

MAJOR ACTIVITY HIGHLIGHTS

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

COMMENTARY DOMESTIC MARKET

Soy meal

It is expected that domestic soymeal prices will decline Rs 100-200 per tonne in coming days owing to a drop in orders from the poultry industry because of the bird flu scare. India consumes around 2-2.1 million tonne of soymeal annually, major demand being from feed industry. In the next 2-3 weeks, local prices of soymeal might go down as hatcheries could stop meal purchases due to slowdown in chicken consumption according to, chairman, Soybean Processors Association of India. Prices of soymeal can only improve when Maharashtra stops large scale culling of chickens and the government comes out with a clarification on the damage caused by bird flu. Traders have view that local soymeal prices might drop down to Rs 8,000-8,200 per tonne (ex-factory) in the local markets as more and more poultry owners stop meal purchases. It is the daily sellers of soymeal who are real sufferer of bird flu, as their sales have declined from small and medium poultry farms after bird flu hit the country on Sunday. Soymeal is the main feed for poultry because of its high protein content. Chicken consumption has gone down by 30-40 % across the country. Most traders feel increased exports would ease the current slump in domestic soymeal consumption. Exports are continuing in normal pace and no shipments have been cancelled because no fresh case was registered in most South-East Asian nations. Meal export rate is expected to stay around Rs 9,000-9,100 per tonne on ports because of normal exports. Export were around 2.7 million tonne in 2005-06 (November-October) oil year due to good demand from South-East Asian nations. 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 and April contract. The prices at Indore spot market were remain same in the range of Rs 8300-8400 per MT levels. The prices at Kandla port remained improved slightly at Rs 9050 (buyers) and

9100 (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.

Jamnagara 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
	Santa Suria	12000	Loading	Indonesia
	Ivory Ace	8000	Expected	Japan
Mumbai	Indruva Valley	2500	Loading	
	Pavonis	3000	Loading	
	Lover Star	6000	Loading	
	Mercs Ruhunnu'	2750	Expected	

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	23.02.06	24.02.06
Indore	8300-8400	8300-8400
Nanded	8200-8300	8200-8300
Latur	8200-8300	8300-8400
Dhulia	8100	8300-8400
Jalna	8200	8200
Kota	8050	8050
Nagpur	7600-8000	7600-8000
Kandla	8900 (Buyers) 9000 (Sellers)	9050 (Buyers) 9100 (Sellers)
Mumbai	8900 (Buyers) 9000 (Sellers)	9050 (Buyers) 9100 (Sellers)
Vizag(approx)	8900 (Buyers) 9000 (Sellers)	9050 (Buyers) 9100 (Sellers)
Sangli	8700	8700
Solapur	8600	8300-8400
Morena	8400	8300-8400
Shivepuri	8000	8000

NCDEX Soy meal Futures Prices (24 Feb'06)

Contract	Prev Close	High	Low	Close	Change
March'06	8400.00	-	-	-	-
April'06	8630.00	-	-	-	-

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

Soybean and Meal Low, Oil Firm in CBOT:

March Soybeans settled down 2.25 cents at \$5.7175/bushel, 5.75 cents off the high and 1.25 cents up from the low. May Soybeans settled down 1.75 cents at \$5.84/ bushel which was 1.75 cents up from the low and 6.25 cents off the high. March Soybean meal finished down \$0.9 at \$174.8/ton that was \$0.4 up from the low and \$1.2 off the high. March Soybean Oil finished up 0.01 cents at 22.76 cents/pound, 0.31 cents off the high and 0.19 cents up from the low. Forecast for more rain in next week help to pull the market down and had bearish impact on the market. Bird flu factor severely hit the soy meal demand from feed industry and talk about cancellation of European consignment of soy meal from Brazil pull down the market to the lowest level since December 8th. Soy oil get some support from fund buying that results into its improvement. The Census crush report reveals January soybeans crushed at 151.49 million bushels as compared to the trade expectations near 152 million bushels. Meal stocks remain at 324,402 tonnes from expected 310,000-365,000 tonnes and oil stocks were at 2.477 billion pounds from expectations of 2.475 to 2.52 billion. Traders are Expecting for soybean sales from weekly export sales report between 400,000-600,000 tonnes as compared with 529,700 tonnes last week. Meal sales are expected in between 75,000-125,000 tonnes with oil near 1,000-6,000 tonnes.

CBOT Soybean futures as on February 23rd 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar 06	574.0	574.4	577.4	570.4	-2.4	Mar 06
May 06	586.4	587.2	591.0	583.0	-1.8	May 06

Bird Flu and Rain Hit South American Soybean Futures

March South American soybeans settled 13.50 cents lower on Thursday to \$6.2250/ bushel that is down compared to previous closing. Bird flu severely hit the short-term demand of soy meal in international market which pulls the market down. Harvesting of soybean in Brazil is taking pace which further pressurized the market. Bountiful production with increased arrivals lowers the South American futures. Rain and cooler temperature this week coupled with additional rain in early next week lowers stress on crop in Argentina. Talk about European feed companies to cancelled or moved forward meal consignment was seen as a bearish factor as well.

WEATHER WATCH: (24.02.06)

Forecast valid for next 72 hours

Largely dry weather conditions are likely to prevail over most parts of the country during next 3-4 days. However, isolated light rain/thundershowers are likely over Arunachal Pradesh, Assam & Meghalaya and Sikkim. Under the influence of a western disturbance, rain/snow is also likely at a few places over Jammu & Kashmir and isolated over Himachal Pradesh, Uttaranchal during next 2-3 days. Isolated rain/thundershowers are likely over adjoining plains of Punjab and north Haryana on 26th & 27th. Day and night temperatures continued to remain above normal by 4-6 °C over north & Central India. They were 6-8 °C above normal over parts of Rajasthan and Madhya Pradesh. Numerical model prediction suggests that these warm conditions are likely to continue during next 2-3 days. Thereafter a fall of 2-3° C in temperatures is expected.

NORTH-WEST INDIA: Rain/snow likely at a few places over Jammu & Kashmir and isolated over Himachal Pradesh and Uttaranchal. Isolated rain/ thundershowers over Punjab and north Haryana on 26th. 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. Mainly dry weather over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Andaman & Nicobar Islands. Weather will be mainly dry over the rest region. Day temperatures likely to remain 2-3° C above normal. Night temperatures are likely to remain 2-3° C below 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 6-8° C above normal over the region.

Source: MDI, GOI

FOREX RATES (24.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.50
European Union	Euro	52.99
United Kingdom	GBP	77.87
Japan	100 Yen	38.10

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