

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Prices Were Almost Stable in Physical Markets
- NCDEX February Contract settled Lower

COMMENTARY DOMESTIC MARKET Soy meal

The soymeal market remained stable Friday in the absence of any fresh inputs. The global markets yesterday witnessed some bearish movements in the entire soy complex, on the expectation of bearish USDA report, large expected crop in Brazil and a report of second human death by bird flu in Turkey. However, the domestic market ignored these bearish sentiments in the international market. As the recent jump in prices of soymeal at both spot and export markets were steep, the same is causing some traders remorse at this stage. However, the steady demand is coming in trickles to support the prices. The forthcoming USDA report will be important to decide the future course of the prices. The global situation is indecisive as Brazilian crop is expected to be very large and at the same time the crop in Argentina is struggling with bad weather conditions. We expect that the international scene is not going to affect the Indian soymeal export in a big way, as Indian soymeal is still finding its destinations regularly. Today the soymeal prices at most of the spot market remained stable. The prices at Indore spot market remained stand still at higher levels and traded in the range of Rs 8600-8900 per MT. February contract of soymeal at NCDEX witnessed a dramatic fall of Rs 500 to Rs 8600. The rates at the Kandla ports were also on the higher side at Rs 9400 per MT on steady demand from the neighbouring countries. We expect the prices to remain steady around these levels as the prices are already at comfortable levels any strong surge from here on is not expected. 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

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 InterOcean agents. 'Thor Sun' has berthed at the port and continues to load 12,000 MT of SBM to Vietnam. JM Baxi 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. 'Fu Niu Shan' is expected at Kandla Port to load 12,000 MT of SBM. The vessel will be handled by Taurus agents. Loading of 35,000 MT of SBM is

expected at the port on the vessel 'China Trader' to Korea. The vessel will be handled by Trinity agents.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Iran Ehsan	12100	SBM	Expected	China
	China Trader	35000	SBM	Expected	Korea
	Fu Niu Shan	12000	SBM	Expected	
Jamnagar	Kwan Mo Bong	7500	SBM	Loading	Vietnam
	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)	
	05.01.06	06.01.06
Indore	8600-8800	8600-8900
Nanded	8200	8200-8500
Latur	8200	8200
Dhulia	8600	8400
Jalana	8500	8400
Kota	8300	8200
Nagpur	7900 (41%), 8300(45-46%)	7000 (41%), 8300(45-46%)
Kandla	9200-9300	9400
Mumbai	9200-9350	9400
Vizag(approx)
Sangli	8600	8600
Solapur	8500	8500
Morena	8400	8400
Shivepuri	8000	8000

NCDEX Soy meal Futures price (6th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	9100.00	9200.00	8550.00	8600.00	-500.00
March'06	8575.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

Crushing of rapeseed has declined due to subdued demand of rape oil in the domestic markets. Also the supply of oil in the domestic market is high causing lower oil prices. Since, oil recovery is higher in rapeseed compared to other oilseeds, crushing of rapeseed is mainly done for oil. Thus lower prices are causing low crushing of rapeseed, 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. Mustard oilcake was quoted in Morena Rs 5200/MT, while it was quoted Rs 5150/metric tonnes on 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

Groundnut meal markets continued to see stable trend. Higher prices of soymeal negate any sort of increase in use of it in cattle feed and thus demand for GN meal is steady and good. Arrivals of seed are shrinking in major producing mandis. Demand for GN meal usually increases in winter season from livestock feed industry. Though demand for the GN oil is not very aggressive, crushing is likely to be increased due to good demand for the GN meal. 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**Soymeal Futures at CBOT Close Lower**

The CBOT soymeal futures along with other members of soy complex settled lower on Thursday on some speculative selling and weaker fundamentals. March soymeal closed \$5.60 lower at \$191.30 per ton. CBOT March soybeans finished 13.75 cents lower at \$6.185 per bushel and March soyoil finished lower 39 points at 23.21 cents per pound. Around 240 lots of soybean delivered by Bunge on Thursday caused bearish sentiments in the market. Adding to it, large crop estimate of Brazil and bird flu death in turkey further hit the prices down. Turkey confirmed its second human death by bird flu as a young boy died of the deadly disease. As the export and crush reports are not showing good pace, it is expected by the market that the recent projections won't be achieved. Further, the upcoming USDA production and sales report is expected to show higher ending stocks of soybean. Also, Brazil's 2005-06 soybean crop is estimated at a record 59.2 million tonnes from the December forecast of 58.4 million tonnes and from last year's crop of 51.1 million tonnes. All these factors hammered the prices down.

CBOT Soymeal futures as on January 5, 2006
(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	195.1	194.9	194.9	188.1	188.8	-6.3
Mar '06	196.9	196.5	196.8	190.6	191.3	-5.6

WEATHER WATCH: (06.01.06)**Chief Features**

Many parts of Jammu division, Punjab, Haryana, Rajasthan and Uttar Pradesh are under the grip of cold wave to severe cold wave conditions. They are likely to continue and extend into parts of Bihar during next two days. Subsequently, the night temperatures over parts of northwest India are likely to increase leading some respite from chilly weather.

The lowest minimum temperature of -1.9 deg C was recorded at Churu (Rajasthan).

Due to low night temperatures, ground frost is likely over some parts of Punjab, Haryana, West Uttar Pradesh and Rajasthan during next 2 nights. Fog is likely over northern parts of Gangetic plains during morning hours.

The western disturbance as an upper air system over Jammu & Kashmir and adjoining North Pakistan persists.

The upper air cyclonic circulation over southeast Arabian Sea persists and extends up to 2.1 km a.s.l.

The upper air cyclonic over south Bay of Bengal extending up to 2.1 km a.s.l. also persists.

Forecast valid 1430 hours IST of 9th JANUARY, 2006

NORTH : Weather will be mainly dry over the region.

EAST : Weather will be mainly dry over the region.

SOUTH : Rain/thundershowers are likely at a few places over Coastal Tamil Nadu & Pondicherry and Nicobar Islands and isolated over Andaman islands, rest Tamil Nadu, South Interior Karnataka, Lakshadweep and Kerala. Weather will be Mainly dry in the rest region.

WEST : Weather will be mainly dry over the region.

Low Temperature warning :

Night temperatures over some parts of Punjab, Haryana, West Uttar Pradesh and Rajasthan are likely to remain below 4 deg C leading to frost during next 2 nights.

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

Rise in night temperatures over northwest India leading to cessation of cold wave conditions.

Source: IMD,GOI

FOREX RATES (06.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.67
European Union	Euro	54.01
Japan	100 Yen	38.43
United Kingdom	Pound Sterling	78.33
China	CNY	5.538

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.