

OILMEAL

August 26th-September 02th, 2006

MAJOR ACTIVITY HIGHLIGHTS

- A Thin Trading Prevailed In Spot on Lower Demand

NEWS ANALYSIS

USDA Export Sales Highlights

Soybean Cake and 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).

Source: FAS, USDA

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

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 soybean meal settled unchanged at \$161.4 per short ton and December soybean oil 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.

CBOT Soy Meal Futures as on September 1st.

Month	Open	High	Low	Close	Chg
Sep 06	157.50	158.00	157.10	157.60	+0.4
Oct 06	158.70	159.20	159.50	159.10	+0.4

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

The market sentiment for soy meal prices extended their previous steady strength Saturday also amidst almost stable demand supply scenario. The lower production in mills was reported. However the domestic demand is gradually improving. The activity at port improved somewhat. The area under soybean cultivation has gone up from 76.10 LH to all time high of 79.53 LH. There is a report of some damage of soybean crop in Maharashtra as well as in Madhya

Pradesh, but yet to assess the extent of damage. Higher soybean cultivation is reported in Gujarat, Madhya Pradesh and Maharashtra. A lower soybean production is estimated in the global level. 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. Traders perceived that the market sentiments likely to steady or improve somewhat in the coming days.

DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	25.08.06	02.09.06
Indore (MP)	7900-8100	8000-8200
Datia (MP)	8200	8500
Shivpuri (MP)	8000	8350
Nanded/Latur	8500	9100
Dhulia/Jalna	8300	8600
Nagpur (42/46)	8200-8400	8300-8600
Sangli	9000	9000
Solapur	8900	8800
Kota	8200	8400

Soy Meal Vessel Report (01.09.06)

Current vessel positions in different ports

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

Mumbai Port is expecting 'Indruwa Valley' to load 2,70 MT of SBM. Sai Freight agents will be handling the vessel. 'Surplus' is expected at the port to load 6,000 MT of SBM.

Chowgule agents will be handling the vessel. Loading of 6,500 MT of SBM is expected at the port on the vessel 'Layer Sentosa'. The vessel will be handled by JM Baxi agents.

Current Vessel Position

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

Rape/ Mustard meal

The prices for rape or mustard meal witnessed steady sentiment across 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. 4900 and 5000 (in PP bags) respectively. Prices for the same at Jamnagar were quoted higher also at Rs 4900 per ton. Jaipur market was offered the same at slightly higher of Rs.3900 per ton. Indore offered lower at Rs.4200 per ton and Kota quoted the same at Rs. 3800 per ton. Steady to weak tone likely to prevailed in the market.

Groundnut meal

The groundnut market remained steady to slight up today amidst improved demand. However stock position is good. The groundnut acreage has plunged down from 53.54 to 43.23 lakh hectares (LH) mainly on account of drought condition in Andhra Pradesh, particularly Rayalaseema belt experiencing dry spell virtually through out July. In Andhra Pradesh, the acreage under Groundnut is down from 14.58 LH to 8.49 LH, while

Gujarat has seen fall in area from 18.08 to 16.55 LH, as farmers shifted from groundnut to cotton. 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 while 45% was offered also steady at 7150 per MT in Rajkot during Thursday.

Price Drivers-

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

Outlook-

Short term (one week)

- ✍ Steady to somewhat firm on improve demand

Monsoon Outlook (03.09.06)

- ✍ Morning's low pressure area over north Bay of Bengal off north Orissa-West Bengal coast persists and is well marked. This system is likely to concentrate into a depression. Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over Orissa and Gangetic West Bengal during next 48 hours. Fairly widespread rainfall with isolated heavy to very heavy falls are also likely over Jharkhand and Chhattisgarh from tomorrow onwards.
- ✍ 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 1-2 days.

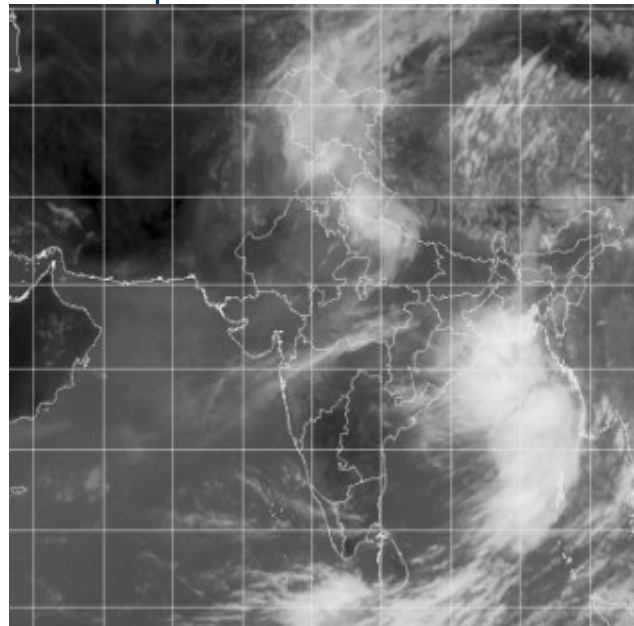
Heavy Rainfall Warning:

- ✍ 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.
- ✍ Isolated heavy to very heavy falls are likely over Jammu & Kashmir, Himachal Pradesh, Uttaranchal and north Coastal Andhra Pradesh during next 48 hours.

Outlook for the week ending on 6th September 2006.

- ✍ Increase in rainfall activity over Rajasthan and northwest India and decrease in rainfall activity over eastern India, Chhattisgarh and east Madhya Pradesh during the first half of the week.
- ✍ Increase in rainfall activity over Orissa and Gangetic West Bengal from middle of the week.

Weather Map



Source-IMD

Forex

Forex rate as on 04.09.06

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.53
European Union	Euro	59.61
Japan	100 Yen	39.67
United Kingdom	GBP	88.57

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.