

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Prices Improved Slightly
- NCDEX April Contract Witnessed Bounce.

COMMENTARY DOMESTIC MARKET Soy meal

The soymeal prices improved slightly at most of the spot markets today in conjunction with the slight bounce in CBOT soymeal futures. The export market continue to witness poor activity levels as buyers are asking for lower prices below the comfort zone of the exporters. The lower prices of soymeal are hitting the crush margin. The CBOT soymeal closed slightly higher on Monday on bullish weekly export sales and dry weather conditions in Argentina. The overall scene for soymeal however is still bearish especially looking at the large stocks with the western counterparts and poor export demand. However, warm and dry weather conditions in Argentina are giving some boost to the soymeal bulls. In the Indian scenario, the lower activity levels at export front due to reluctant sellers at lower prices are causing sluggishness in the prices. At the moment the prices are expected to remain steady to slightly improving. The prices at Indore spot market remained sleepy today near earlier levels at Rs 8400-8600 per MT. The futures market however, witnessed no trading in February and March contracts of soymeal, whereas the April contract jumped to Rs 9005 per Mt levels as compared to Rs 8727 per MT on the last trading session on the expectation that the prices will improve during February afterwards. There were a very feeble activity witnessed at ports and the prices remained stable. The soymeal prices at Kandla port were stand still at Rs 9250 per MT. The soymeal prices are expected to remain range bound in the scenario of feeble activity in the market. The prices will improve once the arrivals of soybean fall and stocks come in the stronger hands capable of snatching higher prices.

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 Hodaiah. 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 Hodaiah. 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
	Asha Himani	3000	SBM	Arrived	Hodaiah
Jamnagar	Asean Victory	13200	SBM	Loading	Thailand
	Iran Kolhadoo	11000	SBM	Expected	China
	Noto III	11000	SBM	Loading	Thailand
Mumbai	Asha Himani	5000	SBM	Arrived	Hodaiah

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	27.01.06	25.01.06
Indore	8400-8600	8400-8600
Nanded	8300-8500	8200-8300
Latur	8400-8500	8200-8300
Dhulia	8300-8500	8200-8300
Jalana	8300-8500	8300
Kota	8150	8100
Nagpur	7800 (41%), 8100(45-46%)	7700 (41%), 8000(45-46%)
Kandla	9250 (b)	9200-9250
Mumbai	9250 (b)	9150-9200
Vizag(approx)	9100 (b)-9200(a)
Sangli	8700	8600
Solapur	8600	8500

Morena	8400	8300-8400
Shivepuri	8100	8100

NCDEX Soy meal Futures price (27th 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

Fresh arrivals of rapeseed of around 700-800 bags were 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 'Cinigreen'. Today there were no trading seen at Kandla port as the buyers and sellers were standing apart. Buyers were asking for Rs 5000 per MT and sellers were standing at Rs 5300 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 4600/MT, while it was quoted Rs 4700/metric tonnes yesterday.

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

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 soybean 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

Soy future settled high at Chicago Boards of Trades on Thursday. March Soybeans settled up 6 cent at \$ 5.7350/bushel, 0.5 cent off the high and 7.50 cent up from

the low. May Soybeans closed up 6.50 cent at \$ 5.8450/bushel, which was 8 cent up from the low and 0.50 cent off the high. March Soybean Oil settled up \$ 1.9 at \$ 180.3/ton it was \$ 2.5 up from the low and \$ 0.2 off the high. March Soybean Oil settled down 0.01 cent at 21.51 cent/pound, 0.09 cent off the high and 0.3 cent up from the low. The soybean prices surged on technical buying initially and then supported by the warmer and drier weather conditions in Argentina supported the prices to some extent. Bearish weekly export sales report from USDA however, restricted the gains. Soybean futures moved up in tandem with soybean futures, getting some additional boost from the bullish weekly export sales. 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 soybean 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 26th, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	178.4	178.5	182.8	176.0	180.3	+1.9
May'06	180.4	180.0	184.1	178.0	181.9	+1.5

WEATHER WATCH: (27.01.06)

Chief Features

Sever cold wave conditions continued to prevail over Marathwada. Cold wave conditions are also prevailing over Madhya Maharashtra, Vidarbha, Orissa and over isolated pockets of Punjab and south Chhattisgarh.

Minimum temperatures are likely to remain 4-5 deg C below normal over Maharashtra, Chhattisgarh. & Orissa and by 2-3 deg C over plains of northwest India (outside west Rajasthan) and over adjoining central India during next 2 days. They are likely to increase subsequently. Lowest temperature of 2.6 deg C in the plains of the country was recorded at Amritsar (Punjab). The trough of low pressure over southwest Bay of Bengal persists.

Forecast valid 0830 hours IST of 30th JANUARY, 2006

NORTH : Isolated rain/snow likely over Jammu & Kashmir. Weather will be mainly dry over the rest region.

EAST: Isolated rain/thundershowers likely over Assam and Arunachal Pradesh. Weather will be mainly dry over the rest region.

SOUTH : Isolated rain/thundershowers are likely over south Coastal Andhra Pradesh, coastal & south Tamil Nadu and Andaman & Nicobar Islands. 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 :

Isolated light rain /snow likely over west Himalayan region.

Night temperatures are likely to increase by 2-4 deg. C over central India.

Source: IMD,GOI

FOREX RATES (27.01.06)

Country/ Continent	Currency	Value in Rupees
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USA	Dollar	44.15
European Union	Euro	53.91
Japan	100 Yen	37.92
United Kingdom	Pound Sterling	78.57

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