

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Improved Marginally
- February Soymeal at NCDEX Witnessed No trading Activity

COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices improved slightly today after falling for two consecutive days. Recently, the prices recovered smartly on the back of some good demand from the countries like Indonesia, Malaysia, Vietnam, Pakistan and Bangladesh. Also, there were some demand from Korea and China. Before that the demand did remain subdued for long time on bird flu fears hammering the prices down to very lower levels. The main reason behind the recent rekindled demand was attractive prices in the subcontinent. Also, the quality of the Indian meal is better than its western counterparts. Further, the neighbouring countries are finding it cheaper to import in small lots from India. The prices hence improved on increased demand and recovered to some respected levels. Most of the demand up to March has been fulfilled and it is now expected to remain steady from here on. The soymeal export from India for this year is expected to reach near 2.3 to 2.5 million tonnes, according to some trade sources. Other side of the story is that, the bird flu outbreak is increasing its score. China reported its sixth case of human infection today and an Indonesian man died of bird flu. On the wake of bird flu the importers are now keeping very small stock levels and are buying on small lots. The small lot buying is making attractive market for the neighbouring countries. All in the entire scenario is good as far as demand is concerned, but the same is price sensitive. So, we would witness some stability in prices rather than improving one.

Soymeal prices at Kandla port improved again on Saturday to Rs 8700 per MT levels as compared to Rs8550 on Friday. At Mumbai port also the prices remained on comparatively higher side at Rs 8700 as compared to Rs 8600 per MT yesterday. The futures market witnessed no trading activity in January and February contracts of soymeal at NCDEX. However, the December soymeal at NCDEX jumped to at Rs 7950 per MT levels as compared to Rs 7777 on the previous trading day. FAS prices were at \$189-192 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 (16th December'05)

Kandla Port is loading 14,500 MT of SBM on the vessel 'Jade Ocean' to Korea. The vessel is being handled by Liladhar Pasoo agents. Loading of 12,000 MT of SBM is continuing at Jamnagar Port on the vessel 'African Sun' to Japan. Nilhat 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. Mumbai Port is expecting 'Karaaran Star' to load 7,250 MT of SBM. Time Shipping agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	16.12.05	17.12.05
Indore	7700-8300	7800-7900
Nanded/Latur	7500	7550-7700
Dhulia/Jalna	7800-8000	7900/7800
Kota	7600-7800	7700-7850
Nagpur	7300(40%) -7700	7300(40%) -7700
Kandla	8550	8700
Mumbai	8600	8700
Vizag(approx)	8600	...
Sangli/Solapur	8200	8200
Morena/shivpuri	8000/7600	8200/7650

NCDEX Soy meal Futures price (17th December'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Dec'05	7777.00	8050.00	7750.00	7950.00	173.00
Jan'06	7720.00	00.00	00.00	00.00	00.00
Feb'06	8550.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

Rapeseed/mustard meal prices are dancing on a small floor for quite some time, and remaining on the higher levels. The mustard meal prices at Morena jumped to Rs 5200 per MT levels as compared to Rs 5000 per MT yesterday. The cattle feed demand of Mustard meal is steady which is supporting the high prices. The supply is on lower side as the crushing activity in mustard is very small in Rajasthan and Gujarat amid lower demand of Mustard oil. However, according to some unconfirmed sources, NAFED is planning to higher around 40 mills to crush its high stocks

of Mustard. The same may increase the supply if the plan materialise, 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

Harvesting in groundnut crop is in progress in south India and arrivals are also improving. The harvesting in Gujarat is over and arrivals are dropping. As the oil prices are on lower side due to lower demand, crushing activity is subdued, because the plants are finding it difficult to maintain a reasonable crush margin. As a result the supply of GN meal is still lower. Further, there is good demand from the export front for GN meal supporting the higher prices. Production this year is expected to be higher as compared to previous year. With improvement in arrivals and crushing activity prices might come down slightly, however, any drastic downward movement in the prices is not expected. The Saurashtra Groundnut (40%) soymeal prices remained stable on higher levels of Rs 6100 per Mt as compared to Rs 6000 per MT levels recently. 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

Soy futures at Chicago Board of Trade settled mixed on Friday. January soybean future settled up 5 cents at \$5.922 and March up 4.5 cents at \$6.025 per bushel. March soymeal future settled \$2.8 higher at \$191.7 per short ton and March soy oil off 13 points at 21.56 cents per pound. Weather forecasts calling for dry weather in South America triggered speculative buying. Other bullish factors were fund buying and firm cash basis helped limiting downside move due to fowl stories from Asia. Much hyped stories of bird flu has dampened the perspectives of soy markets in Asian countries. Export of soy from United State has been slowed for this very reason.. Weekly exports sales report is released by US Department of Agriculture on December 15, 2005. Weekly exports sales for soybeans came at 504100 as against trade expectations between 350000-650000, it is within range of trade expectations by traders, but cumulative sales were 46.5 % of USDA forecast as compared to 65.7% on average over the last five years. Soy meal sales came at 120900 metric tonnes as compared to trader's expectations range 100000-150000. Export sales of Soy oil were only 300 metric tonnes as compared to trade expectations between 0-10,000. The Brazil Geographic and Statistics Institute revealed that the Brazil crop production for the 2005/2006 season is pegged at 58.4 million tonnes, down from 58.7 million projected last month but up from 51.1 million tonnes last year. South American planted area for soybean crop is declined by 6.4%. News that China reported another human bird flu case, which is also brought negative impact on soy meal exports. There were bearish sentiments in Soybean and meal only due to slow export pace and continuous spread of bird flu in China.

The USDA pegged Soybean oil stocks at a whopping 1.06 million tonnes from 0.86 million MT last month. World ending stocks for soybeans for the 2005/2006 season were pegged at a new all-time record high of 48.11 million tonnes from 46.75 million tonnes last month and from 42.09 million tonnes this past season. The higher world stocks numbers came mostly from weaker demand outlook as Argentina and Brazil production forecasts were left unchanged from last month at 40.5 and 58.5 million tonnes respectively. World soymeal stocks were pegged at 4.04 million tonnes from 4.150.86 million MT last month. The ending stocks for U.S. soybeans for the 2005/2006 were constant at 0.23 million MT.

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jan'06	187.4	190.8	192.0	188.5	+3.6	191.0
Mar'06	188.9	192.8	193.2	189.7	+2.7	191.6

WEATHER WATCH: (16.12.05)

Chief Features

The depression over Southwest Bay of Bengal moved westwards and has further intensified into a deep depression and lay centered at 0830hrs IST of 17th December 2005 near lat. 8.0°N/long. 84.0°E about 550 km southeast of Nagapattinam. The system is likely to intensify further and move in a west-northwesterly direction. The numerical weather prediction products suggests that this system is likely to move towards Tamil Nadu coast across northern Srilanka during the next 48 hours.

Cold wave conditions prevailed over parts of Punjab, Rajasthan and interior Karnataka. The lowest minimum temperature recorded in the plains of the country was 1.2° C at Churu (Rajasthan) & Amritsar (Punjab).

Forecast valid 0830 hours IST of 20th DECEMBER, 2005

NORTH : Isolated rain/snow likely over higher reaches of Jammu & Kashmir and Himachal Pradesh. Mainly dry weather over rest of the region.

EAST : Weather will be mainly dry over the region.

SOUTH : Rain/thundershowers likely at many places over Tamil Nadu & Pondicherry; at a few places over Nicobar Islands and isolated over Coastal Andhra Pradesh, Rayalaseema, Kerala and Lakshadweep. Weather will be mainly dry over the rest region.

WEST : Mainly dry weather over the region.

Isolated heavy fall is likely along Tamilnadu coast during next 48 hours. Strong winds with speed reaching 50-60 kmph also likely along and off Tamilnadu coast during the same period. State of sea will be rough to very rough along and off Tamilnadu coast. Fishermen are advised not to venture into the sea.

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

Gradual improvement in weather over Tamil Nadu.

Source: GOI (IMD)

FOREX RATES (17.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.25

European Union	Euro	54.35
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