

MAJOR ACTIVITY HIGHLIGHTS

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

COMMENTARY

DOMESTIC MARKET

Soy meal

Buyers remain still in stronger position. Lower quotes from buyers end and sluggish international trade results into little trading today. It will take some time to over come by the pandemic bird flu. In international arena harvesting of 10% crop in South American is completed and going with constant pace coupled with record U.S. ending stocks of soybeans. Recent rains eased the stress condition and expected to have bountiful production which has bearish impact on soy products. Stronger hands of bears over bull's leads to decline in prices in spot market.

Soymeal demand is expected to decline from different locations owing to huge culling of chicken that would have been consuming ample feed this time. The soymeal futures market is likely to remain range bound in coming days. Mumbai, Vizag and Kandla ports witnessed same prices as that of previous day. 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 same as that of previous day and at the range of Rs 8400-8600 per MT levels. The prices at Kandla port remained range bound at Rs 9050. Mumbai port witnessed Rs. 9000 and Vizag at Rs. 9050. Improvement can only be witnessed when fresh cycle of chicken restarted and demand from feed industry started to flush in. 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 agent 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	Destination
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
Mumbai	Santa Suria	12000	Loading	Indonesia
	Ivory Ace	8000	Expected	Japan
	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)	
	27.02.06	28.02.06
Indore	8400-8600	8400-8600
Nanded	8100	8100-8200
Latur	8700-8800	8600-8700
Dhulia	8100-8200	8200
Jalna	8300	8300
Kota	8100	8100
Nagpur	7800-8100	7800-8100
Kandla	9100 (Sellers) 9000 (Buyers)	9050
Mumbai	9100 (Sellers) 9000 (Buyers)	9000
Vizag(approx)	9100 (Sellers) 9000 (Buyers)	9050
Sangli	8700-8800	8700
Solapur	8600	8600
Morena	8400	8500
Shivepuri	8000	8000

NCDEX Soy meal Futures Prices (28 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 Maintain Rally

March Soybeans settled up 2.25 cents at \$5.795/bushel, 0.50 cents off the high and 11.50 cents up from the low. May Soybeans settled up 2.75 cents at \$5.93/bushel, which was 12 cents up from the low and 1 cent off the high. March Soymeal settled up \$1.0 at \$176.5/ton that was \$3.3 up from the low and \$0.2 off the high. March Soybean Oil settled up 0.03 cents at 22.99 cents/pound, 0.01 cents off the high and 0.44 cents up from the low. Initially the market went down due to bird flu concerns but later on the market got strength owing to strength in other grains. Weekly export inspections by USDA came in at 20.02 million bushels, which remain well within the range as compared with trade expectations at 22-30 million bushels. Cumulative shipments have reached 65.4% of the USDA forecast as compared to 71.8%. Traders are looking for soybean deliveries near 2,000-3,000 contracts, oil deliveries near 1,000-2,000 contracts and meal at 0 to 400 contracts.

CBOT Soymeal futures on February 28th 2006

(Unit: \$/MT)

Contract	Prev Close	Open Price	High Price	Low Price	Close Price	Change (\$)
Mar 06	577.2	571.4	580.0	568.0	+2.2	579.4
May 06	590.2	583.4	593.6	581.0	+2.8	593.0

South American Soybean Futures remain Stale

South American soybean futures settled low on Monday. May South American soybeans settled 5 cents higher to \$6.145/bushel. With active harvesting progress coupled with concerns on the international market that bird flu factor could reduce short-term demand for meal results into decline of prices into the market. The weather looks very favourable for the crop in Argentina and Brazil due to recent rains, which stabilize any production loss. After rapid spread of bird flu in 15 countries there is sharp decline of international soymeal demand from feed industry. Talk of banning poultry import by Japan from France had bearish impact on the market. China imported 8.8% less of soybeans this January at 1.69 million tonnes as compared to last year. Funds of noted buyers were 2,000 contracts of soybeans and 1,000 or less of meal and oil.

WEATHER WATCH: (28.02.06)

Forecast valid for next 72 hours

The day & night temperatures over northwest & central India and Uttar Pradesh have fallen by 2-3°C. The night temperatures over these areas are likely to fall further by 2-3° C during next 2 days and may be around near normal. Thunderstorm activity is likely over isolated pockets of central & Peninsula India during next 3-4 days leading to

some respite from the prevailing warm conditions over central India.

NORTH-WEST INDIA: Mainly Dry weather is likely over the region. Night temperatures over the regions are likely to fall further by 2-3° C.

EAST INDIA: Weather will be mainly dry over the region. Day & night temperatures are likely to fall by 2-3°C.

NORTHEAST INDIA: Rain/thundershowers are likely at a few places over Assam and Arunachal Pradesh. Mainly dry weather over the rest region. Slight fall in night temperatures is expected in this region also.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands, Kerala, Telangana & Interior Karnataka. Weather will be mainly dry over the rest region, however, isolated rain/thundershowers are also likely over Tamil Nadu and Coastal Andhra Pradesh from 1st to 3rd March.

WEST INDIA: Isolated rain/thundershowers likely over Marathwada and south Madhya Maharashtra. Weather will

be mainly dry over the region. Day & night temperatures over Gujarat and Maharashtra are likely to fall by 2-3° C.

CENTRAL INDIA: Weather will be mainly dry over the region. However, isolated rain/thundershowers likely over Vidarbha and south Chhattisgarh between 1st & 3rd March leading to a fall of 2-3° C in temperatures over the region.

Source: MDI, GOI

FOREX RATES (28.02.06)

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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