

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Prices Were Almost Stable in Physical Markets**
- **NCDEX February Contract Closed Firm**

COMMENTARY DOMESTIC MARKET Soy meal

The recent jump in prices of soymeal at both spot and export markets were steep and the same is causing some traders remorse at this stage. The stockists who have enjoyed higher prices are not willing to sell at lower price. The demand also seems becoming a little price sensitive widening the spread between bid and ask prices. As a large part of our export has been done for the year, exporters are in no hurry to sell and are waiting for the justified prices. The time has gone when the exporters were sitting on the piles of stock of soymeal and importers were at bargaining position when the bird flu story was terrorising the market. Now the exporters are comfortable position, we are not expecting any sharp fall in the prices. All in all the soymeal market seems in no mood to look back. Further, the positive sentiments in the other soy complex are also spilling over in soymeal market. International scenario is also conducive as CBOT soymeal futures are still on higher side. 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 8600-8800 per MT. February contract of soymeal at NCDEX witnessed a slight improvement at Rs 9100 as compared to Rs 9050 per Mt levels yesterday. There were hardly any deal seen at Kandla and Mumbai as the bid ask spread was enough to make the day dry of any trading. The sellers were standing tall at Rs 9350 per MT as compared to the buyers at Rs 9150-200 levels. 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

Mumbai Port is loading 3,000 MT of SBM on the vessel 'Badulu Valley'. Sai Freight agents is handling the vessel. The 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. Loading of 12,100 MT of SBM is expected at the Jamnagar Port on the vessel 'Iran Ehsan' to China. The vessel will be handled by InterOcean agents. '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	Expected	China
	Kamo	8000	SBM	Loading	Japan
Mumbai	Badalu Valley	3000	SBM	Loading	
	Kardaran Star	7000	SBM	Expected	
	Mercs Ruhunnu	2000	SBM	Expected	-

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	05.01.06	04.01.06
Indore	8600-8800	8600-8800
Nanded	8200	8200
Latur	8200	8300
Dhulia	8600	8500
Jalana	8500	8500
Kota	8300	8200-8300
Nagpur	7900 (41%), 8300(45-46%)	7900 (41%), 8300(45-46%)
Kandla	9200-9300	9350-9400
Mumbai	9200-9350	9350-9400
Vizag(approx)
Sangli	8600	8700
Solapur	8600	8600
Morena	8400	8400
Shivepuri	8000	8000

NCDEX Soy meal Futures price (5th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	9050.00	9100.00	9100.00	9100.00	+50.00
March'06	9400.00	9300.00	8575.00	8575.00	-825.00

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**CBOT Soy Meal Futures Settle Lower**

March Soybeans settled up 3.75 cents at \$ 6.3225 per bushel, 0.75 cent off the high and 6.75 cents up from the low. May soybeans settled up 3 cents at \$ 6.4175 per bushel, 6.75 cents up from the low and 1.25 cents off the high. March soymeal settled down \$ 0.8 at \$ 196.9 per ton, \$ 0.9 up from the low and \$ 2.6 off the high. March soybean oil settled up 0.36 cent at 23.6 cents per pound, 0.04 cent off the high and 0.55 cent up from the low. Dry soil and increase in the temperature in Argentina made some nervousness for the crop. Scattered rains are expected for Argentina for the next week. Traders feel that the market has been over-valued relative to the supply and demand fundamentals. China have bought few cargos of US soybeans.

USDA weekly export sales were friendly. Weekly export sales for soybean were higher than trade expectations and export sales for soymeal and soyoil were within range of trade expectations. USDA weekly export sales for soybeans came at 906,200 metric tonnes as compared to trade expectations range of 550,000-750,000. Soybean meal sales came at 81,800 metric tonnes as compared to trade expectations range of 75,000-125,000. Oil sales

came at 7,500 tonnes as compared to trade expectations between 5,000-15,000 tonnes.

CBOT Soymeal futures as on January 4, 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	198.2	199.5	199.5	194.4	195.1	-3.1
Mar '06	197.7	199.5	199.5	196.0	196.9	-0.8

WEATHER WATCH: (05.01.06)**Chief Features**

Mornings western disturbance as an upper air system over north Pakistan & neighbourhood persists.

Cold wave to severe cold wave conditions prevailed over parts of Rajasthan, Punjab and Haryana. Cold day conditions also prevailed over parts of Punjab and Haryana where actual maximum temperatures remained below 16 deg C. They are likely to continue over some parts of northwest India during next two days. Subsequently, the night temperatures over the area may increase leading cessation of cold wave conditions. The lowest minimum temperature of -0.1 deg C was recorded at Adampur (Punjab).

Due to low night temperatures, ground frost is likely over some parts of Punjab, Haryana and north Rajasthan during next 2 nights.

Fog also prevailed over parts of Punjab, Haryana, Uttar Pradesh and north Bihar.

The upper air Cyclonic circulation lies over southwest Bay of Bengal persists and extends up to 2.1 Km a.s.l.

Forecast valid 1430 hours IST of 8th JANUARY, 2006

NORTH : Isolated light rainfall/snowfall is likely over higher reaches of Jammu & Kashmir. 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 Tamil Nadu & Pondicherry and isolated over Andaman & Nicobar islands, 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 and north 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 abatement of cold wave conditions.

Source: IMD,GOI

FOREX RATES (05.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.67
European Union	Euro	54.05
Japan	100 Yen	38.43
United Kingdom	Pound Sterling	78.36
China	CNY	5.53

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