

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Sentiments Improved Somewhat

NEWS ANALYSIS

USDA Export Sales Highlights

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 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).

Source: FAS, USDA

Export of Oil meal (Extractions) from April 06 to August'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
August 2006	111,075	98,075	---	29,500	---	15,350	254,000
	112,575	43,825	15,100	5,033	----	11,325	187,858
Total	796,500	358,300	43,100	61,900	---	49,350	1,309,150
	619,225	304,100	57,675	41,083	----	111,075	1,133,158
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

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

CBOT Soy Meal Futures as on September 7th .

Month	Open	High	Low	Close	Chg
Sep 06	158.3	160.5	157.0	159.6	+1.0
Oct 06	158.7	161.7	158.0	160.5	+1.3

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

Range bound with firm undertone sentiments prevailed in the majority of Soymeal market. The domestic demand is stable whereas, global demand is increasing. Export of Soymeal is improving. According to SOPA the higher amount of the commodity (229982MT) is exported in the month of August as compared to last three month. Main destination of the export is Vietnam, China, Korea and Japan. The total export in the year is 3901438MT. Vietnam has become largest importers of soybean meal this year from India with over 788861 MT. However, our exporters are facing the

tough competition with South America. The global oilseeds production estimates are also likely to down at 383.2 million tons, which are about 6.5 million less from the last year. This led to increase some export demand in near futures. Our country will able to offer Soymeal at competitive prices in the coming future. The lower production in mills is reported. The crushing will be peak in the month of November. Traders perceived that the market sentiments likely to slightly bullish in the coming days on increased demand amidst lower crushing. No significant trading at NCDEX in Soy meal futures was witnessed.

DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	02.09.06	08.09.06
Indore (MP)	8000-8200	8000-8200
Datia (MP)	8500	8600
Shivpuri (MP)	8350	8450
Nanded/Latur	9100	9100
Dhulia/Jalna	8600	8600
Nagpur (42/46)	8300-8600	8300-8600
Sangli	9000	9200
Solapur	8800	9100
Kota	8400	8450

Soy Meal Vessel Report (08.09.06)

Current vessel positions in different ports

Loading of 13,500 MT of SBM is continuing at Kandla Port on the vessel 'IBI' to Japan. GAC agents is handling the vessel.

Mumbai Port is loading 2,700 MT of SBM on the vessel 'Indruwa Valley'. Sai Freight agents is handling the vessel. 'Surplus' is expected at the port to load 6,000 MT of SBM. Chowgule agents will be handling the vessel.

Current Vessel Position

Ports	Vessels	Vol. (MT)	Status	Commodity	Destination
Kandla	'IBI'	13,500	Loaded	SBM	Japan

Rape/ Mustard meal

Steady sentiment still dominating the trading centre in the country. Exporters are reportedly covered for their immediate demand and this triggered the export demand to down. Also, regular selling by Nafed has also restricting the market sentiments. Nafed is selling mustard in Rajasthan at Rs 1585 per qtl. Crushing is continuing as demand for Kachi ghani is good from eastern states. The DOC prices at Kandla and Mundra

were quoted at Rs. 4700 and 4800 (in PP bags) respectively. Prices for the same at Jamnagar were quoted higher also at Rs 4700 per ton. Jaipur market was offered the same at slightly higher of Rs.3900 per ton. Indore offered lower at Rs.4250 per ton and Kota quoted the same at Rs. 3900 per ton. Steady to weak tone likely to prevailed in the market.

Groundnut meal

The groundnut market remained steady on steady demand supply scenario. However stock position is good. However, 18% drop in groundnut sowing is reported. Area under groundnut till August end stood at 4.5 million hectare. Groundnut sowing has been affected in Andhra, which received sparse rainfall during most part of July and August. The area under soybean cultivation, meanwhile, is up 4% on year at 8.0 million hectare, which is 21% more than the normal area under

the crop. Higher soybean cultivation has been reported in Gujarat, Madhya Pradesh and Maharashtra. It is expected to improve as cultivation is still continuing in Madhya Pradesh. Rainy season also weaken the market tone. The export demand is also reportedly steady at some lower side. The prices of groundnut meal (40%) were quoted steady at Rs. 6600-6650 while 45% was offered also steady at 7150 per MT in Rajkot during Thursday.

Soy Meal Price Drivers-

- ✍ Increased export demand
- ✍ Steady domestic demand
- ✍ Increase acreage
- ✍ Competitive quotation of South American soy meal
- ✍ Lower crushing

Outlook-

Short term (one week)

- ✍ Slightly bullish on improve demand amidst lower crushing.

Monsoon Outlook (08.09.06)

- ✍ Yesterday's well marked low pressure area over southwest Rajasthan and neighbourhood weakened into a low pressure area and moved away westwards.
- ✍ The current meteorological analysis suggests that fairly widespread rainfall with isolated heavy falls are likely over extreme south peninsula and northeastern States during next 2-3 days.

Heavy Rainfall Warning:

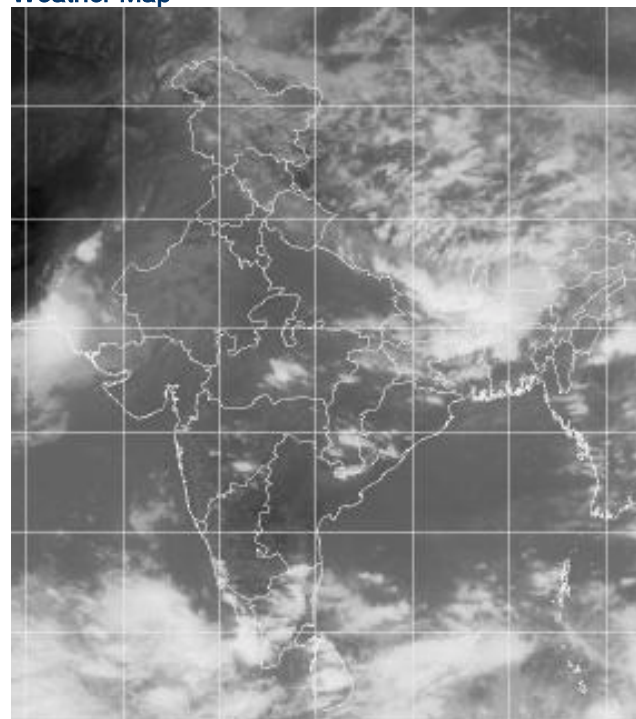
- ✍ Isolated heavy falls are likely over Tamil Nadu & Pondicherry, Kerala, Lakshadweep, Sub-Himalayan West Bengal & Sikkim and northeastern States during next 2-3 days

Outlook for subsequent two days (Based on numerical weather products):

- ✍ Enhanced rainfall activity likely to continue over extreme south peninsula, northeastern States and Sub-Himalayan West Bengal & Sikkim.
- ✍ Subdued rainfall activity likely over remaining parts of the country.

Source: GOI (IMD)

Weather Map



Source-IMD

Forex

Forex rate as on 09.09.06

Country/ Continent	Currency	Value In Rupees
USA	Dollar	46.20
European Union	Euro	58.72
Japan	100 Yen	39.77
United Kingdom	GBP	86.56

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