

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Slipped Marginally
- February Soymeal at NCDEX Shed Slightly

COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices fell for the second consecutive day at most of the spot markets. Recently, the prices recovered smartly on the back of some good demand from the countries like Indonesia, Malaysia, Vietnam, Pakistan and Bangladesh. Also, there were some demand from Korea and China. Before that the demand did remain subdued for long time on bird flu fears hammering the prices down to very lower levels. The main reason behind the recent rekindled demand was attractive prices in the subcontinent. Also, the quality of the Indian meal is better than its western counterparts. Further, the neighbouring countries are finding it cheaper to import in small lots from India. The prices hence improved on increased demand and recovered to some respected levels. Most of the demand up to March has been fulfilled and it is now expected to remain steady from here on. The soymeal export from India for this year is expected to reach near 2.3 to 2.5 million tonnes, according to some trade sources. Other side of the story is that, the bird flu outbreak is increasing its score. China reported its sixth case of human infection today and an Indonesian man died of bird flu. On the wake of bird flu the importers are now keeping very small stock levels on and are buying on small lots. All in the entire scenario is good as far as demand is concerned, but the same is price sensitive. So, we would witness some stability in prices rather than improving one.

Soymeal prices at Kandla port retreated slightly Friday to Rs 8550 per MT levels as compared to Rs8600 on Thursday. At Mumbai port also the prices remained on lower side at Rs 8600 as compared to Rs 8700 per MT yesterday. The futures market witnessed no trading activity in December and January contracts of soymeal at NCDEX. However, the February soymeal at NCDEX shed slightly at Rs 8550 per MT as compared to Rs 8600 yesterday. FAS prices were at \$189-192 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 (16th December'05)

Kandla Port is loading 14,500 MT of SBM on the vessel 'Jade Ocean' to Korea. The vessel is being handled by

Liladhar Pasoo agents. 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. The port is loading 13,000 MT of SBM to Vietnam on the vessel 'Zara III'. Interocean agents is handling the vessel. Mumbai Port is expecting 'Karaaran Star' to load 7,250 MT of SBM. Time Shipping agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	16.12.05	15.12.05
Indore	7700-8300	8000-8100
Nanded/Latur	7500	7600-7700
Dhulia/Jalna	7800-8000	8000
Kota	7600-7800	7600-7700
Nagpur	7300(40%) -7700	7400(40%) -7800
Kandla	8550	8600/8550
Mumbai	8600	8700
Vizag(approx)	8600	...
Sangli/Solapur	8200	8300
Morena/shivpuri	8000/7600	8100/7800

NCDEX Soy meal Futures price (15th 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	8600.00	8550.00	7870.00	8550.00	-50.00

Rape/ Mustard meal

Rapeseed/mustard meal prices are dancing on a small floor for quite some time, and remaining on the higher levels. The mustard meal prices at Morena were Rs 5000 per MT as compared to Rs 5100 per MT yesterday. The cattle feed demand of Mustard meal is steady which is supporting the high prices. The supply is on lower side as a the crushing activity in mustard is very small in Rajasthan and Gujarat amid lower demand of Mustard oil. This is the period of declining stocks and we are not going to see any sharp fall in the prices of mustard meal. 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

Harvesting in groundnut crop is in progress in south India and arrivals are also improving. The harvesting in Gujarat is over and arrivals are dropping. As the oil prices are on lower side due to lower demand, crushing activity is subdued, because the plants are finding it difficult to maintain a reasonable crush margin. As a result the supply of GN meal is still lower. Further, there is good demand from the export front for GN meal supporting the higher prices. Production this year is expected to be higher as compared to previous year. With improvement in arrivals and crushing activity prices might come down slightly, however, any drastic downward movement in the prices is not expected. The Saurashtra Groundnut (40%) soymeal prices remained stable on higher levels of Rs 6100 per Mt as compared to Rs 6000 per MT levels recently. 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 Lower

Soy future settled mixed at Chicago Board of Trade on Thursday. January soybeans settled 5.25 cents down at \$ 5.8725 per bushel, 6.75 cents off the high and 2.25 cents up from the low and March soybean settled lower 5.25 cents at \$5.98 per bushel, it was 2.75 cents up from the low and 7 cents off the high. March Soymeal settled lower \$3.6 at \$188.9 per tonnes, \$ 0.9 up from the low and \$ 3.6 off the high. March Soybean oil settled higher 0.1 cents at 21.69 cents/pounds, 0.08 cents off the high and 0.2 cents up from the low. Weekly exports sales report is released by US Department of Agriculture on December 15, 2005. Weekly exports sales for soybeans came at 504100 as against trade expectations between 350000-650000, it is within range of trade expectations by traders, but cumulative sales were 46.5 % of USDA forecast as compared to 65.7% on average over the last five years. Soy meal sales came at 120900 metric tonnes as compared to trader's expectations range 100000-150000. Export sales of Soy oil were only 300 metric tonnes as compared to trade expectations between 0-10,000. The Brazil Geographic and Statistics Institute revealed that the Brazil crop production for the 2005/2006 season is pegged at 58.4 million tonnes, down from 58.7 million projected last month but up from 51.1 million tonnes last year. South American planted area for soybean crop is declined by 6.4%. News that China reported another human bird flu case, which is also brought negative impact on soy meal exports. There were bearish sentiments in Soybean and meal only due to slow export pace and continuous spread of bird flu in China.

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	191.0	191.5	191.5	186.8	-3.6	187.4
Mar'06	192.5	192.3	192.3	191.7	-3.6	188.9

WEATHER WATCH: (16.12.05)

Chief Features

The well marked low pressure area over western parts of Southeast Bay of Bengal concentrated into a depression near lat. 8.0°N/long. 87.0°E at 1730 hrs. IST of yesterday. It lies centered today morning at 0830 hrs. IST over southwest Bay of Bengal near lat. 8.0°N/long. 85.0°E about 650 km southeast of Nagapattinam. The system is likely to move west-northwestwards towards Tamil Nadu coast as a depression during next 2 days. Under its influence fairly widespread rainfall with isolated heavy fall is likely to commence along Tamilnadu coast from tonight. Strong winds with speed reaching 50-60 kmph also likely along and off Tamilnadu coast from tomorrow morning. State of sea off Tamilnadu coast will be rough to very rough. Fishermen are advised not to venture into the sea.

Cold wave conditions prevailed over Punjab, parts of Rajasthan and Orissa. The lowest minimum temperature recorded in the plains of the country was 0.6° C at Pilani & Churu (Rajasthan).

Forecast valid 0830 hours IST of 19th DECEMBER, 2005

NORTH : Isolated rain/snow likely over higher reaches of Jammu & Kashmir and Himachal Pradesh. Mainly dry weather over rest of the region.

EAST : Weather will be mainly dry over the region.

SOUTH : Rain/thundershowers likely at a few places over Andaman & Nicobar Islands and isolated over Tamil Nadu & Pondicherry, Kerala and Lakshadweep. Weather will be mainly dry over the rest region. Fairly widespread rains are likely to commence along Tamil Nadu coast from tonight. Isolated to scattered rainfall is also likely over south Coastal Andhra Pradesh and South Interior Karnataka from tomorrow evening.

WEST : Mainly dry weather over the region.

Isolated heavy rainfall is likely to commence along Tamilnadu coast from tonight. Strong winds with speed reaching 50-60 kmph also likely along and off Tamilnadu coast from tomorrow morning. State of sea off Tamilnadu coast will be rough to very rough. Fishermen are advised not to venture into the sea.

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

Light to moderate rainfall likely over Western Himalayas.

Source: GOI (IMD)

FOREX RATES (16.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.38
European Union	Euro	54.29

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