

## MAJOR ACTIVITY HIGHLIGHTS

- **Soymeal Domestic Market Prices Remained Steady to weak.**
- **NCDEX Soymeal March Contract settle Higher.**

## COMMENTARY DOMESTIC MARKET Soy meal

Domestic soymeal prices remained steady to slightly down at most of the spot markets. 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. Further, the deadly disease bird flu is again coming into play as Hong Kong reported some infected birds and Iraq repoted its second human death by bird flu. Recently, Indonesia reported fresh cases of bird flu. There was also very low level of activity seen at the ports as, influenced by bearish sentiments in the global markets buyers are asking soymeal for lower prices and sellers seems in no hurry to sell and are waiting for higher prices. Lower prices would put pressure on crush margins in the scenario of lower oil prices, which is being imported in a large quantity this year in comparison to last year. Someal futures at NCDEX witnessed no trading in April contract, whereas March soymeal saw an unexpected jump in prices. CBOT soymeal futures slipped further on Tuesday as the large South American crop is ringing the bells for entry in the market.

The prices at Indore spot market were no different from the recent levels and traded in the range of Rs 8400-8700 per MT levels. April soymeal at NCDEX remained stationary at its previous levels of Rs 8750 in the absence of any trading. March soymeal surged to Rs 8799 from Rs 8450 per MT. Ports witnessed no trading as the buyers and sellers were standing apart to deny any transaction. The buyers were asking soymeal for Rs 9200 per MT whereas the sellers were standing tall at Rs 9300-350 per MT at Kandla port.

We are in the phase of the market where the demand is coming in trickles and buyers are at bargaining position; at the same time the sellers are also not looking on a hurry and looking for the right prices. 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 range bound for the moment.

### Latest Soy Meal Vessel Report

Mumbai Port is loading 2,500 MT of SBM on the vessel 'Indruwa Valley'. Sai Freight agents is handling the vessel. Loading of 6,000 MT of SBM is expected at the port on the vessel 'Lover Star'. The vessel will be handled by Hind Shipping. 'Badalu Valley' is expected at the port to load 2,500 MT of SBM. Sai Freight agents will be handling the vessel. Loading of 700 MT of SBM is expected at the port

on the vessel 'Merces Kirinda'. Sai Shipping agents will be handling the vessel. Jamnagara Port is loading 11,000 MT of SBM to China on the vessel 'Iran Kolhadoo'. 'Iran Vahadat' is being loaded 15,300 MT of SBM from the port to China. These vessels are being handled by Seacrest agents. Loading of 12,600 MT of SBM is expected at the port on the vessel 'Iran Soka' to China. The vessel will be handled by Seacrest 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. The port is expecting 'Dynasty' to load 13,000 MT of SBM to Korea. Liladhar Pasoo agents will be handling the vessel.

### Current Vessel Position

Ports	Vessels	Vol. (MT)	Carrying	Status	Desti-nation
Kandla	Skipped Ali	5700	SBM	Expected	
	Dynesty	13000	SBM	Expected	Korea
	Bao Heng Men	13000	SBM	Expected	Japan
	Asha Himani	3000	SBM	Expected	Hodaiddab
Jamnagar	Iran Kolhadoo	11000	SBM	Loading	China
	Iran Vahadat	15300	SBM	Loading	China
	Iran Soka	12600	SBM	Expected	China
	Noto III	11000	SBM	Loading	Thailand
Mumbai	Indruwa Valley	2500	SBM	Loading	
	Lover Star	6000	SBM	Expected	
	Merces kirinda	700	SBM	Expected	
	Badalu Valley	2500	SBM	Expected	

### DOC rates at different centers

Places	Ex-factory rates (Rs/ton)	
	08.02.06	07.01.06
Indore	8400-8700	8500-8700
Nanded	8400	8500-8600
Latur	8500	8500
Dhulia	8300-8400	8500-8600
Jalana	8400-8500	8500-8600
Kota	8100	8300

Nagpur	7900 (41%), 8300(45-46%)	7900 (41%), 8300(45-46%)
Kandla	9200-8250	9200 (b)-9300(a)
Mumbai	9200-8250	9200 (b)-9300(a)
Vizag(approx)	....	....
Sangli	8900	8900
Solapur	8800	8800
Morena	8650	8600
Shivepuri	8200	8200

#### NCDEX Soy meal Futures Prices ( 8 Feb'06)

Contract	Prev Close	High	Low	Close	Change
March'06	8450.00	8799.00	8416.00	8799.00	+349.00
April'06	8750.00	00.00	00.00	00.00	00.00

#### 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 Soy meal Futures Settle Lower

Soy future settled low at Chicago Boards of Trades on Tuesday. Speculation that the U.S. Department of Agriculture would Thursday boost its 2005-06 U.S. ending soybean stocks estimate weighed on CBOT soybeans. March Soybeans settled down 13 cents at \$5.74/bushel, 20 cents off the high and 1 cents up from the low. May Soybeans settled down 12.50 cents at \$5.88/bushel which was 1 cent up from the low and 18.50 cents off the high. March Soy meal settled down \$4.3 at 176.7/ton that was \$0.9 up from the low and \$6.3 off the high. March Soybean

Oil settled down 0.29 cents at 22.28 cents/pound, 0.56 cents off the high and 0.02 cents up from the low. Due to active speculative selling the market take a dip and March soybean reached to its lowest level as during late January. Crop condition in Brazil and South America seems to be favourable for soybean. US ending stocks is expected at the second highest level at 534 million bushel after 1985/86 level of 536 million bushels.

#### CBOT Soy meal futures as on February 7<sup>th</sup>, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	181.0	181.0	183.0	176.0	176.7	-4.3
May'06	183.6	184.0	189.7	179.2	179.5	-4.1

#### WEATHER WATCH: (08.02.06)

##### Chief Features

Mainly dry weather conditions continue to prevail over the country. This scenario is likely to continue for next 2-3 days except isolated light rain/snow over higher reaches of Jammu & Kashmir and Himachal Pradesh during next 24 hours. Isolated light rainfall is also likely over Sub-Himalayan West Bengal & Sikkim and Northeastern states on 10<sup>th</sup> and 11<sup>th</sup> February. Day temperatures continue to be above normal by 4-6 deg C over northwest India and 2-4 deg C over Gangetic plains, central and eastern parts of the country. Night temperatures are also above normal by 2-4 deg C over northwest India and Gangetic plains. These warm conditions over northwest and central India are likely to continue for next 2-3 days. However, a fall of 1-2 deg C in minimum temperature is likely during next 2-3 days.

##### Forecast valid 0830 hours IST of 11<sup>th</sup> FEBRUARY, 2006

**NORTH-WEST** (J & K, H. P., UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP )

Isolated rain/snow likely over higher reaches of Jammu & Kashmir and Himachal Pradesh. Weather will be mainly dry over the rest region.

**EAST** (EAST UP, BIHAR, JHARKHAND, WEST BENGAL & SIKKIM, ORISSA)

Weather will be mainly dry over the region.

**NORTHEAST** (Arunachal Pradesh, Assam, Meghalaya, NMM & T)

Isolated rain/thundershowers likely over Sub-Himalayan West Bengal & Sikkim and northeastern States on 10<sup>th</sup> & 11<sup>th</sup>. Weather will be mainly dry over the rest region.

**SOUTH** (TN, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADWEEP)

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

**WEST** (MAHARASHTRA OTHER THAN VIDARBHA , GOA, GUJARAT, RAJASTHAN)

Weather will be mainly dry over the region.

**CENTRAL** (MADHYA PRADESH, CHHATTISGARH , VIDARBHA)

Weather will be mainly dry over the region.

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

Temperatures over northwest & central India are likely to remain appreciably above normal.

Source: IMD, GOI

**FOREX RATES (08.02.06)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.20

European Union	Euro	52.96
Japan	100 Yen	37.51
United Kingdom	Pound Sterling	77.15

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