

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Prices Were Almost Stable in Physical Markets
- NCDEX February Contract Witnessed No Trading

COMMENTARY DOMESTIC MARKET Soy meal

The soymeal market remained slightly improved to stable on Monday, ignoring the weakness in the soy complex at CBOT. There was no spill over effect seen in the Indian soymeal market from the Global weakness in the soy complex as far as spot markets are concerned. However, the news that China has reported its eighth case of human infection lends some bearish sentiments at the export end. The global markets witnessed some bearish movements in the entire soy complex Friday on technical selling and bearish fundamentals. Favourable weather conditions and expected rains in Argentina set bearish tone in the soy market. However, the domestic market ignored these bearish sentiments in the international market and thus the prices remained stable around the earlier levels. 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. But, the steady demand is coming in trickles to support the prices. The global situation is indecisive as Brazilian crop is struggling with the dry weather conditions and Argentina is expected to produce a large crop. We expect the prices to consolidate ahead of USDA crop report, scheduled to be released on Thursday, also fresh appearance of bird flu in China would bring some tentativeness in the prices. 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 8500-8900 per MT. February and March contract of soymeal at NCDEX witnessed no trading activity today. However, the rates at the Kandla ports slipped to Rs 9250 per MT levels as compared to Rs 9400 per MT level yesterday. 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

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. 'Gant Star' is expected at the port to load 16,000 MT of SBM to Korea. Liladhar Pasoo agents will be 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 Interocean agents. 'Thor Sun' has berthed at the port and continues to load 12,000 MT of rice 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.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Iran Ehsan	12100	SBM	Expected	China
	China Trader	35000	SBM	Expected	Korea
	Grant Star	16000	SBM	Expected	Korea
	Skipped Ali	5700	SBM	Expected	
	Fu Niu Shan	12000	SBM	Loading	
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)	
	10.01.06	09.01.06
Indore	8600-8900	8500-8800
Nanded	8200-8500	8400
Latur	8200	8400
Dhulia	8400-8500	8500
Jalana	8400	8500
Kota	8300	8300
Nagpur	8000 (41%), 8300(45-46%)	8200 (41%), 8500(45-46%)
Kandla	9400	9350-9400
Mumbai	9400	9350-9400
Vizag(approx)
Sangli	8600	8700
Solapur	8500	8600
Morena	8400	8500
Shivepuri	8000	8100

NCDEX Soy meal Futures price (9th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8600.00	00.00	00.00	00.00	00.00
March'06	9670.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

The mustard crop is expected around 70 lakh MT this year and the same is putting pressure on the prices as harvest of the crop is nearing. Good stock positions with the stockists and NAFED are also 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 5200/MT, while it was quoted Rs 5150/metric tonnes on yesterdayz. 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

Pressured by technical selling and some bearish fundamentals soy complex fell sharply in unison on Monday. The soybean futures were hammered down to the one-month low levels as favourable crop conditions in Argentina set a bearish tone for the market. March Soybeans settled lower 17 cents at \$ 5.94 per bushel, 12.50 cents off the high and 4.5 cents up from the low. May soybeans settled lower 18 cents at \$ 6.03 per bushel, 3 cents up from the low and 13.5 cents off the high. March soymeal settled down \$ 4.1 at \$ 184.6 per ton, \$ 1.8 up from the low and \$ 1.3 off the high. March soybean oil settled down 0.4 cent at 22.59 cents per pound, which is 0.16 cent off the high and 0.24 cent up from the low. The forecast for a good rain event in Argentina made a bearish impact on the market. Renewed bird flu concerns added to

the bearish tone. While the Argentina crop conditions look to improve this week with the forecast for rain, crop conditions in southern Brazil look to deteriorate with a high pressure ridge bringing hot and dry weather for much of the next week. According to the traders exports are reported to be reduced. Cumulative shipments have reached just 40.8% of the USDA export forecast for the season as compared with 50.2% as the 5-year average for this time of the year.

CBOT Soymeal futures as on January 9, 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	186.9	183.0	183.8	180.5	183.3	-3.6
Mar '06	188.7	184.5	185.9	182.8	184.6	-4.1

WEATHER WATCH: (10.01.06)

Chief Features

Many parts of Punjab, Haryana, Rajasthan and Uttar Pradesh continue to be in grip of cold wave to severe cold wave conditions. They have extended eastwards into parts of Bihar. The present and forecast circulation features indicate that the night temperatures over parts of northwest India are likely to increase from tomorrow leading respite from chilly weather during next 2-3 days.

The lowest minimum temperature of -2.0° C was recorded at Pilani (Rajasthan).

Ground frost is still likely over some parts of Punjab, Haryana, West Uttar Pradesh and north Rajasthan during next 2 nights.

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

The upper air cyclonic circulation over western parts of Southeast Arabian Sea persists and extends up to 1.5 km a.s.l.

The upper air cyclonic circulation over Southwest Bay of Bengal also persists and extends up to 0.9 km a.s.l.

Forecast valid 1430 hours IST of 12th JANUARY, 2006

NORTH: Isolated rain/snow likely over higher reaches of Jammu & Kashmir which is likely to increase on 12th & 13th and extend in to 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 Nicobar Islands and isolated over Andaman islands, Tamil Nadu and Pondicherry, Lakshadweep and Kerala. The rainfall activity over Tamil Nadu & Pondicherry and Kerala is likely to increase after 24 hours. 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 ,Haryana, West Uttar Pradesh and north Rajasthan during next 2 nights .

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

Scattered rain /snow likely over Western Himalayas and isolated rainfall likely over the adjoining plains of northwest India.

Source: IMD,GOI

FOREX RATES (10.01.06)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	44.38

European Union	Euro	53.49
Japan	100 Yen	38.79
United Kingdom	Pound Sterling	78.35
China	CNY	5.53

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