

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Market Prices Slipped slightly
- February Soymeal at NCDEX Witnessed no Trading Activity

COMMENTARY DOMESTIC MARKET Soy meal

Soymeal prices fell slightly today ending the five sessions upward rally. The prices did remain subdued for long time recently on bird flu fears. Then it improved on some good demand from the countries like Malaysia, Indonesia, Korea, Pakistan, Bangladesh and surprisingly China. The main reason behind the good demand was attractive prices in the subcontinent. The prices improved on rekindled demand and recovered to some respected levels. The soymeal export for this year is expected near 2.3 to 2.5 million tonnes, according to some trade sources. Most of the demand up to March has been fulfilled and it is now expected to remain steady from here on. Though, the demand is good as we are offering soymeal at cheaper prices and our quality of soymeal is also good as compared to the Western counterparts. Further, the neighbouring countries are finding it cheaper to import in small lots from India. The importers are now keeping very small stock levels on bird flu fears and buying on small lots. All in all the 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 to Rs 8600 per MT levels as compared to Rs8850 on Wednesday. At Mumbai port also the prices remained on lower side at Rs 8700 as compared to Rs 8800 per MT yesterday. However, the futures market showed witnessed no trading activity in December, January and February contracts. DOC prices at Indore slipped slightly and traded in the range of 8000-8100 as compared to Rs 8200 per MT levels 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 (14th December'05)

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. Jamnagar Port is loading 5,000 MT of SBM to Singapore on the vessel 'Thor Master'. Avani 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)	
	14.12.05	15.12.05
Indore	8200	8000-8100
Nanded/Latur	7700-7900	7600-7700
Dhulia/Jalna	8100/8200	8000
Kota	7750	7600-7700
Nagpur	7500(40%) -7900	7400(40%) -7800
Kandla	8850 (Jan)	8600/8550
Mumbai	8800	8700
Vizag(approx)
Sangli/Solapur	8400-8500	8300
Morena/shivpuri	8000/7800	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	00.00	00.00	00.00	00.00

Rape/ Mustard meal

Rapeseed/mustard meal prices improved slightly to Rs 5100 per MT as compared to Rs 5000 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 the crushing activity in mustard is very small in Rajasthan and Gujarat as demand for Mustard oil is not supporting the higher activity in this front.. 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, as the plants are finding it difficult to maintain a reasonable crush margin. The result being lower supply of the GN meal. 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. 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. The prices have been in this range for quite some time. 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 Wednesday. January soybeans settled 5 cents lower at \$ 5.925 per bushel, 7 cents off the high and 4.5 cents up from the low and March soybeans settled down 4.75 cents at \$ 6.035 per bushel, 7.5 cents off the high and 5 cents up from the low. March Soymeal settled lower \$ 3 at \$192.5 per tonnes; it was \$1.5 up from the low and \$ 3 off the high. March soybean oil settled higher 0.19 cents at 21.59 cents/pounds, 0.12 cents off the high and 0.2 cents up from the low. There is nothing pushy to support the soy markets in United State. Slowed export pace, so far, has resulted in rising inventories of soybean in United State. Crush report released by National Oilseed Processors Association was bit bearish. NOPA estimated the soybean crush in November at 144.9 million bushels against earlier trade expectations of 147-150 million bushels. Stock of soyoil is rising as well despite low scaled crushing. Crush report revealed stock of soyoil at November end at 1.61 billion pounds up against 1.5 billion pounds in October. On export front, Taiwan is tendering for 40,000-60,000 ton of US soybean. Improving weather in South America had additional bearish impact. Traders are not optimistic about the soy export report to be released by USDA on Thursday. Traders are expecting US soybean export sale in the range of 3.5 -6.50 lakh ton. Export sale of Soymeal is expected between 1-1.5 lakh ton and oil between 0-10000 ton.

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
Dec'05	195.7	196.0	197.0	191.3	-3.2	192.5
Jan'06	194.0	194.5	194.0	190.1	-3.0	191.0

WEATHER WATCH: (15.12.05)

Chief Features

The low pressure area over Southeast Bay of Bengal now lies over western parts of southeast Bay of Bengal and is now well marked. The system may concentrate into a depression.

Cold wave conditions continued to prevail over Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana including Chandigarh & Delhi, parts of Uttar Pradesh, West Rajasthan and Orissa. The lowest minimum temperature recorded in the plains of the country was -0.1° at Pilani (Rajasthan).

Forecast valid 1430 hours IST of 18th 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. Weather activity over Tamil Nadu is likely to increase from 16th evening.

WEST: Mainly dry weather over the region.

Warning

Isolated heavy rainfall may occur over Tamilnadu on 17th and 18th.

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

Light to moderate rainfall likely over extreme south Peninsula.

Source: GOI (IMD)

FOREX RATES (15.12.05)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.50
European Union	Euro	54.49

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