

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Prices Remained Steady to Improved.**
- **NCDEX Soymeal April Contract Witnessed No Trading.**

COMMENTARY DOMESTIC MARKET Soy meal

Subdued activity levels at the ports caused the prices to remain stable in the domestic markets. The port saw some trading at lower prices, on account of bearish sentiments in the CBOT soy futures. The activity levels were low at ports as the buyers and sellers were standing apart to deny more transactions. The soy futures at NCDEX however witnessed no trading activity Monday.

The soymeal prices at most of the spot markets remained steady to slightly improve today. The soymeal prices in the domestic market are witnessing steady improvement as the harvesting season is over and arrivals of soybean are depleting. The prices at Indore spot market improved marginally and traded in the range of Rs 8500-8700 per MT levels. The futures market however, witnessed no trading in February March and April contracts of soymeal. Ports witnessed some tapping in prices. The prices at Kandla port were Rs 9250 per MT as compared to Rs 8350 on the previous trading day. Though the activity levels still remained lower as the sellers were asking for higher prices of Rs 9500 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 improving.

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. The port loaded 2,000 MT of SBM on the vessel 'Merco Ruhunnu'. 'Asha Himani' has berthed at Mumbai Port and is continuing to load 5,000 MT of SBM to Hodaiddah. Shaan Marine 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 expecting 'Iran Kolhadoo' to load 11,000 MT of SBM to China. The vessel will be handled by Seacrest agents.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Destination
Kandla	Skipped Ali	5700	SBM	Expected	
	Sun EIE	13000	SBM	Expected	Japan
	Bao Heng Men	13000	SBM	Expected	Japan
	Asha Himani	3000	SBM	Expected	Hodaiddab
Jamnagar	Iran Kolhadoo	11000	SBM	Expected	China
	Noto III	11000	SBM	Loading	Thailand
Mumbai	Asian Robin	8000	SBM	Loading	
	Merco Ruhannum	2000	SBM	Loaded	
	Asha Himani	5000	SBM	Arrived	Hodaiddab

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	01.02.06	31.01.06
Indore	8500-8700	8400-8600
Nanded	8500-8600	8400-8500
Latur	8450-8600	8600
Dhulia	8450-8600	8400-8500
Jalana	8500-8600	8500-8600
Kota	8350	8200
Nagpur	7900 (41%), 8300(45-46%)	7800 (41%), 8200(45-46%)
Kandla	9200-9250	9400 (b) -9300 (a)
Mumbai	9250 (b) - 9400 (a)	9400 (b)-9300 (a)
Vizag(approx)
Sangli	8900	8700
Solapur	8800	8600
Morena	8400	8400
Shivepuri	8100	8100

NCDEX Soy meal Futures price (1 Feb'06)

Contract	Prev Close	High	Low	Close	Change
March'06	8693.00	00.00	00.00	00.00	00.00
Feb'06	8700.00	00.00	00.00	00.00	00.00

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 Soymeal Futures Settle Lower

March Soybeans settled down 4.50 cents at \$5.9425/bushel, 4.75 cents off the high and 3.75 cents up from the low. May Soybeans closed down 2.75 cents at \$6.0675/bushel, which was 4.75 cents up from the low and 3.25 cents off the high. March Soymeal settled down \$3.2 at \$185.0/ton, which was \$0.5 up from the low and \$3.4 off the high. March Soybean Oil settled up 0.15 cents at 22.35 cents/pound, 0.05 cents off the high and 0.26 cents up from

the low. Weather forecast news indicates the chances of rain in the dry areas of Argentina, which initially leads to support bears in the market. Later on the prices improved slightly for the reason being strength in wheat and corn futures coupled with the talk of fund buying with traders. However, there was minor improvement the market could not able to revamp again for the reason of expectation of showers in dry region. Slow export to china and waiting of buyers for cheap South American soybean could be the other reasons for the downward movement.

According to the USDA weekly exports sales report, soybean sales of 521,900 MT were 59% below the previous week and 32% under the prior 4-week average. However, net sales of 189,100 MT of soybean meal were 20% above the week earlier and 2.1 times the prior 4-week average. The main buyers were El Salvador (59,700 MT), Cuba (35,900 MT), the Dominican Republic (30,500 MT), Mexico (30,300 MT), Canada (17,600 MT), and Colombia (12,600 MT). Exports of 104,600 MT were 46% below the previous week and 11% under the prior 4-week average. The major destinations were Japan (35,200 MT), Canada (27,700 MT), and Mexico (19,100 MT).

CBOT Soybean futures as on January 31st, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	186.4	189.5	190.3	176.0	188.2	+1.8
May'06	187.4	191.5	192.3	178.0	190.1	+2.7

WEATHER WATCH: (31.01.06)

Chief Features

Cold wave conditions prevailed over interior Karnataka and adjoining Rayalaseema. Largely dry weather conditions are prevailing over the country. This scenario will continue for another 2-3 days. The western disturbance as an upper air system over Jammu & Kashmir and neighbourhood has moved away eastwards. Minimum temperatures over northwest India are likely to fall by 2-3 °C from 3rd onwards.

Forecast valid 0830 hours IST 4th February, 2006

NORTH : Rain/snow is likely at isolated places over higher reaches of Jammu & Kashmir . Weather will be mainly dry over the rest region.

EAST : Weather will be mainly dry over the region.

SOUTH : Weather will be mainly dry over the region.

WEST : Weather will be mainly dry over the region.

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

Isolated light rainfall is likely over coastal Tamil Nadu, northeast states, sub-Himalayan West Bengal & Sikkim.

Source: IMD,GOI

FOREX RATES (01.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.15
European Union	Euro	53.68
Japan	100 Yen	37.68
United Kingdom	Pound Sterling	78.56

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