

MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: July Malaysian Palm Oil Exports Up 22%
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 559,800 MT for the 2006/07 marketing year (which began Sept. 1) were primarily for China (230,000 MT), unknown destinations (87,000 MT), Turkey (75,000 MT), Indonesia (61,000 MT), Mexico (39,800 MT), and Japan (33,000 MT). A total of 813,800 MT in sales were outstanding on August 31 (the end of the marketing year)

USDA Weekly Export Sales Highlights for Soy meal

Soybean Cake and Meal: Net sales of 57,500 MT were 46 percent below the previous week and the prior 4-week average. Major increases were reported for Mexico (17,000 MT), Turkey (15,000 MT), El Salvador (10,500 MT), Canada (9,900 MT), and Saudi Arabia (8,000 MT). Decreases were reported for Guatemala (7,500 MT). Net

USDA Weekly Export Sales Highlights for Soy Oil:

This summary is based on reports from exporters for the period August 25-31, 2006. Net sales of 8,600 MT were mainly for Morocco (7,700 MT), Canada (600 MT), and Mexico (100 MT). Sales of 22,000 MT for delivery in

and were carried over to the 2006/07 marketing year. Final shipments of 307,200 MT for the week brought accumulated exports for 2005/06 to 25,510,300 MT--down 15 percent from the 29,966,000 MT exported the previous year. The major destinations were China (109,700 MT), Japan (67,900 MT), Malaysia (37,400 MT), Indonesia (35,500 MT), and Mexico (30,800 MT).

sales of 57,500 MT for delivery in 2006/07 were mainly for Canada (48,000 MT). Exports of 90,800 MT were 44 percent below the week earlier and 33 percent under the prior 4-week average. The primary destinations were Canada (24,600 MT), Mexico (23,100 MT), Guatemala (15,500 MT), El Salvador (11,000 MT), and Panama (9,600 MT).

2006/07 were for Mexico. Exports of 20,100 MT were primarily for Morocco (7,700 MT), Germany (5,600 MT), and the Dominican Republic (5,100 MT).

Getting of Non-GMO Certificates for Oil Meals facilitate

A meeting was held to discuss the problems being faced by the exporters in getting non-GMO certificates for the consignments of oilmeals particularly soyameal on 18th August 2006. EIC would issue a non-GMO certificate. The solution coming from the meeting is exporter would have to furnish a self-declaration to EIC regarding the certificate. The other branches of EIC would also be authorized to issue non-GMO certification. The certificate would be

issued immediately on submission of the self-declaration certificate. EIC would engage in random sampling to generate data to take care of contingencies when an importing country raises an accusing finger against such certification. However, the frequency of sampling would go down with time. Also, even if a sample is taken from an exporter for testing, the issue of non-GMO certificate to that exporter would not be delayed.

Government to Hike Duty on Palm Oil from November

As per the decision on Thursday, the government will raise the maximum custom duty of 100% on palm oil products from November 1. The current duty charged at 70% on crude palm oil and 80% on RBD. The current duty on soy oil kept unchanged at 45%. The government on August slashed the duty to check any further hike in prices on edible oil. The decision is reversed within four week indicating lack of proper policy. This will results into large volume of imports on palm oil to fetch the opportunity of

tariff concession during the period. Such a decision keeps the market confused and lack proper direction on distorted policy as per traders. The government might have taken such a decision on palm oil with a view to protect the interests of farmers as the crop of soybean is expected to arrive in the November and crushing will start then after. Later with a notification the government clarified that such talks are vague and do not have any basis and any decision on the issue can be taken on public interest.

Bio-Fuel Getting Hot in Europe

A sharp rise in the use of food crops to produce biofuels will have a big impact on European agricultural markets. It is evident that increased use of rapeseed oil to make biodiesel would leave abundant supplies of rapeseed meal, which could cut use of U.S. and South American soy meal in Europe and would be consumed domestically. The price trend is changing fast on increased fuel demand diverting the food sector towards energy indicating more demand of

energy rather than food results into greater bio-fuel demand. Biofuels, which can be made from crops such as grains, oilseeds and sugar, are seen as substitutes for fossil fuels and as a way to reduce the emission of greenhouse gases believed to contribute to global warming. Many countries have been seeking to rapidly expand their use and Britain has set a goal that 5 percent of all motor fuel sold must come from renewable sources by 2010.

Consensus on Vanaspati Import from Sri Lanka

Sri Lanka bow down the Indian pressure to limit exports of vanaspati vegetable oil to India and limit the total export of Vanaspati to 250,000 MT including margarine and bakery shortenings per annum. The quota of vanaspati will be distributed among 12 companies selected on the basis on production and output and Sri Lanka will set up a Vanaspati Quota

Board to distribute quota among different companies. The closed factories expected to resume production in a month after a long span since from June as per Sri Lankan official. India restricted the imports of vanaspati since June and allowed its state run NAFED to import vanaspati under its brand name only.

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 22.0%

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Monday i.e. Sep 10, for the period of September 1-10, 2006 totalled 365,521 metric tons, up 22% from 365,521 tons in Aug 1-10. Details of major items, which is estimated by SGS are as follows: Table 1 shows

that export of RBD Palm Olein and Crude Palm oil decline by 26.30% and 35.13% while RBD Palm Oil and RBD Palm Stearin increased by 35.73 % and 70.76% respectively compared to the corresponding period.

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

Items	(Unit: MT)		
	September 1-10	August 1-10	Change %
RBD Palm Olein	160,419	217,654	-26.30
RBD Palm Oil	37,913	27,933	+35.73
RBD Palm Stearin	50,425	29,530	+70.76
Crude Palm Oil	42,675	65,790	-35.13

Source: SGS (Malaysia) Bhd.

Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Monday i.e. Sep 11 for the period of September 1-10, 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, and

United States increased significantly with a gain of 764.40% and 9.72% respectively on high demand in compared to the corresponding period. EU and China

witnessed decline in import of the Malaysian palm oil by 63.50 and 18.52 % respectively.

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

(Unit: MT)

Countries/Continents	Aug	July	Change %
European Union	45,310	124,130	-63.50
China	135,917	166,820	-18.52
United States	12,300	11,210	+9.72
India	30,254	3,500	+764.40

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Palm oil prices during the week under review remain steady with bearish tinge and traded in restricted range. High volatility in the international market with choppy trade in absence of proper direction results into limited price movement in the spot. SGS will be releasing the data on 10th Sep and the BMD futures will much depend on the export performance. The BMD futures remain subdued during the week on declining crude oil prices. As per the decision on Thursday, the government will raise the maximum custom duty up to 100% on palm oil products from 1st November. The current duty remains 70% on crude palm oil and 80% on RBD. The current duty on soy

oil kept unchanged at 45%. The government on August slashed the duty to check any further hike in prices on edible oil. The decision is reversed within four week indicating lack of proper policy. This will results into large volume of imports on palm oil to fetch the opportunity of tariff concession during this month. Such a decision keeps the market confused and the market lack proper direction on distorted policy as per traders. The government might have taken such a decision on palm oil with a view to protect the interests of farmers as the crop of soybean is expected to arrive in the November and crushing will start then after.

Weekly prices for CPO

(Rs/ 10 kg)

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Kandla	397	393	390	392	394	394

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Kandla +VAT	418	418	418	416	416	416
Mumbai +VAT	430	430	430	428	429	429
Chennai +VAT	440	435	435	435	430	430
Kakinada +VAT	420	420	Closed	417	417	418
Hyderabad +VAT	441	438	Closed	440	440	440
Delhi	460	460	460	460	460	460

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
CPO	435	432	432	435	432	430
RBD Palmolein	470	467	465	465	465	462

MC: Market Closed

Refined Soy Oil

Refined soy oil prices at the spot market during the week remain range bound with bearish note in most of the market as getting cues from the softer international prices of the commodity. Weakness in the crude oil prices and good crop forecast this week results into steep decline in the futures in CBOT this week and results into sharp break in prices of

the domestic futures market. Sharp decline of CIF prices of soy oil from \$582 to \$574. The lower yield estimate of Kharif oilseeds is expected to increase the demand of soybean oil into the market thereby more crushing. The recent decision by the government to hike the duty on palm oil by November may results into profuse import of palm oil

this month for stock piling and thereby increased the availability of oil in the market followed by low import of palm oil after November. The traders are flocking to import palm oil to get the benefit of the concession. Sharp decline in the September NCDEX soy oil futures amid weak domestic demand and sharp decline in the crude oil prices international levels brings the prices back to since 13th July level this week. Low bio-diesel demand on falling fossil fuel prices and corresponding good crop forecast for the coming crop in USA results into sharp break in prices internationally and domestic market no longer able to continue to remain

firm compared to the last week level. High stock of palm oil with lower demand too had a bearish impact over the market that further results into downward movement of prices in NCDEX. In a latest statement the government indicated that there is no plans to raise the base import price of edible oils in the near-term, which will results into further decline in the futures market. The volume decline during the week under review and range of 6040 to 10750 while open interest remain range bound and varied between 13450-18340.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Mumbai +VAT	427	427	427	427	427	427
Indore +VAT	415	412	413	415	414	412
Kota +VAT	417	415	Closed	417	417	417
Jaipur +VAT	419	418	Closed	420	420	420
Hyderabad +VAT	440	435	Closed	433	432	440
Chennai +VAT	NA	440	440	449	439	440
Rajkot +VAT	413	410	410	413	413	413

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Mumbai	410	410	410	410	409	409

Prices for CIF Soya during the week

(US \$/ MT)

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Kandla & Mumbai	575	576	572	574	578	585

Rape/Mustard Oil

Mustard oil prices in major trading centers remain steady to weak on low demand. NAFED reduces its selling prices of the mustard seed that further bring down the crushing cost and results into cheaper oil. Decline in other oil prices further added to bearish note in mustard oil trade. NAFED sold new mustard seeds in different location of Rajasthan at Rs 1600-1625 from 1625 per quintal, while selling its old stock at Rs 1520-1525 per quintal. The recent agreement

with the Sri Lankan government over the vanaspati trade is expected to bear cheers on the face of farmers, as 20% blending is mandatory for the vanaspati makers but will much depends on the government policy. There was no further clarification whether the imported vanaspati will be canalised via NAFED or to be opened. This makes the traders wary.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Mumbai + VAT	425	423	423	423	423	423
Kota +VAT	391	391	Closed	392	392	392
Jaipur +VAT	393	393	Closed	394	394	394
Delhi	410	410	410	408	410	410
Neewai +VAT	390	388	Closed	390	389	389

Groundnut oil

Groundnut oil prices on physical market continue to remain steady to weak on low demand compared to previous week. The prices are already at its subdued level on low demand by the dealers but prices not likely to go further down as per traders. Low crop this year and low stock

position keeps the prices check on the current levels. The groundnut oil is expected to follow the developments in other oils and expected to follow the price trend. The market is expected to remain steady for the week with slight improvement on coming festival season.

Prices for groundnut oil during the week**(Rs/10 kg)**

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Mumbai +VAT	530	530	530	530	530	527
Rajkot +VAT	530	525	520	525	530	525
Andhra Region	540	540	Closed	550	550	550
Chennai +VAT	NA	454	540	535	535	535
Delhi	560	560	560	560	460	460

Sunflower Oil

Domestic spot market prices of sunflower remain range bound this week on low stock position and moderate to low demand. CIF for sunflowers were range between of \$

639/metric ton to \$ 647/ 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	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Chennai +VAT	510	515	510	510	510	508
Mumbai +VAT	NA	510	510	507	505	505
Hyderabad +VAT	505	500	Closed	500	500	495

Prices for Crude Sunflower Oil during the week**(US \$/ MT)**

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Kandla & Mumbai	465	470	470	470	465	465

Prices for CIF Sunflower during the week**(US \$/ MT)**

Center	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Kandla & Mumbai	639	640	640	640	640	647

Cotton Refine Oil

Cotton oil prices on spot remain in tandem with the previous week prices on low demand and approaching

arrival period. Low stock position with expected coming demand keeps the prices in a tight range.

Prices for Refined Cotton Oil during this week

Markets	4.09.06	5.09.06	6.09.06	7.09.06	8.09.06	9.09.06
Mumbai +VAT	458	456	456	456	456	450
Hyderabad +VAT	440	435	Closed	435	435	440
Rajkot +VAT	450	447	445	445	446	445
Delhi	440	435	435	430	435	435

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS**BMD Futures Settled Low Tracking Crude Oil**

Crude palm oil futures on the BMD settled down on Friday on further weakness in crude oil. The most active November CPO contract settled at MYR1,553 per metric ton, down MYR17 from previous day level and traded in the range between MYR1550 to MYR1579. The market touched its lowest level since from the July and signals strong speculative selling. The traders are expecting more declines from the current level as it breaks the crucial

support of MYR1550. The market is consciously waiting for the export data going to release on 10th September. The trade activities will much depend on the data released on Monday by Malaysian Palm Oil Board. Traders are expecting low import during the period, which would have negative impact on the market. Declining crude oil prices might have bearish impact on the demand and prices of palm oil.

CBOT Soy Futures Settle Mixed on Weekend

Soy futures settled mixed on Friday. November soybean future settled off 2 cents at \$5.48 and January off 1.5 cents at \$5.6175 per bushel. December soy meal settled off \$2.4 at \$160.8 per short ton and December soybean oil up 28 points at 25.11 cents per pound. Reports of soybean rust finding in some parts of Georgia and Louisiana were the only bullish item, otherwise, USDA export report was

neutral and expectation of bearish crop data to be released on Tuesday kept weighing on values. The US Department of Agriculture (USDA) estimated soybean export sale for the week ending August 31st, 2006 at 559,800 ton for MY 2006-07 and 46000 ton for 2007-08 in the remaining week after September 1st, 2006. Thus total export sale during the week was at 605,800 ton. Soymeal sale was slightly lower

than expectation. USDA reported sale of soymeal during the week at 1.15 lakh ton against expectation of 1.50-2.50

WEEKLY WEATHER WATCH METEOROLOGICAL ANALYSIS

Last week's depression over Chhattisgarh moved west-northwestwards and lay centered at 0830 hours IST of 31st August over East Madhya Pradesh about 50 km south-southeast of Sagar. Moving north-westwards, it lay centred at 0830 hours IST of 1st September over East Rajasthan close to Sawai Madhopur. It weakened into a well marked low pressure area in the evening of 1st and lay as a low pressure area over Haryana and neighbourhood in the morning of 2nd. It became less marked on 3rd. A fresh low pressure area formed over north Bay of Bengal off north Orissa-West Bengal coast on 3rd September which concentrated into a depression in the same evening. Moving west-northwestwards, the depression crossed north Orissa coast near Chandbali around 0630 hours IST of 4th and lay centred at 0830 hours IST over north Orissa close to the west of Chandbali. Moving further west-northwestwards, it weakened into a well marked low pressure area and lay over Chhattisgarh and adjoining East Madhya Pradesh on 5th morning. It lay over West Madhya Pradesh and neighbourhood on 6th morning and over West Madhya Pradesh and adjoining East Rajasthan on the same evening. The western disturbance as an upper air system moved over northwest India during first half of the week. Upper air cyclonic circulation lay over southwest Bay of Bengal off Tamil Nadu coast extending between 2.1 and 3.6 Km a.s.l. on 2nd and between 1.5 and 5.8 Km a.s.l. on 3rd.

Rainfall:

Widespread/fairly widespread rainfall with scattered/isolated heavy to very heavy falls occurred over Central India (Chhattisgarh, Madhya Pradesh and Vidarbha) on 31st August, over Madhya Pradesh on 1st and over West Madhya Pradesh on 2nd September. The monsoon was vigorous/active over West Madhya Pradesh during 31st August-2nd September, over East Madhya Pradesh during 31st August-1st September and over Vidarbha on 31st August. The enhanced rainfall activity

lakh ton. Soybean oil sale was put at 30,600 ton against expectation of 16,000-30,000 ton.

was again realised over central India with widespread/fairly widespread rainfall along with isolated heavy falls during last two days of the week. The monsoon was again active over Chhattisgarh and West Madhya Pradesh on 5th & 6th respectively. The rainfall over east India was subdued during first half of the week. It increased with widespread rainfall and isolated heavy to very heavy falls over Gangetic West Bengal during 3-4th September and over Orissa during 4-5th September. The monsoon was active/vigorous over Gangetic West Bengal on 3rd and over Orissa on 4-5th. Widespread/fairly widespread rainfall with isolated heavy to very heavy falls occurred over most of the sub-divisions of northwest India during 31st August-3rd September. The enhanced rainfall activity continued over Jammu & Kashmir on 4th also. Southwest monsoon was active/vigorous over Tamil Nadu & Pondicherry during 3-4th September with fairly widespread/widespread rainfall and isolated heavy to very heavy falls. The rainfall activity was subdued over other parts of the country with isolated/scattered rainfall during many days of the week.

Rainfall During The Week Ending on 6th September, 2006:

Rainfall was excess/normal in 18 and deficient/scanty in 18 out of 36 meteorological sub-divisions (Actual: 52.6 mm, Normal: 47.8 mm and Departure: 10%).

Cumulative Seasonal Rainfall (1st June to 6th September, 2006):

Rainfall was excess/normal in 25 and deficient in 11 out of 36 meteorological sub-divisions. (Actual: 756.0 mm, Normal: 758.6 mm and Departure: 0%).

Outlook for the week ending on 13th September, 2006.

Increase in rainfall activity over northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar and extreme south peninsula. Decrease in rainfall activity over western India.

Source: IMD

PORT WATCH

Port updates of edible oils in India (Sep 4-Sep 9, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	13000	-	13000
Palm oil	43120	14998	58118
CPO	41000	85888	126888
Total	97120	100886	198006

Source: ANAS

Forex Rates:

(September 9, 2006)

Country/ Continent	Currency	Value in Rs
USA	Dollar	46.07
European Union	Euro	58.37
Japan	100 Yen	39.39
United Kingdom	Pound Sterling	85.94

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.