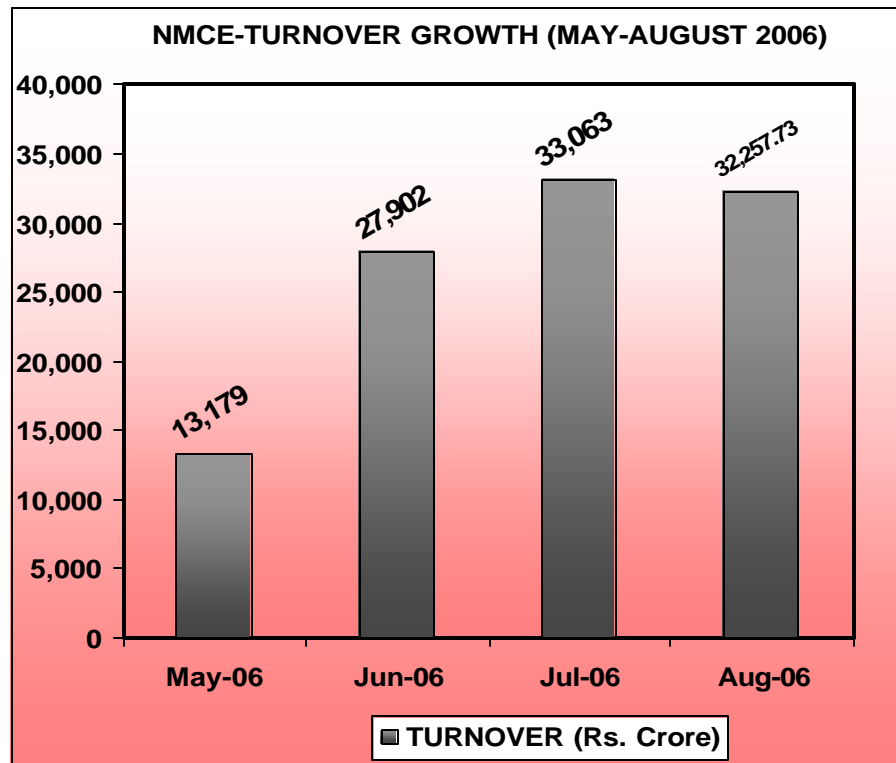


National Multi-Commodity Exchange of India Monthly Report - August 2006

Rubber, Pepper, Urad shoots up in August

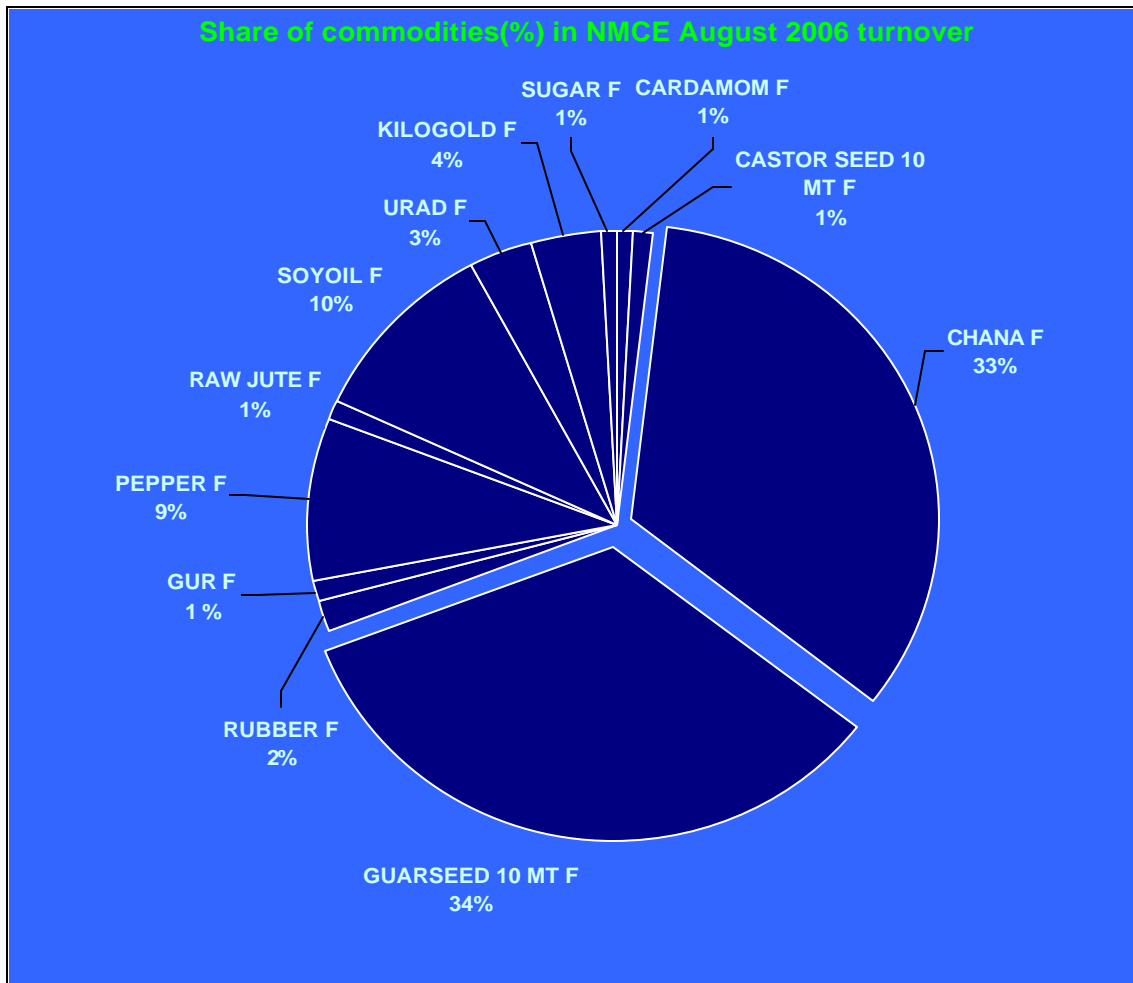
1. TURNOVER SUMMARY



NMCE's total turnover during August stood at Rs.32257.73 Crore. down marginally by 2.43%, from 33,063 Cr. registered in July 2006. With the arrival of festival season in October the demand of some of the essential commodities is expected to rise, which may lead to an increase in futures prices of October series

A variety of commodities including the spices, pulses, plantation commodities, among others, went for physical delivery for the August 2006 contract at NMCE. In Rubber, the physical delivery was 611 MT. The physical delivery in other commodities was 582 MT in Pepper, 121 quintals in Cardamom, and 1 MT in Castor Seed. At NMCE, Pepper and Rubber had the 39th successful delivery in a series; and 28th physical delivery in Cardamom. This indicates the fact NMCE has a rich experience of facilitating physical delivery backed by CWC warehouse receipts.

2. SHARE OF COMMODITIES IN TOTAL TURNOVER

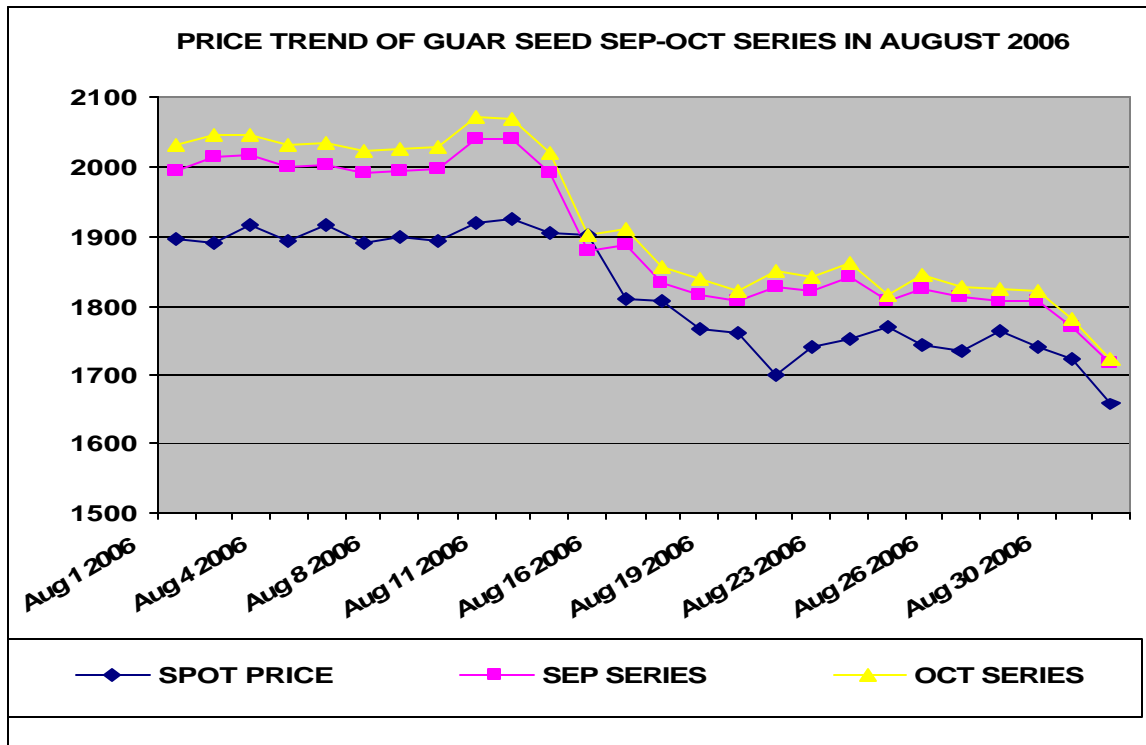


Guar Seed again stood at top with highest share of 34% in total turnover for the month of August 2006. Chana contributed 33% while Urad, Soy oil, Kilo Gold, Pepper and Rubber contributed 3%, 10%, 4%, 9% and 2% respectively. The share of other traded commodities which included copper, Guar gum, wheat, zinc and lead was less than 1%.

As compared to July-06 the turnover of Guar seed and Chana fell by 5% & 1% respectively. However increase in turnover was seen in Rubber, Pepper, & Soy Oil. Also metal commodities such as Aluminum & Lead registered a significant increase in turnover as compared to their July turnover with their volumes increasing from 20 & 10 lots to 7004 & 1448 lots respectively.

3. PRICE TREND OF TOP TRADED COMMODITIES IN AUGUST

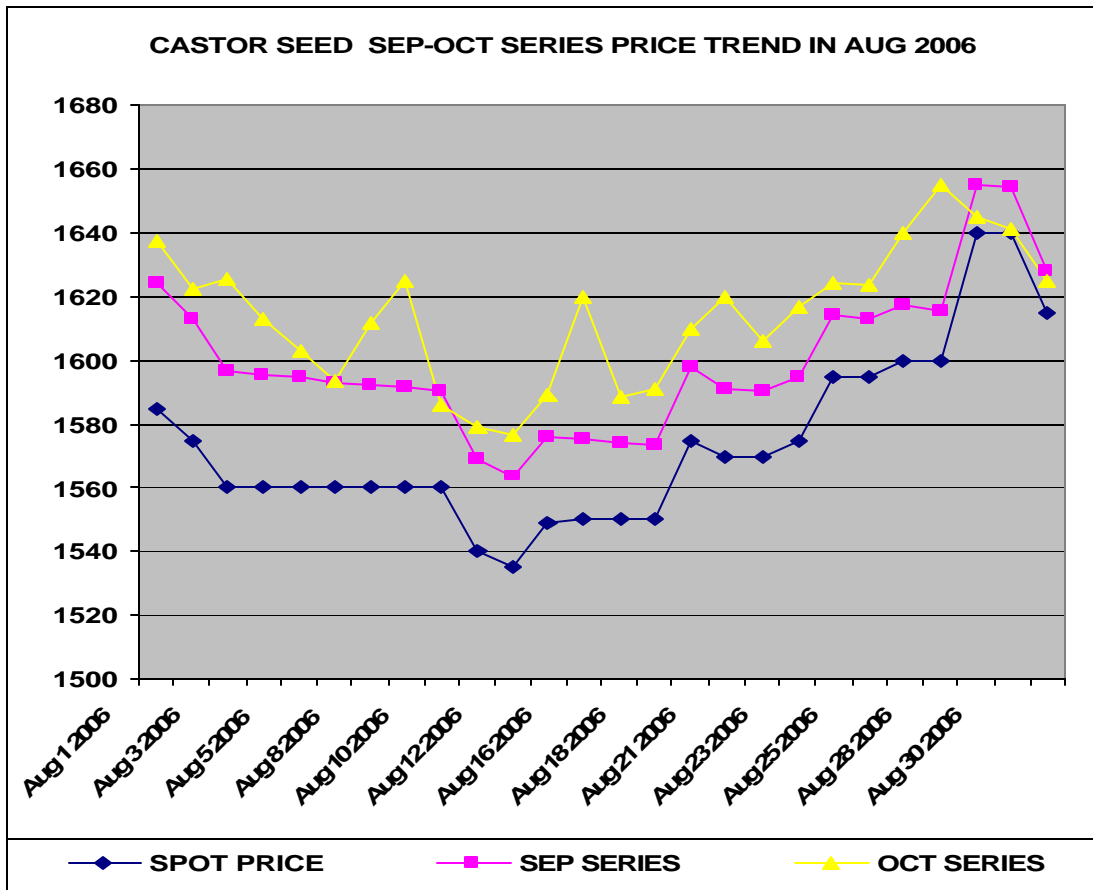
2.1 GUAR SEED 10 MT



Guar Seed prices which remained volatile throughout the month of July, attained stability in the first week of August. This was mainly on account of good rainfall in late July which brightened the crop prospects. Thereafter it showed a downtrend till the end of August. The spot price which stood at Rs. 1895 on 1st August 2006, touched a peak of Rs.1915 but came down to Rs.1685 towards the end of month.

Prices declined in tandem with the nearing crop arrival time. Good rainfall in Rajasthan is a big contributing factor in bringing the downward pressure on the guar seed prices in August. As the crop normally arrives by the first week of October and also Rajasthan has witnessed extra sowing of Guar seed this year that will result in higher production. According to traders and analysts the fall in the last week of August may continue in the first week of September. Hence such a bearish sentiment may have resulted in lower turnover as compared to the month of July.

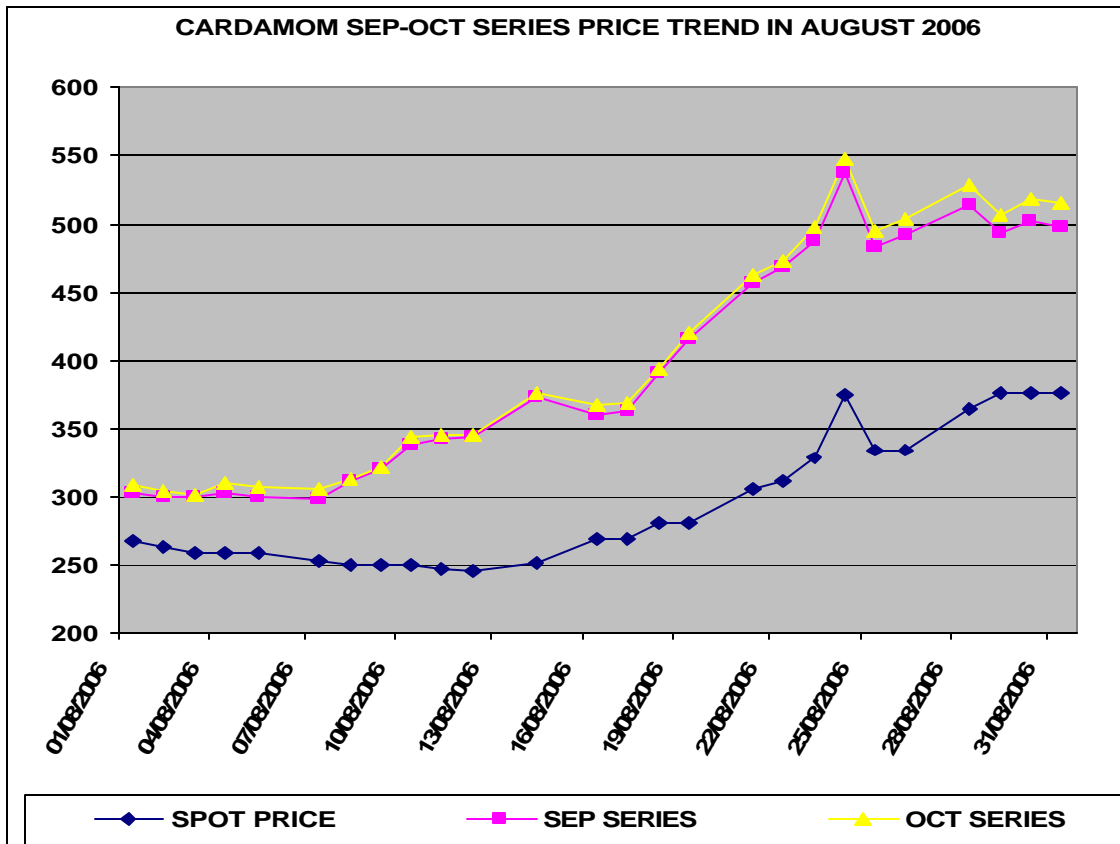
2.2 CASTOR SEED



Castor Seed prices showed a downtrend in the first half of the month with its volumes remaining subdued, but it bounced back and touched its peak towards the end of the month. Here the prices of October series were highly volatile as compared to its spot price in the month of August. The excessive rainfall in some parts of the country, had a mixed effect on chana futures prices during the month. However the September series was in contango as well as moved in tandem with the spot price of castor seed.

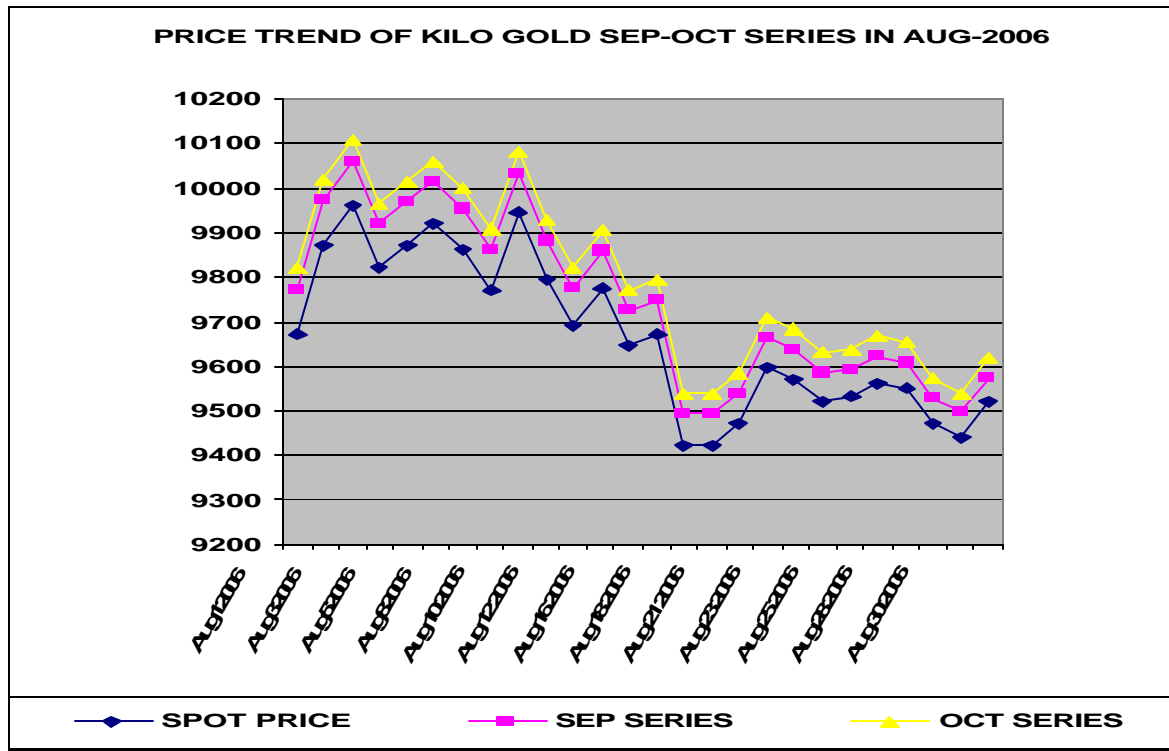
The uptrend in the later half of the month was due to several factors such as delay in sowing along with strong buying in expectation of export demand. Loss of crop in Brazil market also supported Castor futures to rise further.

2.3 CARDAMOM



The prices of cardamom showed an overall increasing trend in the month of August. However the prices stabilized in the last few days of the month. Some of the positive news for cardamom during the month was the Spice Board meeting with auctioneers and traders which ended with a positive note. Cardamom auctions restarted after a pause of around three weeks. The concerns of drop in production, short supplies and poor carry forward stocks also forced cardamom futures to rise continuously during the month.

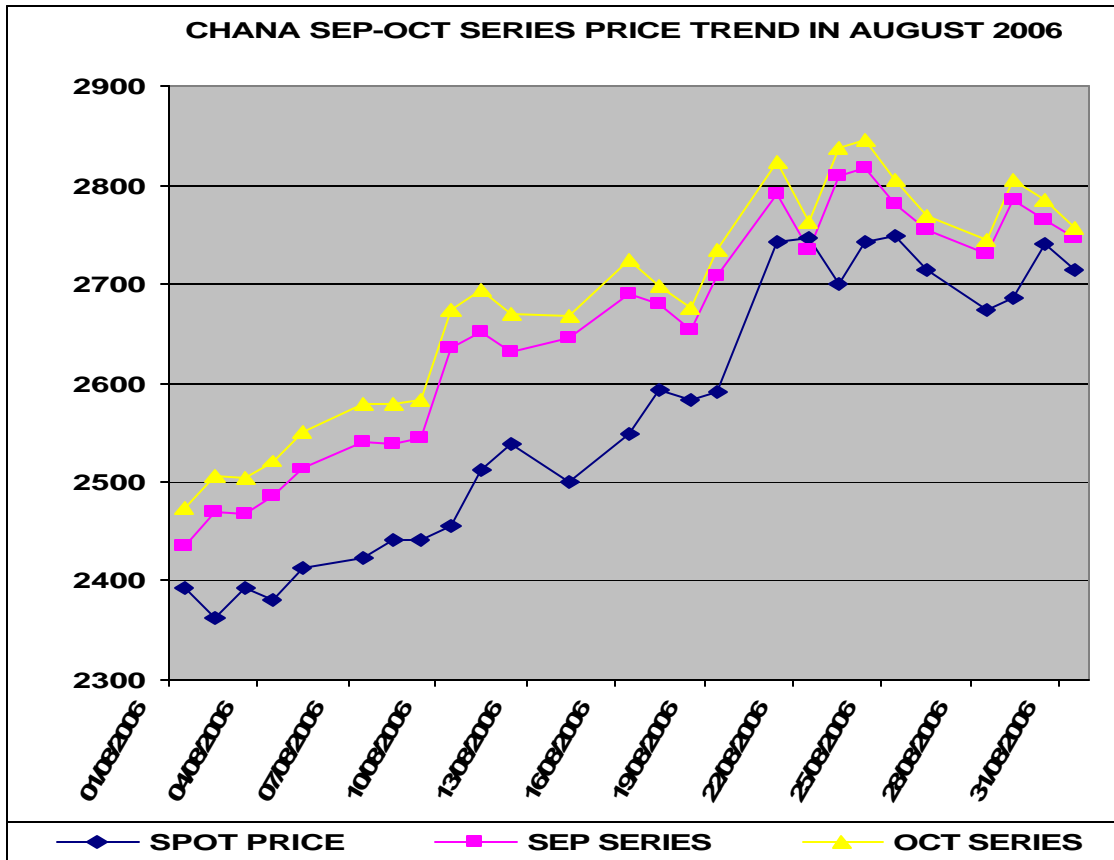
2.4 KILO GOLD



As seen from the price trend of Kilo-Gold in August, September series and October Series moved in tandem with the spot price. However volatility in the future prices was seen during the first half of the month. The psychological mark of 10,000 was tested during the first half as a result of speculative buying in the futures series, but it failed to sustain above that mark and a decline in the price was seen in the later half of the month. Overall bearish trend prevailed in the month of August, which was in line with the global trend.

However, looking at the statistics, Jewellery consumption has increased by 10 per cent in the last five years and the investment demand is up by 56 per cent in three years. That makes gold as an important investment commodity from a long term point of view.

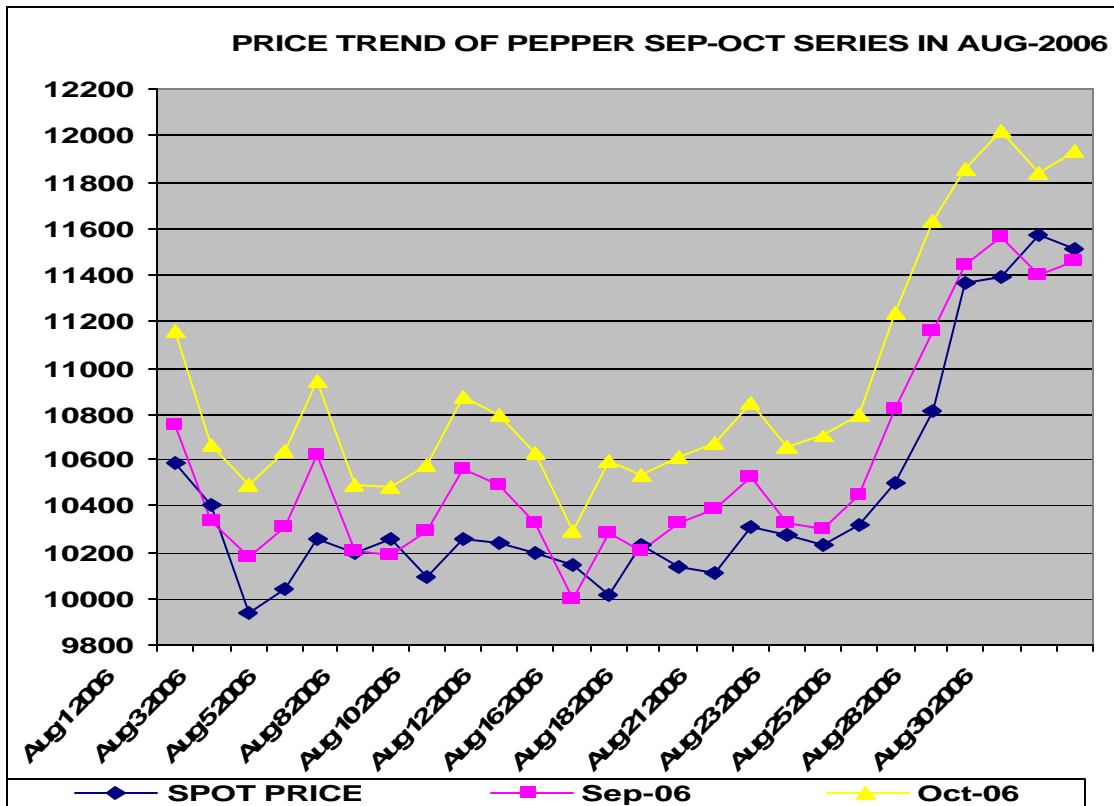
2.5 CHANA



Again in the month of August, Chana continued to be among the top 3 traded commodities of NMCE, even though its volume as well as its turnover went down by 13% and 3% respectively as compared to the month of July.

It continued its bullish trend in the month of August on rising demand for the commodity, against lower stocks. The coming festival season also supported the bullish trend. Also due to easing off government intervention in imposing any stock limits in chana, traders are hoping better prices in futures and holding back their stocks. However heavy rainfall in the month of August may affect the output.

2.6 PEPPER

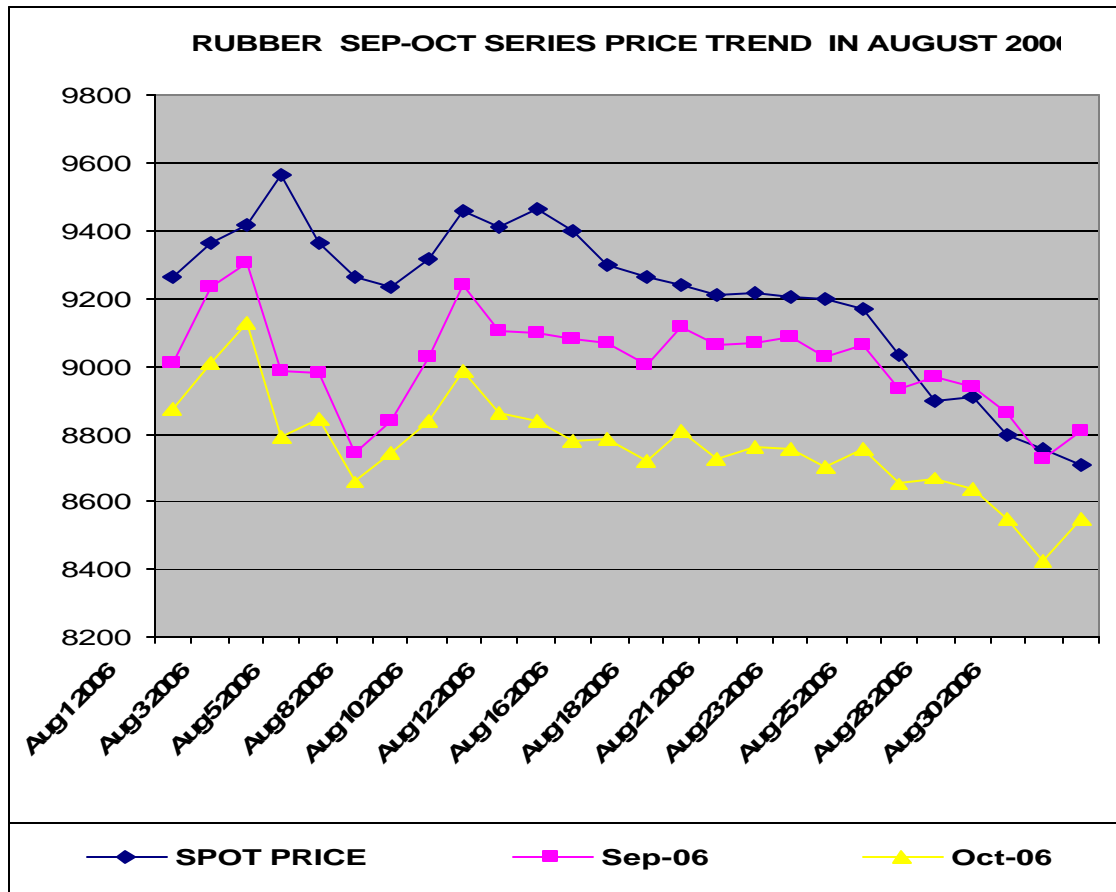


The Pepper market which started showing bullish trend from late June 2006. was high on turnover in the month of August. The rise in turnover at NMCE was almost 100 % in the month of August as compared to its July turnover.

The overall international situation at present is favorable for India. The harvesting season has begun in August and demand is increasing, supply from farmers to local traders is limited, as stocks from last year's crop have been sold out and output this year is estimated to be significantly less than last year.

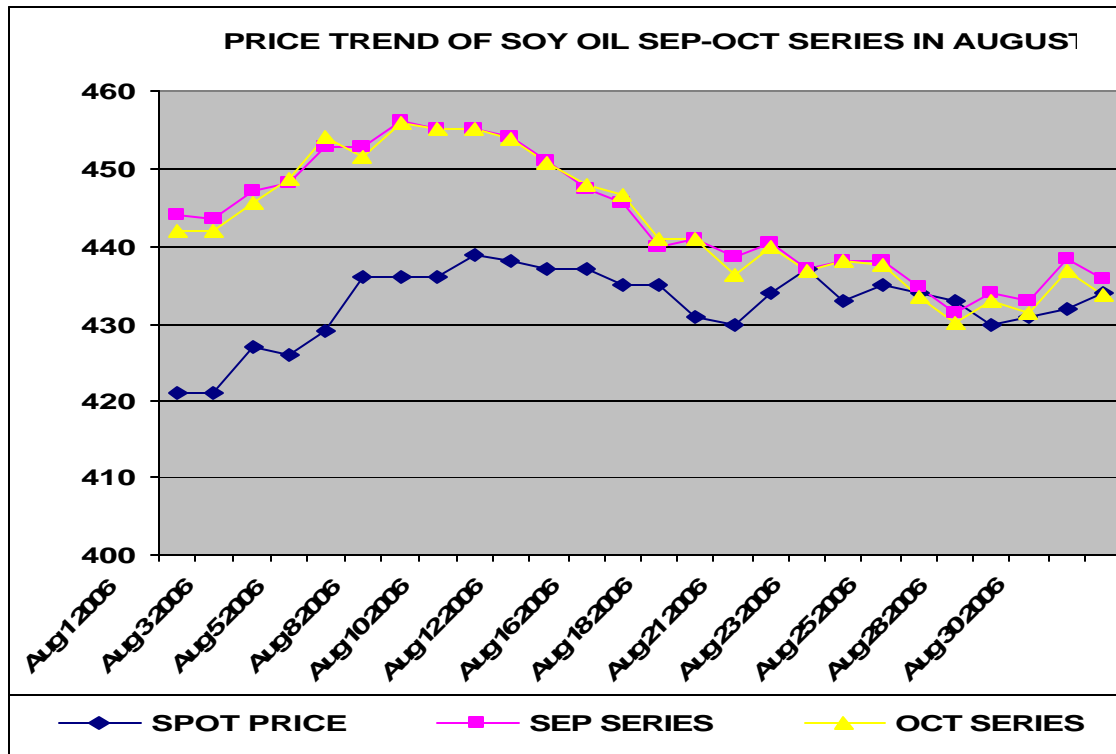
The pepper market September series as well as October series showed volatility in its prices during the first half of August month, however increasing demand had an effect on its prices and it showed a bullish trend in the second half of the August.

2.7 RUBBER



The rubber futures had turned weak on NMCE in the month of July possibly on profit booking from traders. The mixed trend in its futures prices in the first half of August was due to the interruption in supply and production concerns following the resumption of rains and the absence of stocks with the dealers and growers. Overall the spot prices moved downwards during the month. Spot went down from Rs 9267 to Rs.8714, September series from Rs.9014 to Rs.8814 and October series from Rs.8876 to Rs.8548.

2.8 SOY OIL

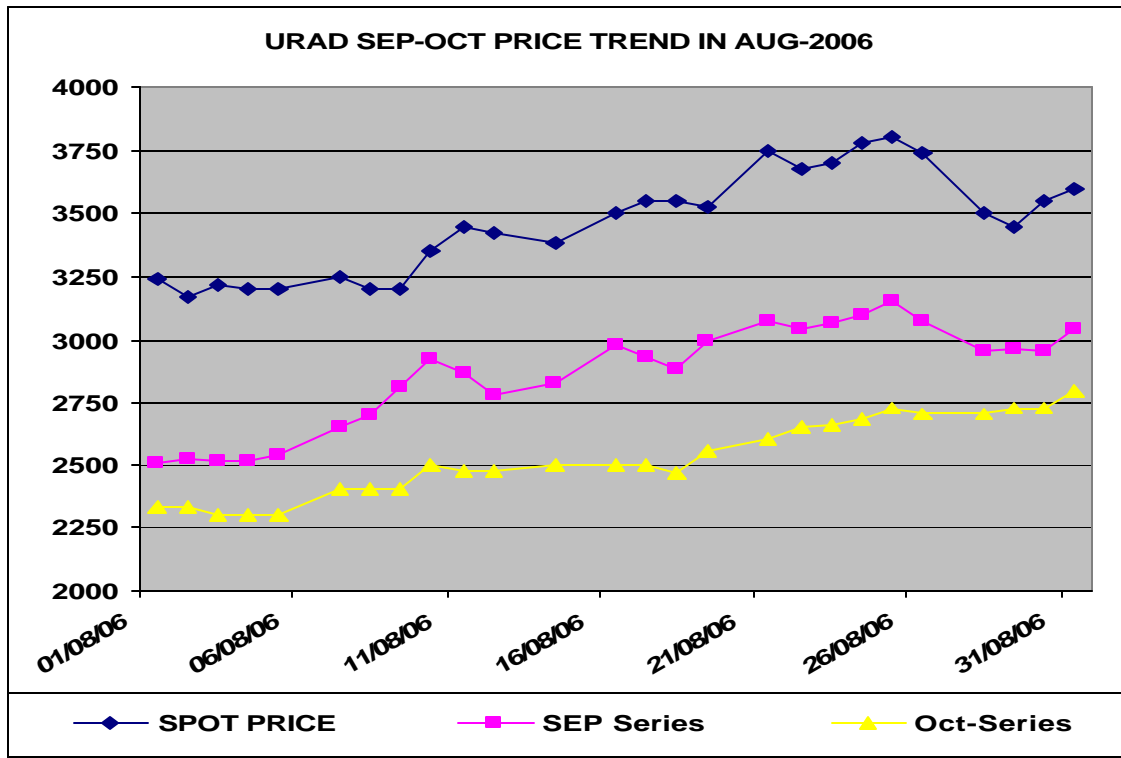


Soy Oil registered an increase in 1 % in its turnover in the month of August as compared to its July turnover. However the cost of carry was decreasing towards the end of the month, indicating a decrease in demand in the futures market.

The rise in the futures prices in the initial week of August was due to factors such as, crop condition becoming favorable and no major damage noticed from the heavy rains in first week of August. Demand by the retailers is also increasing gradually.

However import duty cut by Government from 80% to 70% on Soy oil to control price of domestic edible oils as well as bearish trend shown in palm oil prices internationally were the main reasons for the decrease in prices in the futures market in the later half of the month.

2.9 URAD



Urad prices which rose steadily during the month of July, along with the steady rise in demand continued to show an uptrend in the month of August the turnover increased from 472.4 crores in the month of July to 1036.6 crores in August. This is mainly due to factors such as coming festival season as well as expansion of area under Urad cultivation coupled with good rainfall.

However the interesting phase of Urad futures contracts where the spot prices trade above the futures prices, continued in the month of August. This may be due to the fact that Urad-FAQ (Fair Average Quality) variety is a narrow commodity and is not backed by a dependable spot market price benchmark. Hence, such contracts are subjected to all kinds of sentiment and speculative interest especially in a relatively illiquid situation.

(4) News & Views

(4.1) NMCE circulars issued during August 2006

Circular No.	Date	Subject
NMCE/2006-07/0016B	30-08-2006	Change in contract specification of Metals - Aluminium, Copper, Nickel, Zinc, Lead & Tin
NMCE/2006-07/0016	30-08-2006	Opening of New Futures Contracts for Jute & Metal
NMCE/2006-07/0015	30-08-2006	Delivery Details of New Futures Contracts
NMCE/2006-07/0014	30-08-2006	Opening of New Futures Contracts

(4.2) News highlights in August

- India to emerge as world's third largest cotton exporter
- Natural rubber prices unlikely to fall, says Board chairman
- Soya oil seen rising; chana prices may bounce back
- Record cotton exports likely this year
- Gold to make additional gains in near term
- Poor buying support hits pepper futures
- Speculation keeps pepper futures firm
- Commodity markets look for fresh leads
- Cardamom prices shoot up on good buying support
- Guar price may dip on good crop
- Spot rubber falls on global trend.
- Investor interest in commodities on the rise