

## MAJOR ACTIVITY HIGHLIGHTS

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

## COMMENTARY DOMESTIC MARKET

### Soy meal

Soymeal prices tumbled at most of the spot markets Thursday. The recent report of SEA of India showing 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 was not enough to support the falling market. The soymeal bears got another news to prove their point as Vietnam, Ukraine and Romania reported fresh cases of bird flu. Vietnam confirmed a new outbreak of bird flu in the country Wednesday. The outbreak in the northern province of Ha Giang in late November, was the 14th Vietnamese province affected by avian influenza since the beginning of October. Further, Bird flu outbreaks reported in six more Ukrainian villages Wednesday. After Tuesday's state of emergency covering announcement, the affected autonomous region of Crimea have been sealed off with 2 mile exclusion zone and domestic poultry within the area are being culled. However, Mass poultry die-offs hit four more Ukrainian villages today, sparking fears the government effort to limit the extent of a bird flu epidemic had failed. In addition to this, another village in Romania in the Danube delta has confirmed an outbreak of an H5 strain of avian influenza among chickens, but the samples are currently awaiting confirmation of H5N1 from British laboratories. However, WHO has issued a statement confirming that there is no danger of contracting avian flu from cooked poultry, giving some relief to the consumers..

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.

Soymeal prices at Kandla port fell sharply to 8250 per MT as compared to Rs8400 yesterday. At Mumbai port also prices fell to Rs 8300 as compared to Rs 8400 per MT a day before. December and January soymeal at NCDEX witnessed no trading activity today. Though, February contract witnessed abnormal gains of Rs 458 at Rs 8150 per MT, the gains are not justified by the fundamentals. DOC prices at Indore also tumbled down and traded in the range of Rs 7600-8000 as per quality. FAS prices were at \$182-184 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 (7<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. 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	08.12.05
Indore	7700-8200	7600-8000
Nanded/Latur	7550	7400
Dhulia/Jalna	7600-7800/8000	7500-7600/7800
Kota	7600-7700	7450-7500
Nagpur	7400(40%) -7800	7100(40%) -7500
Kandla	8400	8250
Mumbai	8400	8300
Vizag(approx)	...	8400
Sangli/Solapur	8000	8000
Morena/shivpuri	8000/7600	7800/7500

### NCDEX Soy meal Futures price (8<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
Feb'06	7692.00	8150	8150.00	8150.00	+458.00

## 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. Saurashtra Groundnut (45%) traded down today at Rs 6400 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 Closes Lower

Soymeal futures tumbled on weakness in soybeans and some technical selling. Further the other bearish factor for the soymeal prices remained intact to support lower prices. January soymeal settled \$1.50 lower at \$173.30 per ton and December future ended lower at \$173.3 as compared to \$174.8 on previous day. Soybean futures at the CBOT ended lower Wednesday, shedding some of the earlier gains. January soybeans closed at \$5.59 at a loss of 5 cents. Good crop conditions in South America, piling stocks position in U.S., poor export pace and higher than expected canola crop in Canada worked as a bearish factors for the soybean prices. Soyoil futures ended down, but well off earlier lows. January soyoil ended 14 points lower at 21.19 cents per pound. Technical selling and bearish fundamentals caused declines.

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	175.1	174.5	174.5	172.1	-1.5	173.6
Jan'06	174.8	174.0	174.2	171.7	-1.5	173.3

## WEATHER WATCH: (08.12.05)

### Chief Features

Morning's cyclonic storm 'FANOOS' over southeast & adjoining southwest Bay of Bengal moved westwards and lay centred at 1430 hours IST of 8<sup>th</sup> December over southwest and adjoining southeast Bay of Bengal near lat. 10.5°N/long. 85.0°E about 600 km east-southeast of Chennai. The system is likely to intensify further and move 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 9<sup>th</sup> morning. Strong winds with speed reaching 60-70 kmph are also likely along and off above coasts from 9<sup>th</sup> morning. State of sea will become very rough to high as the system comes nearer. Fishermen along the above coasts are advised not to venture into the sea.

**An upper air cyclonic circulation extending upto 2.1 km a.s.l. has formed over northeastern States and neighbourhood**

**Cold wave conditions abated from Punjab and Haryana.** Lowest temperatures in the plains of the country recorded at Amritsar (Punjab) was 2.0° C.

**Forecast valid 1430 hours IST of 11<sup>th</sup> DECEMBER, 2005**

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

**EAST :** Isolated rain/thundershowers likely over northeastern States. Weather will be mainly dry over the region.

**SOUTH :** Rain/thundershowers likely at many places over Andaman & Nicobar Islands and Isolated over coastal Tamil Nadu & Pondicherry, south coastal Andhra Pradesh. Mainly dry weather in the rest region. Rainfall activity over Coastal Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh is likely to increase from tomorrow morning, which will subsequently extend into interior peninsula.

**WEST :** Mainly dry weather over the region.

### Warning

**Isolated heavy** rain likely commence over Coastal Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh from 9<sup>th</sup> morning.

Strong winds with speed reaching 60-70 Kmph and are likely along & off above coasts around the same time. State of sea will become very rough to high as the system comes nearer. Fishermen along the above are advised not to venture into the sea over these areas.

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

Enhanced rainfall activity is likely over south Peninsula with possibility of heavy to very heavy falls at a few places..

Source: GOI (IMD)

### FOREX RATES (08.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.33

European Union	Euro	54.26
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