

OILMEAL

January 24, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Improved Slightly.
- NCDEX Feb Contract Witnessed a Sharp Fall

COMMENTARY DOMESTIC MARKET

Soy meal

The soymeal prices improved slightly for the second consecutive day in the export as well as domestic spot markets, taking some sentimental strength from the positive soy futures movements at CBOT on Friday on expectation that it would continue for some more sessions. The CBOT soymeal closed positive on Friday, thanks to the favourable weekly exports sales data. Similarly the futures market witnessed bounce in the March contract of Rs 193 at Rs 8693 per MT on the expectation that the soymeal prices will improve towards late February. However, the February contract of soymeal ended the day with a huge loss of Rs 177 on thin trading volumes. There is still no strong chance of bounce back in the soymeal prices at domestic as well as international markets. The entire world for the soymeal seems bearish at the moment, thanks to the piling stock with the Western counterparts, good crop weather conditions in the major growing countries especially Argentina and lower export demand. Looking at the global weakness in the prices the Indian exporters are also finding it difficult to bargain higher prices from the overseas customers. This weakness in the export prices is being relayed to the domestic spot markets too. In the same line the prices at Indore spot market remained drowsy today near earlier levels at Rs 8400-8700 per MT. There were a very feeble activity witnessed at ports and the prices were slightly improved. The soymeal prices at Kandla port were Rs 9200 per MT slightly up from the Saturday's levels of rs 9150 per MT. The soymeal prices are expected to remain slightly bearish to stable. The prices will improve once the arrivals of soybean fall and stocks come in the stronger hands capable of snatching higher prices.

Latest Soy Meal Vessel Report

Kandla Port is loading 10,800 MT of SBM to Malaysia on the vessel 'Aion'. The vessel is being handled by Shantilal agents. Loading of 18,500 MT of SBM is continuing at the port on the vessel 'Iran Takhti' to Ulsan. Taurus agents is handling the vessel. Loading of 13,200 MT of SBM is expected at Jamnagar Port on the vessel 'Asean Victory' to Thailand. Nilhat agents will be handling the vessel. 'Asha Himani' is expected at the port to load 3,000 MT of SBM to Hodaiddah. Hind Shipping agents will be handling the vessel. The port is expecting 'Pan Bright' to load 17,000 MT of SBM to Ulsan. The vessel will be handled by Taurus agents. Loading of 13,200 MT of SBM is continuing at

Jamnagar Port on the vessel 'Asean Victory' to Thailand. Nilhat agents is handling the vessel.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Skipped Ali	5700	SBM	Expected	
	Iran Takhti	18500	SBM	Loading	Ulsan
	Golden Rain	19500	SBM	Loading	Bangkok
	Aion	10800	SBM	Loading	Malaysia
Jamnagar	Iran Ehsan	12000	SBM	Loading	China
	Pan Bright	17000	SBM	Expected	Ulsan
	Asha Himani	3000	SBM	Expected	Hodaiddab
	Asean Victory	13200	SBM	Loading	Thailand

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	21.01.06	23.01.06
Indore	8400-8600	8400-8700
Nanded	8300-8400	8300-8400
Latur	8300	8500
Dhulia	8200-8300	8200-8400
Jalana	8300	8500
Kota	8000-8100	8100-8200
Nagpur	8000 (41%), 8300(45-46%)	8100 (41%), 8400(45-46%)
Kandla	9150	9200
Mumbai	9150	9100
Vizag(approx)		9100 (b)-9200(a)
Sangli	8600	8700
Solapur	8600	8600
Morena	8300	8400
Shivepuri	8100	8150

NCDEX Soy meal Futures price (23rd Jan'06)

Contract	Prev Close	High	Low	Close	Change
Feb'06	8577.00	8460.00	84600.00	8460.00	-177.00
March'06	8500.00	8700.00	8688.00	8693.00	+193.00

Rape/ Mustard meal

Fresh arrivals of rapeseed are seen in the Kota Mandi and this foretells that the season is about to begin in Mustard and market will again come in flow. The crop is still expected to be higher from previous year despite some losses due to frost. The seed prices may remain stable at this moment until arrivals gears up. Stock position with NAFED is already imparting bearish sentiments to the market. Though, the export demand of Indian rape meal is low as it contains a harmful compound for cattle called 'Cinigrin', still some export deals were noticed at Kandla port today at Rs 5200 per MT for February delivery, whereas the prices for January delivery were Rs 5100 per MT. The prices at domestic market will witness weakness as and when the arrivals and crushing finds momentum. Today the Mustard oilcake was quoted in Morena Rs 4700/MT, while it was quoted Rs 4800/metric tonnes yesterday.

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.

INTERNATIONAL MARKET

CBOT Soymeal Futures Settle Higher

The entire soy complex witnessed a brief recovery bounce on the last trading day of the week at CBOT. Soy future settled higher at Chicago Boards of trades on Friday. March Soybeans settled high 3 cent at \$ 5.68/bushel, 3.75 cent off the high and 3 .50 cent up from the low. May Soybeans closed up 3 cent at \$ 5.7775, it was 3.75 up from the low and 3.75 off the high. March Soymeal closed up \$ 1 at \$ 179.4/ton it was \$ 1.4 up from the low and \$ 1.1 off the high. March Soybean Oil finished up 0.2 cent at 21.28 cents/pound, 0.14 cent off the high and 0.27 cent up from the low. It was a technical bounce in the oversold region supported by higher than expected export sales data and talk of China buying additional soybeans from U.S. ahead of lunar New Year holidays. The traders witnessed some hope in higher than expected weekly export sales data.

Net sales of soybeans (during the week 6-12 January) of 1,278,700 MT were highest during the marketing year. This was 2.8 times the previous week and 95% over the prior 4-week average. Further the talks that China is buying soybeans aggressively from U.S. ahead of the lunar New Year holiday gave some support to the prices. The price of

soybean futures jumped on these factors, as it was over due after recording fall in 9 out of last 10 sessions. However, the bearish factors were there to restrict the larger gains with weather conditions in favour of the soy crop in most part of Argentina and stock positions towering high. Soymeal futures ended Friday's session posting light gains, but lost product share to soyoil. Supportive weekly export sales provided strength to prices initially, but without strong follow-through momentum, weakening spot prices and lingering fears of potential feed demand slowdowns due to bird flu overseas, upside potential was limited. Net sales of soymeal of 158,000 MT were 2.3 times the week earlier and 2.25 times the prior 4-week average Exports.

CBOT Soymeal futures as on January 20th, 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	178.4	179.0	182.8	176.0	179.4	+1.0
May'06	180.5	180.8	184.0	178.0	180.9	+0.4

WEATHER WATCH: (23.01.06)

Chief Features

A fresh Western disturbance is likely to Western Himalayan region during next 2-3 days and is likely to cause scattered rain/snow over Western Himalayan region from tomorrow evening.

Night temperatures are likely to fall by 1-2 deg. C for next 1-2 days. In the plains of northern India.

Forecast valid 0830 hours IST of 26th JANUARY, 2006

NORTH : Isolated rain/snow likely over Jammu & Kashmir and Himachal Pradesh for next 24 hours and may increase there after. Weather will be mainly dry over the rest region.

EAST : Isolated Rain/thundershower likely over northeast Assam and Arunachal Pradesh Weather will be mainly dry over rest region.

SOUTH : Isolated rain/thundershowers are likely over Nicobar Islands. Weather will be Mainly dry in the rest region.

WEST : Weather will be mainly dry over the region.

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

Night temperatures are likely to fall by 2-3 deg. C over northwest India from 25th for next 2-3 days. Fog is also likely during morning hours in the plains of north India from 25th.

Source: IMD,GOI

FOREX RATES (23.01.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.15
European Union	Euro	54.06
Japan	100 Yen	38.48
United Kingdom	Pound Sterling	78.60

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