

## MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices improved Further
- March Soymeal at NCDEX Surged Higher

## COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices improved further for the fourth consecutive day bringing back some energy in the long subdued market. The soymeal demand is improving slowly and is coming mainly from countries Vietnam, Singapore and Japan. Surprisingly, there was some demand from China too, which cancelled some Indian contracts last month. This shows that the much-needed demand for soymeal is finally beginning to ignite and accordingly the prices are also improving. The prices are still at lower levels as compared to its usual levels, which might be the reason for the improved demand. As the major importer countries like China, Indonesia, and Vietnam are all facing the problem of bird flu, strong surge in demand and prices can only be expected if the bird flu story ends. When the epidemic is a thing of the past, the market will climb to justified levels. However, the things are now looking slightly positive in favour of the soymeal market.

Soymeal prices at Kandla port bounced to Rs 8800 per MT levels as compared to Rs8700 on Monday. At Mumbai port also prices jumped to Rs 8800 as compared to Rs 8600 per MT a day before. However, December and January soymeal at NCDEX witnessed no trading activity today. March soymeal added a healthy Rs 265 at 8575. DOC prices at Indore improved sharply and traded in the range of Rs 8000-8100 as per quality. FAS prices were at \$190-192 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 (13<sup>th</sup> December'05)

Loading of 14,000 MT of SBM is continuing at Kandla port to Japan on the vessel 'Arihant'. Interocean agents is handling the vessel.

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. Jamnagar Port is loading 5,000 MT of SBM to Singapore on the vessel 'Thor Master'. Avani 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.

### DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	12.12.05	13.12.05
Indore	7800-8250	8000-8100
Nanded/Latur	7550	7550
Dhulia/Jalna	7800-7900	8000
Kota	7600	7700
Nagpur	7400(40%) -7800	7400(40%) -7800
Kandla	8700	8800
Mumbai	8600	8800
Vizag(approx)	....	8500
Sangli/Solapur	8100	8100
Morena/shivpuri	7800-8000	8000/7800

### NCDEX Soy meal Futures price (12<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	8150	00.00	00.00	00.00	00.00

### Rape/ Mustard meal

Rapeseed/mustard meal prices remained stable at higher levels of Rs 5000 per MT. 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. In the same line Saurashtra Groundnut (40%) soymeal prices fell slightly today to Rs 6000 per MT as compared to Rs 6100 yesterday. 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 Soy Futures Settle Higher

Soy futures at Chicago Board of Trade settled higher on hopes of fresh demand for soybean from China. January soybean future settled up 15.25 cents at \$5.84 and March up 16 cents at \$5.945 per bushel. March soymeal settled up \$8 at \$189.7 per short ton and March soybean oil up 13 points at 21.37 cents per pound. Weekly export inspection for US soybean was put at 16.6 million bushels, down against earlier expectation of 25-34 million bushels. However, rising hopes of Chinese demand shadowed the export inspection report. Traders are expecting fresh demand of soybean to emerge from China. Bird flu factor is fading with decline in frequency of its report in China. Chinese soybean import in November totaled at 2.55 million ton. Thereby, soybean import in first 11 months of calendar year 2005 totaled at 23.98 million ton. On export front, South Korea bought 57,750 ton of soybean from Brazil at weekend. 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)

	Previous	Open	High	Low	Change	Close

Months	Settle					
Dec'05	181.6	187.0	191.5	186.2	+6.9	188.5
Jan'06	180.9	187.0	192.0	186.0	+7.1	188.0

### WEATHER WATCH: (13.12.05)

#### Chief Features

Cold wave conditions prevailed over parts of Punjab, Haryana and East Uttar Pradesh. The lowest minimum temperature recorded in the plains of the country at Amritsar (Punjab) was 2.0°C.

The upper air cyclonic circulation over Lakshadweep and adjoining southeast Arabian sea persists and extends 2.1 km a.s.l.

The trough of low pressure over Andaman Sea persists.

#### Forecast valid 1430 hours IST of 16<sup>th</sup> DECEMBER, 2005

**NORTH:** Isolated rain/snow likely over Jammu & Kashmir . Mainly dry weather is likely over the rest region.

**EAST:** Weather will be mainly dry over the region.

**SOUTH:** Rain/thundershowers likely at many places over Andaman & Nicobar Islands, Kerala and Lakshadweep at a few places over South Interior Karnataka, Tamil Nadu & Pondicherry; and isolated over the rest region outside Telangana where weather will be mainly dry .

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

#### Warning

**Isolated heavy** rainfall likely over Andaman & Nicobar Islands and Lakshadweep.

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

Rain/thundershower activity over south Peninsula is likely to increase.

Source: GOI (IMD)

### FOREX RATES (13.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.06
European Union	Euro	55.05

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