

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Prices Hit by Bird Flu.**
- **NCDEX Soymeal April Contract Showing Improvement.**

COMMENTARY

DOMESTIC MARKET

Soy meal

The soymeal markets have been witnessing slight decrease in the prices due recent out break of bird flu is reported from Maharashtra. The Maharashtra government confirmed that bird flu had resulted in the recent deaths of chickens in Nandurbar and Dhule districts of the state since last few days and is likely to continue in this fashion for some time. Mumbai, Vizag and Kandla ports witnessed slight decrease. Rest of the places was seen slight fluctuation with steady and range bound fashion. As the export demand has become prices sensitive and buyers are at bargaining position on account of huge stocks with U.S. The prices are likely to remain range bound at the current levels as the current situation is slightly mixed. Soymeal futures at NCDEX witnessed slight decrease in March and April contract.

The prices at Indore spot market were slightly decreased in the range of Rs 8300-8400 per MT levels. The prices at Kandla port remained at Rs 8900.0 (buyers) and 9000 (sellers). Mumbai and Vizag port also witnessed the same rate.

We are in the phase of the market where the demand is coming in trickles and buyers are at bargaining position. Also, in times to come, we are going to see a flood of supplies from the South American crop harvest. We expect the prices to remain steady to slightly bullish.

Latest Soy Meal Vessel Report

Loading of 2,000 MT of SBM is continuing at Kandla Port on the vessel 'Seven Star' to Kuwait. The vessel is being handled by Sai Shipping. 'Ever Power' is expected at Kandla Port to load 15,000 MT of SBM to Japan. Taurus agents will be handling the vessel.

'Pavonis' has berthed at Mumbai Port and continues to load 3,000 MT of SBM. The vessel is being handled by Able Marine agents. 'Merco Ruhunnu' is expected at the port to load 2,750 MT of SBM. Sai Shipping agents will be handling the vessel.

Jamnagar Port is loading 11,000 MT of SBM to China on the vessel 'Iran Kolhadoo'. The vessel is being handled by Seacrest agents. Loading of 12,600 MT of SBM is expected at the port on the vessel 'Iran Sokan' to China. The vessel will be handled by Seacrest agents. 'Weston' is expected at the port to load 26,000 MT of SBM to Vietnam. Interocean agents will be handling the vessel.

Loading of 12,000 MT of SBM is continuing at Jamnagar Port on the vessel 'Santa Suria' to Indonesia. Hind

Shipping agents is handling the vessel. 'Weston' has berthed at Jamnagar Port and continues to load 26,000 MT of SBM to Vietnam. An interocean agent is handling the vessel. The port is expecting 'Ivory Ace' to load 8,000 MT of SBM to Japan. JM Baxi agents will be handling the vessel.

'Ever Power' has berthed at Kandla Port and continues to load 15,000 MT of SBM to Japan. Taurus agents is handling the vessel. 'Elver' is expected at Kandla Port to load 22,600 MT of SBM to Japan. Liladhar Pasoo agents will be handling the vessel.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Desti-nation
Kandla	Ever Power	15000	Berthed	Japan
	Seven star	2000	Loading	Kuwait
	Asha Himani	3000	Expected	Hodaiddab
	Elvar	22600	Expected	Japan
Jamnagar	Iran Kolhadoo	11000	Loading	China
	Iran Sokan	12600	Expected	China
	Iran Nabuvat	18000	Loading	China
	Weston	26000	Berthed	Vietnam
Mumbai	Santa Suria	12000	Loading	Indonesia
	Ivory Ace	8000	Expected	Japan
	Indruva Valley	2500	Loading	
	Pavonis	3000	Loading	
	Lover Star	6000	Loading	
	Merco Ruhunnu	2750	Expected	

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	22.02.06	23.02.06
Indore	8300-8500	8300-8400
Nanded	8250-8400	8200-8300
Latur	8250-8400	8200-8300
Dhulia	8150-8300	8100
Jalna	8300	8200

Kota	8100	8050
Nagpur	7600-8000	7600-8000
Kandla	9000	8900 (Buyers) 9000 (Sellers)
Mumbai	9000	8900 (Buyers) 9000 (Sellers)
Vizag(approx)	9000	8900 (Buyers) 9000 (Sellers)
Sangli	8800	8700
Solapur	8700	8600
Morena	8400	8400
Shivepuri	8100	8000

NCDEX Soy meal Futures Prices (22 Feb'06)

Contract	Prev Close	High	Low	Close	Change
March'06	8410.00	8550.00	8200.00	8400.00	-10.00
April'06	8678.00	8670.00	8601.00	8630.00	-48.00

Rape/ Mustard Meal

Mustard seed arrivals (Fresh crop) at different mandis in Rajasthan is flushing with new seeds. At the moment fresh mustard seed is around 80000-90000 bags in Rajasthan market. Hefty previous stock (mainly with NAFED) along with the forthcoming harvest season projects a bearish picture for mustard seed. Further, increased expected production this year i.e. 8.20 million tonnes as compared to the previous year's 6.25 million tonnes, supports the same thought. To some extent, Government buying (announced 25 lakh tonnes) of mustard seed at MSP Rs 1715 is likely to support the freefall of prices but looking at the crop size this effort of the government probably would not prove to be sufficient. So expect the mustard meal prices to stumble as the arrivals in mandis and crushing gets momentum during the coming time. Today there was little trading seen at Kandla port, as the buyers and sellers were standing apart. Today the Mustard oilcake was quoted in Morena Rs 4500 per MT.

Groundnut meal

There is nothing new input in the groundnut meal market as the arrivals, crushing and demand all seems to be steadied. The groundnut harvesting and arrivals in the southern market is at higher levels whereas the Gujarat markets are witnessing gradual fall in arrivals. As, at the moment oil prices are at lower levels due to good supply position of the oil due to higher crushing activity in soybeans. The arrivals of GN are diminishing in the major producing areas in Gujarat. The prices are almost steady. The prices will improve slightly if the prices of the seeds jump higher in lower supply scenario. GN meals (40%) were decreased to Rs 5600 on credit and Rs 6200 per MT on cash in Saurashtra.

INTERNATIONAL MARKET

CBOT Soy Futures Downtrend Continue

March Soybeans settled down 13.50 cents at \$5.74/bushel, 15.25 cents off the high and 1 cent up from the low. May

Soybeans settled down 14.50 cents at \$5.8650/ bushel which was 1.50 cents up from the low and 15.75 cents off the high. March Soybean Oil finished down 0.3 cents at 22.75 cents/pound, 0.32 cents off the high and 0.1 cents up from the low. Recent rain forecast of Argentina expected to produce bumper crop which pressurised the market. Bird flu hit the European, Indian and other Middle East market as feed prices fell sharply owing to low demand from the poultry industry. South American soybean pellets were offered very low at \$2.00-\$5.00 per tonnes as compared to previous day. Traders expectations for January crush in Census crush report to be 152.0 million bushels compared to 148 million bushels in December. Meal stocks are expected to be in the range of 310000-365000 tonnes. Oil stock expected to be between 2.475-2.520 billion pounds.

CBOT Soybean futures as on February 22nd 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar 06	587.4	585.0	589.2	573.0	-13.4	574.0
May 06	601.0	598.0	602.2	585.0	-14.6	586.4

Bumper Crop Scenario Hits South American Soybean Futures

March South American soybeans settled 14 cents down on Wednesday to \$6.36/bushel. Moderate rains of 1-2 inches expected for Argentina in coming days that should ease stress concerns for the crop and expected to have good production. However, importance is given to upcoming harvest and the ability of the world market to absorb a record South America crop harvest and record ending stock forecast for the US. The spread of bird flu to at least 15 countries results into culling of birds in various location and wallop poultry market in affected areas owing to sharp decline of poultry feed demand. European meal values showed steep decline as buyers are reluctant to trade in future market. The migratory birds are expected to spread the virus. Traders are keen to know the lower meal demand from the Association of Chicken Producers and Exporters in Brazil, because they are planning to cut production by 15% this year due to falling worldwide consumption and prices. This makes the South American Soybean futures to slip on the lower side.

WEATHER WATCH: (23.02.06)

Forecast valid for next 72 hours

Largely dry weather conditions continued to prevail over most parts of the country outside Arunachal Pradesh, Assam & Meghalaya and Sikkim where light rain/thundershowers have been experienced. This scenario is likely to continue for next 3-4 days except light to moderate rain/snow over western Himalayan region and isolated light rain/thundershowers over northeastern states. Day temperatures remained 6-8 °C above normal over northwest India, Gangetic Plains, central & east India. Night temperatures over these areas also remained 4-6 °C

above normal. These warm conditions are likely to continue for the next 3 days.

NORTH-WEST INDIA: Isolated to scattered rain/snow likely over Jammu & Kashmir. It is likely to increase from 25th and extend into Himachal Pradesh. Mainly Dry weather over the rest region.

EAST INDIA: Isolated rain/thundershowers likely over Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Day & night temperatures are likely to remain 4-6°C above normal.

NORTHEAST INDIA: Rain/thundershowers are likely at a few places over Assam & Meghalaya and Arunachal Pradesh during next 1-2 days. Mainly dry weather over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. Day & night temperatures likely to remain near normal.

WEST INDIA: Weather will be mainly dry over the region. Day and Night temperatures likely to remain markedly above normal over many parts of the region.

CENTRAL INDIA: Weather will be mainly dry over the region. Day temperatures are likely to remain 5-7° C above normal over the region.

Source: MDI, GOI

FOREX RATES (23.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.56
European Union	Euro	53.07
United Kingdom	GBP	77.76
Japan	100 Yen	37.92

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