

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Prices Improved Slightly.
- NCDEX April Contract Witnessed No Trading.

COMMENTARY DOMESTIC MARKET

Soy meal

The soymeal prices at most of the spot markets remained steady to slightly improve today. However, the soymeal prices at ports managed further improvement. The CBOT soymeal futures climbed high on Friday on technically inspired buying. The dry weather conditions prevailing in Argentina was the fundamental reason behind the jump in the CBOT soymeal future prices. The soy futures at NCDEX however witnessed no trading activity Monday.

The soymeal prices are witnessing steady improvement as the harvesting season is over and arrivals are depleting. The prices at Indore spot market again remained sleepy and crept sluggishly to Rs 8400-8600 per MT levels as compared to Rs 8450-8650 per MT range on the previous day. The futures market however, witnessed no trading in February March and April contracts of soymeal. The soymeal prices saw some improvement at the ports and prices at Kandla port were Rs 9400 per MT as compared to Rs 8350 on the previous trading day. Though the activity levels still remained lower as the sellers were asking for higher prices of Rs 9500 per MT. At Vizag there were no sellers at the buyers price of Rs 9350. We are in the phase of the market where the demand is intermittent and haggling; at the same time the sellers are also not looking on a hurry and looking for the right prices. We expect the prices to remain steady to slightly improving.

Soymeal export during December increased 62.28% to 492950 MT. The exports of soymeal rose to 1641775 MT (23.1%) during last 9 months (April-Dec). This growth was recorded the scenario of lower demand due to bird flu fears and other bearish factors like piling stock positions with the western counterparts. The Indian soymeal snatched demand on its attractive prices and good quality. Further the neighbouring countries found it easier to buy in small lots in the period of uncertainty in feed demand. The major destinations were, Japan (93,275 MT), China (84975 MT), Indonesia (81875MT), South Korea (74575 MT), Vietnam (73925 MT) and Thailand (31275 MT) in SE Asia and Jordan (27850MT) in Middle East.

Latest Soy Meal Vessel Report

Kandla Port is loading 17,000 MT of SBM to Ulsan on the vessel 'Pan Bright'. The vessel is being handled by Taurus agents. 'Asha Himani' is expected at Kandla Port to load 3,000 MT of SBM to Hodaiddah. Hind Shipping agents will be handling the vessel. Loading of 13,000 MT of SBM is expected at the port on the vessel 'Bao Heng Men' to Japan. Taurus agents is handling the vessel. Jamnagar Port is loading 11,000 MT of SBM on the vessel 'Noto III' to Thailand. The vessel is being handled by JM Baxi agents.

Loading of 13,200 MT of SBM is continuing at Jamnagar Port on the vessel 'Asean Victory' to Thailand. Nilhat agents is handling the vessel. The port is expecting 'Iran Kolhadoo' to load 11,000 MT of SBM to China. The vessel will be handled by Seacrest agents. 'Asha Himani' has berthed at Mumbai Port and is continuing to load 5,000 MT of SBM to Hodaiddah. Shaan Marine agents is handling the vessel.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Skipped Ali	5700	SBM	Expected	
	Pan Bright	17000	SBM	Expected	Ulsan
	Bao Heng Men	13000	SBM	Expected	Japan
Jamnagar	Asha Himani	3000	SBM	Arrived	Hodaiddab
	Asean Victory	13200	SBM	Loading	Thailand
	Iran Kolhadoo	11000	SBM	Expected	China
	Noto III	11000	SBM	Loading	Thailand
Mumbai	Asha Himani	5000	SBM	Arrived	Hodaiddab

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	30.01.06	28.01.06
Indore	8400-8600	8450-8650
Nanded	8400-8500	8400-8500
Latur	8500-8600	8450-8500
Dhulia	8400-8500	8400-8500
Jalana	8500-8600	8400-8500
Kota	8200	8200
Nagpur	7800 (41%), 8200(45-46%)	7800 (41%), 8100(45-46%)
Kandla	9400 (b)	9350 (9300(b)-9500(a))
Mumbai	9400 (b)	9350 (9300(b)-9500(a))
Vizag(approx)
Sangli	8700	8700
Solapur	8600	8600
Morena	8400	8400
Shivepuri	8100	8100

NCDEX Soy meal Futures price (30th Jan'06)

Contract	Prev Close	High	Low	Close	Change
March'06	8693.00	00.00	00.00	00.00	00.00
Feb'06	8700.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

There were not much fresh inputs in the Mustard meal market at the moment in domestic as well as export market. The fresh crop is knocking the door as harvesting has started in some areas in Rajasthan and arrivals of around 800 bags of new crop were seen at the Kota mandi. It is now the time of bearish phase of the mustard meal to step in and the prices will gradually slip down as and when the arrivals and crushing of the mustard seed improves. Export market will also see some improvement in the activity levels in the times to come, right now the trading is feeble as the bid ask spread is wide enough to negate any trading at ports. Though, the export demand of Indian rape meal is low as it contains a harmful compound for cattle called 'Cinigrin' still we manage to snatch some demand from the countries like south Korea and Taiwan. This provides some support to the prices. Today there was no trading seen at Kandla port, as the buyers and sellers were standing apart. Today the Mustard oilcake was quoted in Morena Rs 4700 per MT.

Exports of Rapeseed meal during December 05 increased 17.39% to 47400 MT, however, the export for the period between April to December fell 5.8% to 441500 MT from 468800 MT during the same period of 2004. The main destinations were, South Korea (27850), Taiwan (9500MT), Thailand (6500MT) and Indonesia (2550MT).

Groundnut meal

There is nothing new input in the groundnut meal market as the arrivals, crushing and demand all seems to be steadied. The groundnut harvesting and arrivals in the southern market is at higher levels whereas the Gujarat markets are witnessing gradual fall in arrivals. As, at the moment oil prices are at lower levels due to good supply position of the oil due to higher crushing activity in soybeans. 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.

GN Meal exports during December were 18000 MT according to reports of SEA of India. The export fell 9.7% to 95200 MT during April to December 2005 from 105525 MT during same period in 2004. The major destinations were china (14800 MT) and Indonesia (2550 MT).

INTERNATIONAL MARKET

CBOT Soymeal Futures Settle Higher

The entire soy complex at CBOT closed firm on the last trading day of the week. March Soybeans settled high 16.25 cents at \$5.8925/bushel, 1.25 cents off the high and 15.25 cents up from the low. May Soybeans settled up 15.25 at \$5.9975 per bushel, which was 14.25 cents up from the low and 1.75 cents off the high. March Soymeal settled up \$6.1 at \$186.4 per ton, which was \$4.1 up from the low and \$0.4 off the high. March Soybean Oil settled up 0.54 cent at 22.05 cent a pound, 0.05 cent off the high and 0.3 cent up from the low.

March soybean is closed at its highest level since 10th January due to forecast of hot and dry weather in Argentina for next week. The technically inspired buying supported the prices initially, and then the short covering buying at higher levels came into play when the meaningful resistances were breached forcing the prices further high. Heat and dryness in Argentina's soybean-growing regions, with forecasts calling for temperatures to climb toward 100 degrees Fahrenheit during the weekend, was a fundamental feature that supported prices. The soy futures got further support from the jump in soymeal futures. Soymeal futures spurted to three-week highs, propelled by technical buying. Soybean futures made strong jump, in tune with the gains in soybeans, managing to fill a technical chart gap left from Jan. 12. According to the USDA weekly exports sales report, soybean sales of 521,900 MT were 59% below the previous week and 32% under the prior 4-week average. However, net sales of 189,100 MT of soymeal were 20% above the week earlier and 2.1 times the prior 4-week average. The main buyers were El Salvador (59,700 MT), Cuba (35,900 MT), the Dominican Republic (30,500 MT), Mexico (30,300 MT), Canada (17,600 MT), and Colombia (12,600 MT). Exports of 104,600 MT were 46% below the previous week and 11% under the prior 4-week average. The major destinations were Japan (35,200 MT), Canada (27,700 MT), and Mexico (19,100 MT).

CBOT Soymeal futures as on January 27th, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	180.3	183.0	186.8	176.0	186.4	+6.1
May'06	181.9	184.5	187.7	178.0	187.4	+5.5

WEATHER WATCH: (30.01.06)

Chief Features

Yesterday's western disturbance as an upper air system over Jammu & Kashmir and neighbourhood persists. Cold wave conditions continued to prevail over isolated pockets of Marathwada and Telangana. They are likely to abate during next 1-2 days. Minimum temperatures are likely to increase by 2-3 deg C during next 2-3 days over northwest India. Lowest temperature of 4.2 deg C in the plains of the country was recorded at Sarsawa (Uttar Pradesh).

Forecast valid 1430 hours IST of 2nd February, 2006

NORTH : Rain/snow is likely at a few places over higher reaches of Jammu & Kashmir and at isolated places over rest Jammu & Kashmir and Himachal Pradesh. Weather will be mainly dry over the rest region.

EAST : Weather will be mainly dry over the region.

SOUTH : Isolated rain/thundershowers likely over south Tamil Nadu. 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:

Slight fall in night temperatures is expected over northwest India.

Source: IMD,GOI

FOREX RATES (30.01.06)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	44.14
European Union	Euro	53.43
Japan	100 Yen	37.61
United Kingdom	Pound Sterling	78.03

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