

## MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Remained Stable
- December Soymeal at NCDEX Witnessed No Trading

## COMMENTARY

### DOMESTIC MARKET

#### Soy meal

Soymeal prices remained steady to mixed at most of the spot markets Monday. After a brief silence bird flu again made its presence felt as Indonesia and Romania reported new cases of bird flu. Another human infection detected in Indonesia. A 8 month old boy is tested positive for bird flu in the country. Doctors believe that an infected pigeon might have transmitted the disease to baby. Preliminary tests shows that the child is suffering from the deadly H5N1 strain of avian influenza, however, it is yet to be confirmed by WHO, Hon Kong. Six other patients are undergoing tests at the hospital. The official figure for death from bird flu in Indonesia is 8, some experts believe that original number might be bigger. Further, new cases of bird flu were discovered on Saturday evening in Romania. The Braila County village was quarantined and thousands of birds were being killed. However, further tests in a laboratory in Britain will determine whether it is the deadly H5N1 strain. Romania has already confirmed H5N1 in the delta villages of Ceamurlia de Jos, Maliuc and Caraorman. The virus is believed to have been brought by birds that migrated from Russia to the delta. The demand for meal has been under pressure for quite some time due to bird flu fears. The deadly disease is making its presence felt by several appearances. The major importer countries like China, Indonesia, and Vietnam are all facing the problem of bird flu. The killer disease is hitting the demand for meal, which in turn is restraining the prices at lower levels.

Soymeal prices at Kandla port saw slightly downward movement today and trading took place at 8450 per MT as compared to Rs 8500 recently and at Mumbai port prices fell to Rs 8450 as compared to Rs 8500 per MT a day before. December and January soymeal at NCDEX witnessed no trading activity today. DOC prices at Indore remained steady and traded in the range of Rs 7700-8200 as per quality. FAS prices were at \$185-186 per MT. Still, we are not very optimistic about the soymeal prices, as demand is not coming in a big chunk. Let us hope some improvement on demand front so that the meal prices firm up further.

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 (5<sup>th</sup> December'05)

Loading of 15,500 MT of SBM is continuing at Kandla Port on the vessel 'Shan King' to Dammam. Liladhar Pasoo agents is handling the vessel.

Jamnagar Port is loading 5,000 MT and 13,500 of SBM respectively to Singapore and China on the vessels 'Thor Master' and 'Iran Bayan'. Avani and JM Baxi agents are handling these vessels. 'Fu Yang' has arrived at the port and continues to load 12,000 MT of SBM to Indonesia. JM Baxi agents is handling the vessel. The port is loading 13,000 MT of SBM to Vietnam on the vessel 'Zara III'. Interocean agents is handling the vessel. The port is expecting 'African Sun' to load 12,000 MT of SBM to Japan. Nilhat agents will be handling the vessel.

#### DOC rates at different centers

| Places          | Ex-factory rates (Rs/ton) |                 |
|-----------------|---------------------------|-----------------|
|                 | 05.12.05                  | 03.12.05        |
| Indore          | 7700-8200                 | 7700-7800       |
| Nanded/Latur    | 7550                      | 7600            |
| Dhulia/Jalna    | 7-00-7800                 | 7700/7600       |
| Kota            | 7750                      | 7700            |
| Nagpur          | 7200(40%) -7600           | 7200(40%) -7600 |
| Kandla          | 8450/8500                 | 8500            |
| Mumbai          | 8450/8500                 | 8500            |
| Vizag(approx)   | ...                       | ...             |
| Sangli/Solapur  | 8000                      | 8000            |
| Morena/shivpuri | 8000                      | 7700/8100       |

#### NCDEX Soy meal Futures price (5<sup>th</sup> December'05)

| Contract | Prev Close Price | High Price | Low Price | Close Price | Change |
|----------|------------------|------------|-----------|-------------|--------|
| Dec'05   | 7700.00          | 00.00      | 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 remained steady at higher levels of Rs 5000 per MT levels as compared to Rs 4900 per MT recently. The prices have been stable within a small range for quite some time. This is the period of declining stocks and we are not going to see any sharp fall in the prices of mustard meal. Further, the crushing activity has shifted towards soybeans as demand for mustard oil has decreased and stocks of the same are good. This is

causing supply shortages in mustard meal, supporting the higher prices. 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

Groundnut production this year is expected to be higher as compared to previous year. Harvesting of groundnut crop in southern India is going on. As soon as the arrivals starts the prices might come down. At the moment the prices are stable at higher levels. Saurashtra Groundnut (45%) traded at Rs 6600 as compared to recent levels of Rs 6500 per MT. 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

#### Soymeal Futures at CBOT Ended Up

Soymeal futures at CBOT closed moderately up taking advantage of lack of any fresh news on bird flu. Also, forecast for very cold weather during coming three-four days hinted increase in soymeal usage as livestock feed. However, the other bearish factors like lower export demand, bird flu fears and good weather conditions for the soybean crop, remained intact to restrict any strong surge. December soymeal closed up \$1.70 per MT at \$174.00, and January soymeal ended higher \$1.10 at \$173.60.

At CBOT Soybean futures ended higher Friday on firm U.S. cash soybean basis bids due to a lack of farmer sales. However, gains were restrained by lower U.S. export commitments. According to USDA, Weekly U.S. soy export commitments through Nov. 17 are running 29% behind last year's sales. CBOT January soybeans ended up 3 cents at \$5.6275 per bushel.

Soyoil futures closed higher on increased estimates for domestic biodiesel production from soyoil. December soyoil at CBOT closed up 25 points at 21.29 cents per pound.

. Net sales of 76,100 MT--the lowest since the marketing-year began Oct. 1--were 47 percent below the week earlier and 58 percent under the prior 4-week average. The major buyers were the Dominican Republic (17,700 MT), Egypt (15,500 MT), Canada (12,800 MT), Japan (5,800 MT), Mexico (5,700 MT), and Morocco (4,500 MT--the first activity since 2001/02). Exports of 79,400 MT were 44 percent under the previous week and 41 percent below the prior 4-week average. The primary destinations were Mexico (28,100 MT), Canada (18,600 MT), the Dominican Republic (13,700 MT), and Egypt (7,500 MT).

(Cents/pound)

| Months | Previous Settle | Open  | High  | Low   | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| Dec'05 | 172.3           | 172.7 | 174.0 | 171.7 | +1.5   | 173.8 |
| Jan'06 | 172.5           | 173.2 | 174.3 | 172.1 | +1.2   | 173.7 |

### WEATHER WATCH: (05.12.05)

#### Chief Features

The low pressure area over south Andaman Sea persists and is now well marked. The system is likely to concentrate into a depression. Associated upper air cyclonic circulation extends upto 3.1 km a.s.l. As the system is likely to move west-northwestwards, the rainfall activity over south Peninsula is likely to increase from 8<sup>th</sup> December.

The upper air cyclonic circulation over southeast Arabian Sea extending persists extending upto 2.1 km a.s.l.

Cold wave conditions are prevailing over parts of Jammu division of Jammu & Kashmir, Punjab and Rajasthan. They are likely to abate during next 2-3 days. Lowest temperatures in the plains of the country recorded at Amritsar (Punjab) 1.8° C and at Churu (Rajasthan) 2.6° C respectively.

#### Forecast valid 1430 hours IST of 8<sup>th</sup> DECEMBER, 2005

NORTH : Mainly dry weather is likely over the region.

EAST : Weather will be mainly dry over the 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. Mainly dry weather in the rest region.

WEST : Mainly dry weather over the region.

#### Warning

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

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

Rainfall activity is likely to increase over south Peninsula with possibility of isolated heavy to very heavy falls.

Isolated light rain/snow likely over Western Himalayan region.

#### Source: GOI (IMD)

#### FOREX RATES (05.12.05)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA                | Dollar   | 46.28           |
| European Union     | Euro     | 54.18           |

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