

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Domestic Market Prices Remained Steady.
- NCDEX Soymeal April Contract Witnessed Sharp Fall.

COMMENTARY DOMESTIC MARKET Soy meal

The soymeal prices at domestic spot markets were steady today as the bearish spillover impact of international market was nullified by the off-season premiums on soybean prices in domestic markets. However, the prices at ports remained on lower side due to bearish sentiments in the international markets on account of rain forecast in Brazil. The soy futures at NCDEX however witnessed no trading activity in February and March contracts, whereas April contract booked first transaction of the week in bearish mood Thursday.

The prices at Indore spot market remained sleepy and traded in the range of Rs 8500-8700 per MT levels. April soymeal at NCDEX witnessed sharp correction to Rs 8510 per MT levels as compared to earlier levels of Rs 8945 per MT. The price factored the bearish sentiments between the intermittent trading. Ports witnessed some tapping in prices. The prices at Kandla port were Rs 9175-9200 per MT as compared to Rs 8250 on the previous trading day. Though the activity levels still remained lower as the sellers were asking for higher prices of Rs 9400 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 bearish.

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	02.01.06
Indore	8500-8700	8500-8700
Nanded	8500-8600	8600
Latur	8450-8600	8500
Dhulia	8450-8600	8500-8600
Jalana	8500-8600	8500-8600
Kota	8350	8300-8400
Nagpur	7900 (41%), 8300(45-46%)	7900 (41%), 8300(45-46%)
Kandla	9200-9250	9175-9200
Mumbai	9250 (b) - 9400 (a)	9150
Vizag(approx)
Sangli	8900	8800
Solapur	8800	8800
Morena	8400	8400
Shivpuri	8100	8100

NCDEX Soy meal Futures price (2 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

Soy future settled low at Chicago Boards of Trades on Wednesday. March Soybeans settle down 14.75 cent at \$5.7950, 15 cents off the high and 0.50 cents up from the low. May Soybeans settled down 14.50 cents at \$5.9225. This was 0.75 cents up from the low and 14 cents off the high. March Soymeal closed down \$3.8 at \$181.2/ton that was \$0.6 up from the low and \$2.1 off the high. March Soybean Oil finished down 0.53 cents at 21.82 cents/pound, 0.6 cents off the high and 0.02 cents up from the low. Weather forecast for rain in Argentina helped to pull down the market further. Good rains after a long dry spell could be seen more favourable for the crop with better

performance and high yield as expected by agronomist in Argentina. Speculative selling pressure could be the other reason to pull down the market. US export sales report showed lower soybean sales near 400,000-600,000 tonnes as compared with 521,900 tonnes in previous week. Meal sales are expected near 75,000-150,000 tonnes with oil sales near 0-10,000 tonnes.

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 soymeal 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 Soymeal futures as on February 1st, 2006 (Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar '06	185.0	182.5	190.3	176.0	181.2	-3.8
May'06	187.8	184.5	187.6	178.0	183.7	-4.1

WEATHER WATCH: (02.02.06)

Chief Features

Cold wave conditions have abated from interior Karnataka and adjoining Rayalaseema. Largely dry weather conditions are prevailing over the country. This scenario will continue for another 2-3 days except isolated light rains over Arunachal Pradesh, Assam, Sub-Himalayan West Bengal & Sikkim and south Tamil Nadu on 4th and 5th. Minimum temperatures over northwest India are likely to fall by 2-4 °C during next 2-3 days.

Forecast valid 0830 hours IST 5th February, 2006

NORTH : Weather will be mainly dry over the region.

EAST : Isolated rain/thundershowers likely over Arunachal Pradesh, Assam and Sub-Himalayan West Bengal & Sikkim on 4th and 5th. Weather will be mainly dry over the rest region.

SOUTH : Isolated light rain/thundershowers likely over south Tamil Nadu on 4th and 5th. Weather will be mainly dry over the rest region.

WEST : Weather will be mainly dry over the region.

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

Largely dry weather conditions over the country are likely to continue.

Source: IMD,GOI

FOREX RATES (02.02.06)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.31
European Union	Euro	53.37
Japan	100 Yen	37.39
United Kingdom	Pound Sterling	78.48

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