

VEGOIL

16<sup>th</sup> August - 20<sup>th</sup> August 2005

## MAJOR WEEKLY HIGHLIGHTS

- **Russia Sunflower Oil Exports Surge in June**
- **Malaysian Firm Plans to Add Biofuel Plant to Refinery**
- **U.S. Sunflower Crop Progressing Smoothly**
- **Soybean Crush Reaches 3,640,579 MT in July**
- **Modest Decline in World Oilseed Supply**
- **Kharif Oilseeds Sowing Shows Marginal Decline of 1.8 Percent**

## NATIONAL & INTERNATIONAL NEWS

### Russia Sunflower Oil Exports Surge in June

In June 2005 Russia exported about 34,500 MT of sunflower oil, which is the highest monthly sunflower oil export during the last two seasons. The volume was 28% up compared to May and by 6 times up from June 2004. The largest volumes were shipped to Italy (9,200 MT), Spain (6,200 MT), Turkey (5,400 MT) and Kazakhstan (3,000 MT). Total 2004-05 sunflower oil export from Russia (September-June) made 207,600 MT, which is 1.3 times up compared to the same period last season. This volume consisted of 92.2% of crude and 7.8% of refined sunflower oil. In the year 2005-06 Russian sunflower oil exports may total around 200,000 MT. Last season this Russia exported 162,200 MT of the commodity. Import of sunflower oil in June made 11,800 MT, down by 1.3 times compared to the volume imported in May and down by 13% from June last season. Sunflower oil imports this season (September-June) totalled 122,600 MT (including 97.5% of crude oil), having decreased 10.6% from last season.

### Malaysian Firm Plans to Add Biofuel Plant to Refinery

TSH Resources Bhd plans to build a biofuel plant in Sabah with a capacity to produce 100,000 tonnes a year in line with the good prospects for biofuel globally. Based on our own study on the marketing and technological aspects of biofuel, global demand (excluding China and India) is expected to touch 10.5 million tonnes in two years. Main users include the European Union, the US, South Korea and Japan. He, however, declined to reveal the investment cost for the plant. Prime Minister Datuk Seri Abdullah Ahmad Badawi on Wednesday announced a three-pronged plan, which will form part of the nation's biofuel strategy. Biofuel is a combination of an edible oils (palm oil, rapeseed oil or sunflower oil) with diesel, which will then be burned to generate energy.

### U.S. Sunflower Crop Progressing Smoothly

Sunflower crops remain in mostly fair to good condition in the main producing states in the United States. Below normal temperatures during the week limited the development of many crops in North Dakota during the past week. The week is starting with 94% of the state's

sunflower fields blooming and 6% having ray flowers dried/dropped. Scattered showers were reported across the state, relieving heat stress on crops and slightly improving topsoil moisture levels. Topsoil moisture levels rose one point to 44% rated adequate to surplus due to a few scattered showers, while subsoil levels dropped four points to 47% rated adequate to surplus. Cooler temperatures last week helped slow soil moisture loss. However, more and more areas are reporting short and very short moisture levels across the state. 15% of the sunflowers are in the ray flowers dry stage. Colorado enjoyed needed moisture across the State last week. The sunflower crop was rated in good to fair condition last week.

### Soybean Crush Reaches 3,640,579 MT in July

Soybean crush in the United States during July totalled 3,640,579 metric tons (MT), according to the latest data available from the National Oilseed Processors Association. The latest monthly result is an increase over the 3,408,972 MT processed last month and up from year earlier levels of 2,957,271 MT.

### Modest Decline in World Oilseed Supply

Global oilseed production for 2005-06 is projected at 377.3 million MT, down 1.3 million MT from last month, as higher foreign production is more than offset by a decline in the United States, according to the USDA World Agricultural Outlook Board's latest forecasts. Foreign rapeseed production is raised this month as increases for Canada and EU-25 more than offset lower production for China. Reduced oilseed production and slightly higher crush leave 2005-06 global oilseed ending stocks down 1.8 million MT at 56.1 million MT. Global oilseed stocks are projected to remain record high despite this month's reduction. U.S. oilseed production for 2005-06 is projected at 87.4 million MT, down 1.7 million MT from last month mainly due to reduced soybean yield prospects resulting from dry weather in the eastern Corn Belt. Soybean yields are forecast at 38.7 bushels per acre, 1.2 bushels below last month's trend yield projection and 3.8 bushels below last year's record yield. The first USDA survey-based forecast of U.S. soybean production is 2.791 billion bushels, 99 million bushels below the July forecast and 350 million bushels below last year's record crop. Peanut production is forecast

at 5.1 billion pounds, up sharply from last year, while cottonseed is projected to decline 8% from last year's record. Soybean oil prices are also projected higher this month at 23 to 26 cents per pound.

#### Khariif Oilseeds Sowing Shows Marginal Decline of 1.8 Percent

Khariif sowing decreased marginally by 1.8 per cent at 158.14 lakh hectares compared with 161.03 lakh hectares last year. This on-year shortfall is largely due to delayed monsoons. Groundnut sowing is also 4 per cent lower at 52.5 lakh hectares. The data reveals that this is mainly due to lower coverage in Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu. However, sowing is still on in AP, Karnataka and Tamil Nadu, AP too is witnessing crop diversion this year. Sowing is almost completed in Gujarat and Maharashtra. Soybean acreage is also lower on year. The acreage in MP is less on year, as of today, due to delayed onset and advancement of monsoon. Experts, however, are still hopeful of improvement in area acreage. Sowing in other states like Andhra Pradesh, Maharastra and Rajasthan were higher on year. Acreage is down 2.2 per cent at 75.87 lakh hectares compared with 77.61 lakh hectares last year. Sunflower sowing is down 10.3 per cent at 6.42 lakh hectares and niger seed down 31.6 per cent at 93,000 hectares. On the other hand, castor seed acreage is up 42.5 per cent at 7.18 lakh hectares and sesamum increased 1.3 per cent at 15.25 lakh hectares.

### GLOBAL DYNAMICS

#### Total Oilseed Area and Production

World and Selected Countries (Date Created: 8/15/2005)

| Country       | Area             |         |         | Production          |         |         |
|---------------|------------------|---------|---------|---------------------|---------|---------|
|               | Million Hectares |         |         | Million Metric Tons |         |         |
|               | 2003-04          | 2004-05 | 2005-06 | 2003-04             | 2004-05 | 2005-06 |
| United States | 36.04            | 36.81   | 36.5    | 76.6                | 96.44   | 87.41   |
| Argentina     | 16.25            | 16.87   | 17.52   | 36.84               | 43.42   | 43.68   |
| Brazil        | 22.78            | 24.19   | 24.28   | 53.08               | 53.72   | 64.67   |
| Canada        | 5.85             | 6.18    | 6.63    | 9.18                | 10.81   | 10.97   |
| China         | 27.87            | 28.49   | 28.04   | 50.85               | 58.71   | 55.08   |
| India         | 31.79            | 33.95   | 34.05   | 29.6                | 29.7    | 29.7    |
| Indonesia     | 4.39             | 4.57    | 1.4     | 6.37                | 6.59    | 7.06    |
| Mexico        | 0.19             | 0.25    | 0.29    | 0.54                | 0.65    | 0.74    |
| Pakistan      | 3.58             | 3.76    | 3.73    | 3.76                | 5.36    | 4.74    |
| Paraguay      | 2.06             | 2.25    | 2.28    | 4.14                | 3.96    | 4.99    |
| Philippines   | 0.03             | 0.03    | 0.03    | 2.35                | 2.3     | 2.25    |
| Romania       | 1.23             | 1.15    | 1.18    | 1.61                | 1.83    | 1.61    |
| Russia        | 5.45             | 5.26    | 5.78    | 5.44                | 5.32    | 5.77    |
| Turkey        | 1.26             | 1.22    | 1.18    | 2.06                | 2.15    | 1.95    |
| Turkmenistan  | 0.48             | 0.55    | 0.6     | 0.37                | 0.38    | 0.4     |
| Ukraine       | 4.05             | 3.76    | 4.1     | 4.54                | 3.56    | 4.75    |
| Uzbekistan    | 1.43             | 1.46    | 1.45    | 1.8                 | 2.25    | 2.1     |
| World         | 196.2            | 203.5   | 198.64  | 334.29              | 379.24  | 377.33  |

**Source:** Foreign Agricultural Service, Official USDA Estimates for August 2005

#### Soybean: World Supply and Distribution Selected Countries Current Marketing Year (Date Created: 8/15/2005)

##### Production

(Million Tonnes)

| Countries     | 2001-02 | 2002-03 | 2003-04 | 2004-05<br>(p) | 2005-06 (f) |
|---------------|---------|---------|---------|----------------|-------------|
| Brazil        | 43,500  | 52,000  | 50,500  | 51,000         | 62,000      |
| Argentina     | 30,000  | 35,500  | 33,000  | 39,000         | 39,000      |
| China         | 15,410  | 16,510  | 15,394  | 18,000         | 17,000      |
| India         | 5,400   | 4,000   | 6,800   | 5,500          | 6,500       |
| Paraguay      | 3,547   | 4,500   | 3,911   | 3,800          | 4,800       |
| Canada        | 1,635   | 2,336   | 2,263   | 3,050          | 2,850       |
| Bolivia       | 1,240   | 1,650   | 1,850   | 2,030          | 2,000       |
| Indonesia     | 870     | 780     | 820     | 825            | 835         |
| EU-25         | 1,309   | 888     | 633     | 793            | 772         |
| Russia        | 350     | 423     | 393     | 450            | 550         |
| Others        | 3,156   | 3,436   | 3,915   | 4,388          | 4,515       |
| Total Foreign | 106,417 | 122,023 | 119,479 | 128,836        | 140,822     |
| US            | 78,672  | 75,010  | 66,778  | 85,484         | 75,962      |
| World Total   | 185,089 | 197,033 | 186,257 | 214,320        | 216,784     |

##### Exports

(Million Tonnes)

| Countries           | 2001-02 | 2002-03 | 2003-04 | 2004-05<br>(p) | 2005-06<br>(f) |
|---------------------|---------|---------|---------|----------------|----------------|
| Brazil              | 15,000  | 19,734  | 19,816  | 19,539         | 23,011         |
| Argentina           | 6,005   | 8,713   | 6,710   | 8,165          | 8,700          |
| Paraguay            | 2,285   | 2,806   | 2,776   | 2,600          | 3,000          |
| Canada              | 495     | 700     | 914     | 1,000          | 1,000          |
| Uruguay             | 48      | 155     | 278     | 390            | 426            |
| China               | 300     | 265     | 319     | 375            | 330            |
| Bolivia             | 150     | 179     | 330     | 350            | 250            |
| Ukraine             | 1       | 7       | 61      | 75             | 95             |
| Serbia & Montenegro | 10      | 10      | 60      | 60             | 60             |
| South Africa        | 5       | 4       | 65      | 50             | 45             |
| Others              | 154     | 181     | 402     | 150            | 164            |
| Total Foreign       | 24,453  | 32,754  | 31,731  | 32,754         | 37,081         |
| US                  | 28,948  | 28,423  | 24,128  | 29,937         | 29,801         |
| World Total         | 53,401  | 61,177  | 55,859  | 62,691         | 66,882         |

#### Short Summary of US Soybean Usage

(Million Tonnes)

| Year    | Production | Exports | Imports | Crush  | Ending Stocks |
|---------|------------|---------|---------|--------|---------------|
| 2000-01 | 75,055     | 27,103  | 97      | 44,625 | 6,743         |
| 2001-02 | 78,672     | 28,948  | 63      | 46,259 | 5,663         |
| 2002-03 | 75,010     | 28,423  | 127     | 43,948 | 4,853         |
| 2003-04 | 66,778     | 24,128  | 151     | 41,631 | 3,059         |
| 2004-05 | 85,484     | 29,937  | 136     | 45,994 | 8,158         |
| 2005-06 | 75,962     | 29,801  | 82      | 45,450 | 4,899         |

**Imports****(Million Tonnes)**

| Countries     | 2001-02 | 2002-03 | 2003-04 | 2004-05<br>(p) | 2005-06<br>(f) |
|---------------|---------|---------|---------|----------------|----------------|
| China         | 10,385  | 21,417  | 16,933  | 24,000         | 27,000         |
| EU-25         | 18,539  | 16,872  | 14,638  | 14,959         | 15,200         |
| Japan         | 5,023   | 5,087   | 4,688   | 4,350          | 4,500          |
| Mexico        | 4,510   | 4,230   | 3,797   | 3,700          | 3,900          |
| Taiwan        | 2,578   | 2,351   | 2,218   | 2,300          | 2,210          |
| Thailand      | 1,560   | 1,708   | 1,407   | 1,525          | 1,575          |
| Indonesia     | 1,414   | 1,235   | 1,316   | 1,375          | 1,450          |
| Korea         | 1,434   | 1,516   | 1,368   | 1,250          | 1,300          |
| Iran          | 400     | 533     | 883     | 900            | 950            |
| Turkey        | 558     | 756     | 612     | 900            | 850            |
| Israel        | 735     | 500     | 494     | 575            | 600            |
| Others        | 7,317   | 6,661   | 5,734   | 6,308          | 6,608          |
| Total Foreign | 54,453  | 62,866  | 54,088  | 62,142         | 66,143         |
| World Total   | 54,453  | 62,866  | 54,088  | 62,142         | 66,143         |

**Crush****(Million Tonnes)**

| Countries     | 2001-02 | 2002-03 | 2003-04 | 2004-05<br>(p) | 2005-06<br>(f) |
|---------------|---------|---------|---------|----------------|----------------|
| China         | 20,250  | 26,540  | 25,439  | 29,775         | 33,350         |
| Brazil        | 24,693  | 27,168  | 29,331  | 29,392         | 31,600         |
| Argentina     | 20,859  | 23,527  | 25,039  | 25,525         | 27,272         |
| EU-25         | 17,636  | 16,290  | 14,129  | 14,289         | 14,550         |
| India         | 4,629   | 3,420   | 5,534   | 4,710          | 5,515          |
| Mexico        | 4,610   | 4,336   | 3,892   | 3,790          | 3,990          |
| Japan         | 3,885   | 4,217   | 3,536   | 3,179          | 3,300          |
| Taiwan        | 2,187   | 2,135   | 2,046   | 2,010          | 1,990          |
| Canada        | 1,694   | 1,796   | 1,500   | 1,580          | 1,775          |
| Bolivia       | 1,014   | 1,440   | 1,395   | 1,650          | 1,660          |
| Others        | 10,633  | 10,911  | 10,232  | 11,156         | 12,522         |
| Total Foreign | 112,090 | 121,780 | 122,073 | 127,056        | 137,524        |
| US            | 46,259  | 43,948  | 41,631  | 45,994         | 45,450         |
| World Total   | 158,349 | 165,728 | 163,704 | 173,050        | 182,974        |

**Ending Stocks****(Million Tonnes)**

| Countries     | 2001-02 | 2002-03 | 2003-04 | 2004-05<br>(p) | 2005-06<br>(f) |
|---------------|---------|---------|---------|----------------|----------------|
| Brazil        | 12,108  | 15,932  | 14,704  | 14,094         | 18,451         |
| Argentina     | 10,159  | 12,467  | 12,676  | 16,836         | 18,414         |
| China         | 2,095   | 4,467   | 2,100   | 4,100          | 3,900          |
| EU-25         | 1,064   | 930     | 740     | 792            | 794            |
| Canada        | 165     | 225     | 215     | 525            | 475            |
| Japan         | 670     | 310     | 299     | 260            | 300            |
| Indonesia     | 113     | 100     | 105     | 110            | 115            |
| Korea         | 118     | 118     | 118     | 100            | 100            |
| Paraguay      | 88      | 88      | 88      | 88             | 88             |
| Turkey        | 50      | 127     | 81      | 85             | 88             |
| Others        | 969     | 780     | 810     | 826            | 645            |
| Total Foreign | 27,599  | 35,544  | 31,936  | 37,816         | 43,370         |
| US            | 5,663   | 4,853   | 3,059   | 8,158          | 4,899          |
| World Total   | 33,262  | 40,397  | 34,995  | 45,974         | 48,269         |

**DOMESTIC MARKET ANALYSIS****Palm oil**

The domestic palm oil continued marginally for the whole of the week amidst weakening international sentiments and low retail demand.

The Malaysian market is trading range bound as production and exports are both growing, palm oil stocks in Malaysia aren't expected to change dramatically by end-August from the previous month's levels. Stocks totaled 1.27 million tons at end-July.

Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd are due to issue Aug. 1-20 Malaysian palm oil figures Monday and Aug. 1-25 data Thursday. Traders said Aug. 1-20 exports are expected to be around 780,000 to 800,000 tons, up from around 640,000 to 650,000 tons in the same period a month earlier.

The domestic market is still reeling under increased uncertainty in the retail demand and falling prices in the other edible oil markets.

For the first 20 days of August, India has imported about 3.01 lakh tonnes of palm oil, which is on the higher side, looking at the low demand level.

Overall, the price for palm oil in the market is expected to trade marginally firm in the coming week as the market is expected to receive no support from Malaysian market.

**Weekly prices for CPO****(Rs/ 10 kg)**

| Centers | 16.08.05 | 17.08.05 | 18.08.05 | 19.08.05 | 20.08.05 |
|---------|----------|----------|----------|----------|----------|
| Kandla  | 320      | 320      | 320      | 320      | 321      |

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

| Centers  | 16.08.05 | 17.08.05 | 18.08.05 | 19.08.05 | 20.08.05 |
|----------|----------|----------|----------|----------|----------|
| Kandla   | 353      | 354      | 354      | 354      | 355      |
| Mumbai   | 362      | 362      | 361      | 363      | 363      |
| Chennai  | 355      | 357      | 356      | 355      | 357      |
| Kakinada | 357      | 358      | 356      | 354      | 356      |

**Soy oil**

The domestic market continued on the lower side for most of the week amidst the increased panic selling activities and heavy imports at the Indian Ports.

Crop conditions did not improve in the weekly crop progress report and only 51% of the crop is in good to excellent condition as compared with 69% last year and 58% as the 15-year average for this time of the year. Traders were looking for a 1-3% drop in conditions so the news failed to support and with the bearish weather outlook, long liquidation selling ahead of the Crop Production report for later this week was active. Poor to very poor ratings jumped to 19% from 16% last week and from 12% on average for this time of the year.

The fresh estimate of the soybean crop could come by mid September, but as per the current trade estimated the production is expected to cross the 70.00 lakh tonnes mark.

The domestic future market traded on a weak note for the week amidst uncertain retail support and increased pressure of imports. For the first 13 days of August, India has imported about 2.12 lakh tonnes of soybean oil. The Hazir market traded range bound amidst lack of support from the retail demand.

As per the *Agriwatch* estimates, the production of the soybean crop is estimated to be between 52.0 to 55.0 lakh tonnes, though the overall acreage of the crop has increased by 1.30 per cent from 69.52 lakh hectares to 70.40 lakh hectares.

Overall the market is expected to improve in the coming week's trading amidst expected increase in the retail demand owing to upcoming festivals.

| Prices for Soy (ref) during the week |          | (Rs/ 10 kg) |          |          |          |
|--------------------------------------|----------|-------------|----------|----------|----------|
| Centers                              | 16.08.05 | 17.08.05    | 18.08.05 | 19.08.05 | 20.08.05 |
| Mumbai                               | 352      | 352         | 351      | 352      | 354      |
| Indore                               | 366      | 364         | 365      | 362      | 364      |
| Kota                                 | 366      | 364         | 363      | -        | 368      |

### Rape oil

The rape oil market witnessed range bound lower trade amidst decline in the retail market demand in the spot markets as well as at major mustard exchanges.

The increased selling weakened the sentiments in the market. For the week the new crop arrival reached 0.05-0.15 lakh bags in Rajasthan and about 0.05 - 0.08 lakh bags in Madhya Pradesh and the trend of arrivals continue to decline day by day.

Overall, it is expected that the rape oil will continue trading range bound on the higher side in the coming week amidst expected increase in retail demand.

| Prices for Rape Expeller Oil |          | (Rs/ 10 kg) |          |          |          |
|------------------------------|----------|-------------|----------|----------|----------|
| Centers                      | 16.08.05 | 17.08.05    | 18.08.05 | 19.08.05 | 20.08.05 |
| Mumbai                       | 393      | 392         | 393      | 388      | 390      |
| Kota                         | 370      | 370         | 369      | -        | 368      |
| Delhi                        | 396      | 395         | 396      | 396      | 395      |

### Groundnut oil

Groundnut oil continued to be range bound at major centres.

The growing uncertainty in demand for edible oils remains as one of the major factors, which is putting continuous pressure on the groundnut oil prices.

As per the latest report, the sowing of groundnut is lower by 4 per cent at 52.5 lakh hectares. The data reveals that this is mainly due to lower coverage in Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu. However, sowing is still on in AP, Karnataka and Tamil Nadu, AP too is witnessing crop diversion this year. Sowing is almost completed in Gujarat and Maharashtra.

The range bound movement in groundnut oil prices in the domestic markets is likely to continue range bound in the coming week amidst increased uncertainty in the ongoing crop weather.

| Prices for groundnut oil during the week |          | (Rs/10 kg) |          |          |          |
|--|----------|------------|----------|----------|----------|
| Centers                                  | 16.08.05 | 17.08.05   | 18.08.05 | 19.08.05 | 20.08.05 |
| Mumbai                                   | 495      | 497        | 495      | 490      | 505      |
| Rajkot                                   | 512      | 505        | 503      | 507      | 515      |
| Andhra Pradesh                           | 520      | 520        | 520      | 525      | 525      |
| Chennai                                  | 522      | 520        | 522      | 524      | 525      |

### Sunflower Oil

The sunflower oil prices in the market continued declining this week following the declining retail demand, uncertain progress in the cropping weather of the oilseed crops and heavy imports of other edible oils.

The consistent uncertainty in the retail demand and the increased imports of other edible oil are the main cause of the lowering of price in the sunflower market.

The market is expected to improve marginally in the coming week amidst growing retail demand.

| Prices at Indian Centers |          | (Rs/10 Kg) |          |          |          |
|--------------------------|----------|------------|----------|----------|----------|
| Centers                  | 16.08.05 | 17.08.05   | 18.08.05 | 19.08.05 | 20.08.05 |
| Sunflower Refined oil    |          |            |          |          |          |
| Mumbai                   | 420      | 418        | 415      | 415      | 412      |
| Chennai                  | 428      | 425        | 425      | 418      | 415      |
| Hydrabad                 | 428      | 425        | 420      | 418      | 420      |
| Sunflower Expeller oil   |          |            |          |          |          |
| Mumbai                   | 455      | 453        | 450      | 448      | 448      |
| Chennai                  | 450      | 448        | 442      | 445      | 440      |
| Hydrabad                 | 448      | 445        | 445      | 442      | 440      |

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### Palm oil Market Malaysia

In the Malaysian cash market, palm oil products were slightly lower, following CPO futures, but buying interest improved at lower levels. The market is expected to continue range bound on the higher side amidst support from the US soybean production figures.

The market lacked cues Wednesday as soyoil futures were little changed. December soyoil ended a mere 5 points higher at 22.52 cents a pound on the Chicago Board of Trade overnight. Yet even those marginal gains couldn't be sustained, as the December contract retreated 7 points in electronic trading on Wednesday.

As production and exports are both growing, palm oil stocks in Malaysia aren't expected to change dramatically by end-August from the previous month's levels, traders said. Stocks totaled 1.27 million tons at end-July.

Without any fresh fundamental leads, it has been difficult for the market to move significantly. The next set of supply and demand data is due next week when cargo surveyors SGS (Malaysia) Bhd. and Intertek Agri Services issue Aug. 1-20 and Aug. 1-25 export estimates.

South American cash soyoil, which competes directly with palm oil products for the same markets, has also been weak. Room for further gains in palm oil, therefore, may be capped in the near term, as palm oil needs to maintain an attractive discount to remain competitive.

Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd are due to issue Aug. 1-20 Malaysian palm oil figures Monday and Aug. 1-25 data Thursday. Traders said Aug. 1-20 exports are expected to be around 780,000 to 800,000 tons, up from around 640,000 to 650,000 tons in the same period a month earlier.

In the Malaysian cash market, palm oil products were little changed amid slow trading activity. The Malaysian market is expected to trade range bound on the positive side amidst continuing uncertainty in the global market.



## Soybean Market United States

The news is supportive; especially after the USDA lowered their crush forecast in Friday's supply/demand report. Weekly export inspections came in at 4.817 million bushels as compared with trade expectations at 3-8 million bushels. Cumulative shipments have reached 96% of the forecast for the season as compared with 97.6% on average for this time of the year. Weekly exports need to average 15.3 million bushels per week to reach the USDA projection.

Crop conditions did not improve in the weekly crop progress report and only 51% of the crop is in good to excellent condition as compared with 69% last year and 58% as the 15-year average for this time of the year.

South Korea bought 25,000 tonnes of US soybeans overnight. Iran bought 15,000 tonnes of soyoil from Brazil overnight.

Weekly US export sales for soybeans came in at 425,900 metric tonnes as compared to trade expectations between 100,000-250,000. Cumulative old crop sales have reached 101.7% of the USDA forecast for the season as compared to 103.4% on average over the last five years.

Meal sales were 61,600 metric tonnes as compared to trade expectations between 25,000-100,000. Cumulative old crop sales have reached 88.5% of the USDA forecast as compared to 94.8% on average over the last five years. Sales of 106,300 metric tonnes per week are needed to reach the USDA estimate.

Oil sales came in at 3,600 metric VS. trade expectations between 0-5,000. In addition, the oversold condition of the market and ideas that the negative weather outlook has already been priced on the sharp break off of Friday's highs added to the positive tone.

Good rains across the Midwest on Thursday with more rains for Saturday along with mild temperatures for next week could trigger an improvement in crop conditions for Monday's weekly update and again for a week from Monday as rain is expected to boost soybean yields.

Gulf basis was lower with talk of the start of the harvest in Mississippi and Louisiana and a slow export line-up helping to pressure. Talk of further liquidation of fund long positions added to the negative tone.

The US soybean is expected to continue on the higher side in the coming week evening amidst continuously improving crop weather.

### South American Soybean Market:

World ending stocks for the 2005/2006 season was pegged at 48.27 million tonnes from 50.7 million in last month's forecast and from 45.98 million tonnes this season.

The Brazil government lowered import tariffs on fertilizer products to 2% from 6% recently in order to help the agriculture sector recover from a poor year. The outlook for a large South American crop for the coming year allowed the USDA to revise US exports lower, and the resulting cut in total usage was seen as a bearish force for the USDA reports.

Brazil production is expected to recover to 62 million tonnes compared to 51 million tonnes this past season and 50.50 million tonnes last year. Argentina production is expected to come in near 39 million tonnes, unchanged from this past season and up from 33 million tonnes last year.

China protein meal demand is expected to increase by about 8% this season due to the expanding economy and

the increased use of meal for pork, poultry and aquaculture. China is expected to import 27 million tonnes of soybeans for the 2005/2006 season from 24 million tonnes (revised from 23.2 million in July) this past season.

The larger than expected crush data for the month of July, news that China is already buying US soybeans for fall delivery and reports of Asia rust and aphid problems are all factors which could help tighten the supply/demand outlook.

The market remains in a long liquidation mode with traders fearful that funds will continue to dump long positions and may begin to build a net short position. Demand factors look favourable, and there are still some areas in the Midwest and the delta, which need rain and cooler temperatures to help stabilize or improve crop conditions.

China may have bought as much as 110,000 tonnes of US soybeans last week, which would have been the first purchase for new crop soybeans for the year. This compares with 2.06 million tonnes of US soybeans on the books last year at this time. Traders believe that China has booked more Brazil and Argentina soybeans for September and October delivery than normal, which could be why US sales have been so slow.

South Korea bought 52,500 tonnes of US soybeans and 52,500 tonnes of Brazil soybeans overnight, and there is an improving tone for export activity after the recent sharp break in prices.

In Brazil, crop guesses seem to range between 56 and 63 million tonnes as compared with the drought impacted crop of 2005 near 50 million tonnes. In the number one producing region of Mato Grosso, there is talk of a 10-30% drop in plantings due to poor prices and sharply higher input costs.

The good moisture in the central and northern cornbelt along with more rains in the forecast for the next few days leaves the weather as a bearish influence and the trade expecting improving crop conditions for the next few weeks. Rain is expected to help boost yield potential and 1-2 inches in many northern Illinois areas was seen as especially beneficial.

Cash markets at the Paranagua port in Brazil have been trading at 35 to 40 cents premium nearby futures in Chicago in recent days with bids up about 5 cents from last week at this time. China is beginning to book new crop soybeans, which is a positive sign, but demand factors may take a back seat to weather and fund activity for next week.

### VAYDA BAZAAR

Soy oil futures at National Commodity & Derivatives Exchange Limited (NCDEX) and NBOT declined on increased selling pressure amidst uncertainty in the international markets, increased imports and declining retail demand. Settlement prices for September soy oil future at National Commodity and Derivatives Exchange (NCDEX) was in between Rs 365.15-369.15 kg and at National Board of Trade (NBOT) was in the range of 364.60-367.90 per 10 kg.

### Weekly settlement prices for soy oil at NBOT

| Contracts | 16.08.05 | 17.08.05 | 18.08.05 | 19.08.05 | 20.08.05 |
|-----------|----------|----------|----------|----------|----------|
| Aug'05    | 366.40   | 364.60   | 364.90   | 364.90   | 367.90   |
| Sep'05    | N.A      | 366.50   | 366.80   | 366.80   | 369.50   |
| Oct' 05   | N.A      | N.A      | N.A      | N.A      | N.A      |

**Weekly settlement prices for soy oil at NCDEX**

| Contracts | 16.08.05 | 17.08.05 | 18.08.05 | 19.08.05 | 20.08.05 |
|-----------|----------|----------|----------|----------|----------|
| Aug'05    | 365.75   | 362.55   | 362.50   |          |          |
| Sep'05    | 367.95   | 365.15   | 366.00   | 367.05   | 369.15   |
| Oct '05   | 370.20   | 366.85   | 367.40   | 368.90   | 371.55   |

**WEEKLY WEATHER WATCH****ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS (22.08.05)****Monsoon Outlook**

Fairly widespread rain with isolated heavy rainfall has occurred over northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar, East Uttar Pradesh and East Madhya Pradesh. Yesterday's upper air cyclonic circulation over central Uttar Pradesh has become less marked.

The other upper air cyclonic circulation over Bihar and neighbourhood persists and extends upto mid-tropospheric levels. Axis of the monsoon trough passes through Ferozpur, Ambala, Bareilly, Varanasi, Gaya, Kharagpur thence east-southeast into northeast Bay of Bengal. Yesterday's upper air cyclonic circulation over central Uttar Pradesh has become less marked.

Under this scenario enhanced rainfall activity is likely to continue over northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar, north Madhya Pradesh and East Uttar Pradesh during next 2-3 days.

**NORTH & NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**

Isolated rains are expected over the region during the period

**EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]**

Fairly widespread rainfall activity with isolated heavy showers are likely over East U.P., Bihar, Orissa, West Bengal, Jharkhand and NE States.

**SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]**

Scattered rainfall is expected over Karnataka, Telangana, Coastal Andhra Pradesh and Andaman & Nicobar Islands. Isolated showers are expected over rest areas of the regions.

**CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]**

Chattisgarh and East Madhya Pradesh regions are expected to receive fairly widespread rainfall activity with isolated heavy showers. Vidarbha and West M.P. is likely to receive scattered rains.

**WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]**

Konkan & Goa and Madhya Maharashtra are likely to receive scattered rains during next 3-4 days. Isolated to scattered rainfall is expected over the rest of the regions outside West Rajasthan and Saurashtra & Kutch where weather is expected to be mainly dry during next 3-4 days.

**PORT WATCH****Port updates of Edible oils in India (01 Aug -20 Aug 2005)  
(Amount in Tonnes)**

| Particulars | Expected | Arrived | Total  |
|-------------|----------|---------|--------|
| SBO         | 37500    | 212296  | 249796 |
| Palm oil    | 32500    | 114993  | 147493 |
| CPO         | 59000    | 186671  | 245671 |
| Total palm  | 91500    | 301664  | 393164 |
| Total oil   | 129000   | 513960  | 642960 |

**Source: ANAS****Forex Rates (As on 20.08.2005)**

| Country/Continent | Currency | Value in Rupees |
|-------------------|----------|-----------------|
| USA               | Dollar   | 43.62           |
| Malaysia          | Ringgit  | 11.59           |
| European Union    | Euro     | 53.07           |
| United Kingdom    | GBP      | 78.38           |
| Japan             | 100 Yen  | 39.51           |

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