

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Prices Slipped in Physical Markets**
- **NCDEX February Contract Witnessed Hammering Action**

COMMENTARY DOMESTIC MARKET Soy meal

Finally, soy meal domestic market slipped today after sustaining the bearish sentiments in the global markets. The global markets were witnessing bearish movements for last 3 sessions ahead of USDA monthly crop report. The report came slightly bearish today for soybean and soy oil as the ending stocks showed increase. However, soy meal ending stocks showed no increase and remained stand still. The news that bird flu infection confirmed in 11 cities of Turkey and deaths in China maintained the bearish sentiments in the soy meal market. The global markets witnessed some bearish movements in the entire soy complex on expected bearish USDA crop report to be released on 12th January. Favourable weather conditions and expected rains in Argentina also set bearish tone in the soy market. As the recent jump in prices of soy meal at both spot and export markets were steep, the same is causing some traders remorse at this stage. But, the steady demand is coming in trickles to support the prices from falling freely. The global situation is indecisive as Brazilian crop is struggling with the dry weather conditions and Argentina is expected to produce a large crop. Slightly bearish crop report might extend the bearish mood of the market to some extent. Today the soy meal prices at most of the spot market remained on lower side. The prices at Indore spot market remained in the range of Rs 8500-8700 per MT. February contract of soy meal slipped again to the Rs 8500 per MT from earlier Rs 8980 per MT levels. However, the March contract of soy meal at NCDEX witnessed no trading activity. The prices at the Kandla ports slipped to Rs 9200 per MT for current delivery. Soy meal exports in November increased 52.43% to 266,675 MT from 174,950 MT in the previous year. Total soy meal 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. Loading of 35,000 MT of SBM is continuing at the port on the vessel 'China Trader' to Korea. Trinity agents is handling the vessel. 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 Inter Ocean 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	China Trader	35000	SBM	Expected	Korea
	Grant Star	16000	SBM	Expected	Korea
	Skipped Ali	5700	SBM	Expected	
	Fu Niu Shan	12000	SBM	Loading	
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
	Thorsun	12000	SBM	Loading	Vietnam
Mumbai	Kardaran Star	7000	SBM	Expected	
	Mercs Ruhunnu	2000	SBM	Expected	-

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	12.01.06	11.01.06
Indore	8500-8700	8600-8900
Nanded	8300	8200-8500
Latur	8200	8200
Dhulia	8300	8300
Jalana	8200	8300
Kota	8200	8300
Nagpur	7900 (41%), 8300(45-46%)	8000 (41%), 8300(45-46%)
Kandla	9200	9250-9300
Mumbai	9200	9250-9300
Vizag(approx)
Sangli	8600	8600
Solapur	8500	8500
Morena	8400	8400
Shivapuri	8000	8000

NCDEX Soy meal Futures price (12th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8980.00	8945.00	8500.00	8500.00	-480.00
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 5000/MT, while it was quoted Rs 5100/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 Settles Lower

Soy futures at Chicago Board of Trade settled lower ahead of USDA report. March soybean future settled off 5 cents at \$5.89 and May off 4 cents at \$5.99 per bushel. March soymeal closed off \$2.2 at \$182.4 per short ton and March soybean oil off 16 points at 22.43 cents per pound. Traders are expecting couple of data releases to come bit bearish due on Thursday. Traders are expecting that USDA could revise higher its estimates for stock of soybean in United State. Traders are not optimistic about any support to come from another quarterly report to be released on the same day. Traders are expecting grain stocks of soybean as on December 1st to be revised higher in quarterly grain report to 2.441 billion bushels, up against 3.043 billion bushels

last year. However, rumors of china buying two cargos of soybean and weather reports calling for troublesome dryness and hot in middle of next week in Brazil were the two supportive factors help checking decline in its prices. In weekly export report, traders are expecting sale of US soybean to range in 4.5-6.5 lakh ton. Trade expectation for soymeal export sale ranges 0.75-1.25 lakh ton and for soyoil 4000-9000 ton.

CBOT Soymeal futures as on January 11, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	181.1	181.0	191.0	180.0	181.3	+0.2
Mar '06	182.4	182.0	192.8	181.5	181.7	-0.7

WEATHER WATCH: (12.01.06)

Chief Features

Cold wave conditions prevailed over Punjab, Chandigarh & East Uttar Pradesh and over isolated pockets of West Rajasthan, Bihar and Jharkhand.

The lowest minimum temperature of 0.0° C was recorded at Adampur (Punjab)

Ground frost is likely over some parts of Punjab & North Rajasthan during next 1-2 nights.

A fresh western disturbance is likely to affect northwest India from 14th Jan. Under its influence, minimum temperatures over northwest India are likely to increase from 14th leading to cessation of cold wave conditions from this region.

The upper air cyclonic circulation over Southwest Bay of Bengal persists and extends up to 3.1 km a.s.l.

Forecast valid 0830 hours IST of 15th JANUARY, 2006

NORTH : Isolated to scattered rain /snow is likely over Jammu & Kashmir and Himachal Pradesh from 14th. Weather will be mainly dry over the rest region.

EAST : Weather will be mainly dry over the region.

SOUTH : Rain/thundershowers are likely at a few places over southern parts of Tamil Nadu and Kerala. Isolated rain/thundershowers likely over rest Tamil Nadu & Pondicherry, Kerala, Andaman & Nicobar Islands and Lakshadweep. Weather will be Mainly dry in the rest region.

WEST : Weather will be mainly dry over the region.

Low Temperature warning:

Ground frost is likely over some parts of Punjab and North Rajasthan, during next 1-2 nights.

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

Scattered to fairly wide spread rain /snow likely over Western Himalayas . Isolated to scattered rain /thundershowers likely over adjoining plains of Northwest India.

Source: IMD,GOI

FOREX RATES (12.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.15
European Union	Euro	56.63

Japan	100 Yen	38.75
United Kingdom	Pound Sterling	77.98

China	CNY	5.53
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