of NAFED materializes, it may increase the supply, which further in turn would put pressure on prices. Until then there is no strong chance of downfall in prices as it is the period of declining stocks. India exported 37250 MT of rape meal in Rapeseed meal exports in November declined 24.7% to 21,725 MT from 28,850 MT in the previous year. Total export till November was 394,100 MT down 8.1% as compared to 428,425 MT during corresponding period of the previous year.

Groundnut meal

Groundnut seed demand from crushers and for direct consumption is improving, also the demand for seed from farmers for seed purpose has increased these days. As arrivals are at moderate levels and export demand in routine the prices of seeds are expected to improve. The prospective increase in seed prices will put pressure on crushing activity, as crush margin would drop thanks to lower edible oil prices across the board. All in all the prices of GN meal, which is used mainly as poultry and cattle feed is not expected to fall dramatically, rather it is expected to remain stable at the current levels or improve. As the soymeal prices are improving on improved demand this might also spill over to GN meal prices. The Saurashtra Groundnut (40%) soymeal prices remained stable on higher levels of Rs 6100 per MT. India exported around 8825 India exported 2,200 tons of groundnut meal during November; there was no export of GN meal in November last year. Total groundnut export till November was 77,200 down 26.75% as compared to 105,525 MT during corresponding period of last year.

INTERNATIONAL MARKET

CBOT Soymeal Futures Settle slightly Lower

Soy future settled lower at Chicago Board of Trade on Friday. March soybeans settled lower 0.25 cents at \$ 6.25 per bushel, 2 cents off the high and 4.5 up from the low and May soybeans settled unchanged at \$6.3425 per bushels. March Soymeal settled lower \$ 0.2 at \$ 203.4 per tonnes, \$ 1.9 up from the low and \$ 0.4 off the high. March Soybean Oil settled lower 0.15 cents at 21.61 cents/pounds, 0.26 cents off the high and 0.09 cents up from the low. Talk of some rain on weekend in Southern Brazil is helped pressure the market and prices are gone slightly down, day before yesterday prices were surged due to dry weather forecast in Southern Brazil. There was no fresh fundamental news to boost up the market. There were slow demands for crush report this week and slow pace of export sales.

US Department of Agriculture released weekly export sales report on Thursday. This report revealed that the export sales for soybeans came in at 829,800 metric tonnes as compared to trade expectations between 500,000-700,000. Higher export sales of soybean added positive tone in early session. Weekly US export sales for soybean meal came in at 84,100 metric tonnes as compared to trade expectations between 100,000-150,000. Weekly sales for oil came in at 400 metric tonnes as compared to trade expectations between 10,000-20,000. Census Bureau pegged November soybeans crushed at 151.52 million bushels as compared with trade expectations of 151.9 million bushels and 158.2 million bushels crushed in October. Meal stocks were 305,238 tonnes, which was in line with trade expectations and oil stocks were 1.9 billion pounds from 1.986 billion expected. There is talk that China bought 3 cargoes of US soybeans and 2 cargos from South America added to the positive tone.

Weekly exports sales report is released by US Department of Agriculture on December 22, 2005. Weekly exports sales for soymeal came at 84,100 MT were 30 percent below the week earlier and 45 percent under the prior 4-week average. The traders were expecting it to come around 100000-150000 tonnes. This figure is bearish for the soymeal, which is already struggling on account of bird flu. The export for soybeans and soyoil has increased notably. The major buyers of soymeal were Guatemala (33,800 MT), Canada (13,400 MT), the Dominican Republic (10,500

MT), and Cuba (10,000 MT). Exports of 136,000 MT were 10 percent above the previous week and 3 percent over the prior 4-week average. The primary destinations were Mexico (31,800 MT), Canada (25,400 MT), Venezuela (16,000 MT), Guatemala (10,000 MT), and Colombia (9,900 MT).

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jan'06	203.6	202.0	203.3	201.4	-0.2	203.4
Mar'06	203.6	202.7	203.7	201.7	-0.2	203.4

WEATHER WATCH: (24.12.05)

Chief Features

Cold day conditions prevailed over isolated pockets of north Rajasthan, Haryana, Delhi and Punjab where actual day temperatures were less than 16° C which were below normal by 6-8° C. They are likely to abate during next 24 hours.

Cold wave conditions prevailed over parts of Jammu & Kashmir, Himachal Pradesh, Uttaranchal, West Uttar Pradesh, Rajasthan and Gujarat where night temperatures were below normal by 4-5° C. The lowest minimum temperature recorded in the plains of the country was 1.6° C at Churu (Rajasthan).

Fog conditions also prevailed over Punjab, Haryana, Delhi, north Rajasthan, Uttar Pradesh and north parts of Madhya Pradesh, Bihar and Chhattisgarh. These conditions over northwest India, Gangetic plains and adjoining central India are likely to prevail during next 2 days.

The low pressure area over east-central Bay of Bengal has become less marked. However, associated upper air cyclonic circulation extends upto 2.1 km a.s.l.

The western disturbance over Jammu & Kashmir is moving away eastwards.

The upper air cyclonic circulation over central parts of Uttar Pradesh persists and extends upto 3.1 Km a.s.l.

Forecast valid 1430 hours IST of 27th DECEMBER, 2005

NORTH: Isolated rain/snow likely over Himachal Pradesh and Uttaranchal. Isolated rain /thundershowers likely over East Uttar Pradesh during next 24 hours. Weather will be mainly dry in the rest region.

EAST: Isolated rain/thundershowers likely over Nagaland, Manipur, Mizoram & Tripura and Bihar. Weather will be mainly dry over the rest region.

SOUTH: Rain/thundershowers likely at a few places over Andaman & Nicobar islands and isolated over coastal Tamil Nadu & Pondicherry and Kerala. Weather will be Mainly dry in the rest region.

WEST: Mainly dry weather over the region.

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

Cold wave/fog conditions are likely to abate from northwest India.

Source: GOI (IMD)

FOREX RATES (24.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.13

European Union	Euro	53.57			
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