

## 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 stable Saturday and witnessed no spill over effect of weaker CBOT soy futures on Friday due to bearish CBOT report. The global markets witnessed some bearish movements in the entire soy complex Friday on the bearish USDA report and predicted rains in Argentina. 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 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 no trading activity, however, the March contract saw a dramatic fall of Rs 517 to Rs 8800. The contract witnessed unjustified volatility on thin and intermittent trading and danced on a large floor between Rs 9850 to Rs 8800. The rates at the Kandla ports also remained stationary at Rs 9400 per MT. We expect the prices to remain steady around these levels as the prices have already surged to a 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)	
	07.01.06	06.01.06
Indore	8600-8900	8600-8900
Nanded	8200-8500	8200-8500
Latur	8200	8200
Dhulia	8400-8500	8400
Jalana	8400	8400
Kota	8300	8200
Nagpur	8000 (41%), 8300(45-46%)	8000 (41%), 8300(45-46%)
Kandla	9400	9400
Mumbai	9400	9400
Vizag(approx)	..	...
Sangli	8600	8600
Solapur	8500	8500
Morena	8400	8400
Shivepuri	8000	8000

**NCDEX Soy meal Futures price (7<sup>th</sup> Jan'06)**

Contract	Prev Close	High	Low	Close	Change
Feb'06	8600.00	00.00	00.00	00.00	00.00
March'06	9317.00	9850.00	8800.00	8800.00	-517.00

**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 Yestarday. 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 Ended Lower**

Soy meal complex fell in entirety on Friday on lower than expected export sales shown in USDA report. The dry weather conditions in Brazil couldn't support the prices. However, predicted rains in Argentina added further bearishness in the market. March soybeans contract at CBOT closed 7.5 cents lower at \$6.11 per retreating from 4 month's high levels of \$6.33 attained on Wednesday. Soy oil and soy meal futures ended lower following soybeans. CBOT March soy meal settled \$2.60 lower at \$188.70 per short ton and March soy oil ended 22 points lower at 22.99 cents a pound. Soybean export sales of 461,500 metric tons were in-line with estimates and had little impact on trade. However, the export sales for soy meal and soy oil came lower bringing some bearish sentiments in the market. Net weekly U.S. soy oil export sales totaled 600 metric tons, well below estimates of 4,000 to 9,000 metric tons. Soy meal sales were 46,200 compared to estimates of 75,000 to 125,000 tons. Net sales of 46,200 tons were a marketing-year low and were 43% below the week earlier and 67% under the prior 4-week average.

**CBOT Soy meal futures as on January 5, 2006**

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Jan'06	188.8	191.0	191.0	186.8	186.9	-1.9
Mar '06	191.3	192.4	192.4	188.3	188.7	-2.6

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

Many parts of Jammu division, Punjab, Haryana, Rajasthan and parts of Uttar Pradesh continued to be in grip of cold wave to severe cold wave conditions. They are likely to continue till tomorrow. Subsequently, the night temperatures over parts of northwest India are likely to increase leading some respite from chilly weather.

The lowest minimum temperature of -4.0° C was recorded at Adampur (Punjab).

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 1.5 km a.s.l.

The trough of low pressure over south Bay of Bengal persists.

**Forecast valid 1430 hours IST of 10<sup>th</sup> JANUARY, 2006**

**NORTH:** Isolated rain/snow 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 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° 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 (07.01.06)**

Country/Continent	Currency	Value in Rupees
USA	Dollar	44.66
European Union	Euro	54.22
Japan	100 Yen	39.01
United Kingdom	Pound Sterling	79.08
China	CNY	5.537

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