

## MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Prices Remained Steady.**
- **NCDEX Soymeal April Contract Settles Lower.**

## COMMENTARY DOMESTIC MARKET Soy meal

Domestic soymeal prices remained steady to slightly improved in most of the spot markets on the spill over effect of firmness in CBOT soymeal futures. However, the impact of firmness in the international market was not much as the export market is under bargaining pressure of buyers, which is key to the local markets. As the export demand has become prices sensitive and buyers are at bargaining position on account of huge stocks with U.S. the exporters are finding it difficult to get good prices. The prices have been hovering around these levels since last few days. The current situation is slightly mixed, as soybean supply is decreasing in the domestic spot markets, whereas the global market is slowly and steadily coming in bearish mood as the harvest of South American crop is nearing which is expected to be a big one to flood the market with supplies. Also, the record levels of ending stock expected with U.S. is hitting the market sentiments. Exporters are finding it difficult to snatch good prices at the stage and the same supports bearish dominance in the market. Someal futures at NCDEX witnessed no trading today in February and March contracts whereas the April contract saw a sharp fall in the prices, as it factored in the bearish sentiment developed in between the intermittent trading. CBOT soymeal futures recovered slightly on Monday on bullish export sales inspection.

The prices at Indore spot market were slightly improved in the range of Rs 8400-8700 per MT levels. April soymeal at NCDEX slipped to Rs 8799 levels as compared to 8894 on the previous trading session. March soymeal remained stationary at Rs 8799. Ports witnessed thin trading as the buyers and sellers were standing apart to deny any more transaction. The buyers were asking soymeal for Rs 9000 per MT whereas the sellers were standing tall at Rs 9150 per MT at Mumbai and Kandla ports.

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 bearish.

### Latest Soy Meal Vessel Report

'Pavonis' has berthed at Mumbai Port and continues to load 3,000 MT of SBM. The vessel is being handled by Able Marine agents. Loading of 6,000 MT of SBM is continuing at the port on the vessel 'Lover Star'. The vessel is being handled by Hind Shipping. 'Badalu Valley' has berthed at the port and continues to load 2,500 MT of SBM. Sai Freight agents is handling the vessel. Loading of 700 MT of SBM is continuing at the port on the vessel 'Mercs Kirinda'. Sai Shipping agents is handling the vessel. 'Mercs

Ruhunnu' is expected at the port to load 2,750 MT of SBM. Sai Shipping agents will be handling the vessel. 'Ever Power' is expected at Kandla Port to load 15,000 MT of SBM to Japan. Taurus 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.

### Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Desti-nation
Kandla	Ever Power	15000	SBM	Expected	Japan
	Dynesty	13000	SBM	Loading	Korea
	Bao Heng Men	13000	SBM	Loading	Japan
	Asha Himani	3000	SBM	Expected	Hodaiddab
Jamnagar	Iran Kolhadoo	11000	SBM	Loading	China
	Iran Vahadat	15300	SBM	Loading	China
	Iran Sokan	12600	SBM	Expected	China
	Noto III	11000	SBM	Loading	Thailand
Mumbai	Indruwa Valley	2500	SBM	Loading	
	Pavonis	3000	SBM	Expected	
	Lover Star	6000	SBM	Expected	
	Mercs kirinda	700	SBM	Loading	
	Badalu Valley	2500	SBM	Loading	

### DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	13.02.06	14.01.06
Indore	8400-8600	8400-8700
Nanded	8300	8300
Latur	8300	8300
Dhulia	8200-8300	8200-8300
Jalana	8300	8400
Kota	7950	8100
Nagpur	7800 (41%), 8000(45-46%)	7800 (41%), 8100(45-46%)
Kandla	9000	9050
Mumbai	9050	9050

Vizag(approx)	....	....
Sangli	8800	8800
Solapur	8700	8700
Morena	8400	8500
Shivepuri	8200	8200

#### NCDEX Soy meal Futures Prices ( 14 Feb'06)

Contract	Prev Close	High	Low	Close	Change
March'06	8799.00	00.00	00.00	00.00	00.00
April'06	8894.00	8799.00	8601.00	8799.00	-95.00

#### 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 2500 bags in 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.

#### 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.

#### INTERNATIONAL MARKET

##### CBOT Soymeal Futures Settle Lower

March Soybeans settled up 2 cents at \$5.8425/bushel, 4.75 cents off the high and 6 cents up from the low. May Soybeans settled up 1.75 cents at \$5.9775 which was 6.25 cents up from the low and 4.25 cents off the high. March Soymeal settled up \$2.2 at \$182.7/ton that was \$3.5 up from the low and \$0.7 off the high. March Soybean Oil settled down 0.05 cents at 22.22 cents/pound, 0.2 cents off the high and 0.08 cents up from the low. The prices were high riding on the back of fund buying helped to support the market up. Gulf areas have showing interests in soybeans on cash basis which further helped to support the market. South American weather looks somewhat adverse as the crop is in its critical pod-filling stage. Dry weather forecast for early this week and hotter weather may lead to crop stress again with fast depleting moisture. Weekly export report released recently showing improvement in export at

34.09 million bushels compared to the expected 19-24 million bushels.

#### CBOT Soymeal futures as on February 13<sup>th</sup>, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	180.5	179.8	183.4	178.5	182.7	+2.2
May'06	182.8	182.0	185.3	181.5	184.6	+1.8

#### WEATHER WATCH: (14.02.06)

##### Chief Features

During past 24 hrs. rain/snow has occurred at a few places over Jammu & Kashmir. Rain/thundershowers have also occurred at a few places over Assam and Andaman & Nicobar Islands. This activity is likely to continue over these areas during next 2 days. Day and night temperatures were generally 4-6°C above normal over northwest India, Gangetic plains, north Madhya Pradesh, Gujarat and northeastern States. However, they were 6-8°C above normal over some parts of Rajasthan and Haryana. A fall of 2-3°C in night temperatures over northwest India is expected on 16<sup>th</sup> & 17<sup>th</sup> Feb. However, they are likely to increase by a similar magnitude towards the end of the week.

##### Forecast valid 0830 hours IST of 17<sup>th</sup> FEBRUARY, 2006

**NORTH:** Rain/snow likely **at many places** over higher reaches of Jammu & Kashmir and **at a few places** over rest Jammu & Kashmir, Himachal Pradesh and **isolated** over Uttaranchal. Isolated rain/thundershowers also likely over Punjab and Haryana. Weather will be mainly dry over the rest region.

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

**NORTHEAST:** Rain/thundershowers are likely over at a few places over Assam and Arunachal Pradesh. Weather will be mainly dry over the rest region.

**SOUTH:** Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region.

**WEST :** Isolated rain/thundershowers may occurs over Rajasthan during next 24 hours. Weather will be mainly dry over the region.

**CENTRAL:** Weather will be mainly dry over the region.

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

A fresh western disturbance is likely to affect the Western Himalayas from 18<sup>th</sup>. It is likely to cause scattered to fairly widespread rain/snow over the Western Himalayas and isolated rain/thundershowers over the adjoining plains of northwest India. Under its influence, night temperature over northwest India are likely to increase by 2-3°C.

Source: IMD, GOI

#### FOREX RATES (14.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.22
European Union	Euro	52.70
Japan	100 Yen	37.73
United Kingdom	Pound Sterling	77.07

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