

## MAJOR ACTIVITY HIGHLIGHTS

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

## COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices improved further for the third consecutive day. The prices are improving on slightly improved demand, which is coming in trickles from countries like Pakistan, Bangladesh and Malaysia, which are not much affected by bird flu. However, it will be too early to say that the bearish phase of the soymeal market is going to end soon. Though the demand is improving the prices are still at lower levels as compared to the usual level of prices during this time. Hence, the improvement in demand can also be attributed to some extent to the lower prices. As the major importer countries like China, Indonesia, and Vietnam are all facing the problem of bird flu, strong surge in demand and prices can only be expected if the bird flu story ends. When the epidemic is a thing of the past, the market will climb to justified levels.

Soymeal prices at Kandla port bounced to Rs 8700 per MT levels as compared to Rs 8650 on Saturday. At Mumbai port also prices jumped to Rs 8600 as compared to Rs 8650 per MT a day before. However, December and January soymeal at NCDEX witnessed no trading activity today. The price of contracts for Pakistan was Rs 9150 per MT and for Bangladesh it was Rs 8800 per MT, according to trade sources. DOC prices at Indore showed remained stable and traded in the range of Rs 7800-8250 as per quality. FAS prices were at \$185-187 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 (9<sup>th</sup> 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)	
	12.12.05	10.12.05
Indore	7800-8250	7800-8300
Nanded/Latur	7550	7450
Dhulia/Jalna	7800-7900	7700-7800
Kota	7600	7600-7700
Nagpur	7400(40%) -7800	7300(40%) -7700
Kandla	8700	8650
Mumbai	8600	8550
Vizag(approx)	....	....
Sangli/Solapur	8100	8100
Morena/shivpuri	7800-8000	8000/7650

### NCDEX Soy meal Futures price (12<sup>th</sup> 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 remained stable 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 (40%) traded today at 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 were 77,200 down 26.75% as compared to 105,525 MT during corresponding period of last year.

## INTERNATIONAL MARKET

### Soymeal Futures at CBOT Ended Firm

Soy futures at Chicago Board of Trade settled mixed on Friday. With smaller exports and a larger carryout projection previously dialed into the market, and a tight cash situation, as farmers remain reluctant sellers at current prices, futures were able to find price strength. The speculative fund buying in the soy meal market provided added support to limit selling pressure. Market then candidly ignored the USDA's bearish stock numbers. January soybean future settled up 2 cents at \$5.6875 and March up 3 cents at \$5.785 per short ton. Soy meal futures ended higher, maintaining their position as the strongest link in the soy complex. The active January futures climbed to nearly one-month highs, bolstered by good underlying demand. January soy meal ended firm at a gain of \$1.6 at \$180.9 per short ton. March soy meal settled \$2.1 at \$181.7 per short ton and March soy oil off 3 points at 21.24 cents per pound. There was nothing out of the blue from the USDA report. Upward revision in soybean stock was earlier expected and this presumably had already been factored. The US Department of Agriculture put ending stock of US soybean for year 2005-06 at 11.02 million ton against its previous estimates of 9.52 million ton. Production of soy for South American countries was kept unchanged. 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 soy meal 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
Dec'05	179.3	177.5	182.0	177.5	+2.3	181.6
Jan'06	179.3	177.5	181.5	177.5	+1.6	180.9

### WEATHER WATCH: (12.12.05)

#### Chief Features

Morning's upper air cyclonic circulation extending upto mid-tropospheric levels over Lakshadweep and adjoining southeast Arabian sea persists.

#### Forecast valid 1430 hours IST of 15<sup>th</sup> DECEMBER, 2005

**NORTH :** Isolated rain/snow over Jammu & Kashmir likely to commence from 14<sup>th</sup> onwards. Mainly dry weather is likely over the rest region.

**EAST :** Weather will be mainly dry over the region.

**SOUTH :** Rain/thundershowers likely at many places over Kerala and Lakshadweep; at a few places over Nicobar Islands and coastal Tamil Nadu & Pondicherry and isolated over Rayalaseema, south Coastal Andhra Pradesh, south coastal Karnataka, South Interior Karnataka and interior Tamil Nadu. Mainly dry weather in the rest region.

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

#### Warning

**Isolated heavy** rainfall likely over Lakshadweep Islands.

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

1. Rain/thundershower activity over south Peninsula is likely to increase.
2. Light rain/snow likely over Western Himalayan region.

**Source: GOI (IMD)**

### FOREX RATES (012.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.20
European Union	Euro	54.68

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