

MAJOR ACTIVITY HIGHLIGHTS

- **Sentiments Weak in Soy meal Markets**
- **Weather Improving in All Oilseed Producing Belts**

DOMESTIC MARKET

Soy meal

Soymeal markets continued to see steady trend. Sentiments however, weakened following reports of improving weather in almost all the producing belts. Fundamentals in whole are not friendly for the complex. Reports of Solvent Extractors' Association (SEA) confirms that pace of import is more or less going with the same like that of last year. Increased import obviously affects crushing parity, as prices for soyoil depresses with its increased import and burden thus passed on to soymeal to carryout crushing activities. Demand last year was good, which traders credit to multiple factors. Non-GMO nature of Indian soymeal, increased volatility in its markets due to higher prices etc was the key fundamentals supportive in rising export of soy meal this year. However, traders credit promotional schemes like 'target plus incentive scheme' for rise in export of soy meal. The government in October 2004 announced Target Plus scheme replacing the duty-free credit entitlement scheme for status holders. The eligibility criterion under the new scheme was a minimum export turnover of Rs 1,000 crore. Under this scheme, incentives were to be given to incremental exports in the form of duty credit, in the range of 5 to 15%. However, at the end of FY06, the government modified the scheme reducing the duty entitlement to flat 5% with retrospective effect from April 1, 2005. Traders said our prices were competitive globally, as these incentives were factored into the cost and passed on to importers. Now, exporters will have to bear this difference. This govt action is highly condemned by senior people of the industry, who fears that such sudden change in policies will have negative impact on future action of the exporters.

Current vessel positions in different ports

'Thash Son' has berthed at Kandla Port and continues to load 5,500 MT of SBM. Shantilal agents is handling the vessel. Loading of 9,000 MT of SBM is expected at Kandla Port on the vessel 'Asian Rose' to Japan. The vessel will be handled by Taurus agents.

Mumbai Port is expecting 'Badulu Valley' to load 3,500 MT of SBM. Sai Freight agents will be handling the vessel.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Desti-Nation
Kandla	Asian Rose	9000	Expected	Japan
	Thash Son	5500	Berthed	Unknown
Mumbai	Badulu Valley	19000	Expected	China

DOC rates at different centers

Places	Ex-factory rates (Rs/ton)		
	26.07.06	25.07.06	Parity To
Indore (MP)	8400-8600	8400-8600	Guj, MP
Datia (MP)	8800	8800	Up, Bihar, Bengal, Nepal
Shivpuri (MP)	8500	8500	Up, Bihar, Bengal, Nepal
Nanded/Latur	8800	8800	Andhra, AP, Kar, TN
Dhulia/Jalna	8900	8900	Mumbai Maharashtra
Nagpur (42/46)	8500-8800	8500-8800	Chattisgarh, Orissa, Bihar, Bangladesh, AP, Kar, TN
Sangli	9300	9300	Local and South
Solapur	9200	9200	Local and South
Kota	8600	8600	Rajasthan, Del, Punjab, Haryana

DOC Port rate at different centers

Centers	FOR Price	
	26.07.06	25.07.06
Kandla	9000-9050	9000-9050
Mumbai	9200	9200

Rape/ Mustard Meal

Demand for Rape DOC remained slightly weak on export front. According to traders, exporters mostly have covered against their requirements. According to traders, shipments are not due before August in most cases. Prices for the same eased in domestic markets with the decline in its inquiries. The DOC prices at Kandla and Mundra remained at Rs. 4850 and 4900 (in PP bags) respectively. Prices for the same at Jamnagar were quoted at Rs 4800 per ton. Prices for the same in Jaipur were quoted at Rs 4200 per ton. The prices are expected to remain on the higher levels in coming weeks.

Sunflower Meal Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	26.07.06	25.07.06
Chalisingaon	5000	5000
Khamgaon	4725	4725
Rudrapur	4050-4100	4050-4100

Parli/Latur/Nanded

4750-4800

4800

Groundnut meal

Demand for groundnut DOC also remained weak, but prices for Groundnut DOC continued to hold steady levels due to its low availability in the offseason. Weather is friendly for the crop in the entire major groundnut producing areas. Major groundnut seed growing areas are Rajkot, Junagadh, Jamnagar, Amreli, Bhavnagar and Surendranagar districts in Gujarat. Sowing of the groundnut has mostly been completed. The prices of groundnut meal (40%) were quoted at Rs. 6700 while 45% was offered at 7200 per MT in Saurashtra.

International

Soy futures at Chicago Board of Trade settled mostly higher on Tuesday on concerning weather and declining crop conditions.

November soybean finished up 2.25 cents at \$6.07 and August soybean up 2 cents at \$5.8525 per bushel. December soybean finished up \$1.7 at \$173.8 per short ton and December soybean off 6 points at 27.1 cents per pound. Weather is little concerning in Iowa and eastern corn belts. Ideas of market being in oversold zone also supported the futures. On export front, Taiwan is intended to buy 30,000-60,000 ton of US or Brazil soybean. There were unconfirmed reports of China seeking 2-3 cargos of Argentine Soybean. Overnight firm closing of palm oil futures were also taken as a bullish item. Crop condition was also reported dwindling. In its last update, US Department of Agriculture reported that only 54% soybean crop is in good to excellent condition, which is down 3% from last week.

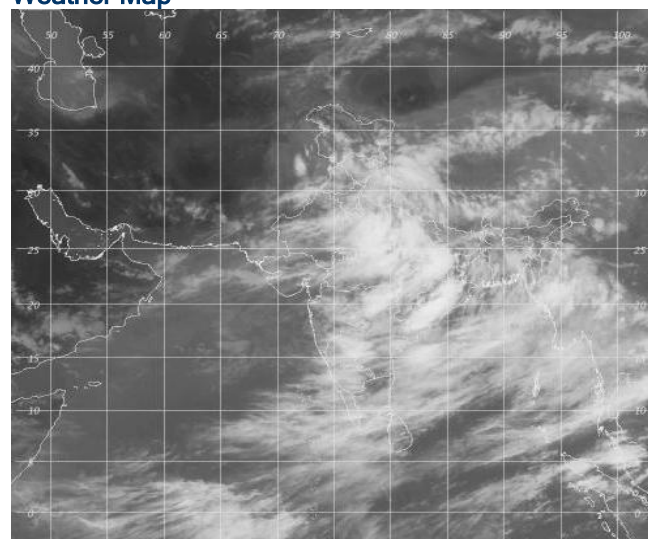
WEATHER WATCH

Chief Features

The axis of monsoon trough passes through Anupgarh, Agra, Varanasi, Dhanbad, Hazaribagh, Sagar Islands and thence southeastwards. Enhance rainfall activity with heavy to very heavy fall is likely to continue over Western Himalayan Region, plains of northwest India and Gangetic plains upto 29th and decrease thereafter. Numerical weather prediction models continue to suggest formation of a low pressure area over northwest Bay of Bengal around 28th which is likely to become more marked and increase the rainfall activity over Orissa, Gangetic West Bengal, Jharkhand, Chhattisgarh and Vidarbha from 28th onwards. Subsequently the enhance rainfall belt likely to shift into central India and Maharashtra. Yesterday's upper air cyclonic circulation over southwest Bay of Bengal and adjoining coastal Tamil Nadu persists and extends between 3.1 km & 5.8 km a.s.l. Under its influence, increase in rainfall activity is likely over Tamil Nadu & Pondicherry, south Coastal Andhra Pradesh and Rayalaseema during next 24 hours.

Source- IMD

Weather Map



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Source- IMD

Forex- IUSD = INR 46.850

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