

## MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Were Mixed
- February Soymeal at NCDEX Remained Stable

## COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices remained mixed at most of the spot markets but the prices fell at ports. 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. Also, weakness in CBOT soymeal futures spilled over in the Indian market. 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 slipped on Wednesday to Rs 8800 per MT levels as compared to Rs8900-8950 levels on Tuesday. At Mumbai port also the prices remained on negative side at Rs 8750-8850 per MT as compared to Rs 8900 per MT on the previous trading day. The futures market witnessed no trading activity in January contract of soymeal at NCDEX, however, the February soymeal remained standstill at Rs 8500 per MT levels. FAS prices were at \$196-200 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 (21<sup>st</sup> December'05)

Kandla Port is loading 18,000 MT of SBM on the vessel 'Fultami' to Japan. The vessel is being handled by Taurus agents. Loading of 13,200 MT of SBM is expected at the port on the vessel to 'Fu Shang' 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. 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.

## DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	20.12.05	21.12.05
Indore	8200	8200
Nanded/Latur	76-78	7690/8000
Dhulia/Jalna	8100	7900-8100
Kota	7900	7800
Nagpur	7400(40%) -7800	7500(40%) -7900
Kandla	8900-8950	8800
Mumbai	8900	8750-8850
Vizag(approx)	...	...
Sangli/Solapur	8300	8300
Morena/shivpuri	8200/7900	8200/7700

## NCDEX Soy meal Futures price (21<sup>st</sup> 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	8500.00	8500.00	8500.00	8500.00	00.00

## 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 jumped further higher levels at Morena to Rs 5400 per MT as compared to Rs 5300 per MT yesterday. The cattle feed demand of mustard meal is steady which is also supporting the high prices. The supply is on lower side, as the crushing activity in mustard is very small in Rajasthan and Gujarat amid lower demand of Mustard oil. However, according to some unconfirmed sources, NAFED is planning to higher around 40 mills to crush its high stocks of Mustard. The same may increase the supply if the plan materialise, 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

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. India exported around 8825 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

Soymeal futures settled lower Tuesday after touching four month high. Initially the prices surged on technical and fund buying and then retreated later on as there were not enough buyers at the higher levels following the weakness in soybeans. March soymeal settled \$0.60 lower at \$198.60 a short ton. March soybeans also finished 4 cents lower at \$6.16 1/2, whereas March soy oil ended 37 points lower at 21.54 cent a pound. The soybean market has still good bearish reasons to slip on. The weather conditions are good to expect good crop in major producing arrears. Further, hedge selling at higher prices also helped to pull the prices down. Soy oil futures fall on large domestic inventories.

Export inspection report for US soybean appeared slightly higher than set weekly target of 17.8 million bushels required reaching the USDA projection. The US Department of Agriculture put the export inspection report of US soybean at 20.4 million bushels.

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. World 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	198.6	198.8	201.0	197.0	-0.8	197.8
Mar'06	199.2	199.5	202.0	198.0	-0.8	198.6

## WEATHER WATCH: (21.12.05)

### Chief Features

Morning's depression over Southwest Bay of Bengal remained practically stationary at 1430 hrs IST of today near Lat12.0 deg N/ Long. 84.5 deg E about 500 Km east-southeast of Chennai. It is likely to move in a northeasterly direction and weaken gradually. Under this scenario no adverse weather is likely over east coast of India.

Cold wave conditions have abated from Punjab, Delhi and West Rajasthan. The lowest minimum temperature recorded in the plains of the country was 0.8° C at Amritsar (Punjab).

The western disturbance over north Pakistan and neighbourhood as an upper air system persists. The upper air cyclonic circulation extending upto 2.1 km a.s.l. over southeast Rajasthan and neighbourhood persist.

### Forecast valid 1430 hours IST of 24<sup>th</sup> DECEMBER, 2005

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

**EAST :** Rain/thundershowers likely at a few places over coastal Orissa and isolated over Gangetic West Bengal, Jharkhand, Chattisgarh and interior Orissa. Weather will be mainly dry over the region.

**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 :

With the eastward movement of the western disturbance. The cold wave conditions are likely to set in again over northwest India.

Source: GOI (IMD)

### FOREX RATES (21.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.37
European Union	Euro	53.86

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