

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean

Net sales reductions of 82,500 MT--a marketing-year low--resulted as increases for Taiwan (27,100 MT), Malaysia (24,000 MT, switched from unknown destinations), and Japan (21,000 MT), were more than offset by decreases for China (47,200 MT), Mexico (46,800 MT), unknown destinations (25,000 MT), Egypt (9,000 MT), and Israel (8,500 MT). Net sales of 404,100 MT for delivery in 2007/08 (which begins September 1) were primarily for

unknown destinations (159,000 MT), China (152,000 MT, including 55,000 MT switched from 2006/07), Indonesia (30,000 MT), and Syria (27,000 MT). Exports of 321,300 MT were 19 percent above the week earlier and 23 percent over the prior 4-week average. The primary destinations were Mexico (103,200 MT), Japan (82,500 MT), China (69,100 MT), and Malaysia (24,000 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales reductions of 187,000 MT--a marketing-year low--resulted as increases for Canada (13,300 MT), Trinidad (3,300 MT), and the Dominican Republic (2,300 MT), were more than offset by decreases for the Philippines (79,500 MT), unknown destinations (57,000 MT), Turkey (16,300 MT), Mexico (15,600 MT), and Morocco (15,000 MT). Net sales of 134,300 MT for delivery in 2007/08 were primarily

for the Philippines (80,000 MT--all switched from 2006/07) and Guatemala (38,700 MT). Exports of 102,700 MT were 5 percent below the prior week and 19 percent under the previous 4-week average. The major destinations were Mexico (28,300 MT), Canada (25,400 MT), the Dominican Republic (16,500 MT), and Guatemala (10,200 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales reductions of 4,900 MT resulted as increases for Algeria (14,000 MT, switched from unknown destinations), Nicaragua (1,200 MT), and Canada (600 MT), were more than offset by decreases for unknown destinations (14,000

MT), Mexico (5,000 MT), and the Dominican Republic (2,500 MT). Exports of 23,300 MT were mainly to China (12,000 MT), Cuba (5,200 MT), Mexico (3,200 MT), and Guatemala (2,200 MT). Source: USDA

Malaysian Palm Oil Exports Rise 2.7% During August 1-25: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports for the period of August 1-25 highlighted exports rose by 2.7% at 961,807 tonnes against 936,720 tonnes

same period in July. During same exports to India declined 16.06% at 34,435 tonnes vs 41,142 tonnes same period a month ago.

Argentina Soybeans Stocks Increase 8% on August 1st

Latest data released by Agriculture Secretariat's of Argentina, showed soybeans stock on August 1 increased 8% at 3.5 mmt from 3.27 mmt same month in 2006. Soy oil stock dropped 6.65% at 233,047 tonnes vs 249,635 tonnes

a year ago. Sunflower seeds stocks fell nearly 24% at 266,205 tonnes in comparison to 350,236 tonnes last year. Sunflower oil stocks dropped 10.44% at 103,873 tonnes from 115,984 in 2006.

Argentina Soybeans Crush 8% Down in July

The Agriculture Secretariat highlighted Argentina has crushed 2.8 mmt of soybeans in July month, which 8% low as compared to 3 mmt same period last year. July soy oil

production totaled at 536,923 tonnes, down by 4.88% against 564,473 tonnes same period a year ago.

Argentina July Sun Seeds Crush Rise 12%: Agriculture Secretariat

According to the Agriculture Secretariat of Argentina, July sunflower seeds crushing increased by 12% at 322,488 tonnes vs 287,409 tonnes corresponding period last year. July sunflower oil production remained at 129,884 tonnes

against 120,988 tonnes a year ago. Sunflower seeds meals production escalated by 12.8% at 136,463 tonnes, from 120,989 tonnes same period in 2006.

Oilseeds Sowing Complete 17.01 Million Hectares

The recent figures of sowing highlighted total oilseeds plantation completed in 17.01 million hectares against 16.79 million hectares last week and 15.64 million hectares a year ago. Soybeans acreage totaled in 8.72 million hectares on August 31st against 8.68 million hectares last week and 7.98 million hectares last year. Groundnut sowing

is completed in 5.16 million hectares on August 31st as compared to 5.09 million hectares as on August 24th vs 4.52 million hectares a year ago. Sunflower acreage totaled at 7.06 lakh hectares on August 31st versus 6.9 lakh hectares last week and 8.06 lakh hectares a year ago.

Indonesia Will Introduce a progressive export tax

Indonesia has introduced a progressive export tax on limited palm oil products that will be effective from September 3rd in order to maintain proper palm oil supplies and to stabilized prices in local market. The new export system will remains with the international prices of crude palm oil. The new system will impose 0% export taxes in prices fall below \$550/tonne, 2.5% if prices remain within \$550-649/tonne, 5% when prices will remains within \$650-

749/tonne and 7.5%, if export taxes within \$750-849/tonne and 10% if prices move above \$850/tonne. Similarly, on RBD palm oil export taxes will impose 0%, international prices fall below \$550/tonne, 1.5% if prices within \$550-649/tonne, 4% when prices within \$650-749/tonne and 6.5%, if prices within \$750-849/tonne and 9% if prices remain above \$850/tonne.

Gujarat Expects Record Cotton Crop

In the country, it is expecting that the new crop arrivals would begin near the mid September in Gujarat. The cotton crop across the state is developing well and benefited from the recent rains. However, steady monsoon rain that has continued this week, providing the crops with excellent moisture. Growers are very optimistic about the yields and expect last season's levels to be breached. Therefore, the cotton prices have begun to turn down. By this week,

ginners were offering standard Shankar-6 (28 mm) forward at Rs.19,400-19,500/candy, which is down by Rs.1,000/candy from levels that prevailed 30 days ago. It also reflects an approximate Rs.1,000/candy reduction from current spot prices. The ability of ginners to obtain new crop at these prices are having a negative impact on export offering levels.

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

Commodities	Current Tariff Rate (w.e.f. 31.10.06)	Previous Tariff Rate (26.09.06)	Change (US \$/Ton)
Crude Palm Oil	447	447	-
RBD Palm Oil	476	476	-
Others - Palm Oil	462	462	-
Crude Palmolein	481	481	-

RBD Palmolein	484	484	-
Others - Palmolein	483	483	-
Crude Soybean Oil	580	580	-

Source: CBEC, Dept of Revenue, GOI.

Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS for the period of August 1-25, 2007. The major importers of Malaysian palm oil were as follows: 1. EU 2. China 3. USA and 4. India. Country wise brief highlights of imports are as follows: Table 2 shows that import of

Malaysia's palm oil increased China increased by 15.69% on improved demand compared to the corresponding period under review while EU, USA and India registered a drop in imports by 30.61%, 27.54% and 10.48% on sluggish demand.

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

(Unit: MT)

Countries/Continents	August 1-25	July 1-25	Change %
European Union	105,243	151,668	-30.61
China	301,685	260,774	+15.69
United States	85,536	118,043	-27.54
India	69,375	77,496	-10.48

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Poor demand, improved supplies and subdued trading forced palm oil market to trade down in last week. As per trade estimation, India is heading for import of 500,000 tonne of edible oil in each month till October to sum up 4.75 mmt in oil year, 2006-07. Last years figures were at 4.4 mmt. The palm oil is estimation to account at 3.1 mmt. Indonesian government has introduced a progressive export tax on limited palm oil products that will be effective from September 3rd in order to maintain proper palm oil supplies and to stabilized prices in local market. The new export system will remains with the international prices of crude palm oil. The new system will impose 0% export taxes in prices fall below \$550/tonne, 2.5% if prices remain within \$550-649/tonne, 5% when prices will remains within \$650-749/tonne and 7.5%, if export taxes within \$750-849/tonne and 10% if prices move above \$850/tonne.

Similarly, on RBD palm oil export taxes will impose 0%, international prices fall below \$550/tonne, 1.5% if prices within \$550-649/tonne, 4% when prices within \$650-749/tonne and 6.5%, if prices within \$750-849/tonne and 9% if prices remain above \$850/tonne. According to Malaysian Palm oil Board (MPOB), crude palm oil production is estimated to below 16 mmt from earlier projection at 16.5 mmt and 15.9 mmt last year. According to SGS exports figures for the period of August 1-25, Malaysian palm oil exports sales rose merely by 2.7% at 961,807 tonnes against 936,720 tonnes same period in July. The most active November contract of crude palm oil futures traded between MYR2,378-2,412/tonne (MYR2,366-2,430/tonne last week). In current week, crude palm oil CIF prices for September shipment traded between \$767-782/tonne (\$765-803/tonne last week).

Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Kandla& Mumbai	782	NA	767	NA	NA	NA

Weekly prices for CPO

(Rs/ 10 kg)

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Kandla	417	417	414	416	416	416

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

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Kandla +VAT	450	450	450	449	449	451
Mumbai +VAT	449	449	449	446	446	448
Chennai +VAT	452	450	448	452	452	452
Kakinada +VAT	MC	MC	442	442	443	442
Hyderabad +VAT	MC	MC	462	462	463	463
Delhi	490	490	485	485	485	485

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

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
CPO	762	762	747	757	757	757
RBD Palmolein	782	782	767	772	777	777

MC: Market Closed**Soybean Complex**

With a view to ensure supply of edible oils during festive months, DGFT had issued a notification [notification No. 24 (RE 2007)/2004-2009, dated 23rd of August 2007] in public interest stating use of 'Duty Free Credit Entitlement Certificate' for paying import duty on edible oils provided imports are routed through STC and MMTC. With slated imports of around 15 lakh MT of edible oils from Aug to October 2007 and supportive monsoon rains over Central India and Maharashtra regions, pressure on prices of oilseeds and soy oil were inevitable during this week. Around 1, 60,000 bags arrived during the week as against 2, 20,000 bags last week. Soybean prices softened by Rs 50-60/qrtl both at spot markets [Rs 1410-1520/qrtl] and across plants [Rs 1440-1580/qrtl]. The CIF prices for crude soy oil for September shipment firmed up to \$ 867-878/MT from previous week's \$ 853-865/MT. The soy oil prices in

Indore declined by Rs 8-10 per 10 Kg to Rs 452-458/10 Kg. As per SEA of India, landed price of soybean oil imports into India was about US\$90 higher than palm oil; making palm oil a preferred choice for imports. Surging oceanic freight charges have added up to the cost of soy oil imports. At US, spike in aphid population, incidence of Asian soybean rust, conflict with China on quality issues of US cargoes and continued uncertainty over weather featured mixed sentiments for soy complex at CBOT. The USDA national average yield estimates for soybean crop is around 41.5 bushels/acre against 42.7 bushels/acre last year. With around 15% fewer acres planted in US, traders are expecting lower carry over stocks for next year. Speculation is on air until USDA releases S&D estimates on September 12th 2007.

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

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Mumbai +VAT	464	463	460	460	460	460
Indore +VAT	458	457	455	454	452	456
Kota +VAT	467	MC	467	466	462	463
Jaipur +VAT	475	MC	478	478	475	476
Hyderabad +VAT	MC	MC	485	485	483	482
Chennai +VAT	480	480	480	475	475	475
Rajkot +VAT	460	460	460	460	460	460

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

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Mumbai	442	442	440	438	438	440

Rise in Crude Soy oil CIF during the week**(US \$/ MT)**

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Kandla & Mumbai	867	877	872	878	878	877

MC: Market Closed**Mustard Complex**

On Tuesday, the spot markets remained closed on occasion of Raksha Bandhan. Subdued demand for mustard expeller oil, pressure of imported oils and weak cues from soy complex kept sentiments for mustard complex almost weak. During the week, the average daily arrivals stood at previous week's levels of 15,000 to 20,000 bags. Prices of Condition and Non-Condition seeds softened to Rs 2035-2325/qrt and Rs 1750-1850 /qrt against Rs 2070-2250/qrt and Rs 1840-1900/qrt last week. Notably, prices of mustard seed across Jaipur, Alwar, Delhi, Agra and Ganganagar softened by Rs 40, Rs 30, Rs 70, Rs 75

and Rs 50 per qtl respectively. Prices of mustard expeller oil in Kota stood steady at previous week's levels of Rs 460-465/10 Kg. As per market observers, mustard complex is expected to track soy complex in short to medium term on collateral pressure of kharif oilseed production. Seed stocks with NAFED are lower and are unlikely to affect supply pressure across spot markets as all the stocks are diverted for crushing to replenish edible oil supplies during festive season. Mustard seed sentiments are likely to remain subdued on lack of strong fundamentals.

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

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Mumbai + VAT	484	479	479	475	474	477
Kota +VAT	465	462	460	462	460	460
Jaipur +VAT	472	470	468	470	468	468
Delhi	490	490	485	485	485	485
Neewai +VAT	464	463	461	461	460	460

Groundnut Oil

Sluggish demand, rains in part of Gujarat with good crop progress depressed groundnut complex there with spill over impact in other markets. The good rainfall from last 3-4 days in part of Gujarat remained supportive groundnut seeds which, raised the possibility of improved production but if rain prevail in next couple of days, crop damage may be occur, traders added. The seeds demand is poor due to sluggish meals demand both at ports and domestically contributed the weakness. The weakness in other edible oil with expectation of more arrivals of vessels carrying edible

oil in short-term also pressured the markets. Early sown Kharif groundnut is in vegetative/flowering stages in Andhra Pradesh, Gujarat and Maharashtra. Early sown crop in peg formation stage in Karnataka while sowing is continuing in Tamil Nadu. As per government latest figures groundnut sowing is completed in 5.16 million hectares on August 31st as compared to 5.09 million hectares as on August 24th vs 4.52 million hectares a year ago. In Rajkot market groundnut oil traded between Rs. 730-765 per 10 kg.

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

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Mumbai +VAT	710	705	700	690	690	690
Rajkot +VAT	765	755	750	730	730	760
Andhra Region	MC	MC	705	705	700	700
Chennai +VAT	675	675	680	680	665	665
Delhi	750	750	750	745	755	755

MC: Market Closed.

Sunflower Oil

The good crop growing conditions, lagging sunflower acreages, arrivals pressure from Tamil Nadu and sluggish demand pushed back spot prices of refined sunflower oil in major trading centres. According to government last figures on oilseeds sowing, highlighted sunflower acreage totaled at 7.06 lakh hectares on August 31st versus 6.9 lakh hectares last week and 8.06 lakh hectares a year ago. According to Agriculture Secretariat, Argentina July sunflower oil stocks dropped 10.44% at 103,873 tonnes from 115,984 in 2006. July sunflower oil production remained at 129,884 tonnes against 120,988 tonnes a year

ago. As sunflower oil CIF prices gained quickly in current week (\$1148/tonne on Friday against \$1013/tonne on Monday), sufficient enough to stimulate the market sentiments resulting firmness in refined sunflower oil domestically on Friday. Crude oil became costlier by Rs.5/10 kg to last week with adding bullish support. The sunflower oil CIF prices for September shipment traded in range of \$1013-1148 per tonne on during the week. Traders are expecting buoyancy in oil prices would maintain in spot markets in coming days on underlying firmness in overseas market of related commodity.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Mumbai +VAT	540	540	540	540	545	545
Chennai +VAT	545	550	550	550	550	550
Hyderabad +VAT	MC	MC	545	545	545	565

MC: :Market Closed.

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Kandla & Mumbai	1013	NA	1098	1148	1148	1138

MC: Market Closed.

Refined Cottonseeds Oil

Prices of refined cottonseeds oil declined across the markets on weakness in others edible oil, bullish prospects of cotton production and poor demand. The poor demand of cottonseeds meals both at ports and domestically added

the bearish pressure, as expellers were disinterest for pace up crushing on poor offtake of oil at their ends. Traders are expecting further downward movement as underlying weakness in palm oil favors the downsides.

Prices for Refined Cotton Oil during this week

Markets	27.08.07	28.08.07	29.08.07	30.08.07	31.08.07	01.09.07
Mumbai +VAT	485	479	476	475	478	480
Hyderabad +VAT	MC	MC	480	480	485	485
Rajkot +VAT	480	475	475	468	475	482
Delhi	465	465	460	458	456	456

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

CBOT Soy Futures Settle Mixed

Soy futures ended mixed on Chicago Board of Trades. November soybeans closed 2.5 cents down at \$324.23 per MT. January soybeans settled down 1.5 cents at \$ 329.92 per MT. December soy meal closed \$0.9 down at \$270.83 per MT. December soybean oil ended 0.06 up at \$817.9 per MT. Mixed trends in wheat and disinterest among traders to continues rallies cast weakness for soy futures. Lower July US soy oil stocks combined with concern over yields in Southern Midwest and delta capped the losses.

Deliveries against remained within trade expectation, soybeans and soy oil totaled at 1,565 and 2,011 contracts respectively, against trade expectation between 1,000-2,000 and 1,000-3,000 contracts respectively. Meals deliveries stood at 261 contracts vs trade expectations between 300-500 contracts. According to Census reports, July US soy oil stocks remained 1.46 mmt against 1.52 mmt in June and 1.41 last year.

BMD CPO Futures Recoup

Expectation of bullish exports figures of Malaysian palm oil and bullish CBOT soy futures strengthened crude palm oil futures on Bursa Malaysian Derivatives on Thursday. The most active November futures contract of crude palm oil futures finished MYR42 up at MYR2,420 per tonne. Higher crude oil prices also supported the market. Traders are

expecting August palm oil production is expecting at 1.25 mmt with exports sales nearly 1.15 mmt. The volume remained at 7,310 lots from 9,503 lots yesterday and open interest totaled at 54,169 lots against 54,478 lots on Wednesday.

WEEKLY WEATHER WATCH

An off-shore trough has been continuously running from south Gujarat coast to Kerala coast for last 3 days. Model prediction suggest that the off shore trough is likely to persist and under its influence widespread rainfall with scattered heavy to very heavy falls is likely along the West coast during next 3-4 days. At present an upper air cyclonic circulation lies over west-central and adjoining coastal areas of Andhra Pradesh. Model prediction further suggest the circulation to intensify into a low pressure area during next 24-48 Hrs. Under its influence fairly widespread rainfall with isolated heavy falls is likely over Andhra Pradesh during next 48 hrs. Subsequently the rainfall activity is likely to extend into Orissa, Chhattisgarh and Jharkhand during 2nd to 4th September. At present the axis of the monsoon trough passes through Bikaner, Jaipur, Shivpuri, Chamba, Puri, and thence southeastwards to East-Central Bay of Bengal.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Uttaranchal, Haryana, Delhi and west Uttar Pradesh are likely to receive scattered

to fairly widespread showers during next 24-36 Hrs. J&K and H.P. are likely to experience scattered shower with isolated heavy falls during next 24-48 Hrs.

EAST AND NE INDIA: Fairly widespread rainfall with isolated heavy fall is expected over Sub-Himalayan West Bengal and NE States. Scattered rainfall is likely over Bihar and East U.P. Isolated rainfall is likely over rest of region.

CENTRAL INDIA: Isolated to scattered shower are likely over Vidarbha during 24hrs and increase thereafter. Rest region is likely to experience isolated showers.

SOUTH INDIA: Fairly widespread to widespread rainfall is likely over Coastal Karnataka, Kerala, Lakshadweep and Andaman & Nicobar Islands. Scattered rainfall activity is also likely over Tamilnadu and Rayalseema. Isolated rainfall is likely over rest of the region.

WEST INDIA: Fairly widespread rainfall with isolated heavy fall is likely over Konkan & Goa, Madhya Maharastra, Gujarat and Saurashtra. Isolated rainfall over rest of the regions.. **Source:NCMRWF**

PORT WATCH

Port updates of edible oils in India (August 27-September 01st, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CFA	2,000	-	2,000
CPO	-	19,028	19,028
Palm oil	-	14,000	14,000
Palm oil Product	44,500	20,114	64,614
CDSBO	47,160	41,392	88,552
Total	93,660	94,534	188,194

Source: ANAS

Forex Rates:

Country/ Continent	Currency	Value in Rupees	
		01.09.07	27.08.07
USA	Dollar	40.96	40.98
European Union	Euro	55.83	56.02
Japan	100 Yen	35.38	35.27
United Kingdom	Pound Sterling	82.62	82.67

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