

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 no trading in March contract and increase by Rs. 180.00 was seen by April contract.

The prices at Indore spot market were slightly decreased in the range of Rs 8300-8500 per MT levels. The prices at Kandla port remained the same at Rs 9000.0 as no trading was witnessed in the port. Mumbai port also witnessed no trading today.

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.

'Ever Power' has berthed at Kandla Port and continues to load 15,000 MT of SBM to Japan. Taurus agents is handling the vessel.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Destination
Kandla	Ever Power	15000	Berthed	Japan
	Seven star	2000	Loading	Kuwait
	Asha Himani	3000	Expected	Hodaidab
Jamnagar	Iran Kolhadoo	11000	Loading	China
	Iran Sokan	12600	Expected	China
	Weston	26000	Berthed	Vietnam
Mumbai	Santa Suria	12000	Loading	Indonesia
	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)	
	20.02.06	22.02.06
Indore	8400-8600	8300-8500
Nanded	8300	8250-8400
Latur	8700	8250-8400
Dhulia	8200-8300	8150-8300
Jalna	8300	8300
Kota	8200	8100
Nagpur	7800-8200	7600-8000
Kandla	9200 (No Trade)	9000
Mumbai	-	9000
Vizag(approx)	No Trade	9000
Sangli	8800	8800

Solapur	8700	8700
Morena	8450	8400
Shivepuri	8200	8100

NCDEX Soy meal Futures Prices (22 Feb'06)

Contract	Prev Close	High	Low	Close	Change
March'06	8410.00	-	-	-	-
April'06	8550.00	8870.00	8670.00	8730.00	+180.00

Rape/ Mustard Meal

Mustard seed arrivals (Fresh crop) at different mandis in Rajasthan is picking up slowly. At the moment fresh mustard seed is around 60000-70000 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 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.

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 6000 on credit and Rs 6200 per MT on cash in Saurashtra.

INTERNATIONAL MARKET

CBOT Soy Futures Settle Low

Soy future settled low at Chicago Boards of Trades on Tuesday. March Soybeans settled down 13.75 cents at \$5.8750/bushel, 13.50 cents off the high and 5.50 cents up from the low. May Soybeans settled down 13.50 cents at \$6.01/bushel which was 6 cents up from the low and 13 cents off the high. March Soymeal settled down \$5.1 at \$180.27/ton that was \$1.7 up from the low and \$3.2 off the high. March Soybean Oil finished down 0.28 cents at 23.05 cents/pound, 0.18 cents off the high and 0.2 cents up from the low. Wide spread of bird flu through Europe, Egypt and India had a bearish impact on the trade and sellers were active for the session. It could be seen for funds of noted sellers remain 2500 contracts of soybean and 2500 for soymeal. At the time of close, March soybeans moved

down under the 100 day moving average. Rain is expected in the dry region of Argentina into the middle of the week and pace of harvesting results into the down fall of the prices. Weekly export inspections reveals soybean is at 27.36 million bushels as compared with trade expectations of 27-32 million bushels. Cumulative shipments have remain 56.3% than 69.3% as per the USDA forecast.

CBOT Soymeal futures as on February 22nd 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar 06	601.2	595.0	601.0	582.0	-13.8	587.4
May 06	614.4	608.0	614.0	595.0	-13.4	601.0

South American Soybean Futures Maintain Rally

South American soybean futures settled high on Tuesday. March South American soybeans settled 10 cents higher on Tuesday at \$6.50/bushel and move to the highest level since January 4th. Crop concern remain still high on account of recent dry spell and anticipation of rains in middle of the week sought little improvement on crop yield. Fund buying supported solid gains in US soybeans and products with funds noted buyers of 11,000 soybeans, 5000 oil and 3500 meal. Strength in other market such as gold and energy markets helped to boost the soybean as well. The Commitment of Traders report showed the market in a bullish transition with non-commercial traders going net long. Non-commercial traders shifted from a net short to a net long position and the buying trend showing short-term bullish sentiments. Oil is in a bearish tone, and meal is going on slightly overbought condition.

WEATHER WATCH: (22.02.06)

Forecast valid for next 72 hours

Light to moderate rain/thundershowers have continued at a few places over Assam, Meghalaya, Arunachal Pradesh and Sub Himalayan West Bengal & Sikkim during past 24 hours. The ongoing rainfall activity is likely to decrease after 24 hours. Largely dry weather conditions are likely to prevail over most parts of the country for the next 4-5 days outside western Himalayan region where scattered rain/snow is likely during next 3-4 days with increased intensity on 24th to 26th. Isolated rain/thundershowers are also likely over the adjoining plains of Punjab, northwest Rajasthan and Haryana. Day temperatures were 8-10 °C above normal over western Himalayan Region & parts of West Rajasthan and northwest Madhya Pradesh. They were 6-8 °C above normal over remaining parts of northwest India, Uttar Pradesh and central India. Night temperatures were 5-7 °C above normal over northwest India, Gangetic Plains & adjoining central India and East & northeast India. This scenario is likely to continue for the next 3-4 days.

NORTH-WEST INDIA: Isolated rain/snow likely to commence over Jammu & Kashmir from 23rd, which is likely to increase from 24th and extend to Himachal Pradesh. Isolated rain/thundershowers also likely over Punjab. 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 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 to remain near normal.

WEST INDIA: Weather will be mainly dry over the region, except isolated rain/thundershowers likely over northwest Rajasthan on 25th. Day and Night temperatures likely to remain significantly above normal over many parts of Rajasthan.

CENTRAL INDIA: Weather will be mainly dry over the region. Day temperatures are likely to remain 6-8 °C above normal over northwest Madhya Pradesh and 4-6 °C over rest region.

Source: MDI, GOI

FOREX RATES (22.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.51
European Union	Euro	53.07
United Kingdom	GBP	77.69
Japan	100 Yen	37.53

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