

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Prices Remained Steady.**
- **NCDEX Soymeal April Contract Witnessed Bounce in Prices.**

COMMENTARY DOMESTIC MARKET Soy meal

The soymeal prices at domestic spot markets remained mixed to slightly improved today as the bullish spillover impact of international market and off-season premiums on soybean prices in domestic markets. However, the prices at ports remained steady on lower activity. The soy futures at NCDEX were dictated by bullish sentiments in the CBOT soymeal futures. CBOT soymeal futures jumped on bullish weekly USDA export sales report, which showed 5% increase in sales, also dry weather forecast in the coming week supported the prices.

The prices at Indore spot market remained steady and traded in the range of Rs 8500-8700 per MT levels. April soymeal at NCDEX recouped the yesterday's losses and jumped to Rs 8900 per MT levels as compared to earlier levels of Rs 8510 per MT. The price factored the bullish sentiments in international market. Ports witnessed some tapping in prices. The prices at Kandla port were Rs 9150 per MT as compared to Rs 8175-9200 per MT on the previous trading day. The prices for the March delivery were Rs 9300 per MT. Though the activity levels still remained lower as the sellers were asking for higher prices of Rs 9400 per MT. We are in the phase of the market where the demand is intermittent and haggling; at the same time the sellers are also not looking on a hurry and looking for the right prices. We expect the prices to remain steady to slightly bearish.

Soymeal export during December increased 62.28% to 492950 MT. The exports of soymeal rose to 1641775 MT (23.1%) during last 9 months (April-Dec). This growth was recorded the scenario of lower demand due to bird flu fears and other bearish factors like piling stock positions with the western counterparts. The Indian soymeal snatched demand on its attractive prices and good quality. Further the neighbouring countries found it easier to buy in small lots in the period of uncertainty in feed demand. The major destinations were, Japan (93,275 MT), China (84975 MT), Indonesia (81875MT), South Korea (74575 MT), Vietnam (73925 MT) and Thailand (31275 MT) in SE Asia and Jordan (27850MT) in Middle East.

Latest Soy Meal Vessel Report

Mumbai Port is loading 8,000 MT of SBM on the vessel 'Asian Robin'. Sai Freight agents is handling the vessel.

Kandla Port is expecting 'Shun EIE' to load 13,000 MT of SBM to Japan. The vessel will be handled by JM Baxi agents. 'Asha Himani' is expected at Kandla Port to load 3,000 MT of SBM to Hodaiddah. Hind Shipping agents will be handling the vessel. Loading of 13,000 MT of SBM is

expected at the port on the vessel 'Bao Heng Men' to Japan. Taurus agents is handling the vessel.

Jamnagara Port is loading 11,000 MT of SBM to China on the vessel 'Iran Kolhadoo'. 'Iran Vahadat' is being loaded 15,300 MT of SBM from the port to China. These vessels are being handled by Seacrest agents.

Current Vessel Position

| Ports | Vessels | Vol. (MT) | Carrying | Status | Desti-nation |
|----------|----------------|-----------|----------|----------|--------------|
| Kandla | Skipped Ali | 5700 | SBM | Expected | |
| | Sun EIE | 13000 | SBM | Expected | Japan |
| | Bao Heng Men | 13000 | SBM | Expected | Japan |
| Jamnagar | Asha Himani | 3000 | SBM | Expected | Hodaiddab |
| | Iran Kolhadoo | 11000 | SBM | Loading | China |
| | Iran Vahadat | 15300 | SBM | Loading | China |
| | Noto III | 11000 | SBM | Loading | Thailand |
| Mumbai | Asian Robin | 8000 | SBM | Loading | |
| | Mercs Rohannum | 2000 | SBM | Loadied | |
| | Asha Himani | 5000 | SBM | Arrived | Hodaiddab |

DOC rates at different centers

| Places | Ex-factory rates (Rs/ton) | |
|---------------|-----------------------------|--------------------------|
| | 03.02.06 | 02.01.06 |
| Indore | 8500-8700 | 8500-8700 |
| Nanded | 8400-8500 | 8600 |
| Latur | 8400-8500 | 8500 |
| Dhulia | 8450-8600 | 8500-8600 |
| Jalana | 8500 | 8500-8600 |
| Kota | 8200 | 8300-8400 |
| Nagpur | 7900 (41%), 8300(45-46%) | 7900 (41%), 8300(45-46%) |
| Kandla | 9150 (current)-9300 (March) | 9175-9200 |
| Mumbai | 9200 | 9150 |
| Vizag(approx) | | |
| Sangli | 8900 | 8800 |
| Solapur | 8800 | 8800 |

| | | |
|-----------|------|------|
| Morena | 8500 | 8400 |
| Shivepuri | 8200 | 8100 |

NCDEX Soy meal Futures price (3 Feb'06)

| Contract | Prev Close | High | Low | Close | Change |
|----------|------------|---------|---------|---------|---------|
| March'06 | 8687.00 | 8687.00 | 8450.00 | 8450.00 | +237.00 |
| April'06 | 8450.00 | 8900.00 | 8450.00 | 8900.00 | +450.00 |

Rape/ Mustard meal

Footsteps of fresh mustard seeds are being seen in the Rajasthan market. Hefty previous stock (mainly with NAFED) alongwith the forthcoming harvest season projects a bearish picture for mustard seed. Further, increased expected production this year i.e. 6.7 million tonnes as compared to the previous year's 6.25 million tonnes, supports the same thought. To some extent, Government buying (announced 20 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 no trading seen at Kandla port, as the buyers and sellers were standing apart. Today the Mustard oilcake was quoted in Morena Rs 4600 per MT.

Exports of Rapeseed meal during December 05 increased 17.39% to 47400 MT, however, the export for the period between April to December fell 5.8% to 441500 MT from 468800 MT during the same period of 2004. The main destinations were, South Korea (27850), Taiwan (9500MT), Thailand (6500MT) and Indonesia (2550MT).

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 slightly improved at Rs 6300 on credit and Rs 6050 per MT on cash in Saurashtra.

GN Meal exports during December were 18000 MT according to reports of SEA of India. The export fell 9.7% to 95200 MT during April to December 2005 from 105525 MT during same period in 2004. The major destinations were china (14800 MT) and Indonesia (2550 MT).

INTERNATIONAL MARKET

CBOT Soy meal Futures Settle Lower

Soy future settled low at Chicago Boards of Trades on Wednesday. March Soybeans settle down 14.75 cent at \$5.7950, 15 cents off the high and 0.50 cents up from the low. May Soybeans settled down 14.50 cents at \$5.9225. This was 0.75 cents up from the low and 14 cents off the high. March Soy meal closed down \$3.8 at \$181.2/ton that was \$0.6 up from the low and \$2.1 off the high. March

Soybean Oil finished down 0.53 cents at 21.82 cents/pound, 0.6 cents off the high and 0.02 cents up from the low. Weather forecast for rain in Argentina helped to pull down the market further. Good rains after a long dry spell could be seen more favourable for the crop with better performance and high yield as expected by agronomist in Argentina. Speculative selling pressure could be the other reason to pull down the market. US export sales report showed lower soybean sales near 400,000-600,000 tonnes as compared with 521,900 tonnes in previous week. Meal sales are expected near 75,000-150,000 tonnes with oil sales near 0-10,000 tonnes.

According to the USDA weekly exports sales report net sales of soybeans of 446,600 MT were 14 percent below the previous week and 34 percent under the prior 4-week average. Soy Meal net sales of 197,900 MT were 5 percent above the week earlier and 71 percent over the prior 4-week average. Major increases for unknown destinations (64,000 MT), Mexico (51,000 MT), the Dominican Republic (38,200 MT), Turkey (23,000 MT), and Canada (14,100 MT) were partially offset by decreases for Egypt (8,000 MT) and Algeria (5,000 MT). Exports of 109,300 MT were 4 percent above the previous week, but 7 percent under the prior 4-week average. The primary destinations were Mexico (35,900 MT), Canada (20,100 MT), Guatemala (12,200 MT), Colombia (10,100 MT), the Dominican Republic (8,900 MT), and Turkey (8,100 MT).

CBOT Soy meal futures as on February 2nd, 2006

(Unit: \$/MT)

| Contract | Prev Close | Open Price | High Price | Low Price | Close Price | Change (\$) |
|----------|------------|------------|------------|-----------|-------------|-------------|
| Mar '06 | 181.2 | 181.7 | 182.3 | 180.0 | 181.9 | +0.7 |
| May'06 | 183.7 | 184.2 | 185.2 | 183.0 | 184.7 | +1.0 |

WEATHER WATCH: (03.02.06)

Chief Features

As no significant weather system is affecting the country., largely dry weather conditions continue to prevail over most parts of the country. This scenario is likely to continue for another 2-3 days. However, due to formation of an upper air cyclonic circulation extending upto 3.6 km a.s.l over northeastern states and neighbourhood, isolated rainfall is likely over the region and Sub-Himalayan West Bengal & Sikkim. Isolated rainfall is also likely over Tamil Nadu and Kerala. Day & night temperatures are 4-5°C above normal over many parts of north and central India. However, the temperatures of northwest India are likely to fall by 2-3°C during next 2 days.

Forecast valid 1430 hours IST of 6th FEBRUARY, 2006

NORTH : Weather will be mainly dry over the region.

EAST : Isolated rain/thundershowers likely over northeastern States and Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region.

SOUTH : Isolated rain/thundershowers are likely over Tamil Nadu and Kerala. 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 :

Isolated rain/snow is likely over Western Himalayas. However, largely dry weather conditions are likely to continue over most other parts of the country.

Source: IMD,GOI

FOREX RATES (03.02.06)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
|--------------------|----------|-----------------|

| | | |
|----------------|----------------|-------|
| USA | Dollar | 44.23 |
| European Union | Euro | 53.48 |
| Japan | 100 Yen | 37.34 |
| United Kingdom | Pound Sterling | 78.69 |

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