

MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Prices Hit by Bird Flu.**
- **No Trading Witnessed in NCDEX.**

COMMENTARY DOMESTIC MARKET

Soy meal

After Maharashtra, now its turn of Gujarat for confirmation of deadly bird flu virus H5N1. According to Government official, chicken at a poultry farm in India's western Gujarat state has been found infected with bird flu. However, it requires confirmation from PTI, India. The H5N1 virus has been detected in one poultry farm in Utchal. 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. Soymeal demand is expected to decline from Gujarat, as active culling of chickens will soon get pace. Even other states will avoid poultry products from Gujarat. Gujarat state is located next to Maharashtra, where an outbreak of bird flu last week prompted the culling of hundreds of thousands of birds. The soymeal futures market is likely to remain range bound in coming days. 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 improve slightly in the range of Rs 8400-8600 per MT levels. The prices at Kandla port remained improved slightly at Rs 9100 (buyers) and 9000 (sellers). Mumbai and Vizag port also witnessed the same rate. The effect of bird flu can witnessed from 15th March onwards to 15th April. Improvement can then after witnessed owing to reduced stock of Soybean.

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. 'Mercs 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	Hodaidab
	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)	
	24.02.06	25.02.06
Indore	8300-8400	8400-8600
Nanded	8200-8300	8100-8300
Latur	8300-8400	8100-8300
Dhulia	8300-8400	8100-8200
Jalna	8200	8300
Kota	8050	8150
Nagpur	7600-8000	7700-8100
Kandla	9050 (Buyers) 9100 (Sellers)	9100 (Buyers) 9000 (Sellers)
Mumbai	9050 (Buyers) 9100 (Sellers)	9100 (Buyers) 9000 (Sellers)
Vizag(approx)	9050 (Buyers) 9100 (Sellers)	9100 (Buyers) 9000 (Sellers)
Sangli	8700	8700
Solapur	8300-8400	8600
Morena	8300-8400	8400
Shivepuri	8000	8000

NCDEX Soy meal Futures Prices (25 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

CBOT Soy Futures Pushed Up

March Soybeans settled up 5.50 cents at \$ 5.7725/ bushel, 2.50 cents off the high and 5.25 cents up from the low. May Soybeans settled up 5.50 cents at \$ 5.9025/bushel which was 5.25 cents up from the low and 2.50 cents off the high. March Soymeal settled up \$0.7 at \$175.5/tonne that was \$0.5 up from the low and \$1.0 off the high. March Soybean Oil finished up 0.2 cents at 22.96 cents/pound, 0.16 cents off the high and 0.11 cents up from the low. Report of an explosion in Saudi Arabia helped to boost the market up for other markets like gold, crude oil and palm oil which helped to support the soybean market. Weekly US export sales for soybeans remain at 503,600 metric tonnes as compared to trade expectations between 400,000-600,000 well within the range. Cumulative sales for soybean reached just 77.7% of the USDA forecast. Meal sales remain at 77,300 metric tonnes as compared to trade expectations between 75,000-125,000. Cumulative sales for meal reached 63.7% of as compared to 64.5% on average over the last five years. Oil sales remain in the range at 4,300 metric tonnes as compared 1,000-6,000.

CBOT Soymeal futures as on February 24th 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar 06	571.6	578.0	579.6	572.0	+5.6	577.2
May 06	584.6	592.0	592.6	585.0	+5.6	590.2

South American Soybean Futures Slip Down

March South American soybeans settled 2 cents lower on Friday to \$6.2050/bushel as compared to previous closing at \$6.50 on Friday. Active harvesting started in Brazil and short-term demand of soybean in international market being the reason to pull down the South American soybean futures. Argentina rains helped to reduce the stress and more area is expected to receive rain in coming days. Brazil weather is also favourable for the crops and therefore high yield is expected. Soybean prices in Brazil reais are down about 4% in last week in Mato Grosso, and Brazil harvest is about 10% complete. The crop is expected at 56-57 million tonnes from 51.1 million tonnes last year, record high production. Low closing of US soybean also had a bearish impact on South American Soybean futures. Sellers dominated the session with funds were noted sellers of nearly 1,000 soybean contracts and 1,000 meal. Bird flu

concerns still persist, but it is expected that flu can be eradicated in Europe, as Vietnam has had no outbreaks of bird flu in poultry or humans since November and Thailand has gone 106 days without any fresh reports.

WEATHER WATCH: (25.02.06)

Forecast valid for next 72 hours

A western disturbance is approaching the northern part of the country and is likely to cause scattered rain/snow over west Himalayan region and isolated to scattered rain/thundershowers over Punjab and northern Haryana during next 2-3 days. Day temperatures 5-8 °C remain above normal over most parts of northwest, Gangetic Plains, central India, eastern parts of the country and 4-5 °C over Maharashtra, Gujarat and Chhattisgarh where as night temperatures were above normal by 3-5° C over these area.

NORTH-WEST INDIA: Rain/snow likely at a few places over Jammu & Kashmir and Himachal Pradesh and isolated over Uttaranchal. Isolated rain/ thundershowers over Punjab and north Haryana during next 2-3 days. Day and night temperatures are likely to remain above normal by 4-6° C. 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 3-5°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 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 5-7° C above normal over Madhya Pradesh & Chhattisgarh.

Source: MDI, GOI

FOREX RATES (25.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.44
European Union	Euro	52.79
United Kingdom	GBP	77.59
Japan	100 Yen	38.02

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