

MARKET REPORT – WEEK # 25 – JUNE 28, 2007

1--SECTION ONE –

CATCH WEEK #25= JUN 18th/24th, 2007

| PAITA | CHIMBOTE | CENTER | PISCO | SOUTH | WEEK TOTAL |
|--------------|-----------------|---------------|--------------|--------------|-------------------|
| 0 Mt | 0 Mt | 0 Mt | 0 Mt | 78,957 Mt | 78,957 Mt |

Week Total **78,957 Mt**

Total Catch Jan 01, 2007/Jun 24th, 2007 = **3,762,116 MT** (Total 2006 – 5,789,526 Mt)

Total Catch Bio Year Nov 02/06 – Fwd = **5,882,728MT**

(BIOYEAR NOV 02/05 TO NOV 02/06 = **6,531,385 MT**)

2--SECTION TWO –

As predicted the South region landings more than doubled from 32,370 Mt to 78,957 Mt (144% increase).

The catch for week #25 of 78,957 Mt was distributed as follows: Atico 4,787 Mt, La Planchada 7,540 Mt, Mollendo/Matarani 18,087 Mt and Ilo 48,543 Mt.

For week #26 expect lower landings on account of bad weather, and the holiday tomorrow Friday.

3--SECTION THREE -

A short report this week as we go into a long weekend holiday. Peru is closed tmrw Friday, and Chile is closed on Monday, both for Saint Peter's Day aka "Fishermen's Day".

We take this opportunity to wish us all a nice holiday.

Hong Kong is also closed on Monday, to celebrate a decade of the Hong Kong handover to China. Incredible how time flies...

Trading continued as we estimate another 20,000 Mt of trades of all kinds –Price fixing, new biz, FAS/FOB/CFR to all the usual destinations took place at the corrected levels...

We hope July consumption in China improves as we need to see stock to go lower, in order to reduce the 280,000 Mt at the port warehouses there.

We estimate around 50/60,000 Mt of new shipmts June/July from Peru alone on their way to China –If July/Aug increases consumption, it will offset with new arrivals, but China stocks might remain high.

Our **MSI Index** steady @ \$160/Mt.

Our position this week as follows:

- + 432,010 Mt net long last report
- + 17,555 Mt prod week #25
- (2,000)Mt local usage
- (20,000)Mt new sales/fixing
- + 437,565Mt net long unsold

4--SECTION FOUR -

No new vsls nominated this week in the breakbulk front.

We hear these freight rates are soaring, and makes trading a bit more difficult for producers located @ ports with no container service who have to invest in trucking to reach the container ports.

5--SECTION FIVE -

After we return from our long "fishermen's weekend", it will be July already. Before we blink, we will be in Australia for the October IFFO Conference!

Last week we pointed out that the months of July, August and September are traditionally active ones for demand –particularly in aquaculture...

We have already begun to see consumption picking up in China, and certainly hope it continues for at least the next three months.

The key factor which will move the market at present is the actual amount of demand out there.

Is there enough demand to absorb all of the fishmeal available from multiple origins or storages? (Peruvian stocks, Chile stocks, Scandinavian stocks, China warehouses, German terminals, Menhadden production and others). Of course, the answer is yes, but the question is in what time frame.

Case and point: This week we heard from several channels that Chinese importers met to decide on a strategy for managing their voluminous local stocks. Some importers recommend not purchasing anymore fishmeal until the stocks are lowered. Will this suggestion become reality? We think it highly unlikely as Chinese importers do not work with complete unity such as IFFO producers largely do...

Undoubtedly, the next few months will be very revealing regarding the direction our market will move.

Best regards,

James Frank/Charles Levy

MSI Ceres S.A.C.

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