

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Remained Steady.**
- **NCDEX March Contract Witnessed Strong Bounce**

COMMENTARY DOMESTIC MARKET Soy meal

In the absence of guidance of CBOT market and subdued activity on the export front soy meal domestic market remained almost stable. There was also lack of fresh inputs to give the market some direction. The market recently fell slightly on bearish conditions looming over the global markets. The soy meal prices at CBOT fell sharply in the recently on bearish USDA crop report, favourable crop conditions in Argentina and bird flu concerns. The scenario is not very promising for the soy meal but as we have shipped a large part of our total export for the year, the Indian exporters are not looking in a hurry and waiting for the justified prices at the stage. This has resulted in the lower activity levels at the port. The importers are bargaining for lower prices taking advantage of the bearish conditions in the overseas markets. As the falling dollar is already weighing on the pockets of the exporters, the 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 8400-8700 per MT. In the futures market, February contract of soy meal bounced slightly to Rs 8600 as compared to 8574 levels on previous trading session. However, the March contract of soy meal at NCDEX witnessed strong surge in the prices to Rs 9100 as compared to Rs 8780 per MT on the previous trading day. 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 soy meal market is under pressure of the bearish fundamentals in the global market, and the prices are expected to remain slightly subdued. Soy meal exports in November increased 52.43% to 266,675 MT from 174,950 MT in the previous year. Total soy meal 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 2,800 MT of SBM on the vessel 'Mercs Ruhunnu'. Forbes Gokak agents is handling the vessel. 'Al Maha' has berthed at the port and continues to load 7,500 MT of SBM. The vessel is being handled by Shaan Marine agents. 'Indruwa Valley' has berthed at

Mumbai Port and continues to load 2,500 MT of SBM. Sai Freight agents is 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.

Kandla Port is expecting 'Aion' to load 10,800 MT of SBM to Malaysia. The vessel will be handled by Shantilal agents.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Grant Star	16000	SBM	Loading	Korea
	Skipped Ali	5700	SBM	Expected	
	Aian	10800	SBM	Expected	Malaysia
	Fu Niu Shan	12000	SBM	Loading	
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
Mumbai	Kardaran Star	7000	SBM	Expected	
	Al Maha	7500	SBM	Loading	
	Indrua Valley	2500	SBM	Loading	
	Mercs Ruhunnu	2800	SBM	Loading	-

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	17.01.06	16.01.06
Indore	8400-8700	8400-8800
Nanded	8400	8300-8400
Latur	8300	8400
Dhulia	8300	8300
Jalana	8300-400	8400
Kota	8100	8100-8200
Nagpur	8000 (41%), 8300(45-46%)	8000 (41%), 8300(45-46%)
Kandla	9200	9200
Mumbai	9200	9200
Vizag(approx)
Sangli	8700	8700
Solapur	8500-8600	8600
Morena	8300-400	8400
Shivapuri	8000	8000

NCDEX Soy meal Futures price (17th Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8574.00	8600.00	8600.00	8600.00	+26.00
March'06	8780.00	9100.00	8400.00	9100.00	+220.00

Rape/ Mustard meal

The recent low temperature weather conditions caused some damage to the Mustard crop by frost injury and thus might cause some reduction in earlier projection of the crop. The mustard crop was earlier projected to be around 70 lakh MT this year. The seed prices may improve a bit if the damages extends. However, good stock positions with the stockists and NAFED are 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. Crushing of rapeseed has declined due to subdued demand of rape oil in the domestic markets. Further the export demand of rape meal is low as Indian rape meal contains a harmful compound for cattle called 'Cinigrin'. Since, oil recovery is higher in rapeseed compared to other oilseeds, crushing of rapeseed is done mainly for oil. Low crushing of rapeseed has simultaneously kept control over supply of rape meal. So, prices of rape meal held steady levels due to limited supply. 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

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 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: (17.01.06)

Chief Features

The western disturbance as an upper air system over North Pakistan and adjoining Jammu & Kashmir now lies over Jammu & Kashmir and adjoining north Pakistan. The induced low pressure area over northwest Rajasthan & neighbourhood persists. Associated upper air cyclonic circulation extends upto 3.1 km a.s.l. Systems are likely to move in east-northeasterly direction.

The current circulation features and numerical model's output suggest wide spread rain/snow with heavy to very heavy falls over Jammu & Kashmir and Himachal Pradesh. Scattered rain/thundershowers also likely over plains of Punjab, Haryana and north Rajasthan. This enhanced precipitation activity is likely to continue for another 24 hrs. with decrease in intensity for subsequent 2 days. However, northwest India is likely to experience another wet spell of enhanced activity from 20th onwards.

Night temperatures over northwest India are likely to remain significantly above normal during next 3-4 days with a slight fall on 19th & 20th.

Forecast valid 1430 hours IST of 20th JANUARY, 2006

NORTH : Rain /Snow is likely at most places over Jammu & Kashmir and Himachal Pradesh and at many places over Uttaranchal during next 24 hours and at a few places thereafter. Rain/thundershowers also likely at many places over Punjab and at a few places over Haryana (including Chandigarh) and isolated over Delhi and West Uttar Pradesh during next 24-48 hours. Weather will be mainly dry over the rest region.

EAST : Weather will be mainly dry over the region.

SOUTH : Isolated rain/thundershowers are likely over south Tamil Nadu, Kerala, Lakshadweep and Andaman & Nicobar Islands. Weather will be Mainly dry in the rest region.

WEST : Rain/thundershowers likely at a few places over north Rajasthan during next 24 hours. Weather will be mainly dry over the rest region.

Warning

Heavy rain/snow is likely at a few places with isolated very heavy falls over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during next 24 hours.

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

Another spell of moderate rain/snow with isolated heavy falls likely over Jammu & Kashmir, Himachal Pradesh & Uttaranchal. Isolated to scattered light rainfall also likely over the adjoining plains of northwest India.

Source: IMD,GOI

FOREX RATES (17.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.31
European Union	Euro	53.71
Japan	100 Yen	38.53
United Kingdom	Pound Sterling	78.30

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