

OILMEAL

January 20, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

COMMENTARY DOMESTIC MARKET

Soy meal

The soymeal prices today got the bearish baton from yesterday and kept relaying it forward extending the last week's bearish march. Domestic market prices fell in tune with the global weakness in the prices of soymeal. 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 crept down to Rs 8300-8500 range as compared to the previous range of Rs 84-8800. The prices at Kandla port also fell to Rs 8900 per MT as compared to Rs 9000 yesterday. In the futures market, February soymeal witnessed a sharp plunge to Rs 8300 as compared to Rs 8600 on the previous trading day. As the trading took place in the contract after some time gap, the prices accommodated the intermediate bearishness. 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

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 expecting 'Aion' to load 10,800 MT of SBM to Malaysia. The vessel will be handled by Shantilal agents. 'Golden Rain' is expected at the port to load 19,500 MT of SBM to Bangkok. Hind Shipping agents will be 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 | Grant Star | 16000 | SBM | Loading | Korea |
| | Skipped Ali | 5700 | SBM | Expected | |
| | Aion | 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) | |
|---------------|---------------------------|--------------------------|
| | 19.01.06 | 18.01.06 |
| Indore | 8300-8500 | 8400-8800 |
| Nanded | 8300 | 8400-8500 |
| Latur | 8300 | 8400 |
| Dhulia | 8300 | 8250-8300 |
| Jalana | 8300 | 8400 |
| Kota | 8000-8100 | 8100-8200 |
| Nagpur | 8000 (41%), 8300(45-46%) | 8000 (41%), 8300(45-46%) |
| Kandla | 8900 | 9000 |
| Mumbai | ... | 9000 |
| Vizag(approx) | .. | .. |
| Sangli | 8600 | 8600 |
| Solapur | 8500 | 8500 |
| Morena | 8300 | 8400 |
| Shivepuri | 8100 | 8100 |

NCDEX Soy meal Futures price (19th Jan'06)

| Contract | Prev Close | High | Low | Close | Change |
|----------|------------|---------|---------|---------|---------|
| Feb'06 | 8600.00 | 8300.00 | 8300.00 | 8300.00 | -300.00 |
| March'06 | 8209.00 | 8690.00 | 8225.00 | 8500.00 | +281.00 |

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 soy meal 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 Soy meal Futures Settle Lower

Soy future settled lower at Chicago Boards of trades on Wednesday. March soybean future settled lower 5.50 cents at \$5.6575 per bushel, 6.25 cent off the high and 2.252 cent up from the low. May Soybeans settled lower 6 cent at \$5.7475/bushels, it was 2.25 cent up from the low and 6.25 cent off the high. March Soy meal settled lower \$2.8 at \$177.5 per ton, it was \$1.9 up from the low and \$0.5 off the high. March Soybean Oil settled lower 0.06 cents at 21.16 cents/pound, 0.21 cents off the high and 0.16 cents up from the low. The improving crop conditions in South America, indicated China's move towards booking US soybeans for February shipment and a lack of new buying support from fund traders helped trigger the early weakness. The spread of bird flu into Eastern Europe is hurting poultry demand from the consumer level and if the setback in demand extends for very long, meal demand could suffer. Without buying from China the market may lack the commercial support.

CBOT Soy meal futures as on January 18, 2006

(Unit: \$/MT)

| Contract | Prev Close | Open Price | High Price | Low Price | Close Price | Change (\$) |
|----------|------------|------------|------------|-----------|-------------|-------------|
| Mar '06 | 180.3 | 177.5 | 182.8 | 176.0 | 177.5 | -2.8 |
| May '06 | 182.6 | 179.2 | 184.0 | 178.0 | 179.2 | -2.9 |

WEATHER WATCH: (19.01.06)

Chief Features

Morning's western disturbance as an upper air system over Jammu & Kashmir and adjoining Himachal Pradesh persists has moved away eastwards. With the eastward movement of the western disturbance, the snowfall activity over western Himalayas has decreased considerably. It is likely to remain subdued for next 3 days. Night temperatures over northwest India have fallen by 2-3 deg C. They are likely to fall further by another 2-4 deg C on 20th and 21st. Fog is also likely during morning hours in the plains of north and northwest India for the next 2-3 days.

Forecast valid 0830 hours IST of 22nd JANUARY, 2006

NORTH : Isolated rain /Snow is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal. Weather will be mainly dry over the rest region.

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.

Warning

Isolated heavy to very heavy falls likely over southern parts of Lakshadweep and Kerala during next 48 hours.

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 from 23rd to 25th January.

Source: IMD,GOI

FOREX RATES (19.01.06)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 44.36 |
| European Union | Euro | 53.70 |
| Japan | 100 Yen | 38.52 |
| United Kingdom | Pound Sterling | 78.17 |

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