

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Remained Mixed.**
- **NCDEX February Contract Witnessed Hammering Action**

COMMENTARY DOMESTIC MARKET Soy meal

Soymeal domestic market remained mixed today. The global markets have been witnessing bearish movements for last 4 sessions on bearish fundamentals and bearish USDA crop report released yesterday. The same is spilling over to the Indian market as importers are asking for lower prices. However, soymeal sellers are not interested in trading at lower prices, as the same will bring the disparity in crushing. Due to the lower oil prices the crushing margin had already shrank, and there is no space for lower meal prices for the crushing to remain at least in parity. Today the soymeal prices in spot market remained mixed, thanks to bearish overseas market. The prices at Indore spot market remained in the range of Rs 8500-8800 per MT. February contract of soymeal witnessed further sharp fall of Rs 300 to Rs 8200 per MT levels. The prices danced between Rs 8944 and Rs 8200 per MT. The prices witnessed volatility due to low volumes. However, the March contract of soymeal at NCDEX witnessed no trading activity. There was no trading observer at Kandla port as bid ask spread was higher enough to negate any trade. Buyers were asking for Rs 9100 per MT whereas, sellers were standing toll at Rs 9250 and above. 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

'Gant Star' has berthed at Kandla Port and continues to load 16,000 MT of SBM to Korea. Liladhar Pasoo agents is handling the vessel. '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. 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 Intercean agents.

'Indruwa Valley' has berthed at Mumbai Port and continues to load 2,500 MT of SBM. Sai Freight 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	Grant Star	16000	SBM	Loading	Korea
	Skipped Ali	5700	SBM	Expected	
	Fu Niu Shan	12000	SBM	Loading	
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
Mumbai	Kardaran Star	7000	SBM	Expected	
	Indruwa Valley	2500	SBM	Loading	
	Mercs Ruhunnu	2000	SBM	Expected	-

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	12.01.06	13.01.06
Indore	8500-8700	8500-8800
Nanded	8300	8400
Latur	8200	8200
Dhulia	8300	8250
Jalana	8200	8300
Kota	8200	8100
Nagpur	7900 (41%), 8300(45-46%)	8000 (41%), 8300(45-46%)
Kandla	9200	9100 bid -9250ask
Mumbai	9200	9100 bid -9250ask
Vizag(approx)
Sangli	8600	8700
Solapur	8500	8500
Morena	8400	8400
Shivepuri	8000	8100

NCDEX Soy meal Futures price (13th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8500.00	8944.00	8200.00	8200.00	-300.00
March'06	8780.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

The recent low temperature weather conditions are causing 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. 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 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 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 Settle Lower

March soy future settled lower on Chicago Board of Trade Thursday. March Soybeans settled lower 12.5 at \$ 5.72 per bushels 13.5 cents off the high and 3 cents up from the low and May soybeans settled lower 12.25 at \$ 5.815 per bushel, it was 2.5 cents up from the low and 13.25 cents off the high. March Soymeal settled lower \$ 2.7 at \$ 179 per metric ton, it was \$ 1.0 up from the low and \$ 1.5 off the high. March soybean oil settled lower 0.46 cents at 21.69 cents/pounds, 0.09 cents off the high and 0.24 cents up from the low. USDA monthly report released on January 12, 2006 and revealed the stock of US soybean increased to 505 million bushels, it is up 52 million bushels from trade expectations. Last year ending stock of US soybean were 256 million bushels. US soybean export figure were revised lower by 70 million bushels to 950 million bushels, while on the other hand, crushing of soybean revised higher by 10 million bushels. Ending stock of soybean oil were revised higher to 2.469 billion pounds from 2.329 billion pounds last month and it was 1.699 billion pounds last year. US Department of Agriculture Weekly export sales for soybeans came at 448,100 metric tonnes as compared to trade expectations between 450,000-650,000. Meal sales were 70,900 metric tonnes as compared to trade expectations between 75,000-125,000. Oil export sales

were just 300 metric tonnes as compared to trade expectations between 4,000-9,000. The USDA weekly export sales added bearish tone.

CBOT Soymeal futures as on January 12, 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	181.3	187.5	191.0	177.0	178.8	-2.5
Mar '06	181.7	178.5	192.8	178.0	179.0	-2.7

WEATHER WATCH: (13.01.06)

Chief Features

Cold wave conditions have abated from most parts of the country.

The lowest minimum temperature of 2.2° C was recorded at Pilani (Rajasthan)

A western disturbance is likely to affect northwest India from tomorrow. It is likely to cause scattered to fairly widespread rain/snowfall over the Western Himalayas upto 17th. Isolated to scattered light rain/thundershowers are also likely over the adjoining plains of Punjab, Haryana and north Rajasthan from 15th. Minimum temperatures over northwest India are likely to increase by 2-4° C during next 3-4 days which may fall subsequently.

Under the influence of the upper air cyclonic circulation over southwest Bay of Bengal, a well marked low-pressure area formed over Comorin- Maldiv area. It is likely to move westwards.

Forecast valid 0830 hours IST of 16th JANUARY, 2006

NORTH : Isolated to scattered rain /snow is likely to commence over Jammu & Kashmir and Himachal Pradesh from tomorrow which may subsequently increase and extend into Uttaranchal. Isolated to scattered rain/thundershowers likely over Punjab and Haryana from 15th. 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, Kerala and Lakshadweep. Weather will be Mainly dry in the rest region.

WEST: Isolated rain/thundershowers likely over north Rajasthan from 15th. Weather will be mainly dry over the region.

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

Scattered rain /snow likely over Western Himalayas.

Source: IMD,GOI

FOREX RATES (13.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.26
European Union	Euro	53.35
Japan	100 Yen	38.63
United Kingdom	Pound Sterling	77.95

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