

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Prices Were on Higher Side in Physical Markets
- NCDEX March Soymeal Future Slipped Slightly

COMMENTARY DOMESTIC MARKET Soy meal

The days have gone when the prices of soymeal were deep down on bird flu fears and large stocks world over. The recent rally in the soymeal prices has brought a dramatic change in the market sentiments. India is net short in vegetable oils and it crushes all the oilseeds it produces. Oil is consumed locally and a major part of the soymeal is exported. So, we depend on the foreign markets to sell our Oilmeal stocks. When our major markets (South East Asia) was struggling with bird flu, the sentiments were subdued. But then the demand came in trickles for cheaper and good quality Indian soymeal, which improved the prices as well. The Major part of our yearly export has been shipped and it is expected that the remaining portion will also find its destination in the coming time as demand is good. 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 soybean futures are climbing high. Today soymeal prices at most of the spot market remained on the higher side. The prices at Indore spot market remained on higher levels and traded in the range of Rs 8600-8800 per MT. January and February contract of soymeal at NCDEX witnessed no trading activity today. However, the March contract unexpectedly shed rs 50 at Rs 9400. As the demand is coming in trickles and supply is also on moderate levels, we expect prices to remain steady if not climbing. 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 expecting 'Badalu Valley' to load 3,000 MT of SBM. The vessel will be handled by Sai Freight agents. Mumbai Port is loading 3,000 MT of SBM on the vessel 'Badulu Valley'. Sai Freight agents is handling the vessel. 'Kwan Mo Bong' has berthed at Jamnagar Port and continues to load 7,500 MT of SBM to Vietnam. Interocean agents is handling the vessel. The port is loading 8,000 MT of SBM to Japan on the vessel 'Kamo'. JM baxi agents is handling the vessel. Loading of 12,100 MT of SBM is expected at the 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.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Forwa Star	20000	SBM	Loaded	China
	Iran Ehsan	12100	SBM	Expected	China
	Fu Niu Shan	12000	SBM	Expected	
Jamnagar	Kwan Mo Bong	7500	SBM	Loading	Vietnam
	Kamo	8000	SBM	Loading	Japan
Mumbai	Badalu Valley	3000	SBM	Loading	-

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	03.01.06	04.01.06
Indore	8500-8800	8600-8800
Nanded	8200	8200
Latur	8300	8300
Dhulia	8400	8500
Jalana	8300	8500
Kota	8100-8200	8200-8300
Nagpur	7800 (41%), 8200(45-46%)	7900 (41%), 8300(45-46%)
Kandla	9200	9350-9400
Mumbai	9200	9350-9400
Vizag(approx)
Sangli	8600	8700
Solapur	8500	8600
Morena	8450	8400
Shivepuri	8050	8000

NCDEX Soy meal Futures price (4th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	9050.00	00.00	00.00	00.00	00.00
March'06	9450.00	9500.00	9300.00	9400.00	-50.00

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 Higher

Soy future settled up at Chicago Board of Trade. March soybeans settled up 15 cents at \$ 6.2850 per bushel, 4 cents off the high and 11.5 cents up from the low. May soybeans settled up 16.75 cents at \$ 6.3875 per bushel. This was 13.5 cents up from the low and 2.75 cents off the high. March soymeal settled up \$ 1.4 at \$ 197.7 per ton. This was \$ 0.2 up from the low and \$ 4.3 off the high. March soybean oil settled up 1.34 cents at 23.24 cents per pound, 0.13 cent off the high and 1.09 cents up from the low. According to traders, China is booking the US soybeans. Scattered rains are expected in Argentina in early next week. A combination of hot and dry weather in southern Brazil and Argentina is in the forecast during the week. Weekly export inspections, released during the session, came in at 13.87 million bushels as compared with trade expectations at 18 to 26 million. 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 3, 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	197.3	202.0	202.5	198.2	198.2	+0.9
Mar '06	196.3	201.5	202.0	197.5	197.7	+1.4

WEATHER WATCH: (04.01.06)

Chief Features

The western disturbance as an upper air system over Jammu & Kashmir now lies over Himachal Pradesh and adjoining Jammu & Kashmir. Due to eastward movement of this Western disturbance, night temperatures over northwest India have fallen by 4-6 deg C and cold wave to severe cold wave conditions have set in over West Rajasthan. They are likely to continue and extends into some parts of northwest India. The lowest minimum temperature of 0.3 deg C was recorded at Churu (West Rajasthan). Cold day conditions prevailed over parts of Punjab and Haryana where actual maximum temperatures remained below 16 deg C. Fog conditions also prevailed over many parts of Punjab, Haryana West and Uttar Pradesh. The upper air Cyclonic circulation over southeast Arabian sea extending up to 1.5 Km a.s.l persists. An upper air Cyclonic circulation lies over southwest Bay of Bengal and extends up to 2.1 Km a.s.l.

Forecast valid 0830 hours IST of 7th JANUARY, 2006

NORTH : Isolated light rainfall/snowfall is likely over higher reaches of Jammu & Kashmir, Himachal Pradesh and Uttaranchal. 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 Andaman & Nicobar islands and Coastal Tamil Nadu & Pondicherry and isolated over rest Tamilnadu, Kerala and Lakshadweep. Weather will be Mainly dry in the rest region.

WEST : Weather will be mainly dry over the region.

Warning

heavy to very heavy rain/snow likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during next 1-2 days.

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

No significant change.

Source: IMD,GOI

FOREX RATES (04.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.85
European Union	Euro	54.09
Japan	100 Yen	38.76
United Kingdom	Pound Sterling	78.46
China	CNY	5.55

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