

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Saw Weakness**
- **NCDEX February Contract Witnessed Steep Bounce.**

COMMENTARY DOMESTIC MARKET Soy meal

The soymeal prices slipped slightly at most of the spot markets today in conjunction with the bearish CBOT 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 lower on Monday on persistent bearish factors after the two days of technical bounce was over.. The prices of soymeal at ports remained almost steady at previous levels in a thin trading day. However, the futures market witnessed steep surge in Feb contract as prices bounced to Rs 8700 from Rs 8460 on the previous trading day. This was totally an unexpected bounce in the current scenario. However, the April and March contract witnessed no trading today. There is still no strong chance of bounce back in a short run 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 and poor export demand for soymeal. However, warm and dry weather conditions in Argentina are giving some boost to the soymeal bulls. Looking at the global weakness in the prices the Indian exporters are also finding it difficult to bargain higher prices from the overseas customers. In the same line the prices at Indore spot market remained drowsy today near earlier levels at Rs 8400-8600 per MT. 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

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. 'Asha Himani' is expected at Kandla Port to load 3,000 MT of SBM to Hodaiddah. Hind Shipping agents will be handling the vessel. The port is expecting 'Pan Bright' to load 17,000 MT of SBM to Ulsan. The vessel will be handled by Taurus agents. 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.

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	Pan Bright	17000	SBM	Expected	Ulsan
	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)	
	24.01.06	25.01.06
Indore	8400-8600	8400-8600
Nanded	8300-8400	8200-8300
Latur	8200-8300	8200-8300
Dhulia	8200-8400	8200-8400
Jalana	8500	8200-8300
Kota	8200	8100
Nagpur	8100 (41%), 8400(45-46%)	7700 (41%), 8000(45-46%)
Kandla	9250	9200-9250
Mumbai	9200	9150-9200

Vizag(approx)		9100 (b)-9200(a)
Sangli	8700	8600
Solapur	8600	8500
Morena	8400	8300-8400
Shivepuri	8200	8100

NCDEX Soy meal Futures price (25th Jan'06)

Contract	Prev Close	High	Low	Close	Change
March'06	8693.00	00.00	00.00	00.00	00.00
Feb'06	8460.00	8700.00	8351.00	8700.00	+240.00

Rape/ Mustard meal

Fresh arrivals of rapeseed are 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 'Cinigrin'. 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

Indian Agribusiness Systems Pvt. Ltd.

CBOT Soymeal Futures Settle Lower

Soy future settled Low at Chicago Boards of trades on Monday. March Soybeans finished down 3.25 at \$ 5.7125, 6.50 cent off the high and 1.75 cent up from the low. May Soybeans closed down 4 cent at \$ 5.81/bushel. This was 1 cent up from the low and 6.75 cent off the high. March Soymeal closed down \$ 0.6 at \$ 179.9/ton, it was \$ 0.5 up from the low and \$ 1.9 off the high. March Soybean Oil settled unchanged at 21.52 cents/pound, 0.2 cents off the high and 0.22 cents up from the low. The market settled lower early in the session with speculation of the huge stocks, slow export pace and massive world ending stocks.

CBOT Soymeal futures as on January 24th, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	180.5	179.6	182.8	176.0	179.9	-0.6
May'06	182.4	181.2	184.1	178.0	181.5	-0.9

WEATHER WATCH: (25.01.06)

Chief Features

Generally dry weather conditions prevailed over the country outside Orissa where light rain/thundershowers have occurred at a few places during past 24 hours.

Cold wave conditions are prevailing over isolated pockets of Punjab, Rajasthan, West Madhya Pradesh, Chhattisgarh, Vidarbha, Telangana and south Madhya Maharashtra.

Minimum temperatures over plains of northwest India are likely to remain 1-2 deg C below normal during next 2 days. Lowest temperature of 1 deg C in the plains of the country was recorded at Amritsar (Punjab).

Forecast valid 1430 hours IST of 28th JANUARY, 2006

NORTH : Weather will be mainly dry over the 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 Andaman & Nicobar Islands. Weather will be Mainly dry in the rest region.

WEST : Weather will be mainly dry over the region.

WARNING:

Ground frost is likely over some parts of Punjab during next 2 nights.

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 2-3 deg. C over northwest India.

Source: IMD,GOI

FOREX RATES (25.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.29
European Union	Euro	54.38
Japan	100 Yen	38.53

United Kingdom	Pound Sterling	79.01
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