

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 at most of the spot markets Monday. The SEA of India report shows that soymeal exports during November increase sharply as compared to corresponding period of the previous year. Indian Oilmeal exports rose sharply by 49.19% to 321,692 MT from 215,620 MT in the previous year, the SEA of India said Wednesday. Total Oilmeal exports in the April-November period rose 15.76% to 1.8 million tons from 1.5 million tons in the previous year. Good demand from Taiwan, South Korea and Vietnam and improved crush margin helped the exports to surge. This report would provide some boost to the subdued market sentiments. However, soymeal bears got another news to prove their point as china confirmed another case of human infection by bird flu in the country bringing the total number of human infections to four this year. The Health Ministry of china reported Tuesday that a 10-year-old had infected with the H5N1 strain of the virus. The girl is from Ziyuan country in Guangxi, near Vietnam border. The girl had developed fever and pneumonia-like symptoms on Nov 23 and was undergoing emergency treatment. She was in much better position on Wednesday and has no more fever. Over the last one month three other human cases of bird flu have been confirmed, two of those have died from the infection. , The World Health Organization has warned More bird flu outbreaks are likely in China over the next few weeks.

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. But when the epidemic is a thing of the past, the market is expected to rebound and the price will recover again. The recent report from SEA of India showed increase in soymeal during November despite the presence of bird flu is really boosting news for the subdued market as it indicates improvement in demand. Let us hope export demand to improve further for the soymeal prices to go up.

Soymeal prices at Kandla port fell slightly to 8400 per MT as compared to Rs8450 yesterday. At Mumbai port also prices fell to Rs 8400 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 \$184-186 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 (7th 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. The port is expecting 'IBI' to load 15,000 MT of SBM to Japan. Interocean agents will be 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)	
	07.12.05	06.12.05
Indore	7700-8200	7700-8200
Nanded/Latur	7550	7500
Dhulia/Jalna	7600-7800/8000	7700/8000
Kota	7600-7700	7600-7800
Nagpur	7400(40%) -7800	7400(40%) -7800
Kandla	8400	8450
Mumbai	8400	8500
Vizag(approx)
Sangli/Solapur	8000	8000-8100
Morena/shivpuri	8000/7600	8000/7600

NCDEX Soy meal Futures price (7th December'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
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	Price				
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 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 production this year is expected to be higher as compared to previous year. Harvesting of groundnut crop in southern India is going on and arrivals are starting. With improvement in arrivals and crushing activity 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 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 were 77,200 down 26.75% as compared to 105,525 MT during corresponding period of last year.

INTERNATIONAL MARKET

Soymeal Futures at CBOT Settle Slightly Lower

Soy future settled down at Chicago Board of Trade on Tuesday. January soybean settled lower 9.25 cents at \$ 5.64 per bushel, it is 9.5 cents off the high and 2.5 cents up from the low and March soybeans finished down 8.5 cents at \$ 5.71 per bushel, 3 cents up from the low and 8.5 cents off the high. March Soymeal settled down \$ 0.7 at \$ 175.7/ton, it was \$ 0.9 up from the low and \$ 1.8 off the high. March Soybean Oil settled lower 0.58 cents at 21.66 cents/pounds, 0.46 cents off the high and 0.06 cents up from the low. Export perspectives of US soybean have been dampened due to increasing stories of bird flu in Asia. Traders are expecting likely increase in US stock in forthcoming monthly report of USDA. The US Department of Agriculture will be releasing its monthly report on Friday. Official crop report released by Brazil government revealed soybean production there remained more or less unchanged versus their estimates last month. Brazil government put its estimates for soybean production in the country in 2005-06 at 57.3 -58.5 million ton against their previous estimates of 57.3-58.6 million ton.

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	175.6	175.2	176.5	174.0	-0.5	175.1
Jan'06	175.4	174.3	176.4	173.7	-0.6	174.8

WEATHER WATCH: (07.12.05)

Chief Features

The cyclonic storm 'FANOOS' over southeast Bay of Bengal moved westwards and lay at 1430 hrs IST over southeast & adjoining southwest Bay of Bengal with its center near lat. 11.0°N/long. 86.5°E about 700 km east-southeast of Chennai. The system is likely to intensify further and track westwards towards Tamil Nadu coast during next 48 hrs. Under its influence fairly widespread rains with isolated heavy falls are likely to commence along Tamil Nadu- south Coastal Andhra Pradesh coast from 8th evening. Strong winds with speed reaching 50-60 kmph are also likely along and off above mentioned coasts from 8th evening. State of sea will become rough to very rough from that time onwards. Fishermen are advised not to venture into the sea.

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

Cold wave conditions are prevailing over isolated pockets of Punjab and Haryana. They are likely to abate during next 2-3 days. Lowest temperatures in the plains of the country recorded at Amritsar (Punjab) was 1.9° C.

Forecast valid 1430 hours IST of 10th DECEMBER, 2005

NORTH: Mainly dry weather is likely over the region. However isolated rain/snow likely over Jammu & Kashmir from 9th.

EAST: Weather will be mainly dry over the region.

SOUTH: Rain/thundershowers likely at many places over Andaman & Nicobar Islands and at a few places over Lakshadweep. Mainly dry weather in the rest region. Scattered rainfall likely to commence over Coastal Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh from 8th which will increase subsequently.

WEST: Mainly dry weather over the region.

Warning

Isolated heavy rain commence over Coastal Tamil Nadu and south Coastal Andhra Pradesh from 8th evening.

Strong winds with speed reaching 50-60 Kmph and rough to very rough sea conditions are likely along & off above coasts around the same time. Fishermen are advised not to venture into the sea over these areas.

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

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

**Source: GOI (IMD)
FOREX RATES (07.12.05)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.17

European Union	Euro	54.35
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