

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices improved Further
- December Soymeal at NCDEX Witnessed No Trading

COMMENTARY DOMESTIC MARKET

Soy meal

Soymeal prices improved slightly at most of the spot markets for the second consecutive day. The prices are improving on some demand which is coming in trickles from countries, which are not much affected by bird flu. However, it will be too early to say that the bearish phase of the soymeal market is going to end soon. As the bearish factors remains intact as demand scene is still not very promising and bird flu fear is still haunting the market. The soymeal bears got another news today to prove their point as Thailand confirmed death of a five-year- old boy, the country's fifth confirmed human infection and second death this year, following a resurgence of the virus since October. The boy fell ill Nov. 25 at his home in Nakhon Nayok province, and was hospitalized nine days later where he died Wednesday. More infections are likely this month; a World Health Organization official said this week, citing outbreak patterns over the past two years. The disease has spread among poultry in Vietnam, increasing the risk that avian flu will infect more people and could potentially mutate into pandemic influenza. Also on Friday, Vietnam's Agriculture Ministry reported new outbreaks in two more provinces that resulted in the death or destruction of about 10,600 chickens and ducks. Further, Japanese authorities have ordered the culling of 19,000 chickens at a farm north of Tokyo, after avian flu antibodies were found in some of the poultry Saturday. Tests showed that chickens at a farm in Ibaraki had been exposed to the H5 strain of avian flu, although the virus itself was not detected. Circumstances suggest the virus they were exposed to was not the virulent H5N1 strain, which has killed 70 people in Asia. Excluding the latest order, nearly 2.1 million chickens have been culled in Ibaraki so far due to the outbreaks, according to officials.

The demand for meal is showing some signs of improvement but the deadly disease is making its presence felt by several appearances. 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. But when the epidemic is a thing of the past, the market is expected to rebound and the price will recover again.

Soymeal prices at Kandla port improved to Rs 8650 per MT levels as compared to Rs8450 on Friday. At Mumbai port also prices jumped to Rs 8550 as compared to Rs 8400 per MT a day before. December and January soymeal at NCDEX witnessed no trading activity today. DOC prices at

Indore showed further improved and traded in the range of Rs 7800-8300 as per quality. FAS prices were at \$185-187 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 (9th December'05)

Kandla Port is loading 15,000 MT of SBM to Japan on the vessel 'IBI'. Interocean agents is handling the vessel. Loading of 14,000 MT of SBM is expected at the port to Japan on the vessel 'Arihant'. Interocean agents will be handling the vessel.

Loading of 12,000 MT of SBM is continuing at Kandla 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. '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 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)	
	09.12.05	10.12.05
Indore	7700-8200	7800-8300
Nanded/Latur	7500	7450
Dhulia/Jalna	7600-7800/8000	7700-7800
Kota	7500-7700	7600-7700
Nagpur	7200(40%) -7600	7300(40%) -7700
Kandla	8450	8650
Mumbai	8400	8550
Vizag(approx)	8400
Sangli/Solapur	8000	8100
Morena/shivpuri	8000/7600	8000/7650

NCDEX Soy meal Futures price (9th 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 fell slightly but still remaining at higher levels of Rs 4900 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. Saurashtra Groundnut (45%) traded down today at Rs 6400 as compared to recent levels of Rs 6500 per MT. 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 were 77,200 down 26.75% as compared to 105,525 MT during corresponding period of last year.

INTERNATIONAL MARKET

Soymeal Futures at CBOT Ended Firm

Soy futures at Chicago Board of Trade settled mixed on Friday. With smaller exports and a larger carryout projection previously dialed into the market, and a tight cash situation, as farmers remain reluctant sellers at current prices, futures were able to find price strength. The speculative fund buying in the soy meal market provided added support to limit selling pressure. Market then candidly ignored the USDA's bearish stock numbers. January soybean future settled up 2 cents at \$5.6875 and March up 3 cents at \$5.785 per short ton. Soy meal futures ended higher, maintaining their position as the strongest link in the soy complex. The active January futures climbed to nearly one-month highs, bolstered by good underlying demand. January soy meal ended firm at a gain of \$1.6 at \$180.9 per short ton. March soy meal settled \$2.1 at \$181.7 per short ton and March soy oil off 3 points at 21.24 cents per pound. There was nothing out of the blue from the USDA report. Upward revision in soybean stock was earlier expected and this presumably had already been factored. The US Department of Agriculture put ending stock of US soybean for year 2005-06 at 11.02 million ton against its previous estimates of 9.52 million ton. Production of soy for South American countries was kept unchanged. 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 soy meal 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	179.3	177.5	182.0	177.5	+2.3	181.6
Jan'06	179.3	177.5	181.5	177.5	+1.6	180.9

WEATHER WATCH: (10.12.05)

Chief Features

Morning's cyclonic storm 'FANOOS' over southwest Bay of Bengal moved slightly westwards and lay centred at 1430 hrs. IST near lat. 10.5°N/long. 82.5°E about 300 km east-southeast of Cuddalore. The system is likely to intensify further and move in a west-northwesterly direction and cross North Tamil Nadu coast between Vedaranniyam and Pondicherry by tomorrow afternoon.

Under its influence widespread rainfall with scattered heavy to very heavy falls are likely over Coastal Tamil Nadu-south Coastal Andhra Pradesh during next 36 hours. Fairly widespread rainfall with isolated heavy falls also likely over interior Tamil Nadu and Rayalaseema during the same period. Gale with wind speed reaching 60-70 kmph are likely to commence by tonight along and off north Tamil Nadu coast. Squally winds speed reaching 50-60 kmph also likely to commence by tonight along and off south Tamil Nadu and south Andhra Pradesh coasts. State of sea will be very rough to high along and off north Tamil Nadu and rough to very rough along and off south Tamil Nadu and south Andhra Pradesh coasts. Fishermen along the above coasts are advised not to venture into the sea. Morning's upper air cyclonic circulation over northeastern States and neighbourhood persists and extends upto 3.1 km a.s.l.

Forecast valid for next 72 hours

NORTH: Isolated rain/snow likely over Jammu & Kashmir for next 24 hrs.. 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 Tamil Nadu & Pondicherry and Nicobar Islands; at a few places over Andaman Islands, Rayalaseema, south Interior Karnataka, Kerala and Lakshadweep and isolated over south coastal Andhra Pradesh and south Coastal Karnataka. Mainly dry weather in the rest region. Rainfall activity is likely to decrease over Tamil Nadu after 24 hrs. and increase over Kerala and Lakshadweep.

WEST: Mainly dry weather over the region.

Warning

1. Isolated heavy to very heavy falls are likely over Tamil Nadu & Pondicherry. Isolated heavy falls also likely over Nicobar Islands, Kerala and Lakshadweep.

2. Squally winds speed reaching 50-60 kmph are likely along and off Tamil Nadu coast between Tondi and Pondicherry during next 12 hours. State of the sea will be rough to very rough along and off Tamil Nadu coast during

the same period. Fishermen along the above coasts are advised not to venture into the sea during next 12 hrs.

Source: GOI (IMD)

FOREX RATES (09.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.12
European Union	Euro	54.528

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