

OILMEAL

January 21, 2006

MAJOR ACTIVITY HIGHLIGHTS

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

COMMENTARY DOMESTIC MARKET

Soy meal

The soymeal prices looked sleepy today in the absence of any fresh inputs in the domestic spot markets, also there were no trading observed at ports. However, some trading in the futures market at NCDEX was observed. Some technical bounce was observed in the CBOT soymeal futures on Thursday but the same was constrained by bearishness in the other soy complex and weakness in the fundamentals. There is still no strong chance of bounce back in the soymeal prices at domestic as well as international markets. 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 remained drowsy today near earlier levels at Rs 8400-8600 per MT. There were hardly any trading at Kandla port in soymeal as the buyers and sellers were standing apart to negate any deal. The sellers were asking Rs 9150 per MT whereas the buyers were asking a ton of soymeal for Rs 9050. In the futures market, February soymeal witnessed further fall of Rs 69 at Rs 8231. 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

Loading of 4,681 MT of SBM is continuing at Mumbai Port on the vessel 'Al Maha'. Shann Marine agents is handling the vessel. 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 loading 10,800 MT of SBM to Malaysia on the vessel 'Aion'. The vessel is being handled by Shantilal agents. 'Golden Rain' has berthed at the port and continues to load 19,500 MT of SBM to Bangkok. Hind Shipping agents is handling the vessel. Loading of 18,500 MT of SBM is continuing at the port on the vessel 'Iran Takhti' to Ulsan. Taurus agents is 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	Skipped Ali	5700	SBM	Expected	
	Iran Takhti	18500	SBM	Loading	Ulsan
	Golden Rain	19500	SBM	Loading	Bangkok
	Aion	10800	SBM	Loading	Malaysia
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
	Asean Victory	13200	SBM	Expected	Thailand
Mumbai	Kardaran Star	7000	SBM	Loading	
	Al Maha	7500	SBM	Loading	
	Seven Star	6000	SBM	Loading	-

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	19.01.06	20.01.06
Indore	8300-8500	8400-8600
Nanded	8300	8300-8400
Latur	8300	8300
Dhulia	8300	8200-8300
Jalana	8300	8300
Kota	8000-8100	8000-8100
Nagpur	8000 (41%), 8300(45-46%)	8000 (41%), 8300(45-46%)
Kandla	8900	9050(b)-9150(a)
Mumbai	...	9050(b)-9150(a)
Vizag(approx)	..	
Sangli	8600	8600
Solapur	8600	8600
Morena	8300	8300
Shivepuri	8100	8100

NCDEX Soy meal Futures price (20th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8300.00	8600.00	8231.00	8231.00	-69.00
March'06	8500.0	00.00	00.00	00.00	00.00

Rape/ Mustard meal

The footsteps of fresh are being seen in the Kota Mandi and this foretells that the season is about to begin in Mustard and market will again come in flow. At the moment the price of this fresh mustard, laden with moisture is even lower than MSP. The mustard 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. But, it is for sure that the prices at domestic market will witness weakness as and when the arrivals and crushing find momentum. Today the Mustard oilcake was quoted in Morena Rs 4800/MT, while it was quoted Rs 4900/metric tonnes recently..

Groundnut meal

The southern markets are seeing good arrivals of groundnuts; where as arrivals in Gujarat is slowly drying up. The prices of soymeal in Saurashtra mandi remained steady in the absence of any fresh inputs. GN meals (40%) were quoted steady at Rs 6200 on credit and Rs 6000 on cash in Saurashtra.

INTERNATIONAL MARKET

CBOT Soymeal Futures Settle Higher

Soy future settled lower at Chicago Boards of trades on Thursday. March Soybean future settled lower 0.75 cent at \$5.65/bushel, 3.75 cent off the high and 1 cent up from the low. May Soybeans closed unchanged at \$5.7475, it was 0.75 cent up from the low and 3.25 cent off the high. March Soymeal closed up \$ 0.9 at \$178.4/ton, it was \$ 0.9 up from the low and \$ 0.4 off the high. March Soybean Oil settled lower 0.08 cents at 21.08 cents/pound, 0.25 cents off the high and 0.02 cent up from the low. Scattered rains are expected in Brazil which is expected to limit the upside recover. Brazil crop production could be near 58-60 million tonnes has been seen as a factor to drive the market lower as a large crop in Brazil may provide extra competition with US soybeans.

CBOT Soymeal futures as on January 19, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	177.5	178.3	182.8	176.0	178.4	+0.9
May'06	179.7	180.3	184.0	178.0	180.5	+0.8

WEATHER WATCH: (20.01.06)

Chief Features

With the eastward movement of the western disturbance, the snowfall activity has decreased considerably over western Himalayan region. Night temperatures over northwest India have further fallen by 2-4 deg C. They are likely to fall further by another 1-2 deg C till tomorrow. However, they may increase subsequently. Fog is also likely during morning hours in the plains of north India for the next 2-3 days.

Forecast valid 1430 hours IST of 23rd JANUARY, 2006

NORTH: Isolated rain/snow likely over Jammu & Kashmir. Weather will be mainly dry over the rest region. However, a spell of moderate rainfall/snowfall is likely over the western Himalayas from 22nd evening.

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 on 24th to 25th January.

Source: IMD,GOI

FOREX RATES (20.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.36
European Union	Euro	53.56
Japan	100 Yen	38.38
United Kingdom	Pound Sterling	77.88

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