

OILMEAL

September 25th - October 05th 2006

MAJOR ACTIVITY HIGHLIGHTS

- Soymeal Sentiments Remained Steady

NEWS ANALYSIS

Soybean Meal: USDA Weekly Export Sales Highlights

Soybean Cake and Meal: Net sales of 49,700 MT were 47 percent below the previous week and 38 percent under the prior 4-week average. Major increases for Morocco (12,800 MT, switched from unknown destinations), Canada (8,900 MT), Jordan (8,000 MT), the Dominican Republic (8,000 MT), Colombia (7,800 MT), and Panama (6,600 MT) were partially offset by decreases for unknown destinations (15,000 MT). Net sales of 179,000 MT for delivery in 2006/07 (which begins Oct. 1) were mainly for Canada (67,800 MT), South Korea (52,500 MT), and Mexico

(24,400 MT). Exports of 144,600 MT were 44 percent above the week earlier and 24 percent over the prior 4-week average. The primary destinations were Canada (26,900 MT), Cuba (22,000 MT), Mexico (19,600 MT), the Dominican Republic (18,900 MT), and Morocco (12,800 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 at Chicago Board of Trade settled mixed on Friday. November soybean settled off 5.25 cents at \$5.475 and January soybean off 4.5 cents at \$5.6225 per bushel. December soymeal finished up \$0.3 at \$163.5 per short ton and December soybean oil off 13 points at 24.24 cents per pound. Mild support came from friendly stock report. United State Department of Agriculture (USDA) estimated the soybean stock as on September 1st at 448.8 million bushels, significantly lower than earlier expectation of 460-492 million bushels and previous estimate of USDA at 485 million bushels. However, weather forecast calling for

favorable situation for fieldwork next week in Western Corn belt weighed on values. Also, traders are expecting bearish numbers further from forthcoming monthly report of USDA. Weak energy markets pressured the oil. However, low deliveries (340 lots versus 1000-2000 lots expected) against October contract on First notice day provided little support.

CBOT Soy Meal Futures as on October 02nd.

Month	Open	High	Low	Close	Chg
Oct06	164.5	164.5	162.0	162.1	+0.2
Dec06	165.5	165.8	163.3	163.5	-

CBOT Remains Close on Saturday and Sunday

DOMESTIC MARKETS

Soy meal

Soymeal market remained almost steady on steady domestic demand. The export demand is steady to slightly improve. About 600,000-700,000 metric tons of soymeal is exported from India to Southeast Asian countries at \$225-\$235 a ton on cost and freight basis. China scrapped an import duty on Indian soymeal and this led to wide the export market to China. However, India's export of soymeal to Pakistan is likely to drop in the marketing year starting October. In the year ending

September 2006, India has exported higher amount around 70,000-100,000 tonne of soymeal to Pakistan as compared to previous year. However, the drop in the coming days due to the reason of rising the extraction of canola seeds in Pakistan. The import of canola seed is increasing and is likely to rise to 900,000 tonne by year-end. However, the Indian soymeal has good export demand for poultry feed due to its nutritive value.

DOC Rates at Different Centres

Places	Ex-factory rates (Rs/ton)	
	25.09.06	03.10.06
Indore (MP)	8000-8300	8000-8200
Datia (MP)	8700	-
Shivpuri (MP)	8400	8300
Nanded/Latur	9000	9000
Dhulia/Jalna	8600-8710	8600
Nagpur (42/46)	8700	8300-8500
Sangli	8900-9000	8800
Solapur	9000	8900
Kota	8500	8350

Soy Meal Vessel Report (03.10.06)

Current vessel positions in different ports

`Loading of 11,000 MT of SBM is continuing at Jamnagar Port on the vessel `Dagat Blue' to Vietnam. The vessel is being handled by Interocean agents. `Jasmine Ace' has berthed at Jamnagar Port and continues to load 8,000 MT of SBM to Japan. Overseas agents is handling the vessel.

`Surplus' is expected at Mumbai 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
Jamnagar	Dagat Blue	11.000	Loading	SBM	Vietnam
Jamnagar	`Jasmine Ace'	8000	Berthed	SBM	Japan

Rape/ Mustard meal

Steady to weak sentiment is witnessed in majority of domestic market in the country on lack of demand. Exporters are reportedly covered for their immediate demand and this triggered the export demand to down. Also, lower price offered by Nafed has also restricting the market sentiments. Nafed is selling mustard in Rajasthan at Rs 1600 per qtl. For new stocks and Rs.

1500-1525 for old stocks. The DOC prices at Kandla is quoted lower at Rs. 4700 in [PP bags) and in Mudra it is offered at Rs. 5050. No stock at Jamnagar is reported. Jaipur market was offered the same at steady at Rs.3800 per ton. Kota quoted the same at Rs. 3825 per ton. Steady to weak tone likely to prevailed in the market. Datia Rs. 4200.

Groundnut meal

The groundnut market marginally eased on subdued demand. Stock position is good. The price is likely to decline further on October due to fresh arrivals. 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. 6800 while 45% was offered also steady at 7500 per MT in Rajkot.

Soy Meal Price Drivers-

- Improving export demand
- Lower domestic demand
- Competitive quotation of South American soy meal
- Lower crushing

Outlook-

Short term (one week)

✍ Range bound to slightly weak on steady demand supply scenario .

Monsoon Outlook (03.10.06)

- Southwest monsoon has further withdrawn from remaining parts of West Uttar Pradesh & Rajasthan, many parts of East Uttar Pradesh, West Madhya Pradesh & North Gujarat and some parts of Bihar and East Madhya Pradesh. The withdrawal line passes through Raxaul, Allahabad, Bhopal, Vallabha Vidyanagar and Porbandar.
- Yesterday's upper air cyclonic circulation over Marathwada now lies over Madhya Maharashtra & neighbourhood. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls are likely over south Konkan & Goa and Coastal Karnataka during next 48 hours.

Heavy Rainfall Warning:

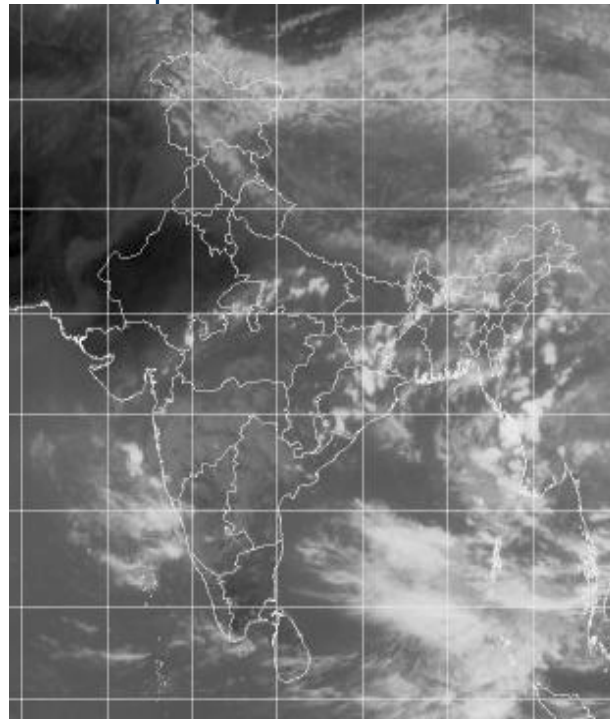
- Isolated heavy to very heavy falls are likely over south Konkan & Goa, Coastal Karnataka and Andaman & Nicobar Islands.

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

- Decrease in rainfall activity is likely over Konkan & Goa and Coastal Karnataka.
- Fairly widespread rainfall is likely over northeastern States.

Source: GOI (IMD)

Weather Map



Source-IMD

Forex

Forex rate as on 03.10.06

Country/ Continent	Currency	Value In Rupees
USA	Dollar	45.84
European Union	Euro	58.51
Japan	100 Yen	38.97
United Kingdom	GBP	86.57

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