

MAJOR ACTIVITY HIGHLIGHTS

- Export of Soymeal Slows
- Demand for Rape DOC Persists on Export Front

NEWS ANALYSIS

Export of Indian Oil meal has been running ahead of last year pace. Export of oil meal during April'06 to July '06 has totalled at 1,055,150 MT, up against 945,300 MT during the corresponding period last year. Export of soy meal slowed in July. Export of soy meal in July totalled at 119,450 MT, down against 135,550 MT a year ago. Poor margins and slowed demand in international markets have been blamed for fall in export. According to traders, soy oil prices are depressed due to increased availability with rising import trend. Import of soy oil has seen abrupt rise since last two years. Import of soyoil increased remarkably in 2004-05. Import of crude soybean oil (Degummed) in 2004-05 increased to 2,001,745 MT against 890,695 MT during the corresponding period last month. Import of soy oil is

continuing with more or less similar pace like that of last year. Import of soyoil in current MY till June has reached to 1,000,920 MT compared to 1,021,162 MT during the corresponding period last year. This increased oil also has badly hurt the rapeseed markets, of which crushing also is not lucrative unless there is good demand for DOC on export front. Fortunately export of DOC has been running more or less similar pace compared to last year. Anyway, increased availability of imported oil has resulted decline in crushing margins of all the oilseeds.

Source-SEA and ANAS

Export of Oil meal (Extractions) from April 06 to July '06 with comparative period of previous year (Qty. in MT)

Month	S.B.EXT	R.S.EXT.	G.N.EXT	R.B.EXT.	S.F.EXT.	CST.EXT.	TOTAL
April 2006	316,925	53,425	12,400	5,650	---	10,825	399,225
	99,250	90,900	12,950	---	----	17,800	220,900
May 2006	140,075	77,400	18,525	4,750	---	15,575	256,325
	156,100	69,650	3,025	6,875	----	50,200	285,850
June 2006	108,975	79,900	12,175	11,000	----	7,600	219,650
	115,750	53,975	8,900	12,675	-	20,225	211,525
July 2006	119,450	49,500	---	11,000	---	---	179,950
	135,550	45,750	17,700	16,500	---	11,525	227,025
Total	685,425	260,225	43,100	32,400	---	34,000	1,055,150
	506,650	260,275	42,575	36,050	---	99,750	945,300
2005-0006(F.Y.)	3,424,600	533,275	137,925	125,325	750	201,150	4,423,025
2004-2005(F.Y.)	1,861,325	588,805	121,475	43,056	4,790	70,750	2,690,201
2003-2004(F.Y.)	2,683,675	447,050	126,750	---	---	65,550	3,323,025
2002-2003(F.Y.)	1,333,318	455,533	15,225	---	---	92,445	1,896,521
2001-2002(F.Y.)	2,509,207	313,012	101,001	---	---	97,557	3,020,777

FUNDAMENTAL ANALYSIS

INTERNATIONAL MARKETS

November Soybeans settled down 15 cents at \$5.82/bushel, 8.75 cent off the high and 2 cent up from the low. August Soybeans settled down 14.25 cent at \$5.6325/bushel, which was 1.25 cent up from the low and 10.50 cent off the high. December Soy meal settled down \$4.6 at \$164.6/ton, which was \$0.8 up from the low and \$1.6 off the high. December Soybean Oil closed down 0.27 cents at 26.94 cents/pound, 0.14 cents off the high and 0.08 cents up from the low. Cool and good climate forecast for the soybean results into sharp decline in the CBOT on good crop prospect. The lowest value of the Nov soybean could be revealed on the yesterdays trading since

December 2005. Some relief could be seen on friendly weekly inspections and remain at 15.489 million bushels compared to the trade expectations between 6-12 million bushels. As per the estimation the acreage in Brazil for 2006-07 will fall 6% to 20.78 million hectares from 22.21 million for 2005-06. As per the weekly crop progress report, there is some improvement in the soybean ratings compared to the last week and remain 53% crop in good to excellent condition.

CBOT Soy meal Futures as on Aug 07th 06

Months	Previous Settle	Open	High	Low	Change	Close
Aug 06	163.2	160.5	160.7	158.1	-4.3	158.9
Sept 06	164.6	162.0	162.0	159.7	-4.0	160.6

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

Soybean meal markets continued to see dull trend during the week. Demand for the export has been slowed. Soy oil prices are depressed due to regular import and increased availability of kachi ghani/mustard oil. Crushing of mustard has increased due to good export demand for rape DOC. Soybean prices are higher due to off-season. Crushing of soy is not in parity. If fixed cost of operation is taken as Rs 750 per ton, net crushing margin stands in negative at Rs 28 per ton. Demand for Soy meal on export front has also been slowed due to increased availability of competitive produce from South America. Major importing nations in Asia are Vietnam, Japan, Thailand, Hong Kong, Cambodia, Laos, Indonesia, China and Taiwan. Excluding China, according to figures from the American Soybean Association, these countries annually import about 19 million tonnes of soybeans and soybean meal in meal

equivalent. Exporters blame to repeated incidence of 'bird flu' for this downtrend in soy meal markets. Major exporting nations are now targeting other possible/potential alternatives like aquaculture, beef industry etc in the Asian nations. Protein blocks (heat-treated soybean meal) are likely to be started as feed to the cattle in Asian nations like Indonesia and Thailand. Market experts, however, feel that these nations are recovering from fowl phobia. Thailand has been the worst hit with more than 20 cases of human infections. Since 90% of poultry industry is in hands of commercials in Thailand, swift actions were taken to curb this endemic further. People rather are expecting growth of poultry industry on year basis in 2006 in Thailand, so there are good chances of improvement in demand of feed.

DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	31.07.06	05.07.06
Indore	8350-8400	8050-8100
Nanded/Latur	8800	8600-8700
Dhulia/Jalna	8900	8500-8600
Kota	8500	8400-8500
Kandla	8800	8650
Mumbai	9100	8900
Nagpur (42/46)	8500-8800	8400-8700

Sangli	9300	9200
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Soy Meal Vessel Report (08.07.06)

Current vessel positions in different ports

Loading of 9,000 MT of SBM is continuing at Kandla Port on the vessel 'Asian Rose' to Japan. The vessel is being handled by Taurus agents.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Commodity	Destination
Kandla	Asian Rose	9000	Expected	SBM	Japan

Rape/ Mustard meal

Demand for rapeseed meal remained good on export front. Weather, however, has affected the pace of trading. Transportation was badly affected in Gujarat due to heavy downpour. Two big vessels were reported to have delayed due

to unfriendly weather. Also, there were reports that huge stock has got stuck at Kandla port. Slowed flow to export market had slightly bearish impact on its prices in domestic markets. NAFED also is selling regularly in Rajasthan.

Groundnut meal

Groundnut meal markets observed steady trend. There were deluged situation reported in many areas of Saurashtra. Weather concern in Andhra Pradesh also mitigated with the good rains across the state during last fortnight. Concerns

earlier were high in the state due to parched situation. Prices for the groundnut meal in Rajkot ranged Rs 6700-6750 per ton during the week. Improved weather situation had mildly bearish impact on Groundnut meal markets.

Weekly

WEATHER WATCH

Chief Features

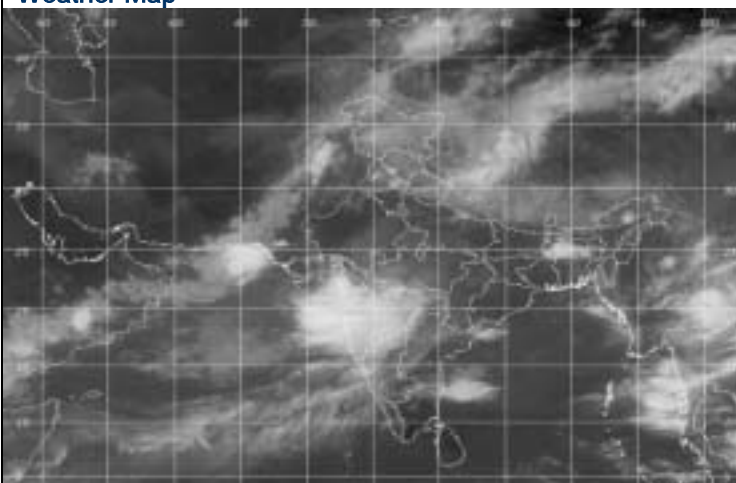
Yesterday's well marked low pressure area over southwest Madhya Pradesh and neighbourhood now lies over West Madhya Pradesh and neighbourhood. The offshore trough at sea level runs from south Gujarat coast to Karnataka coast. Under the influence of above systems widespread rainfall activity with scattered heavy to very heavy falls and isolated extremely heavy falls (25 cm or more) are likely over Gujarat Region and north Konkan during next 2 days. The axis of monsoon trough at sea level passes through Phalodi, centre of low pressure area, Satna, Varanasi, Bhagalpur, Sriniketan and thence southwards to northeast Bay of Bengal.

Warning

Heavy to very heavy falls at a few places are likely over Gujarat Region. Heavy to very heavy falls are also likely at a few places over north Madhya Maharashtra, Vidarbha, Marathwada, West Madhya Pradesh and East Rajasthan..

Source- IMD

Weather Map



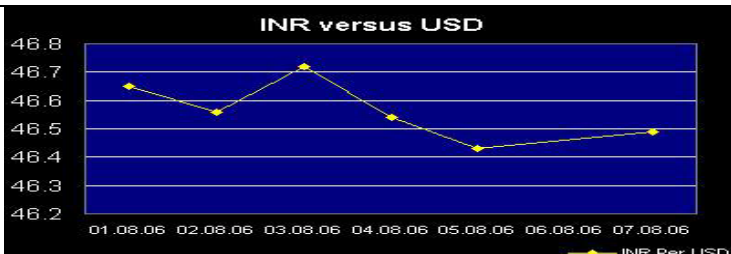
2006-08-07 03:00:04

Source-IMD

Forex

Forex rate as on 07.07.06

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.49
European Union	Euro	59.88
Japan	100 Yen	40.57
United Kingdom	GBP	88.67



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