

MAJOR ACTIVITY HIGHLIGHTS

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

COMMENTARY

DOMESTIC MARKET

Soy meal

Soymeal prices remained steady at most of the spot markets Saturday. The absence of any fresh inputs from the deadly disease 'bird flu' side, worked as a positive factor for the soymeal. Further, as the prices of soymeal have come down to comparatively lower levels when other meals like Mustard and Groundnut meals are trading higher. This is causing the price spread between soymeal and other meals to shrink. Which in turn is inducing use of soymeal as a cattle feed, as it contain higher protein as compared to other meals. Also, the soybean prices bounced up on account of lower arrivals. Integrating all these small positive factors, soymeal prices improved a bit at the spot market. However, the bird flu factor is still there to hit the demand on export front. 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.

The prices have improved slightly during last two-three days. Soymeal prices at Kandla port saw some improvement at Rs 8500 per MT as compared to Rs 8350 recently and at Mumbai port prices bounced to Rs 8500 as compared to Rs 8450 per MT a day before. December and January soymeal at NCDEX witnessed no trading activity today. DOC prices at Indore remained steady and traded in the range of Rs 7700-7800 as per quality. FAS prices were at \$182-184 per MT. Still, we are not very optimistic about the soymeal prices, as demand is not coming in a big chunk. Let us hope some improvement on demand front so that the meal prices firm up further.

India exported 160250 MT of soymeal during October a huge increase from previous year's 18750 MT during same month. The exports of soymeal were up during last seven months at 882150 MT as compared to 807625 MT during same period of the previous year.

Soy Meal Vessel Report (3rd December'05)

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 expecting 'Zara III' to load 13,000 MT of SBM to Vietnam. Interocean agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	02.12.05	03.12.05
Indore	7700-8200	7700-7800
Nanded/Latur	7600	7600
Dhulia/Jalna	7500/7800	7700/7600
Kota	7700-7800	7700
Nagpur	7200(40%) -7600	7200(40%) -7600
Kandla	8500	8500
Mumbai	8450	8500
Vizag(approx)
Sangli/Solapur	8000	8000
Morena/shivpuri	7800/8100	7700/8100

NCDEX Soy meal Futures price (3rd 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

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. The prices at Alwar also remained stable at Rs 4750 per MT. India exported 37250 MT of rape meal in October 2005 as compared to 17300 MT in October 2004 an increase of 19950 Mt. However, R.S. meal export during the last seven months decreased slightly to 372375 MT as compared to corresponding period in 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. Rains are expected in the groundnut crop area, which may harm the same. In that situation we can expect the prices to firm up further. In the same line the prices of Saurashtra Groundnut (45%)

improved at Rs 6600 as compared to recent levels of Rs 6500 per MT. However, in days to come the prices will go down when crushing of the new crop will start. India exported around 8825 MT groundnut meals in October 2005 increased from previous month's 8500 MT. However, the GN meal exports during last seven months were 75000 MT down as compared to previous year's 105525 MT during the same period.

INTERNATIONAL MARKET

Soymeal Futures at CBOT Ended Up

Soymeal futures at CBOT closed moderately up taking advantage of lack of any fresh news on bird flu. Also, forecast for very cold weather during coming three-four days hinted increase in soymeal usage as livestock feed. However, the other bearish factors like lower export demand, bird flu fears and good weather conditions for the soybean crop, remained intact to restrict any strong surge. December soymeal closed up \$1.70 per MT at \$174.00, and January soymeal ended higher \$1.10 at \$173.60.

At CBOT Soybean futures ended higher Friday on firm U.S. cash soybean basis bids due to a lack of farmer sales. However, gains were restrained by lower U.S. export commitments. According to USDA, Weekly U.S. soy export commitments through Nov. 17 are running 29% behind last year's sales. CBOT January soybeans ended up 3 cents at \$5.6275 per bushel.

Soyoil futures closed higher on increased estimates for domestic biodiesel production from soyoil. December soyoil at CBOT closed up 25 points at 21.29 cents per pound.

. 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	172.3	172.7	174.0	171.7	+1.5	173.8
Jan'06	172.5	173.2	174.3	172.1	+1.2	173.7

WEATHER WATCH: (03.12.05)

Chief Features

Yesterday's well marked low pressure area over southwest Bay of Bengal weakened further into low, moved westward and now lies over north coastal Tamil Nadu & adjoining southwest Bay of Bengal. Associated upper air cyclonic circulation extends upto 3.6 km a.s.l. Under its influence fairly widespread rainfall with isolated heavy falls are likely over north Tamil Nadu and Coastal Andhra Pradesh and Rayalaseema during next 48 hours.

A fresh western disturbance is likely to approach north Pakistan & adjoining Jammu & Kashmir in next 2 days. Cold wave conditions are prevailing over parts of Punjab, Haryana, Delhi and West Rajasthan. Lowest temperatures in the plains of the country are recorded at Churu (Rajasthan) 1.5° C and at Amritsar (Punjab) 1.4° C respectively.

The low pressure area over southeast and adjoining eastcentral Arabian Sea persists. Associated upper air cyclonic circulation extends upto 3.1 km a.s.l. Forecast valid 0830 hours IST of 4th DECEMBER, 2005

Forecast valid 0830 hours IST of 6th 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 north Tamil Nadu, Coastal Andhra Pradesh, Rayalaseema, South Interior Karnataka and Andaman & Nicobar Islands at a few places over North Interior Karnataka, south Tamil Nadu, Kerala and Lakshadweep and isolated over the rest region.

WEST : Isolated Rain/thundershowers likely over Konkan & Goa and Vidarbha. Mainly dry weather over the rest region.

Warning

Isolated heavy rainfall likely over Andaman & Nicobar Islands, north Tamil Nadu & Pondicherry, south Andhra Pradesh and South Interior Karnataka.

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

Moderate rainfall likely over south Peninsula.

Source: GOI (IMD)

FOREX RATES (03.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.12
European Union	Euro	54.0319

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