

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Remained Stable.**
- **NCDEX Feb Contract Witnessed no Trading Activity**

COMMENTARY DOMESTIC MARKET

Soy meal

The soymeal prices improved slightly in the export market, however, the domestic spot market looked sleepy today and couldn't copied the slight recovery seen in the international markets on the back of favourable weekly exports sales data. Similarly the futures market witnessed no trading activity in soymeal futures. Some technical bounce was observed in the CBOT soymeal futures on Friday the positive export sales figures released by USDA. There is still no strong chance of bounce back in the soymeal prices at domestic as well as international markets. The entire world for the soymeal seems bearish at the moment, thanks to the piling stock with the Western counterparts, good crop weather conditions in the major growing countries especially Argentina and lower export demand. Looking at the global weakness in the prices the Indian exporters are also finding it difficult to bargain higher prices from the overseas customers. This weakness in the export prices is being relayed to the domestic spot markets too. In the same line the prices at Indore spot market remained drowsy today near earlier levels at Rs 8400-8600 per MT. There were a very feeble activity witnessed at ports and the prices were slightly improved. The soymeal prices at Kandla port were Rs 9150 per MT slightly up from the recent price of Rs 9000 per MT. The soymeal prices are expected to remain slightly bearish to stable. The prices will improve once the arrivals of soybean fall and stocks come in the stronger hands capable of snatching higher prices.

Latest Soy Meal Vessel Report

Loading of 4,681 MT of SBM is continuing at Mumbai Port on the vessel 'Al Maha'. Shann Marine agents is handling the vessel. Mumbai Port is loading 7,000 MT of SBM on the vessel 'Kardaran Star'. 'Seven Star' has berthed at the port and continues to load 6,000 MT of SBM. Sai Shipping agents is handling the vessel. Kandla Port is loading 10,800 MT of SBM to Malaysia on the vessel 'Aion'. The vessel is being handled by Shantilal agents. 'Golden Rain' has berthed at the port and continues to load 19,500 MT of SBM to Bangkok. Hind Shipping agents is handling the vessel. Loading of 18,500 MT of SBM is continuing at the port on the vessel 'Iran Takhti' to Ulsan. Taurus agents is handling the vessel. Loading of 13,200 MT of SBM is expected at Jamnagar Port on the vessel 'Asean Victory' to Thailand. Nilhant agents will be handling the vessel..

Current Vessel Position

| Ports | Vessels | Vol. (MT) | Carrying | Status | Destination |
|----------|---------------|-----------|----------|----------|-------------|
| Kandla | Skipped Ali | 5700 | SBM | Expected | |
| | Iran Takhti | 18500 | SBM | Loading | Ulsan |
| | Golden Rain | 19500 | SBM | Loading | Bangkok |
| | Aion | 10800 | SBM | Loading | Malaysia |
| Jamnagar | Iran Ehsan | 12000 | SBM | Loading | China |
| | Asean Victory | 13200 | SBM | Expected | Thailand |
| Mumbai | Kardaran Star | 7000 | SBM | Loading | |
| | Al Maha | 7500 | SBM | Loading | |
| | Seven Star | 6000 | SBM | Loading | - |

DOC rates at different centers

| Places | Ex-factory rates (Rs/ton) | |
|---------------|---------------------------|--------------------------|
| | 21.01.06 | 20.01.06 |
| Indore | 8400-8600 | 8400-8600 |
| Nanded | 8300-8400 | 8300-8400 |
| Latur | 8300 | 8300 |
| Dhulia | 8200-8300 | 8200-8300 |
| Jalana | 8300 | 8300 |
| Kota | 8000-8100 | 8000-8100 |
| Nagpur | 8000 (41%), 8300(45-46%) | 8000 (41%), 8300(45-46%) |
| Kandla | 9150 | 9050(b)-9150(a) |
| Mumbai | 9150 | 9050(b)-9150(a) |
| Vizag(approx) | | |
| Sangli | 8600 | 8600 |
| Solapur | 8600 | 8600 |
| Morena | 8300 | 8300 |
| Shivepuri | 8100 | 8100 |

NCDEX Soy meal Futures price (21st Jan'06)

| Contract | Prev Close | High | Low | Close | Change |
|----------|------------|-------|-------|-------|--------|
| Feb'06 | 8213.00 | 00.00 | 00.00 | 00.00 | 00.00 |
| March'06 | 8500.00 | 00.00 | 00.00 | 00.00 | 00.00 |

Rape/ Mustard meal

Fresh arrivals of rapeseed are seen in the Kota Mandi and this foretells that the season is about to begin in Mustard and market will again come in flow. The crop is still expected to be higher from previous year despite some losses due to frost. The seed prices may remain stable at this moment until arrivals gears up. Stock position with NAFED is already imparting bearish sentiments to the market. Though, the export demand of Indian rape meal is low as it contains a harmful compound for cattle called 'Cinigrin', still some export was noticed at Kandla port today at Rs 5000 per MT. The prices at domestic market will witness weakness as and when the arrivals and crushing finds momentum. Today the Mustard oilcake was quoted in Morena Rs 4800/MT, while it was quoted Rs 4900/metric tonnes yesterday.

Groundnut meal

The arrivals of GN are diminishing in the major producing areas. The prices are almost steady. As the demand for Groundnut meal increases in winter season from the livestock feed industry, crushing of GN is done on support of GN meal prices as the oil prices are down at stage due to increased supply. The oil stocks have increased as the crushing in soybean is running at full throttle due to good demand and price of soymeal from the overseas markets. At the moment the crushing activity is expected to witness some sluggishness, which would support the prices in maintaining the current levels. GN meals (40%) were quoted stand still at Rs 6250 on credit and Rs 6000 on cash in Saurashtra.

INTERNATIONAL MARKET

CBOT Soymeal Futures Settle Higher

The entire soy complex witnessed a brief recovery bounce on the last trading day of the week at CBOT. Soy future settled higher at Chicago Boards of trades on Friday. March Soybeans settled high 3 cent at \$ 5.68/bushel, 3.75 cent off the high and 3 .50 cent up from the low. May Soybeans closed up 3 cent at \$ 5.7775, it was 3.75 up from the low and 3.75 off the high. March Soymeal closed up \$ 1 at \$ 179.4/ton it was \$ 1.4 up from the low and \$ 1.1 off the high. March Soybean Oil finished up 0.2 cent at 21.28 cents/pound, 0.14 cent off the high and 0.27 cent up from the low. It was a technical bounce in the oversold region supported by higher than expected export sales data and talk of China buying additional soybeans from U.S. ahead of lunar New Year holidays. The traders witnessed some hope in higher than expected weekly export sales data.

Net sales of soybeans (during the week 6-12 January) of 1,278,700 MT were highest during the marketing year. This was 2.8 times the previous week and 95% over the prior 4-week average. Further the talks that China is buying soybeans aggressively from U.S. ahead of the lunar New Year holiday gave some support to the prices. The price of soybean futures jumped on these factors, as it was over due after recording fall in 9 out of last 10 sessions. However, the bearish factors were there to restrict the larger gains with weather conditions in favour of the soy

crop in most part of Argentina and stock positions towering high. Soymeal futures ended Friday's session posting light gains, but lost product share to soyoil. Supportive weekly export sales provided strength to prices initially, but without strong follow-through momentum, weakening spot prices and lingering fears of potential feed demand slowdowns due to bird flu overseas, upside potential was limited. Net sales of soymeal of 158,000 MT were 2.3 times the week earlier and 2.25 times the prior 4-week average Exports.

CBOT Soymeal futures as on January 20th, 2006

(Unit: \$/MT)

| Contract | Prev Close | Open Price | High Price | Low Price | Close Price | Change (\$) |
|----------|------------|------------|------------|-----------|-------------|-------------|
| Mar '06 | 177.5 | 179.0 | 182.8 | 176.0 | 179.4 | +1.00 |
| May'06 | 179.2 | 180.8 | 184.0 | 178.0 | 180.9 | +0.4 |

WEATHER WATCH: (21.01.06)

Chief Features

A fresh Western disturbance is likely to Western Himalayan region during next 2-3 days and is likely to cause scattered rain /snow over Western Himalayan region from 22nd evening. Night temperatures over northwest India are likely to fall by 1-2 deg. C for next 1-2 days.

Forecast valid 0830 hours IST of 24th JANUARY, 2006

NORTH: Isolated rain/snow likely over Jammu & Kashmir. Weather will be mainly dry over the rest region. However, a spell of moderate rainfall/snowfall is likely over the western Himalayas from 22nd evening till 24th.

EAST: Isolated rain/thundershowers likely over northeast Assam and Arunachal Pradesh. Weather will be mainly dry over the rest region.

SOUTH: Isolated rain/thundershowers are likely over Nicobar Islands. Weather will be Mainly dry in the rest region.

WEST: Weather will be mainly dry over the region.

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

Night temperatures are likely to fall by 2-3 deg. C over northwest India from 25th for next 2-3 days. Fog is also likely during morning hours in the plains of north India from 25th.

Source: IMD,GOI

FOREX RATES (21.01.06)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 44.11 |
| European Union | Euro | 53.52 |
| Japan | 100 Yen | 38.15 |
| United Kingdom | Pound Sterling | 78.10 |

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