

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Remained Static
- February Soymeal at NCDEX Witnessed No Change in Prices

COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices remained almost stable at most of the spot markets. The prices at ports improved during evening after a long silence during the day. The soymeal export market witnessed some good demand from neighbouring countries recently, giving support to the prices, which were deep down on bird flu concerns and poor demand. The conditions have not changed yet, but demand is becoming intermittent, as it is holiday season in South East Asia, which is major market for Indian soymeal. CBOT projections were firm, which supported the prices today to some extent. The demand is expected to remain sporadic during festive season and fresh demands are expected to come in January according to trade sources. As the lower prices and good quality of Indian soymeal are the two good reasons for the demand of Indian soymeal, we expect it to continue and come afresh with more intensity after festivals. The frequency of bird flu outbreaks seems falling, and measures taken by the affected countries look effective enough to cope with the deadly disease. This would definitely ease some of the concerns over the disease and soymeal demand.

Soymeal prices at Kandla port surged Thursday to Rs 9000 per MT tons after a long time. Through out the day there were no trade at the port as buyers were asking for soymeal Rs 8850 and sellers were looking for Rs 9000 levels. Finally the trading took place at the prices sellers were asking. At Mumbai port also the prices jumped to Rs 8900 per MT. Today's prices definitely boost the market sentiments, as prices were subdued for long time. The futures market witnessed no trading activity in January contract of soymeal at NCDEX, however, the February soymeal remained standstill at Rs 7900 per MT levels. FAS prices were at \$197-200 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 (22st December'05)

Loading of 13,200 MT of SBM is continuing at Kandla Port on the vessel to 'Fu Yang Shan' to Japan. Shantilal agents is handling the vessel.

Mumbai Port is loading 7,250 MT of SBM on the vessel

'Kardaran Star'. Time Shipping agents is handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	22.12.05	21.12.05
Indore	8200	8200
Nanded/Latur	7700/8000	7690/8000
Dhulia/Jalna	7950-8100	7900-8100
Kota	7900-8000	7800
Nagpur	7500(40%) -7900	7500(40%) -7900
Kandla	9000	8800
Mumbai	8900	8750-8850
Vizag(approx)
Sangli/Solapur	8300	8300
Morena/shivpuri	8200/7700	8200/7700

NCDEX Soy meal Futures price (22nd December'05)

Contract	Prev Close Price	High Price	Low Price	Close Price	Change
Jan'06	7720.00	00.00	00.00	00.00	00.00
Feb'06	7900.00	7900.00	7900.00	7900.00	00.00

Rape/ Mustard meal

Recently the mustard prices witnessed a sudden surge on the news that NAFED will higher somewhat 40 odd mills to crush the stock it is having. The move will definitely ease the pressure on prices of seeds as NAFED is expected to buy again when the new crop will come thus supporting the prices. But all these talks are mere stories right now and has yet to be materialized. At the moment it is off-season and crushing of mustard is going at a very subdued pace, making availability of the meal on lower side. Thus the prices of mustard meal are hovering in the same higher levels of Rs 5000 plus. In the same line the mustard meal prices at Morena remained at higher level of Rs 5200 per MT. The cattle feed demand of mustard meal is steady which is also supporting the high prices. If the aforesaid story of NAFED materializes, it may increase the supply, which further in turn would put pressure on prices. Until then there is no strong chance of downfall in prices as it is the period of declining stocks. 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 seed demand from crushers and for direction consumption is improving, also the demand for seed from farmers side for seed purpose has increased these days. As arrivals are at moderate levels and export demand in routine the prices of seeds are expected to improve. As the price of edible oils are on lower side as compared to usual levels, increase in seed prices will put pressure on crushing activity as crush margin would drop. All in all the prices of GN meal, which is used mainly as cattle feed is not expected to fall dramatically, rather it is expected to remain stable at the current levels or improve. As the soymeal prices are improving on improved demand this might also spill over to GN meal prices. The Saurashtra Groundnut (40%) soymeal prices remained stable on higher levels of Rs 6100 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 was 77,200 down 26.75% as compared to 105,525 MT during corresponding period of last year.

INTERNATIONAL MARKET

CBOT Soymeal Futures Settle Higher

Soy futures settled slightly higher at Chicago Board of India on Wednesday. March Soybeans settled higher 2.5 cents at \$ 6.19 per bushels, 1cents off the high and 10.75 cents up from the low and May Soybeans settled higher 1cents at \$ 6.27 per bushels, 9.75 cents up from the low and 1.5 cents off the high. March Soymeal settled higher \$ 2.6 at \$ 201.2 per tonnes, 3.9 cents up from the low and 0.2 cents off the high. March Soybean Oil settled higher 0.01cents at 21.55 cents/pounds, 0.1 cents off the high and 0.31cents up from the low. Dry weather forecast for Southern Brazil and Argentina helped to improve in market sentiments. Imports permit systems for vegetable oil for 2006 from China is helped to provide support. Argentina officials raised their estimate for soybean planted area to 15.2 million hectares from 15.1 million hectares previous estimates; it was 14.4 million hectare last year.

Weekly exports sales report is released by US Department of Agriculture on December 22, 2005. Weekly exports sales for soymeal came at 84,100 MT were 30 percent below the week earlier and 45 percent under the prior 4-week average. The traders were expecting it to come around 100000-150000 tonnes. This figure is bearish for the soymeal, which is already struggling on account of bird flu. The export for soybeans and soyoil has increased notably. The major buyers of soymeal were Guatemala (33,800 MT), Canada (13,400 MT), the Dominican Republic (10,500 MT), and Cuba (10,000 MT). Exports of 136,000 MT were 10 percent above the previous week and 3 percent over the prior 4-week average. The primary destinations were Mexico (31,800 MT), Canada (25,400 MT), Venezuela (16,000 MT), Guatemala (10,000 MT), and Colombia (9,900 MT).

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)

Months	Previous Settle	Open	High	Low	Change	Close
Jan'06	197.8	197.0	197.2	201.0	+3.1	200.9
Mar'06	198.6	198.0	201.4	197.3	+2.6	201.2

WEATHER WATCH: (22.12.05)

Chief Features

The well marked low pressure over southwest & adjoining west-central Bay of Bengal persists. It is likely to move in a northeasterly direction and weaken gradually. Under this scenario scattered to fairly wide spread rainfall is likely over coastal Orissa, Jharkhand, West Bengal & Sikkim and northeastern States during next 2 days which will decrease subsequently.

The lowest minimum temperature recorded in the plains of the country was 1.6° C at Pilani (Rajasthan).

The western disturbance over north Pakistan adjoining Jammu & Kashmir persist. With the likely east-northeastwards movement of the system the night temperature over northwest India are likely to fall leading to cold wave conditions in some areas during next 3 days.

The upper air cyclonic circulation over southeast Rajasthan and neighbourhood persist and extends bet 2.1 and 3.1 Km a.s.l.

Forecast valid 1430 hours IST of 25th DECEMBER, 2005

NORTH : Rain/snow likely at **isolated places** over Jammu & Kashmir, Himachal Pradesh and Uttaranchal. **Isolated** rain /thundershowers likely over East Uttar Pradesh Weather will be mainly dry in the rest region.

EAST : Rain/thundershowers likely at **many places** over coastal Orissa, Jharkhand, Gangetic West Bengal and Nagaland, Mizoram, Manipur & Tripura: at few places over Assam & Meghalaya and **isolated** over rest region outside East Madhya Pradesh where weather may be mainly dry. The rainfall activity will decrease from 24th December onwards.

SOUTH : **Isolated** rain/thundershowers likely over coastal Tamil Nadu & Pondicherry, Andhra Pradesh and Andaman & Nicobar Islands. Weather will be **Mainly dry** in the rest region.

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

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

Cold wave conditions are likely over some parts of northwest and adjoining West central India

Source: GOI (IMD)

FOREX RATES (22.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.32
European Union	Euro	53.64

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