

MAJOR ACTIVITY HIGHLIGHTS

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

COMMENTARY DOMESTIC MARKET

Soy meal

Soymeal prices improved slightly at most of the spot markets Friday. China confirmed its fifth human case of bird flu Friday, after which it increased the efforts to monitor migratory birds, which are believed to spread the virus. There have been already two deaths among country's other four bird flu cases. A 10-year-old girl is still undergoing emergency treatment for the disease in the southern region of Guangxi after falling ill on November 23. In the latest case a woman, 31 years of age, from the northeast province of Liaoning was found infected with the deadly disease. She fell ill after contact with dead birds but has since recovered. China has the biggest poultry population and is in the global routes taken by migratory birds this is causing concerns regarding the potential global spread of the disease. The deadly H5N1 strain of bird flu has claimed almost 70 human lives in Asia since 2003. In a step to prevent the lethal disease North Korea was to begin quarantining people with high fevers. because of concerns over a possible bird flu outbreak. a South Korean news report said.

Meanwhile, USDA has reduced its world export projection for soymeal in December to 47.31 million MT from 47.88 million MT in November. The stocks also projected to be low at 4.04 million MT as compared to projections in November at Rs 4.15 million MT. Projections for U.S. soymeal export remained static at 6.03 million MT and stocks are also projected to remain same at 0.23 million MT. The report is sending bearish signal for the already subdued market. The demand for meal has been under pressure for quite some time due to bird flu fears. 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 bounced back to Rs 8450 per MT levels as compared to Rs8250 yesterday. At Mumbai port also prices jumped back to Rs 8400 as compared to Rs 8300 per MT a day before. December and January soymeal at NCDEX witnessed no trading activity today. DOC prices at Indore improved slightly and traded

in the range of Rs 7700-8200 as per quality. FAS prices were at \$183-185 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 | 08.12.05 |
| Indore | 7700-8200 | 7600-8000 |
| Nanded/Latur | 7500 | 7400 |
| Dhulia/Jalna | 7600-7800/8000 | 7500-7600/7800 |
| Kota | 7500-7700 | 7450-7500 |
| Nagpur | 7200(40%) -7600 | 7100(40%) -7500 |
| Kandla | 8450 | 8250 |
| Mumbai | 8400 | 8300 |
| Vizag(approx) | 8400 | 8400 |
| Sangli/Solapur | 8000 | 8000 |
| Morena/shivpuri | 8000/7600 | 7800/7500 |

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

CBOT Soymeal Futures Settle Up

Soy future settled mixed at Chicago Board of Trade on Thursday. January soybean settled up 7.75 cents at \$5.675 per bushels, 1.25 cents off the high and 9.75 cents up from the low and March soybeans settled higher 8 cents at \$5.755 per bushel, 9.5 cents up from low and 0.5 cents off the high. March Soymeal finished up \$ 5.2 at \$ 179.6/MT, \$ 4.9 up from the low and \$ 0.2 off the high. March Soybean Oil settled low 0.02 cents at 21.54 cents/pounds, 0.21 cents off the high and 0.15 cents up from the low. Weekly export sales of US Department of Agriculture revealed for soybean export sales at 952,100 metric ton, it is much higher than trade expectations range 400,000-600,000 metric ton. Sales of Soy meal was at 272400 MT as compared to trade expectations range 75,000-125,000, it was also much more than expectations. Net sale of Soybean oil was put at 14,500 ton against 0-10,000 ton. However, friendly export figure could not help driving futures much higher. Weather is ideal for fieldwork in South America. Traders played cautiously ahead of monthly crop report to be released by US Department of Agriculture. Traders are expecting likely increase in soy stock and downward revision of export sale in 2005-06.

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 | 173.6 | 174.3 | 179.4 | | +5.8 | 179.4 |
| Jan'06 | 173.3 | 174.4 | 179.3 | 173.8 | +6.0 | 179.3 |

WEATHER WATCH: (09.12.05)

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 Tamilandu 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 Tamilnadu and Rayalaseema during the same period. Gale with wind speed reaching 60-70 kmph are likely to commence by tonight along and off north Tamilnadu coast. Squally winds speed reaching 50-60 kmph also likely to commence by tonight along and off south Tamilandu and south Andhra Pradesh coasts. State of sea will be very rough to high along and off north Tamilnadu and rough to very rough along and off south Tamilnadu 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 1430 hours IST of 12th 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 most places over Coastal Tamil Nadu & Pondicherry and south coastal Andhra Pradesh; at many places over Rayalaseema and Interior Tamilnadu and at a few places over Andaman & Nicobar Islands during next 36 hours. Moderate rainfall activity also likely to commence over Kerala, south Interior Karnataka and Lakshadweep from tomorrow afternoon. Mainly dry weather in the rest region.

WEST : Mainly dry weather over the region.

Warning

Heavy to very heavy falls are likely at a few places over Coastal Tamil Nadu & Pondicherry and south Coastal Andhra Pradesh during next 36 hours. Isolated heavy falls also likely over interior Tamilnadu and Rayalaseema during the same period.

Gale with wind speed reaching 60-70 kmph are likely to commence by tonight along and off north Tamilnadu coast. Squally winds speed reaching 50-60 kmph also likely to commence by tonight along and off south Tamilandu and south Andhra Pradesh coasts. State of sea will be very rough to high as along and off north Tamilnadu and rough to very rough along and off south Tamilnadu and south

Andhra Pradesh coasts . Fishermen along the above coasts are advised not to venture into the sea.

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

Decrease in rainfall activity is likely over south Peninsula.

Source: GOI (IMD)

FOREX RATES (09.12.05)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 46.22 |
| European Union | Euro | 54.56 |

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