

## MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Improved Marginally
- February Soymeal at NCDEX Witnessed Some Gains

## COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices improved slightly today after falling towards the end of the last week. The soymeal market is improving with steady and slightly improving demand from the neighbouring countries despite the bird flu fears. Though the bird flu is making its presence felt by frequent outbreaks the disease is still not very wide spread and poultry production (largest in China) has still not declined notably. Its major impact is on the stocks that importers maintain with them. They are now maintaining lower stocks with them on bird flu fears and preferring buying in small chunks. So, for the neighbouring countries, India is proving to be cheaper and nearer market to buy in small lots. Thus, 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. Also, the quality of the Indian meal is better than its western counterparts. However, 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 with each coming day. In the same sequence, Indonesia reported its 11<sup>th</sup> human death today as an 8-year- old boy died of avian influenza. The death puts the total people contracted by the virus to 16 as four of them survive. The World Health Organization's affiliated laboratory in Hong Kong has confirmed nine deaths and five survive from the disease. The H5N1 strain is endemic in poultry in parts of Asia, which killed nearly 71 people. This may prove to be potential threat if become more severe.

Soymeal prices at Kandla port improved again on Monday to Rs 8800 per MT levels as compared to Rs8700 on Friday. At Mumbai port also the prices remained on comparatively higher side at Rs 8800 as compared to Rs 8700 per MT on the previous trading day. The futures market witnessed no trading activity in January contract of soymeal at NCDEX, however, the February soymeal jumped to Rs 8550 per MT levels as compared to Rs 8490 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 (16<sup>th</sup> 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)	
	17.12.05	19.12.05
Indore	7800-7900	8000
Nanded/Latur	7550-7700	7600-7750
Dhulia/Jalna	7900/7800	7900-8000
Kota	7700-7850	7750
Nagpur	7300(40%) - 7700	7300(40%) - 7700
Kandla	8700	8800
Mumbai	8700	8800
Vizag(approx)	...	....
Sangli/Solapur	8200	8300
Morena/shivpuri	8200/7650	8200/7700

## NCDEX Soy meal Futures price (19<sup>th</sup> 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	8490.00	8550.00	7870.00	8550.00	60.00

## 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 5300 per MT levels as compared to Rs 5200 per MT yesterday. The current improvement in the mustard prices is supporting the improvement in the meal prices. The cattle feed demand of mustard meal is steady which is also 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 soyoil 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 States 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. Word 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	190.2	193.5	194.7	193.2	+2.2	192.4
Mar'06	192.0	195.8	195.8	193.5	+1.5	193.5

#### WEATHER WATCH: (19.12.05)

##### Chief Features

Morning's deep depression over Southwest Bay of Bengal remained practically stationary and lay centered at 1430 IST of today near Lat. 11.0 deg N/ Long. 82.5 deg E about 250 Kms east of Nagapattinam. The system is likely to move in northwesterly direction and likely to cross north Tamil Nadu-south Andhra Pradesh coasts between Cuddalore and Nellore by tomorrow 20<sup>th</sup> December night. Under its influence, widespread rainfall with isolated heavy to very heavy falls is likely along north Tamil Nadu-south Andhra Pradesh coasts during next 48 hours. Strong winds with speed reaching 50-60 kmph also likely along and off above coasts during the same period. State of sea will be rough to very rough along and off north Tamil Nadu-south Andhra Pradesh coast. Fishermen are advised not to venture into the sea.

Cold wave conditions prevailed over Jammu & Kashmir and parts of Punjab, Haryana and Rajasthan. They are likely to abate during next 2 days. The lowest minimum temperature recorded in the plains of the country was 0.0° C at Churu (Rajasthan).

A western disturbance is likely to affect northern parts of the country from 20<sup>th</sup> to 22<sup>nd</sup> causing scattered rain/snow over western Himalayas and isolated to scattered rain/thundershowers over the adjoining plains of northwest India.

#### Forecast valid 1430 hours IST of 22<sup>nd</sup> DECEMBER, 2005

**NORTH :** Rain/snow likely at a few places over of Jammu & Kashmir, Himachal Pradesh and Uttaranchal from 20<sup>th</sup> . Isolated to scattered Rain/Thundershower are also likely over Punjab & Haryana on 21<sup>st</sup> & 22<sup>nd</sup> . Mainly dry weather over rest of the region.

**EAST :** Isolated rain/thundershowers likely at a few places over coastal Orissa and Isolated over coastal Gangetic West Bengal. Weather will be mainly dry over the region.

**SOUTH :** Rain/thundershowers likely at most places over north coastal Tamil Nadu & Pondicherry, south coastal

Andhra Pradesh; at many places over north coastal Andhra Pradesh; at a few places over rest Tamil Nadu , Rayalaseema & Telangana: at Isolated places in the rest region outside Lakshadweep and coastal Karnataka where weather will be Mainly dry.

**WEST :** Isolated rain/thundershowers likely over North Rajasthan on 21<sup>st</sup> and 22<sup>nd</sup> . Mainly dry weather over the region.

#### **Warning**

Isolated heavy to very heavy falls is likely along north Tamil Nadu & Pondicherry and south coastal Andhra Pradesh and isolated heavy falls over north Coastal Andhra Pradesh during next 48 hours. Strong winds with speed reaching 50-60 kmph also likely along and off north Tamil Nadu-south

Andhra Pradesh coasts during the same period. State of sea will be rough to very rough along and off Tamil Nadu coast. Fishermen are advised not to venture into the sea.

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

Improvement in weather over Tamil Nadu and Andhra Pradesh.

**Source: GOI (IMD)**

#### **FOREX RATES (19.12.05)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.24
European Union	Euro	54.37

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