

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 29,700 MT were 37 percent below the previous week and 84 percent under the prior 4-week average. Major increases reported for Japan (56,800 MT), Turkey (35,900 MT), Mexico (25,000 MT), and Colombia (11,500 MT) were partially offset by decreases for Taiwan (56,500 MT--switched to 2006/07) and China (55,000 MT--switched to 2006/07). Sales of 561,100 MT for delivery in 2006/07

were mainly for China (230,000 MT), unknown destinations (126,000 MT), and Taiwan (104,000 MT). Exports of 377,600 MT were 15 percent above the week earlier and 25 percent over the prior 4-week average. The primary destinations were Mexico (93,200 MT), Taiwan (80,100 MT), Turkey (64,000 MT), Morocco (58,600 MT), and Japan (40,200 MT).

USDA Weekly Export Sales Highlights for Soy meal:

Net sales of 107,400 MT were 54 percent above the previous week and 7 percent over the prior 4-week average. Major increases reported for Japan (24,600 MT, including 24,000 MT switched from unknown destinations), Cuba (20,100 MT), Canada (19,400 MT), and Egypt (16,000 MT), were partially offset by decreases for unknown destinations (24,000 MT). Net sales of 15,200 MT

for delivery in 2006/07 were mainly for Colombia (6,000 MT), Mexico (4,900 MT), and Canada (4,100 MT). Exports of 161,200 MT were 21 percent above the week earlier and 17 percent over the prior 4-week average. The primary destinations were Japan (32,700 MT), Mexico (26,100 MT), Colombia (21,300 MT), Saudi Arabia (18,300 MT), and Canada (17,300 MT).

USDA Weekly Export Sales Highlights for Soy Oil:

This summary is based on reports from exporters for the period August 18-24, 2006. Net sales of 21,700 MT were mainly for South Korea (12,000 MT), Hong Kong (4,100

MT), and Turkey (4,000 MT). Exports of 1,400 MT were primarily for Mexico (800 MT), Canada (400 MT), and Saudi Arabia (100 MT).

Brazil's Soybean Sector Struggling

Brazil's farm and food industry, which powered the country's exports and economic growth over the past decade, may be running out steam, analysts said last week. The strength of the Brazilian currency against the dollar has dampened export earnings while rising production and freight costs as well as escalating debts have squeezed farmers. As a result many analysts are expecting a decline in Brazil's soybean production next year. Brazil's 2006-07

soybean crop has been forecast as low as 52 million tonnes compared with 54.8 million tonnes in early 2006 as dry conditions in Mato Grosso and several other central areas are causing serious concern. Also, financial problems for Brazilian farmers, the resistance of banks to give more credits and sharply rising production cost (mainly a result of fungicide prices) will also contribute to the decreased production.

U.S. Biodiesel Notes

Illinois will offer \$25 million in grants and other aid to companies building ethanol and biodiesel plants in the state, Governor Rod Blagojevich announced recently. The governor said he wants to use biofuels to meet half the state's fuel needs by 2017. The Illinois Farm Bureau welcomed Blagojevich's plan as "great news for Illinois farmers." However, a spokeswoman for Blagojevich noted that legislators would have to approve borrowing money for the plan. The governor also faces challenges in winning support for a proposal questioned for its price tag and

uncertainty over how readily consumers will buy into biofuel technology. Of particular interest to the soybean sector, Blagojevich announced that the Biofuels Company of America, LLC in Vermilion County will receive \$4.8 million in grants to construct a \$30 million biodiesel plant with a production capacity of 45 million gallons of biodiesel per year. The plant will process soy oil. Stepan Company in Will County is receiving \$3 million for a \$24 million expansion of its existing biodiesel plant near Elwood which will boost production capacity to 49 million gallons per year from 10

million gallons. The plant will process about 35 million bushels of soybeans per year.

In other biodiesel news:

Cargill and the Missouri Soybean Association announced plans for a 3 million gallon biodiesel plant next to Cargill's existing soybean processing facility in Kansas City, Missouri. The facility will be jointly owned by Cargill and Paseo Biofuels, LLC, a new entity to be formed by Missouri soybean farmers and MSA. Construction is planned to start this fall, with biodiesel production projected to commence in the summer of 2007. Paseo Biofuels plans a statewide, \$24 million equity drive that would make the facility majority-owned by Missouri soybean farmers.

Separate Trade Pact Possible with Malaysia

After a setback to attract ASEAN members by cut in the import duty, central government recently decided to go for special pact with the Malaysia on palm oil for smoothing the trade dialogue with ASEAN members. As India is one of the major importer of the palm oil from Malaysia and Indonesia is perusing FTA with the ASEAN members but the main hurdle remain the

Prairie Pride Inc. broke ground on its \$90 million soybean crush and biodiesel facility in Nevada, Missouri. The company will process some 21 million bushels of soybeans into soybean meal and oil and then refine the oil into 30 million gallons of biodiesel.

Oilseed processor Bunge North America took a minority stake in biodiesel producer Renewable Energy Group Inc. (REG). As part of the relationship, Bunge North America will supply REG with raw material, risk management and logistics expertise. REG operates a 12 million gallon plant in Ralston and a 30 million gallon facility in Wall Lake, Iowa. The company had previously announced that it plans to build 12 biodiesel plants, five of which in Iowa, and aims to produce 640 million gallons of biodiesel annually by 2009. REG raised more than \$100 million of equity investment for the projects.

duty cut on palm oil by Malaysia. They want palm oil to be excluded from the negative list. Displeasure by the Malaysia regarding disparity between the soy oil and palm oil remain the main bone of contention. The separate pact would results into consensus on the issue, says Kamal Nath.

GOI: Revise Tariff Value on Edible Oils

Government of India revised further base import prices on edible oil on Sunday i.e. Sep 2. Base import prices for palm oil group remain unchanged while the tariff value on crude soy oil increased marginally. In a decision Central Government on Sunday hiked the tariff value on Crude Soy Oil with a view to tone up the prices of imported oil

compared with the international levels and to make the domestic oil prices more competitive compared to its imported counter parts. Tariff value on crude soy oil hiked from \$572 to \$579 (+7). The tariff value on palm oils kept unchanged.

Table A: GOI: Revised Base Import Prices

Commodities	Unit (US \$/Ton)			
	Current Tariff	Rate (w.e.f. 2.09.06)	Previous Tariff Rate (31.07.06)	Change (US \$/Ton)
Crude Palm Oil		481	481	-
RBD Palm Oil		506	506	-
Others - Palm Oil		494	494	-
Crude Palmolein		509	509	-
RBD Palmolein		512	512	-
Others - Palmolein		511	511	-
Crude Soybean Oil		579	572	+7

Source: CBEC, Dept of Revenue, GOI.

Malaysia: July Palm Oil Exports Up 16.7%

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Friday i.e. Sep 1, for the period of Aug 2006. Malaysia's palm oil exports in August totaled 1.37 metric tons, up 13% from 1.21 tons in July as per SGS (Malaysia) Bhd. Details of major items, which is estimated

by SGS are as follows: Table 1 shows that export of RBD Palm Olein and RBD Palm Stearin increased by 8.95% and 1.43% while RBD Palm Oil and CPO decline by 15.58 % and 2.80% respectively compared to the corresponding period.

Table1: Shows the details of the major items in SGS estimate

Items	(Unit: MT)		
	Aug	July	Change %
RBD Palm Olein	614954	564412	+8.95
RBD Palm Oil	99577	117948	-15.58
RBD Palm Stearin	106171	104676	+1.43
Crude Palm Oil	184950	190271	-2.80

Source: SGS (Malaysia) Bhd.

Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Friday i.e. Sep 1 for the period of Aug 2006. The major importers of Malaysian palm oil were as follows: 1. EU 2. India 3. China and 4. USA. Country wise brief highlights of imports are as follows: Table 2 shows that import of Malaysia's palm oil from India, Pakistan, United

States and EU were increased significantly with a gain of 139.14%, 24.59%, 34.70% and 19.83% respectively on high demand in compared to last month import. China witnessed marginal decline in import of the Malaysian palm oil by 10.39%.

Table 2: Shows the major import destination of Malaysian palm oil:

(Unit: MT)

Countries/Continents	Aug	July	Change %
European Union	275197	229663	+19.83
China	421369	470231	-10.39
United States	141488	105041	+34.70
India	47350	19800	+139.14
Pakistan	92570	74300	+24.59

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Palm oil prices in the spot market remain intones with last week and trading with mixed sentiment at different centers. Intertek Agri Services cargo surveyor released Malaysian palm oil exports data for August totalled 1,339,032 metric tons, up by 9.3% from 1,225,495 tons in July. The data remain intone with the market expectation of 1.35 million and 1.38 million tons. This week the rising crude prices owing to devastating hurricanes in the Mexican Gulf results to open the door for greater bio-diesel demand. This will

boost the export of palm oil and balance the demand and supply condition on expected higher production of palm oil. Demand this week for palm oil will rise on approaching festivals in this month. After initial failure of the trade agreement, now India is heading towards separate pact with Malaysia for import of palm oil which will in turn helped FTA with ASEAN nations. Prices of palm oil this week is expected to improve.

Weekly prices for CPO

(Rs/ 10 kg)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Kandla	400	398	397	398	397	397

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Kandla +VAT	422	422	422	422	423	421
Mumbai +VAT	430	435	435	435	430	430
Chennai +VAT	448	445	443	442	442	440
Kakinada +VAT	426	425	428	428	430	425
Hyderabad +VAT	455	450	450	455	450	445
Delhi	465	465	465	465	465	460

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
CPO	440	430	430	432	437	437
RBD Palmolein	465	460	460	462	467	467

MC: Market Closed

Refined Soy Oil

Refined soy oil prices at the spot market during the week under review remain mixed in most of the centers. Prices of the soy refine this week saw whip saw movements with

strong improvements in the later part. The price of soy refine is expected to improve on crop damage concern. Delay in the arrivals of soybean is expected that will results

into delayed crushing. High festival demands this month keep the prices on higher levels. The firm CBOT and BMD futures market position will keep the international prices up and thereby increasing the landing cost of the oil. NCDEX soy refine futures remain firm on aggressive buying on high incoming festival demand since from starting of the week. Bull run could be witnessed on strong buying with the lowest level at 429.10. Sharp increase in the volume could be seen on the initial phase of the bull run which varied from 10000-22000 MT. Open Interest during the week remain almost steady with marginal decline afterwards and ranged between 20340 to 25010 MT. The soy oil future is expected to maintain its roller coaster ride this week on high consumer demand. September NCDEX soy oil futures bounce back from its major support on 429.00 and break its

downtrend on fresh aggressive buying. The futures closely followed the surge in international crude oil prices and firmness in BMD futures. Volume and open interest significantly during the week under review on fresh buying and open position. High festival demands of soy refine and firmness in international market results into strong gain in the futures market. This week the prices after a long time recover from the oversold region as getting fresh buying support. EMA, Stochastic and MACD showing considerable improvements while DMI indicating slight slackness. ADX indicating weak trend into the market. The prices decline marginally during the last trading session. The price is expected to improve in coming week as the overall scenario favours bull ride in the futures of soy refine.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Mumbai +VAT	421	425	425	427	427	427
Indore +VAT	415	412	412	418	418	416
Kota +VAT	408	411	414	416	418	416
Jaipur +VAT	412	414	417	419	421	419
Hyderabad +VAT	440	440	440	441	442	435
Chennai +VAT	450	445	442	443	448	442
Rajkot +VAT	417	413	412	413	413	413

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Mumbai	406	406	406	409	411	411

Prices for CIF Soya during the week

(US \$/ MT)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Kandla & Mumbai	564	562	562	570	582	577

Rape/Mustard Oil

Mustard oil prices improved in almost all the centers on improved demand. This week NAFED continuously increased the selling prices of its old stocks. At the same time it started selling the new stocks at higher rates. This results into improvement in the local seed prices and at the same time higher demand from the millers for new stocks.

NAFED increased its selling prices of new mustard seeds in different location of Rajasthan at Rs 1625 from 1610 per quintal, while selling its old stock at Rs 1540 per quintal. The oil prices this week is expected to remain firm on high festival demand and will much depend on the selling prices of the NAFED.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Mumbai + VAT	425	426	424	424	424	425
Kota +VAT	388	390	393	393	395	394
Jaipur +VAT	390	394	395	396	398	395
Delhi	410	410	410	412	415	412
Neewai +VAT	388	388	389	392	393	391

Groundnut oil

Groundnut oil prices on physical market remain steady to firm during the week under review but marginal decline could be noticed compared to previous week level. Slight decline could be noticed initially on easing prices of other

oils. Any sharp decline in the prices of groundnut oil is not expected as heavy crop loss is expected. Low availability of seeds for crushing and low stock position of oil keeps the

market tight. The price is expected to improve in coming days.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Mumbai +VAT	525	530	530	530	530	530
Rajkot +VAT	540	542	540	542	540	535
Andhra Region	550	550	550	550	550	550
Chennai +VAT	545	540	540	545	540	540
Delhi	656	565	565	565	565	560

Sunflower Oil

Domestic spot market prices of sunflower oil increased during the week on low stock position and respective lower yield this year. CIF for sunflowers were range between of \$

635/metric ton to \$ 643/ metric ton during this week. Sunflower oil prices are expected to move range bound with slight improvement in near terms on low stock position.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Chennai +VAT	498	500	500	500	500	510
Mumbai +VAT	505	505	502	507	505	510
Hyderabad +VAT	505	500	505	510	510	505

Prices for Crude Sunflower Oil during the week

(US \$/ MT)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Kandla & Mumbai	463	465	465	465	465	465

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Kandla & Mumbai	639	643	635	643	640	639

Cotton Refine Oil

Cotton oil prices on spot remain range bound with mixed sentiments during the week under review. Low stock

position with expected coming demand keeps the prices in a tight range.

Prices for Refined Cotton Oil during this week

Markets	28.08.06	29.08.06	30.08.06	31.08.06	1.09.06	2.09.06
Mumbai +VAT	458	460	460	460	458	458
Hyderabad +VAT	445	440	445	440	445	440
Rajkot +VAT	460	463	462	460	460	458
Delhi	440	440	445	440	440	440

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

BMD Futures Witnessed Sharp Decline on Large Inventory

Crude palm oil futures on the BMD settled higher on Wednesday breaking the previous short trend. Short covering and profit booking on the eve of Malaysian Independence Day results into strong gain. Rising crude oil prices also provided support to the market. The most active November CPO contract closed at MYR1,578 a metric ton,

up MYR21 from Wednesday and varied in between MYR1,556 and a high of MYR1,578/ton. Speculation over the high export data from Malaysia results into some support to the market. As per trader expectations for exports remains around 1.35 million to 1.38 million tons.

CBOT Soy Futures Settle Mostly Down

Soy futures at Chicago Board of settled mostly down on friendly weather forecast. November soybean futures settled off 4.25 cents at \$5.515 and January soybean off 4.5 cents at \$5.6475 per bushel. December soy meal settled unchanged at \$161.4 per short ton and December soyoil off 25.32 cents per pound. Weather forecast calling for good growing condition for the next week was prime

bearish factor. People also expecting upward revision in soybean crop estimates by United State Department of Agriculture (USDA) in its upcoming monthly crop report. Hefty delivery intention report also weighed on values. Deliveries for September contract on 2nd notice day totaled at 1654 contracts, for meal at 81 contracts and oil at 864

contracts. Weakness spilling from energy markets also

helped keeping oil markets dispirited.

WEEKLY WEATHER WATCH

MONSOON WATCH & WEATHER OUTLOOK

Yesterday's low pressure area over Haryana & neighbourhood has become less marked. However, under the influence of a western disturbance, fairly widespread rainfall with isolated heavy to very heavy falls may continue over western Himalayan region for another 24-36 Hrs. As models predicted for formation of a low pressure area over Bay of Bengal, today, low pressure area has formed over north Bay of Bengal off north Orissa- West Bengal coast. The system is likely to intensify further and move in a western or the Southward direction. Under its influence, Orissa and Gangetic West Bengal are likely to experience widespread rainfall with isolated heavy to very heavy falls during next 2 days. Fairly widespread rainfall with isolated heavy to very heavy falls is also likely over Jharkhand and Chhattisgarh from tomorrow onwards. Chief amounts of rainfall (cm) during past 24 hours are: Jammu-14, Amritsar-13, Banihal, Cannings and Kolkata (Alipore)-9 each, Quazigund-7 and Digha-5. Yesterday's western disturbance over hilly regions of NW India persists. Under its influence, ongoing rainfall activity over the region is likely to continue during next 24-36 Hrs. and reduce thereafter. Model predictions suggest that another western disturbance is likely to approach NW India on 6 September.

Heavy Rainfall Warning:

Heavy to very heavy falls at a few places are likely over Orissa and Gangetic West Bengal during next 48 hours. Isolated heavy to very heavy falls are also likely over Jharkhand and Chhattisgarh from tomorrow onwards.

Zone-wise weather forecast:

NORTH & NORTH-WEST INDIA: Hilly regions of NW India viz. J&K, H.P. and Uttranchal are likely to receive fairly widespread rains during next 24-36 Hrs. then scattered to fairly widespread during 5-6 Sept. Rest of the region is expected to receive isolated rains.

EAST AND NE INDIA: Orissa and Gangetic west Bengal are likely to receive widespread rain with isolated heavy falls during next 48 Hrs. Jharkhand may experience scattered to fairly widespread rains around 5 Sept. Bihar, East U.P. and NE States are likely to experience scattered rainfall during next 4-5 days.

CENTRAL INDIA: Chhattisgarh and east MP are likely to experience increase in rainfall to widespread during from tomorrow and afterwards. Vidarbha is likely to have scattered to fairly widespread rains during 5-6 Spt.

SOUTH INDIA: Coastal A.P. is likely to experience increase in rainfall during next 24-48 Hrs. Rainfall activities over Telangana and Karnataka are likely to increase after 24 hrs. Kerala is likely to experience scattered rains. Isolated rainfall is likely over Rayalseema and Tamilnadu and further to increase from 5 September onward.

WEST INDIA: Fairly widespread rainfall is likely over Konkan & Goa in next 24 hours and scattered thereafter. Scattered rainfall over Madhya Maharashtra and Marathwada is likely to increase during next 24 Hrs. Rainfall activity over north Rajasthan is likely to decrease now.

PORT WATCH

Port updates of edible oils in India (Aug 28- Sep 9, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	13000	19200	32200
Palm oil	43120	13800	56920
CPO	48000	53088	101088
Total	104120	86088	190208

Source: ANAS

Forex Rates:

(September 2, 2006)

Country/ Continent	Currency	Value in Rs
USA	Dollar	46.53
European Union	Euro	59.71
Japan	100 Yen	39.73
United Kingdom	Pound Sterling	88.67

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