

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Remained Stable on Lower Activity.**
- **NCDEX February Contract Witnessed Strong Bounce**

COMMENTARY DOMESTIC MARKET

Soy meal

Soymeal domestic market remained almost stable in the absence of any fresh inputs.. There was also very thin trading seen at the ports.. Importers are asking for lower prices due to recent fall in prices in international markets. The soymeal prices at CBOT fell sharply in the recently on bearish USDA crop report, favourable crop conditions in Argentina and bird flu concerns. However, Indian sellers are not interested in deal at lower prices, as the same will bring the disparity in crushing. Due to the lower oil prices the crushing margin has already shrank, and there is no space for lower meal prices for the crushing to remain at least in parity. We expect the prices to remain stable to slightly improving from hereon as the lower prices will throw the crushers out of the comfort zone.

Today the prices at Indore market remained stable at previous levels. The prices were in the range of Rs 8400-8800 per MT. In the futures market, February contract of soymeal bounced strongly to Rs 9049 as compared to 8584 levels on previous trading session. The prices moved in the range of Rs 8100-9049 per MT in a thinly traded session. However, the March contract of soymeal at NCDEX witnessed no trading activity. There was very thin trading observer at Kandla port as bid ask spread was higher enough to negate more trades. Some tracings were seen at Rs 9200. At the moment the soymeal market is under pressure of the bearish fundamentals in the global market. 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

'Gant Star' has berthed at Kandla Port and continues to load 16,000 MT of SBM to Korea. Liladhar Pasoo agents is handling the vessel. '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. 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.

'Indruwa Valley' has berthed at Mumbai Port and continues to load 2,500 MT of SBM. Sai Freight 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	Grant Star	16000	SBM	Loading	Korea
	Skipped Ali	5700	SBM	Expected	
	Fu Niu Shan	12000	SBM	Loading	
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
Mumbai	Kardaran Star	7000	SBM	Expected	
	Indruwa Valley	2500	SBM	Loading	
	Mercs Ruhunnu	2000	SBM	Expected	-

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	14.01.06	16.01.06
Indore	8500-8800	8400-8800
Nanded	8300-400	8300-8400
Latur	8200	8400
Dhulia	8200-300	8300
Jalana	8300	8400
Kota	8100	8100-8200
Nagpur	8000 (41%), 8300(45-46%)	8000 (41%), 8300(45-46%)
Kandla	9100	9200
Mumbai	9100	9200
Vizag(approx)
Sangli	8700	8700
Solapur	8500	8600
Morena	8400	8400
Shivpuri	8100	8000

NCDEX Soy meal Futures price (16th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8584.00	9049.00	8100.00	9049.00	+465.00
March'06	8780.00	00.00	00.00	00.00	00.00

Rape/ Mustard meal

Most of the markets remained closed today on occasion of Makar Sankranti and Pongal. Mustard seed at Delhi and Hapur exchanges witnessed weak sentiments today, whereas Bikaner market remained closed today. However, the recent low temperature weather conditions caused some damage to the Mustard crop by frost injury and thus might result in reduction in earlier projection of the mustard production. However, the crop is still expected higher as compared to the previous season due to increased acreage. The prices are expected to remain range bound in the near future until arrivals start to pour bearish sentiments in the market. The mustard meal market is however still enjoying the comfortable prices as there is not much supply pressure and export is also running normal. Hence, the prices of rape meal are stable at comfortable levels due to limited supply and steady demand from cattle feed industry. Mustard oilcake was quoted in Morena Rs 4900/MT, while it was quoted Rs 5000/metric tonnes 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

Most of the markets remained closed on festivals. 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 Soymeal Futures Settle Higher

Soybean and soymeal witnessed slight recovery on the last trading day of an extended weekend in CBOT, whereas soyoil slipped modestly. March Soybeans finished up 4.5 at 576.5, 0.5 off the high and 6 1/2 up from the low. May Soybeans closed up 4 at 585.5. This was 7 up from the low and 0.5 off the high. March Soymeal closed up 2.7 at 181.7. This was 2.7 up from the low and 0.2 off the high. March Soybean Oil finished down 0.02 at 21.67, 0.04 off the high and 0.17 up from the low. The soybean futures at CBOT ended slightly higher on technical buying in the oversold zone. Soybean market got some energy from the talk of increased Chinese buying interest in U.S. soybean last week. However, the bearish factors were standing like a wall to restrict the gains, as December 1st soybean stocks and world soybean ending stocks at a record high levels, favorable weather conditions in Argentina, expected rains in Brazil speaking loudly in favor of soy bears. Adding to this the USDA news that, that usage in the US for the 2005-06 season is expected to drop by 145 million bushels from last year has kept a negative demand tone in tact for soybeans. Soymeal futures bounced modestly in conjunction with soybeans, recouping some on the losses

made recently. The fundamentals of the market are unchanged, but oversold conditions encouraged consolidation. However, Soyoil futures ended with light losses on large stock position and speculative selling. However, good underlying commercial buying continues to limit downside movement. CBOT Soymeal futures as on January 13, 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	178.8	179.0	180.0	176.5	176.0	-2.3
Mar '06	179.0	179.0	181.9	179.0	179.0	+2.7

WEATHER WATCH: (16.01.06)

Chief Features

The well marked low-pressure area over Comorin- Maldives concentrated into a depression at 1730 hrs. IST on 13.1.06 over southeast Arabian Sea and lay centred about 575 km southeast of Minicoy near lat. 5.0°N/long.77.0°E. It moved in a west-northwesterly direction and intensified into a deep depression and lay centred at 0830 hrs. IST of 14th January 2006 about 450 km southeast of Minicoy near lat. 5.5°N/long.75.5°E. The system is likely to intensify further and move in a west-northwesterly direction. Under its influence, isolated heavy to heavy rainfall is likely over southern parts of Lakshadweep islands during next 48 hours.

A western disturbance is likely to affect northwest India from today evening. It is likely to cause scattered to fairly widespread rain/snowfall over the Western Himalayas upto 18th. Isolated to scattered light rain/thundershowers are also likely over the adjoining plains of Punjab, Haryana and north Rajasthan from 15th. Minimum temperatures over northwest India are likely to increase by 2-4° C during next 2-3 days which may fall subsequently.

The lowest minimum temperature of 3.4° C was recorded at Amritsar (Punjab).

Forecast valid 0830 hours IST of 17th JANUARY, 2006

NORTH: Isolated to scattered rain /snow is likely to commence over Jammu & Kashmir and Himachal Pradesh from today evening which may subsequently increase and extend into Uttaranchal. Isolated to scattered rain/thundershowers likely over Punjab and Haryana from 15th. Weather will be mainly dry over the rest region.

EAST: Weather will be mainly dry over the region.

SOUTH: Rain/thundershowers are likely at many places with isolated heavy to very heavy fall over southern parts of Kerala and Lakshadweep; at a few places over south Tamil Nadu and isolated over rest Tamil Nadu, Kerala and Andaman & Nicobar Islands. Weather will be Mainly dry in the rest region.

WEST: Isolated rain/thundershowers likely over north Rajasthan from 15th. Weather will be mainly dry over the region.

Warning

Isolated heavy to very heavy falls likely over southern parts of Lakshadweep and Kerala during next 48 hours.

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

Under the influence of approaching western disturbance scattered rain /snow likely to commence over Jammu &

Kashmir and Himachal Pradesh from today evening which may extends further to Uttaranchal and plains of northwest India by 15th January.

Source: IMD,GOI

FOREX RATES (16.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.26
European Union	Euro	53.35
Japan	100 Yen	38.63
United Kingdom	Pound Sterling	77.95

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