

## MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Prices Were Almost Stable to Improved in Physical Markets
- NCDEX February Contract Witnessed No Trading

### COMMENTARY DOMESTIC MARKET Soy meal

The soymeal market remained slightly improved to stable on Monday. The global markets witnessed some bearish movements in the entire soy complex Friday on the bearish USDA report and predicted rains in Argentina. However, the domestic market ignored these bearish sentiments in the international market and thus the prices remained stable around the earlier levels. As the recent jump in prices of soymeal at both spot and export markets were steep, the same is causing some traders remorse at this stage. But, the steady demand is coming in trickles to support the prices. The global situation is indecisive as Brazilian crop is struggling with the dry weather conditions and Argentina is expected to produce a large crop. We expect that the international scene is not going to affect the Indian soymeal export in a big way, as Indian soymeal is still finding its destinations regularly. Today the soymeal prices at most of the spot market remained stable. The prices at Indore spot market remained stand still at higher levels and traded in the range of Rs 8500-8800 per MT. February contract of soymeal at NCDEX witnessed no trading activity, however, the March contract saw a dramatic increase in the prices of Rs 870 to Rs 9670. The contract witnessed unjustified volatility on thin and intermittent trading and danced on a large floor between Rs 9800 to Rs 8800. The rates at the Kandla ports also remained stationary at Rs 9350-400 per MT. We expect the prices to remain steady around these levels as the prices have already surged to a comfortable levels, any strong surge from here on is not expected. 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.

### Latest Soy Meal Vessel Report

Fu Niu Shan' has berthed at Kandla Port and continues to load 12,000 MT of SBM. The vessel is being handled by Taurus agents. Loading of 35,000 MT of SBM is continuing at the port on the vessel 'China Trader' to Korea. Trinity agents is handling the vessel. 'Gant Star' is expected at the port to load 16,000 MT of SBM to Korea. Liladhar Pasoo agents will be handling the vessel. The port is expecting 'Skipper Ali' to load 5,700 MT of SBM. The vessel will be handled by Inayat Moosa agents. Loading of 12,100 MT of SBM is continuing at the Jamnagar Port on the vessel 'Iran Ehsan' to China. The vessel is being handled by Interocean agents. 'Thor Sun' has berthed at the port and continues to

load 12,000 MT of rice to Vietnam. JM Baxi agents is handling the vessel. Mumbai Port is expecting 'Mercs Ruhunnu' to load 2,000 MT of SBM. Forbes Gokak agents will be handling the vessel. Loading of 7,000 MT of SBM is expected at the port on the vessel 'Kardaran Star'. Sai Shipping agents will be handling the vessel.

### Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Iran Ehsan	12100	SBM	Expected	China
	China Trader	35000	SBM	Expected	Korea
	Grant Star	16000	SBM	Expected	Korea
	Skipped Ali	5700	SBM	Expected	
	Fu Niu Shan	12000	SBM	Loading	
Jamnagar	Kwan Mo Bong	7500	SBM	Loading	Vietnam
	Iran Ehsan	12000	SBM	Loading	China
	Thor sun	12000	SBM	Loading	Vietnam
Mumbai	Kardaran Star	7000	SBM	Expected	
	Mercs Ruhunnu	2000	SBM	Expected	-

### DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	07.01.06	09.01.06
Indore	8600-8900	8500-8800
Nanded	8200-8500	8400
Latur	8200	8400
Dhulia	8400-8500	8500
Jalana	8400	8500
Kota	8300	8300
Nagpur	8000 (41%), 8300(45-46%)	8200 (41%), 8500(45-46%)
Kandla	9400	9350-9400
Mumbai	9400	9350-9400
Vizag(approx)	..	...
Sangli	8600	8700
Solapur	8500	8600
Morena	8400	8500
Shivpuri	8000	8100

**NCDEX Soy meal Futures price (9<sup>th</sup> Jan'06)**

Contract	Prev Close	High	Low	Close	Change
Feb'06	8600.00	00.00	00.00	00.00	00.00
March'06	8800.00	9800.00	8800.00	9670.00	+870.00

**Rape/ Mustard meal**

Crushing of rapeseed has declined due to subdued demand of rape oil in the domestic markets. Also the supply of oil in the domestic market is high causing lower oil prices. Since, oil recovery is higher in rapeseed compared to other oilseeds, crushing of rapeseed is mainly done for oil. Thus lower prices are causing low crushing of rapeseed, which in turn is resulting in lower supply of Mustard meal. So, the prices of rape meal are stable at higher levels due to limited supply. Mustard oilcake was quoted in Morena Rs 5200/MT, while it was quoted Rs 5150/metric tonnes on Yesterday. 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 meal markets continued to see stable trend. Higher prices of soymeal negate any sort of increase in use of it in cattle feed and thus demand for GN meal is steady and good. Arrivals of seed are shrinking in major producing mandis. Demand for GN meal usually increases in winter season from livestock feed industry. Though demand for the GN oil is not very aggressive, crushing is likely to be increased due to good demand for the GN meal. GN meals (40%) were quoted stand still at Rs 6250 on credit and Rs 6000 on cash in Saurashtra. 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****Soymeal Futures at CBOT Ended Lower**

Soy meal complex fell in entirety on Friday on lower than expected export sales shown in USDA report. The dry weather conditions in Brazil couldn't support the prices. However, predicted rains in Argentina added further bearishness in the market. March soybeans contract at CBOT closed 7.5 cents lower at \$6.11 per retreating from 4 month's high levels of \$6.33 attained on Wednesday. Soy oil and soymeal futures ended lower following soybeans. CBOT March soymeal settled \$2.60 lower at \$188.70 per short ton and March soy oil ended 22 points lower at 22.99 cents a pound. Soybean export sales of 461,500 metric tons were in-line with estimates and had little impact on trade. However, the export sales for soymeal and soy oil came lower bringing some bearish sentiments in the market. Net weekly U.S. soy oil export sales totaled 600 metric tons, well below estimates of 4,000 to 9,000 metric tons. Soymeal sales were 46,200 compared to estimates of 75,000 to 125,000 tons. Net sales of 46,200 tons were a marketing-year low and were 43% below the week earlier and 67% under the prior 4-week average.

**CBOT Soymeal futures as on January 5, 2006**  
(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	188.8	191.0	191.0	186.8	186.9	-1.9
Mar '06	191.3	192.4	192.4	188.3	188.7	-2.6

**WEATHER WATCH: (07.01.06)****Chief Features**

Many parts of Punjab, Haryana, Rajasthan and Uttar Pradesh continue to be in grip of cold wave to severe cold wave conditions. They have extended eastwards into parts of Bihar. The present and forecast circulation features indicate that the night temperatures over parts of northwest India are likely to increase from tomorrow leading respite from chilly weather during next 2-3 days.

The lowest minimum temperature of -2.0° C was recorded at Pilani (Rajasthan).

Ground frost is still likely over some parts of Punjab, Haryana, West Uttar Pradesh and north Rajasthan during next 2 nights.

The western disturbance as an upper air system over Jammu & Kashmir and adjoining North Pakistan persists.

The upper air cyclonic circulation over western parts of Southeast Arabian Sea persists and extends up to 1.5 km a.s.l.

The upper air cyclonic circulation over Southwest Bay of Bengal also persists and extends up to 0.9 km a.s.l.

**Forecast valid 1430 hours IST of 12<sup>th</sup> JANUARY, 2006**

**NORTH:** Isolated rain/snow likely over higher reaches of Jammu & Kashmir which is likely to increase on 12<sup>th</sup> & 13<sup>th</sup> and extend in to Himachal Pradesh and Uttaranchal. Weather will be mainly dry over the rest region.

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

**SOUTH:** Rain/thundershowers are likely at a few places over Nicobar Islands and isolated over Andaman islands, Tamil Nadu and Pondicherry, Lakshadweep and Kerala. The rainfall activity over Tamil Nadu & Pondicherry and Kerala is likely to increase after 24 hours. Weather will be Mainly dry in the rest region.

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

**Low Temperature warning:**

Ground frost is likely over some parts of Punjab, Haryana, West Uttar Pradesh and north Rajasthan during next 2 nights.

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

Scattered rain /snow likely over Western Himalayas and isolated rainfall likely over the adjoining plains of northwest India.

Source: IMD,GOI

**FOREX RATES (07.01.06)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.28
European Union	Euro	53.77
Japan	100 Yen	38.87
United Kingdom	Pound Sterling	78.42
China	CNY	5.537

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