

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Prices Were Stationary in Physical Markets
- NCDEX February Contract Witnessed Gains

COMMENTARY DOMESTIC MARKET Soy meal

Soymeal market remained almost stationary slightly improved to stable on Monday, ignoring the weakness in the soy complex at CBOT. There was no spill over effect seen in the Indian soymeal market from the Global weakness in the soy complex as far as spot markets are concerned. However, the news that two more people have died in China from the H5N1 strain of bird flu, taking the global toll to 78 and China's count to five, lends some bearish sentiments at the export end. The global markets witnessed some bearish movements in the entire soy complex on expected bearish USDA crop report to be released on 12th January. Favourable weather conditions and expected rains in Argentina also set bearish tone in the soy market. 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 the prices to consolidate ahead of USDA crop report, scheduled to be released on Thursday, also fresh appearance of bird flu in China would bring some tentativeness in the prices. 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 8500-8900 per MT. February contract of soymeal bounced to the justified levels of Rs 8960 from earlier Rs 8600 levels. However, the March contract of soymeal at NCDEX witnessed a sharp fall from abnormally high levels of Rs 9670 to Rs 8780. The prices at the Kandla ports slipped to Rs 9250 per MT for current delivery, however, the February (1st half) delivery was sold at Rs 9300 per MT and Feb. (2nd half) delivery was sold for Rs 8200 per MT. Sellers are hesitant to sell at lower prices and are waiting for the USDA crop report. 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	China Trader	35000	SBM	Expected	Korea
	Grant Star	16000	SBM	Expected	Korea
	Skipper Ali	5700	SBM	Expected	
	Fu Niu Shan	12000	SBM	Loading	
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
	Thorsun	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)	
	10.01.06	11.01.06
Indore	8600-8900	8600-8900
Nanded	8200-8500	8200-8500
Latur	8200	8200
Dhulia	8400-8500	8300
Jalana	8400	8300
Kota	8300	8300
Nagpur	8000 (41%), 8300(45-46%)	8000 (41%), 8300(45-46%)
Kandla	9400	9250-9300
Mumbai	9400	9250-9300
Vizag(approx)

Sangli	8600	8600
Solapur	8500	8500
Morena	8400	8400
Shivepuri	8000	8000

NCDEX Soy meal Futures price (11th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8600.00	8980.00	8300.00	8960.00	+360.00
March'06	9670.00	8780.00	8780.00	8780.00	-890.00

Rape/ Mustard meal

The mustard crop is expected around 70 lakh MT this year and the same is putting pressure on the prices as harvest of the crop is nearing. Good stock positions with the stockists and NAFED are also 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. As the crushing of soymeal has increased due to favorable Oilmeal demand and prices, the crushing activity in rapeseed has diminished, 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 and steady demand from cattle feed industry. Mustard oilcake was quoted in Morena Rs 5100/MT, while it was quoted Rs 5200/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 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. 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 Futures Settles Lower

Soy futures at Chicago Board of Trade settled lower on Tuesday. March soybean future settled off 5 cents at \$5.89 per bushel. May soybean closed off 4 cents at \$5.99 per bushel. March soymeal closed off \$2.2 at \$182.4 per short ton and March soybean oil off 16 points at 22.43 cents per pound. Market in fact had nothing fresh in fundamentals; participants appeared to have positioning ahead of USDA report. The US Department of Agriculture will be releasing

its monthly crop report on Thursday. People are concerned about likely upward revision in ending stock of soy for the year 2005-06. Traders are expecting that USDA could revise it up to 450 million bushels against its last month estimates of 405 million bushels. Apart from Stock factor, favorable weather reports from South American continent kept weighing on values.

CBOT Soymeal futures as on January 11, 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	183.3	183.0	183.0	180.6	181.1	-2.2
Mar '06	184.6	184.5	184.5	182.0	182.4	-2.2

WEATHER WATCH: (11.01.06)

Chief Features

Cold wave conditions prevailed over isolated pockets of Kashmir division, Uttaranchal, East Uttar Pradesh, West Rajasthan, Bihar, Orissa and Gangetic West Bengal.

The lowest minimum temperature of -0.8° C was recorded at Adampur (Punjab).

Ground frost is likely over some parts of Punjab, Haryana, North Rajasthan, Uttar Pradesh and Bihar during next 1-2 nights.

The upper air cyclonic circulation over Southwest Bay of Bengal persists and extends up to 2.1 km a.s.l.

Forecast valid 1430 hours IST of 14th JANUARY, 2006

NORTH: Weather will be mainly dry over the region.

EAST: Weather will be mainly dry over the region.

SOUTH: Isolated Rain/thundershowers are likely over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry, Lakshadweep and Kerala. 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, North Rajasthan, Uttar Pradesh and Bihar during next 1-2 nights.

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

Scattered rain /snow likely over Western Himalayas during 15th & 16th.

Source: IMD,GOI

FOREX RATES (10.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.38
European Union	Euro	53.49
Japan	100 Yen	38.79
United Kingdom	Pound Sterling	78.35
China	CNY	5.53

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