

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Improved Further
- February Soymeal at NCDEX Witnessed No Change in Prices

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. The prices got support from the higher CBOT projection and normal demand. 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 Friday to Rs 9100 per MT tons, recording a jump of Rs 100 from yesterday's level. At Mumbai port also the prices jumped to Rs 9000 per MT from Rs 8900 a day earlier. 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. FAS prices were up at \$199-202 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)	
	22.12.05	23.12.05
Indore	8200	8200-8500
Nanded/Latur	7700/8000	7800/8000
Dhulia/Jalna	7950-8100	8100-8200
Kota	7900-8000	7700-7800
Nagpur	7500(40%) - 7900	7500(40%) - 8000
Kandla	9000	9050-9100
Mumbai	8900	9000
Vizag(approx)	...	9000
Sangli/Solapur	8300	8500/8400
Morena/shivpuri	8200/7700	8400/7900

NCDEX Soy meal Futures price (23rd 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 Higher

Soymeal futures ended firm Thursday despite bearish export sales data and over bought conditions. Good domestic demand and technical strength propelled the soymeal prices. March Soymeal finished higher \$ 2.4 at \$ 203.6 /tonnes, \$ 3.9 up from the low and \$ 0.4 off the high. Further, firmness in other soy complex spilled over to soymeal also. Soy future settled higher at Chicago Board of Trade on Thursday. March soybean settled higher 6.25 cents at \$ 6.2525 per bushels, 3.75 cents off the high and 7 up from the low and May soybean settled higher 7.25 cents at \$ 6.3425 per bushels, 8.25 up from the low and 2.25 cents off the high. Whereas March Soybean Oil settled higher 0.21cents at 21.76 cents/pounds, 0.36 cents off the high and 0.2 cents up from the low. The fundamental factors behind this surge in prices were positive weekly export sales of soybeans and dry conditions in South American growing areas. There is talk that the continuous dry weather in South America would bring negative impact on soybean production. Dry weather of South America helped in early buying support of US soybeans. 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	200.9	203.2	203.6	200.2	+2.7	203.6
Mar'06	201.2	203.0	203.6	200.6	+2.4	203.6

WEATHER WATCH: (23.12.05)

Chief Features

The well marked low pressure over southwest & adjoining west-central Bay of Bengal has weakened into a low pressure area and now lies over westcentral & adjoining eastcentral Bay of Bengal. It is likely to move in a northeasterly direction and weaken further.

The lowest minimum temperature recorded in the plains of the country was 1.2° C at Ganganagar (Rajasthan).

The western disturbance over north Pakistan adjoining Jammu & Kashmir now lies over Jammu & Kashmir. With the likely east-northeastwards movement of the system the night temperature over northwest India and Gangetic Plains are likely to fall leading to cold wave conditions/fog in some areas during next 2- 3 days.

The upper air cyclonic circulation over southeast Rajasthan and neighbourhood now lies over central parts of Uttar Pradesh and extends upto 3.1 km a.s.l.

Forecast valid 0830 hours IST of 26th DECEMBER, 2005

NORTH : Rain/snow likely at isolated places over Jammu & Kashmir, Himachal Pradesh and Uttaranchal. Isolated rain /thundershowers likely over Uttar Pradesh during next 24 hours. Weather will be mainly dry in the rest region.

EAST : Rain/thundershowers likely at a few places over northeastern states and isolated over the rest region during next 1-2 days.

SOUTH : Rain/thundershowers likely at a few places over Andaman & Nicobar islands and isolated over coastal Tamil Nadu & Pondicherry, Andhra Pradesh 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 conditions/fog are likely over some parts of northwest India and Gangetic plains.

Source: GOI (IMD)

FOREX RATES (23.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.16
European Union	Euro	53.32

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