

MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Revision of Tariff Value
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: July Malaysian Palm Oil Exports Down by 7.6%
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

This summary is based on reports from exporters for the period September 8-14, 2006. Net sales of 762,000 MT were 3 percent above the previous week. Major increases were reported for China (326,200 MT), Japan (94,100 MT), South Korea (90,000 MT), unknown destinations (85,000 MT), Mexico (58,500 MT), and Syria (31,400 MT). Exports

of 357,000 MT were 68 percent above the previous week and 17 percent over the prior 4-week average. The primary destinations were China (111,800 MT), Turkey (59,700 MT), Japan (55,400 MT), Mexico (34,200 MT), and Syria (31,400 MT).

USDA Weekly Export Sales Highlights for Soy meal

Soybean Cake and Meal: Net sales of 93,100 MT were 48 percent above the previous week and 25 percent over the prior 4-week average. Major increases were reported for the Philippines (64,400 MT, including 24,000 MT switched from unknown destinations), Mexico (13,300 MT), Canada (8,000 MT), and Israel (7,500 MT). Decreases were reported for unknown destinations (24,000 MT). Net sales

of 171,600 MT for delivery in 2006/07 were mainly for Canada (84,000 MT), Mexico (32,200 MT), and unknown destinations (24,000 MT). Exports of 100,200 MT were 12 percent below the week earlier and 20 percent under the prior 4-week average. The primary destinations were Mexico (27,000 MT), the Philippines (25,300 MT), Canada (17,700 MT), and Colombia (13,300 MT).

USDA Weekly Export Sales Highlights for Soy Oil:

This summary is based on reports from exporters for the period September 8-14, 2006. Net sales of 3,400 MT were mainly for Canada (1,600 MT) and Hong Kong (1,000 MT).

Net sales of 22,000 MT for delivery in 2006/07 were all for China. Exports of 2,000 MT were primarily for Canada (1,100 MT) and Mexico (800 MT).

Oilseeds: First Advanced Production Estimates for 2006-07

Groundnut production during Kharif 2006-07 is estimated at 40.89 lakh tonnes against a target of 71 lakh tonnes. The 4th advance estimate of groundnut during Kharif 2005-06 was 62.23 lakh tonnes while the 1st advance estimate was 59.43 lakh tonnes. Production of soybean during 2006-07 is estimated at 75.46 lakh tonnes against a target of 86.92 lakh tonnes. The 4th advance estimate for 2005-06 was

83.5 lakh tonnes. The total production of nine oilseeds namely, ground nut, castor seed, Sesamum, Nigerseed, Rapeseed, Mustard, Linseed, Sunflower and Soybean is estimated at 132.39 lakh tonnes against a target of 181.21 lakh tonnes in the first advance estimate for 2006-07. The first and 4th advance estimates of these oilseeds for 2005-06 were 145.62 and 168.38 lakh tonnes respectively.

GOI: Revise Tariff Value on Edible Oils

Government of India revised base import prices on crude soy oil on Friday i.e. Sep 15. 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 Friday 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 \$579 to \$580 (+1). The tariff value on palm oils kept unchanged.

Table A: GOI: Revised Base Import Prices**Unit (US \$/Ton)**

Commodities	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	580	579	+1

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 Wednesday i.e. Sep 20, for the period of September 1-20, 2006 totalled 804,277 metric tons, down 7.6% from 870,560 tons in Aug 1-20. Details of major items, which is estimated by SGS are as follows: Table 1 shows

that export of RBD Palm Olein decline by 12.38% while RBD Palm Oil, RBD Palm Stearin and Crude Palm oil increased by 1.19%, 35.20% and 146.69 % respectively compared to the corresponding period.

Table1: Shows the details of the major items in SGS estimate**(Unit: MT)**

Items	September 1-20	August 1-20	Change %
RBD Palm Olein	359,511	410,294	-12.38
RBD Palm Oil	60,644	59,933	+1.19
RBD Palm Stearin	84,769	62,700	+35.20
Crude Palm Oil	154,675	62,700	+146.69

Source: SGS (Malaysia) Bhd.

Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Wednesday i.e. Sep 20 for the period of September 1-20, 2006. The major importers of Malaysian palm oil were as follows: 1. India 2. China 3. USA and 4. EU. Country wise brief highlights of imports are as follows:

Table 2 shows that import of Malaysia's palm oil from India, increased significantly with a gain of 1191.73% on high demand in compared to the corresponding period. EU, USA and China witnessed decline in import of the Malaysian palm oil by 29.42, 71.06 and 19.37 % respectively.

Table 2: Shows the major import destination of Malaysian palm oil:**(Unit: MT)**

Countries/Continents	September 1-20	August 1-20	Change %
European Union	125,805	178,240	-29.42
China	244,963	303,804	-19.37
United States	27,991	96,711	-71.06
India	77,504	6,000	+1191.73

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS**Palm Oil**

Palm oil price remain mixed during the week starting Sep 18 and remain in tune with the overseas market. Strong gain in the BMD futures on initial phase gives some support to the domestic market. Traders remain optimistic in Malaysia on bullish export figure by SGS but low export data results into sharp decline. Malaysian palm oil exports decline by 12% during the period of Sept. 1-15 to 552,866 metric tons, cargo surveyor SGS (Malaysia) Bhd. released estimation on Friday. Exports in corresponding period of August were at 628,542 tons. SGS' Sept. 1-15 estimate is marginally higher than an earlier estimate from Intertek Agri

Services, which projected exports at 544,652 tons. Decline in prices of RBD Palmolein could be noticed in most of the centers including Kandla, Mumbai, Kakinada and Hyderabad from 410 to 408, 425 to 418, 414 to 410 and 435 to 432 respectively compared to corresponding period last week. However slight increase in the palmolein prices could be seen in Chennai on low stock position. The recent agreement between ASEAN members with India for slashing the import duty on palm oil in phased manner will have a long-term bearish impact on the imported palm oil in the domestic market.

Weekly prices for CPO**(Rs/ 10 kg)**

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Kandla	388	390	388	384	383	381

Weekly prices for RBD Palmolein**(Rs/ 10 kg)**

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Kandla +VAT	410	410	410	408	408	406
Mumbai +VAT	425	422	419	418	416	416
Chennai +VAT	428	430	430	430	426	426
Kakinada +VAT	414	414	410	410	410	407
Hyderabad +VAT	435	435	434	432	432	430
Delhi	455	455	NA	455	455	450

MC: Market Closed**Weekly prices for FOB (Kandla)****(US \$ / MT)**

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
CPO	425	427	425	420	422	425
RBD Palmolein	452	455	452	445	450	452

MC: Market Closed**Refined Soy Oil**

Refined soy oil prices increased initially during the week starting from Sep 18 on anticipation of crop damage by heavy rains in the soybean growing areas on MP, Maharashtra and Karnataka. The latest government estimates for soybean reveals decline in the production at 7 million tonnes, which remain the main concern for the oil industry. Sharp decline of groundnut production this year had a deep impact on the oil market as groundnut oil contain 40% oil compared to 18-20% oil in soybean. Coming festivals demands would spark demand in the market as per trader's expectation. The spot market prices of soy oil remain mixed in major market but marginal decline could be noticed in Kota, Jaipur and Delhi during the week under review. However the prices hovered in the range of Rs. 422-25, 413-16 and 413-414 in Mumbai, Indore and Rajkot centers. The CIF charges of soy oil during the week saw decline from \$587 to \$581 that results

into relatively cheaper import and low landing cost. Arrivals of new vessels at different ports during later part of the week further weaken the market sentiments. The price of soy oil is expected to increase in near term in the spot market on expected high demand during the festival season. NCDEX soy refine futures witnessed strong gain on start of the week in anticipation of crop damage on account of torrential rains in the growing region. High demand on coming festival season also kept the prices on the higher level. Subsequent decline then after could be viewed on sharp decline in the crude oil prices in NYMEX and consequent breakdown in the palm oil futures in BMD. The futures market is expected to improve in near term on expected demand of refine soy for coming festivals. The volume varied between 24300 tonnes to 12790 during the week under review while open position remains almost steady 25770.

Prices for Soy (Ref) during the week**(Rs/ 10 kg)**

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Mumbai +VAT	423	415	417	420	445	435
Indore +VAT	425	416	417	420	445	437
Kota +VAT	423	412	416	418	445	437
Jaipur +VAT	422	413	413	416	445	437
Hyderabad +VAT	420	410	414	417	445	437
Chennai +VAT	417	407	Closed	Closed	438	435
Rajkot +VAT	423	415	417	420	445	435

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week**(Rs/ 10 kg)**

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Mumbai	410	411	409	409	407	406

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

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Kandla & Mumbai	587	584	580	581	584	574

Rape/Mustard Oil

Mustard oil prices decline in most of the centers on low demand compared to previous week and further smoothening of the selling prices of mustard seed by NAFED. Hefty stock position by the NAFED keeps pressurizing the market down. The Indian government is under pressure to dispose the huge inventories of mustard seeds by constituting a group of cabinet ministers (GOM) to discuss about its disposal headed by Agriculture minister. Selling mustard seeds at lower rates compared to the

prevailing market prices and exporting it to the European countries for bio-diesel production are the two important points on which the discussion could be centered. This could be also viewed on the backdrop of cutting import duty in palm oil and further chance of pruning the duties. The selling prices this week at different location of Rajasthan varied between Rs 1615-1620 for new seeds per quintal, while old stock sold at Rs 1515-1520 per quintal.

Prices for Rape Expeller Oil**(Rs/ 10 kg)**

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Mumbai + VAT	420	421	424	421	420	415
Kota +VAT	394	392	391	387	388	Closed
Jaipur +VAT	394	394	392	390	391	Closed
Delhi	416	418	NA	415	415	415
Neewai +VAT	392	392	389	389	388	Closed

Groundnut oil

Sharp increase in the groundnut oil prices in Mumbai, Hyderabad and Chennai from Rs. 525-535, 575-600 and 535-555 respectively, could be noticed on low stock position in these South Indian states. New groundnut seeds started to arrive in the Rajkot market but most of the seeds are being exported to the Far East countries as seeds and they are not used for crushing. This result into high export

demand of seeds and low availability of seeds for crushing and limited stock position of the oil. Recent rains in Saurashtra is expected to cause some damage to the groundnut crop though the extent of damage will only be cleared in coming days. The prices of groundnut oil during the week remain steady at Rs 535. The price is expected to hover around the current levels.

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

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Mumbai +VAT	525	530	535	535	540	545
Rajkot +VAT	535	535	535	535	535	535
Andhra Region	575	590	590	600	600	600
Chennai +VAT	535	540	550	555	560	560
Delhi	550	550	NA	540	545	540

Sunflower Oil

Domestic spot market prices of sunflower steady to firm followed by improvement in the later part of the week on reduced stock position. The price in near term is expected

to increase /on crop damage concern and reduced stock position. Demand is expected to increase as festivals are approaching.

Prices for Refined Sunflower Oil during this week**(Rs/10Kg)**

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Chennai +VAT	500	505	505	505	500	500
Mumbai +VAT	507	510	510	510	512	520
Hyderabad +VAT	505	510	510	510	510	510

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

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Kandla & Mumbai	465	470	470	470	465	465

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

Center	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Kandla & Mumbai	643	641	643	638	638	636

Cotton Refine Oil

Cotton oil prices on spot remain mixed in most of the centers and slight improvement could be seen towards the end of the week. The cotton oil started to arrive in few

locations thereby results into weak sentiments into the market. The prices of the cotton oil will much depends on its arrivals and governed by the prices of other oils.

Prices for Refined Cotton Oil during this week

Markets	18.09.06	19.09.06	20.09.06	21.09.06	22.09.06	23.09.06
Mumbai +VAT	440	445	445	445	445	445
Hyderabad +VAT	450	450	445	445	445	440
Rajkot +VAT	437	439	437	436	435	435
Delhi	425	430	NA	425	425	425

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS**BMD Futures Spark Up on Flaring Crude Oil**

Crude palm oil futures on BMD exchange closed higher on Friday amid strong gain in crude oil and expected coming export demand. The most active December CPO contract settled up by MYR10 at MYR1,545 per metric ton and traded in the range of MYR1536 and MYR1554. The contract traded on the higher side of the day for most of the time on strong speculative buying. The palm oil futures

closely follow the crude oil for greater competence of palm with crude oil. Traders are again waiting for the export figures of SGS and Intertek surveyors said and exports are expected around 1.0 million-1.05 million tons during Sep 1-25 which is down from 1.1 million-1.2 million tons in corresponding period.

CBOT Soy Futures End Lower

Soy futures at Chicago Board of Trade settled lower on Friday. November soybean future settled off 8.75 cents at \$5.4925 per bushel and January off 9.25 cents at \$5.6225 per bushel. December soy meal closed off \$2.8 at \$165.3 per short ton and December soyoil off 48 points at 24.22 cents per pound. Weather forecast calling for dry weather next week triggered selling in the complex. Dry weather will

help expediting pace of harvest. Intensity of rains this weekend could be crucial. Overall crop situation however is satisfactory. Rather, crop condition has improved since September 1, 2006. So, traders do not rule out possibility of upward revision in its estimates for soy production in its forthcoming report.

WEEKLY WEATHER WATCH**MONSOON WATCH & WEATHER OUTLOOK**

Yesterday's depression over Jharkhand moved northwestwards and lay centred at 0830 IST of today about 50 Km east of Ranchi. The system is likely to move initially in a north-northwesterly direction. Under its influence, widespread rainfall with scattered heavy to very heavy falls are likely over Bihar, West Bengal & Sikkim and Jharkhand during next 24 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over East Uttar Pradesh, north Orissa, north Chhattisgarh and northeastern States. Rainfall activity is likely to shift towards East Madhya Pradesh and East Uttar Pradesh from tomorrow. Yesterday's deep depression over east central Arabian Sea moved slightly northwards and intensified into a cyclonic storm. It lay centred at 0830 hours IST of today about 400 Km southwest of Porbandar. It is likely to intensify further and move initially in a northerly direction. Models predictions suggest that the system is

likely to move in northeasterly direction towards Gujarat coast. The system is likely to intensify further and move initially in a west-northwesterly direction. A western disturbance is moving eastward across hilly regions of NW India. Model prediction suggests that another western disturbance is expected to approach hilly region during 24-25 Sept., move eastward and may interact with westward moving depression from Ranchi during the period. Under its influence scattered to fairly wide spread rainfall is expected over hilly region and adjoining plains of north India during 24-26 Sept. Chief amounts of rainfall (cm) during past 24 hours are: Kolkata (Alipore)-21, Jamshedpur-11, Shantiniketan, Canning Town & Digha-10 each, Ratnagiri-9, Keonjhar, Balasore & Cherrapunji-6 each. Gaya, North Lakhimpur, Panjim & Ranchi-5 each. Southwest monsoon has withdrawn from some parts of Punjab and most parts of West Rajasthan. The withdrawal line passes through Ferozepur, Churu, Jodhpur and Barmer.

Heavy Rainfall Warning:

Heavy to very heavy falls are likely at a few places over Bihar, West Bengal & Sikkim and Jharkhand. Isolated heavy to very heavy falls are also likely over Konkan & Goa, Coastal Karnataka East Uttar Pradesh, north Orissa, north Chhattisgarh and northeastern States.

Zone-wise weather forecast:

NORTH & NORTH-WEST INDIA: The hilly regions viz. J&K, H.P. and Uttranchal are likely to receive scattered showers during next 24 Hrs. and then entire region is likely to receive rains during 24-26 Sept.

EAST AND NE INDIA: Widespread rainfall with isolated heavy rains is likely over Orissa, West Bengal, Jharkhand and Bihar. Fairly widespread East U.P and NE States during next 2-3 days.

CENTRAL INDIA: Fairly widespread rainfall is likely over Vidarbha and Chhattisgarh during next 2-3 days. Scattered to fairly widespread rainfall is expected over Madhya Pradesh during next 3-4 days.

SOUTH INDIA: Fairly widespread rainfall is likely over Coastal Andhra Pradesh and Telangana during next 2 -3 days then reduce thereafter. Fairly widespread rainfall is likely over Lakshadweep Islands, Andaman & Nicobar Islands and fairly widespread over coastal & South Interior Karnataka, Tamil Nadu & Pondicherry and Kerala during next 2-3 days.

WEST INDIA: Ongoing rainfall over Konkan & Goa and Madhya Maharashtra is likely to continue. Marathwada are likely to receive scattered rainfall activity during next 2-3 days.

Source: NCMRWF

PORT WATCH

Port updates of edible oils in India (Sep 18-Sep 23, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	35540	58540	94080
Palm oil	14000	24507	38507
CPO	47150	45800	92950
Total	96690	128847	225537

Source: ANAS

Forex Rates:

(September 23, 2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.93
European Union	Euro	58.72
Japan	100 Yen	39.41
United Kingdom	Pound Sterling	87.26

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.