

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices improved Further
- February Soymeal at NCDEX Surged Sharply

COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices improved further for the fifth consecutive day bringing back some energy in the long subdued market. The soymeal demand is improving slowly and is coming mainly from countries Vietnam, Korea, Pakistan, Bangladesh, and Japan. Surprisingly, there is 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 is also one of the reason behind 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. Meanwhile, Ukraine confirmed the H5N1 strain of the bird flu virus in its 11 settlements on Wednesday. The virus is extremely dangerous for humans. Lab results have confirmed the presence of the virus in dead birds. Also, Indonesia has confirmed its 9th human death from H5N1 strain of bird flu. A 35 year old died of H5N1 strain of bird flu. The man had contact with live chickens that carried the virus. However, despite the frequent outbreaks of the killer disease, the demand for soymeal due to its lower prices and good quality is improving and thus the prices are expected to improve slightly further.

Soymeal prices at Kandla port bounced to Rs 8850 per MT levels as compared to Rs8800 on Monday. At Mumbai port prices remained stable at Rs 8800 as compared to Rs 8600 per MT recently. However, the futures market showed mixed sentiments. December and January soymeal at NCDEX witnessed no trading activity today. March soymeal showed some abnormal movements today and shed Rs 875 at Rs 7700 per MT, which was not justified by the fundamentals. Against this the February contract added a healthy Rs 450 at 8600. DOC prices at Indore improved further to Rs 8200 as compared to Rs 8000-8100 per MT levels yesterday. 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 (14th December'05)

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'. Interoccean agents is handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	14.12.05	13.12.05
Indore	8200	8000-8100
Nanded/Latur	7700-7900	7550
Dhulia/Jalna	8100/8200	8000
Kota	7750	7700
Nagpur	7500(40%) -7900	7400(40%) -7800
Kandla	8850 (Jan)	8800
Mumbai	8800	8800
Vizag(approx)	...	8500
Sangli/Solapur	8400-8500	8100
Morena/shivpuri	8000/7800	8000/7800

NCDEX Soy meal Futures price (14th 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	8600.00	8600.00	8600.00	+450.00

Rape/ Mustard meal

Rapeseed/mustard meal prices improved slightly to Rs 5100 per MT as compared to Rs 5000 per MT yesterday. 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. The Saurashtra Groundnut (40%) soymeal prices bounced again to Rs 6100 per Mt levels as compared to Rs 6000 per MT levels yesterday. The prices have been in this range for quite some time. 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

CB OT Soymeal Futures Continue Posting Gains

Soy futures settled slightly higher at Chicago Board of Trade on follow-through firm mood. January soybeans settled higher 13.5 cents at \$5.975 per bushels and March soybeans were 19.34 cents per bushel. March soymeal settled higher \$ 5.8 at \$195.5 per tonnes, \$7.2 up from the low and \$1.00 off the high. March soybean oil closed higher 3 cents at 21.4 cents/pounds. Increased dryness in Argentina also helped improving sentiments. However, regular concern over rising end-stock of US soybean and likely switching of attention of international buyers towards South America continued curbing northwardly dispositions. NOPA will be releasing its crush report on Wednesday. Traders are expecting soybean crush in November to come in the range of 147-150 million bushels.

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
Dec'05	188.5	188.5	195.7	188	+7.2	195.7
Jan'06	188.0	188.5	194.3	187.4	+6.0	194

WEATHER WATCH: (14.12.05)

Chief Features

Cold wave conditions prevailed in Kashmir division of Jammu & Kashmir and isolated pockets of Uttar Pradesh, Punjab, East Rajasthan, East Madhya Pradesh, Vidarbha, Chhattisgarh, Orissa and Gangetic West Bengal. They are likely to abate after 2 days. The lowest minimum temperature recorded in the plains of the country at Amritsar (Punjab) was minus 0.2°C.

The trough of low pressure over South Andaman Sea and adjoining Southeast Bay of Bengal persists.

Forecast valid 1430 hours IST of 17th DECEMBER, 2005

NORTH: .Mainly dry weather is likely over the region.

EAST: Weather will be mainly dry over the region.

SOUTH: Rain/thundershowers likely at many places over Nicobar Islands at a few places over Andaman Islands and isolated over Tamil Nadu & Pondicherry, Kerala and Lakshadweep. Weather will be mainly dry over the rest region. Weather activity over Coastal Tamil Nadu is likely to increase from 16th.

WEST: Mainly dry weather over the region.

Warning

Isolated heavy rainfall likely over Nicobar Islands.

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

Rainfall activity over south Peninsula is likely to increase.

Source: GOI (IMD)

FOREX RATES (14.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.84
European Union	Euro	55.01

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