

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 Monday.. 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. Further, arrivals of soybean are poor causing to firm up slightly as compared to recent levels. However, until the demand for soymeal improves, its prices are not likely to improve much.

Soymeal prices at Kandla port remained stable today and trading took place at 8450 per MT. At Mumbai port prices again 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 7700-8200 as per quality. FAS prices were at \$185-186 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 (5th December'05)

Loading of 15,500 MT of SBM is continuing at Kandla Port on the vessel 'Shan King' to Dammam. Liladhar Pasoo agents is handling the vessel.

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 loading 13,000 MT of SBM to Vietnam on the vessel 'Zara III'. Interocean agents is handling the vessel. The port is

expecting 'African Sun' to load 12,000 MT of SBM to Japan. Nilhat agents will be handling the vessel.

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	05.12.05	06.12.05
Indore	7700-8200	7700-8200
Nanded/Latur	7550	7500
Dhulia/Jalna	7700-7800/8000	7700/8000
Kota	7750	7600-7800
Nagpur	7200(40%) -7600	7400(40%) -7800
Kandla	8450/8500	8450
Mumbai	8450/8500	8500
Vizag(approx)
Sangli/Solapur	8000	8000-8100
Morena/shivpuri	8000/7600	8000/7600

NCDEX Soy meal Futures price (6th 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. 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. As soon as the arrivals starts the prices might come down. At the moment the prices are stable at higher levels. Saurashtra Groundnut (45%) traded

at Rs 6600 as compared to recent levels of Rs 6500 per MT. 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

Soy futures at Chicago Board of Trade settled higher on heavy fund buying. January soybean future settled 10.5 cents higher and March up 9 cents at \$5.795 per bushel. March soymeal settled up \$1.6 at \$176.4 per short ton and March soy oil up 33 points at 22.24 cents per pound. Firm cash basis due to abated selling interest of growers triggered fund buying. Interestingly, weekend Commitment-of-Traders report revealed big net short positions from the fund operators leaving markets to be At CBOT more vulnerable to short covering. Other fundamentals remained bearish. Weather is ideal for crop in South America. Weather forecast calls for more rains in Argentina and scattered showers in Brazil. Support also stemmed from export inspection report. The US Department of Agriculture (USDA) estimated the weekly export inspection report at 32.3 million bushels against earlier expectations of 18-24 million bushels.

. 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	173.8	174.3	176.7	173.0	+1.8	175.6
Jan'06	173.7	174.5	176.7	172.8	+1.7	175.4

WEATHER WATCH: (06.12.05)

Chief Features

Morning's depression over southeast Bay of Bengal moved slightly northwestwards and intensified into a deep

depression. It lay at 1430 hrs IST over southeast Bay of Bengal with its center near lat. 11.0°N/long. 89.0°E about 950 km east-southeast of Chennai. The system is likely to intensify further and track west-northwestwards towards Tamil Nadu-south Coastal Andhra Pradesh coast during next 3 days. Under its influence widespread rains with isolated heavy to very heavy falls and strong winds with speed reaching 45-55 kmph are likely along and off Bay islands during next 24 hrs. Subsequently the weather situation over these islands will improve.

The upper air cyclonic circulation over southeast Arabian Sea persists extending upto 2.1 km a.s.l.

Cold wave conditions are prevailing over Jammu & Kashmir and over isolated pockets of Punjab and Haryana. They are likely to abate during next 2-3 days. Lowest temperatures in the plains of the country recorded at Adampur (Punjab) was 1.6° C.

Forecast valid 1430 hours IST of 9th 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 Andaman & Nicobar Islands and Lakshadweep and **isolated** over Tamil Nadu & Pondicherry and Kerala. **Mainly dry** weather in the rest region. Rainfall activity over Bay islands will decrease after 24 hrs.

WEST: Mainly dry weather over the region.

Warning

Isolated heavy to very heavy rainfall likely over Andaman & Nicobar Islands.

Strong winds with speed reaching 45-55 Kmph and rough to very rough sea conditions are likely along and off Bay islands for next 24hrs . Fishermen are advised not to venture into the sea over these areas.

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

Rainfall activity is likely to increase over south Peninsula with possibility of isolated heavy to very heavy falls.

Source: GOI (IMD)

FOREX RATES (06.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.18
European Union	Euro	54.43

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