

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Remained Mixed.
- NCDEX March Contract Witnessed Steep Fall

COMMENTARY DOMESTIC MARKET Soy meal

Soy meal fell today in conjunction with the other soy complex at the domestic markets. At this time the bearish global sentiments are spilling over to the domestic market, also the lower export (price sensitive) demand is hampering the export market prices. In the futures market,. At the moment the soymeal market is under pressure of the bearish fundamentals in the global market. Higher ending stocks of soybeans, favourable weather conditions for crop in Argentina and light showers in Brazil, bearish crush report released by NOPA all speaks in the favour of soy bears. The CBOT soymeal futures fell Tuesday also imparted some bearishness in the market sentiments. The scenario is not very promising for the soymeal but as we have shipped a large part of our total export for the year, the Indian exporters are not looking in a hurry and waiting for the justified prices at the stage. This has resulted in the lower activity levels at the port. The importers are bargaining for lower prices taking advantage of the bearish conditions in the overseas markets and seem succeeding in the process. As the falling dollar is already weighing on the pockets of the exporters, the Indian sellers are not interested in deal at lower prices, as the same will bring the disparity in crushing. Due to the lower oil prices the crushing margin has already shrank, and there is no space for lower meal prices for the crushing to remain at least in parity. We are of the opinion that soymeal prices at the moment are under great pressure.

Today the prices at Indore market remained stable at previous levels. The prices were in the range of Rs 8400-8800 per MT. In the futures market, February contract of soymeal witnessed no trading activity today. However, the March contract of soymeal slipped sharply to Rs 8213 levels as compared to 9100 levels on previous trading session. There was very thin trading observer at Kandla port as bid ask spread was higher enough to negate more trades. Some trading were seen at Rs 9000 and this depicts that the importers are winning the battle of prices.. At the moment the soymeal market is under pressure of the bearish fundamentals in the global market, and the prices are expected to remain slightly subdued. 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

Mumbai Port is loading 2,800 MT of SBM on the vessel 'Mercs Ruhunnu'. Forbes Gokak agents is handling the

vessel. 'Al Maha' has berthed at the port and continues to load 7,500 MT of SBM. The vessel is being handled by Shaan Marine agents. 'Indruwa Valley' has berthed at Mumbai Port and continues to load 2,500 MT of SBM. Sai Freight agents is 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.

Kandla Port is expecting 'Aion' to load 10,800 MT of SBM to Malaysia. The vessel will be handled by Shantilal agents.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Grant Star	16000	SBM	Loading	Korea
	Skipped Ali	5700	SBM	Expected	
	Aian	10800	SBM	Expected	Malaysia
	Fu Niu Shan	12000	SBM	Loading	
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
Mumbai	Kardaran Star	7000	SBM	Expected	
	Al Maha	7500	SBM	Loading	
	Indrua Valley	2500	SBM	Loading	
	Merc's Ruhunnu	2800	SBM	Loading	-

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	17.01.06	18.01.06
Indore	8400-8700	8400-8800
Nanded	8400	8400-8500
Latur	8300	8400
Dhulia	8300	8250-8300
Jalana	8300-400	8400
Kota	8100	8100-8200
Nagpur	8000 (41%), 8300(45-46%)	8000 (41%), 8300(45-46%)
Kandla	9200	9000
Mumbai	9200	9000
Vizag(approx)
Sangli	8700	8600
Solapur	8500-8600	8500

Morena	8300-400	8400
Shivepuri	8000	8100

NCDEX Soy meal Futures price (18th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8600.00	0.0	0.0	0.0	0.0
March'06	9100.00	8213.00	8200.00	8213.00	-887.00

Rape/ Mustard meal

The recent low temperature weather conditions caused some damage to the Mustard crop by frost injury and thus might cause some reduction in earlier projection of the crop. The mustard crop was earlier projected to be around 70 lakh MT this year. The seed prices may improve a bit if the damages extends. However, good stock positions with the stockists and NAFED are imparting some bearish sentiments. Govt is planning to hire around 36 mills including 6 mills already hired. It will then crush the rapeseed with it and buy fresh 20 lakh tonnes of mustard seed. Crushing of rapeseed has declined due to subdued demand of rape oil in the domestic markets. Further the export demand of rape meal is low as Indian rape meal contains a harmful compound for cattle called 'Cinigrin'. Since, oil recovery is higher in rapeseed compared to other oilseeds, crushing of rapeseed is done mainly for oil. Low crushing of rapeseed has simultaneously kept control over supply of rape meal. So, prices of rape meal held steady levels due to limited supply. Mustard oilcake was quoted in Morena Rs 4900/MT, while it was quoted Rs 5000/metric tonnes 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

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 soybean 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. 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 Soy meal Futures Settle Lower

The entire soy complex witnessed bearish movements in the prices at CBOT on bearish fundamentals and technical weakness. March Soybeans at CBOt settled down 5.25 at 571.25, this was 8 off the high and 1.75 up from the low. May Soybeans closed down 4.75 at 580.75, 1.25 up from the low and 7.75 off the high. Following the footsteps of soybeans soy meal futures at CBOT also slipped. March

Soy meal closed down 1.4 at 180.3. This was 0.7 up from the low and 1.0 off the high. The oil futures got the strongest blow among the soy complex. March Soybean Oil slipped 45 points at 21.22 cents per pound, 0.28 off the high and 0.06 up from the low.

Adding to the recent bearish sentiments of the soybean market, rains in the drier areas of Argentina and light showers in southern Brazil pressured the prices down initially, however, high temperatures in southern Brazil helped keep some weather uncertainty support under the market. Technical weakness and a sluggish export pace added to the bearish psychology of futures, as the market continues to struggle to find strong export consumption at recent price levels. U.S. Department of Agriculture said soybeans inspected for export in the week ended Jan. 12 totaled 18.712 million bushels, down 8% from last week. Analysts expected soybean inspections in a range of 17 million to 26 million bushels. The USDA confirmed the sale of 110,000 MT of U.S. soybeans for delivery to China in the 2005-06 marketing year. But this news was already absorbed in the prices last week. Soy meal futures slipped on the declines in soybeans, as the market continued its consolidative phase. Soy oil futures fell to new low on bearish supply side fundamentals amid last week's hefty increase in projected ending supplies and a well above average stocks figure in the December NOPA Crush report. The report showed December crush at just 142.245 million bushels as compared with trade expectations at the 142-147 level. December oil stocks were pegged at 1.829 billion pounds which was up from 973.4 million pounds last year at this time.

CBOT Soy meal futures as on January 17, 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	181.7	180.7	181.3	179.6	180.3	-1.4
May'06	183.6	181.5	182.9	181.3	182.6	-1.0

WEATHER WATCH: (18.01.06)

Chief Features

The western disturbance as an upper air system now lies over Jammu & Kashmir and adjoining Himachal Pradesh. The induced low pressure area over northwest Rajasthan & neighbourhood has become less marked.

Under its influence rain/snow occurred at many places over Jammu & Kashmir, Himachal Pradesh and Uttaranchal with isolated heavy falls over Jammu & Kashmir. With likely eastwards movement of the system the snow fall activity over the western Himalayan region is likely to decrease from today onwards for the next 2-3 days.

Night temperatures over northwest India are significantly above normal, which are likely to decrease by 3-4 deg C during next 2-3 days. Fog is also likely during morning hours in the plains of north India for the next 2-3 days.

Forecast valid 0830 hours IST of 21st JANUARY, 2006

NORTH : Rain /Snow is likely at a few places over Jammu & Kashmir and Himachal Pradesh and Uttaranchal., isolated rain/thundershowers also likely over Punjab during next 24 hours. Weather will be mainly dry over the rest region.

EAST : Isolated rain/thundershowers likely over north east 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 :

Another spell of moderate rain /snow likely over Jammu & Kashmir, Himachal Pradesh & Uttaranchal. Isolated light rainfall also likely over the adjoining plains of northwest India.

Source: IMD,GOI

FOREX RATES (18.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.31
European Union	Euro	53.73
Japan	100 Yen	38.53
United Kingdom	Pound Sterling	78.30

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