

VEGOIL

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NATIONAL & INTERNATIONAL NEWS

Firmness in Groundnut Oil Prices to Continue on Declining Supplies

Groundnut oil prices, especially in Gujarat, are expected to remain firm in the next few days in anticipation of the approaching festival season demand and lower ready stocks. In Rajkot, groundnut oil (tin) prices have moved up to Rs 805-810 for 15 kg on Monday from Rs 785 last week, while groundnut oil (loose) ready prices were also up to Rs 520 for 10 kg from Rs 507 quoted last week. Similarly, groundnut kernel prices in Mumbai also moved up Rs 50 to Rs 2,495 a quintal in a week's time on continued buying interest. In Saurashtra region, overall stocks in oil form are relatively low. Total stocks of kernel and seeds are also reduced to 10-15 per cent of the total crop. As against this, seasonal demand for groundnut oil will increase in the next few days due to a series of festivals. New arrivals of seeds from early sowing will start in the first week of October. Groundnut acreage under the current kharif season is 18 lakh hectares (ha) from 18.80 lakh hectares last season, down 80,000 ha. Normal area under groundnut acreage in the State is 18.83 lakh hectares, according to an official of the Department of Agriculture, Gujarat.

Kharif Oilseeds Sowing Progressing Smoothly Amidst Good Rains

Kharif sowing is down merely 2.53 per cent at 150.37 lakh hectare compared with 154.59 lakh hectare last year. This shortfall is largely due to delayed monsoon. Soybean sowing is slightly lower than last year, the data suggests.

The coverage is better in Andhra Pradesh, Maharashtra and Rajasthan. The acreage in Madhya Pradesh 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 has been completed. Soybean acreage is now down 1.4 per cent at 74.36 lakh hectare compared with 75.48 lakh hectare last year. A significant improvement in groundnut acreage has been seen within the last week. However, the coverage still is down 6 per cent on year at 50.24 lakh hectare. This is largely due to lower acreage in Gujarat due to delayed onset of monsoon coupled with heavy rains subsequently. Other states registering lower acreage on year are Karnataka and Tamil Nadu. While the sowing in Gujarat and Maharashtra is over, it is still on in Karnataka and Andhra Pradesh. Sunflower sowing is down 24 per cent at 4.39 lakh hectare and niger seed down 38 per cent at 78,000 hectare. On the other hand, castor seed acreage is up 57 per cent at 6.15 lakh hectare and sesamum up 2.5 per cent at 13.65 lakh hectare.

US Sunflower Crop Progress Smoothly

Sunflower crops remain in mostly fair to good condition, though some loss in quality was reported during the past week on account of heat stress. Lack of rainfall and above-normal temperatures last week caused soil moisture levels to deplete further in South Dakota last week. Row crop maturity continues to be hindered by heat stress and dry conditions. Topsoil and subsoil levels each dropped five points to 43% adequate to surplus and 51% adequate to surplus, respectively. Sunflower blooming is at 44%, ahead

of last year's 40%, but behind the five-year average of 50%; while ray flowers dry is at 3%, in line with last year. Another week of mostly dry conditions and above normal temperatures helped advance small grain harvest and development of other crops in North Dakota. Colorado experienced some scattered showers with cooler weather during the past week, but the rains were sporadic giving little to no relief for agricultural areas across the state. The sunflower crop was rated in good to fair condition.

USDA Expects a lower Soybean Crop for US

In the case of soybeans, 2003-04 was the most recent year in which the consumption of U.S. soybeans had to be reduced because of a shortfall in production. Currently, annual consumption of U.S. soybeans is near 2.97 billion bushels. Stocks at the beginning of the 2005-06 marketing year are currently projected at 290 million bushels. Assuming that year ending stocks cannot practically be reduced below 125 million bushels, the 2005 harvest needs to be near 2.805 billion bushels to maintain consumption at the current level. Using the USDA's June projection of harvested acreage, a crop of that size would require an average yield of about 38.8 bushels. That is very close to current private estimates of crop size. There is a significant probability, then, that the 2005 crop will be small enough to require a reduction in use. That price implies that the market is expecting year ending stocks only 15 to 20 million bushels above the minimum level of 125 million bushels. [Surveys of traders for the August 12 USDA crop and stocks reports show the trade is looking for next summer's ending stock to range between 115 and 224 million bushels, for an average trade guess of 168 million.

South American Holds Key To Global Market In Soybean Complex

The price implication of a small U.S. crop and the potential need to reduce consumption will depend in part on the size of the 2006 South American crop. That is, a large harvest there could result in a reduction in U.S. soybean exports without prices going to extremely high levels. Conversely, a third consecutive shortfall in production would magnify the implications of a small U.S. crop, much like two years ago. Currently, the USDA projects a modest 1.3% increase in South American soybean acreage, a 21% increase in the average yield, and 21.6% (400 million bushels) increase in production in 2006. A crop at the projected level would more than offset the shortfall in U.S. production and keep world soybean stocks at a relatively high level. New crop corn and soybean prices have declined sharply from the June highs. With continued crop stress in August, the market will expect production to be below the USDA forecast. Unless those August projections are higher than currently expected, prices will likely make at least moderate recovery from the recent sharp declines.

CHS to Process Monsanto's VISTIVE(TM) Low-Linolenic Soybeans

Monsanto has announced that CHS will be a participating processor of Monsanto's VISTIVE(TM) low-linolenic soybeans in 2006 and will market VISTIVE oil for use by the food industry. VISTIVE low-linolenic soybeans will reduce or eliminate the need for partial hydrogenation of soybean oil, helping food companies reduce the presence of trans fatty acids (trans fats) in their products. For the 2006 growing season, CHS will be contracting with growers in southern Minnesota and northern Iowa for up to 40,000 acres of VISTIVE soybean production. Monsanto expects that VISTIVE soybeans will be grown on nearly 500,000 acres in 2006. VISTIVE soybeans have the Roundup

Ready(R) trait and maintain performance parity with leading soybean varieties. For 2006, VISTIVE will be available in Monsanto's Asgrow(R) brand, as well as Stine(R), Prairie(TM) Brand Seed. Latham(R) Seed, Kruger(TM) Seed Company, Croplan Genetics(R), FS HiSOY(R), LG(R) Seeds, Producers Hybrids(R), Midwest Seed Genetics(R), Crow's(R) and NC+(R) seed brands.

Indonesia Reviewing Soybean Import Policy to Protect Nation's Soy Producers

The government and state commodity regulator PT Bulog will revise the current import policy for soybeans as part of an effort to protect local farmers and open ways for becoming self-sufficient in producing the commodity. The government currently has in place an annual import quota for soybeans at between 900,000 tons and 1.2 million tons. But due to an apparent lack of transparency in the import procedures, most importers have been accused of violating that quota. Local soybean demand is estimated to reach about 2.1 million tons this year, with domestic farmers only able to produce about 700,000 tons. Soybeans in Indonesia are mostly used to make tempeh (soy cakes) and tofu. Elsewhere, Widjanarko also said that Bulog would jointly set up some 1,000 hectares of rice fields in Nanggroe Aceh Darussalam this year with the association of farmers and fishermen and state-owned seedling producer PT Sang Hyang Sri. The field is expected to be able to produce some seven tons of rice per hectare, relatively higher compared to the normal yield of about 4.5 tons per hectare on average in the rest of the nation.

Palm Oil E-Commerce Portal Launched in Malaysia

THE RM16.2 million business-to-business electronic exchange, Oilpalmworld Sdn Bhd, will be launched in Malaysia today. In a statement released in Kuala Lumpur, MD John K. Kuruvilla said the portal is expected to provide an e-commerce platform for members to carry out day-to-day business transactions round the clock. The e-marketplace is expected to create a successful e-community for the global palm oil industry and establish Malaysia as an electronic hub for the industry. Traders, buyers, sellers, plantation owners, refiners, brokers, consultants, equipment manufacturers, fertiliser producers, bankers, insurers and government agencies can benefit from this portal. Oilpalmworld has invested RM6.2 million in the first phase of the portal's development. At present, the company has 526 registered users from 59 countries and receives an average of 20,000 hits per day.

Cargill to Buy Palm Oil Refinery in Malaysia

U.S. commodity trading giant Cargill is in talks to buy a Malaysian-based palm oil refinery for about 250 million ringgit, or \$65.7 million. Cargill already owns two refineries in Malaysia and opened talks to buy Intercontinental Specialty Fats Sdn. Bhd., nine months ago. Cargill or Intercontinental officials were not immediately available to confirm the report. Intercontinental was formerly known as Lam Soon Edible Oils Sdn. Bhd. and is one of the world's leading producers of premium grade specialty food fats and oils, which are used to make chocolates and ice cream. Besides its refinery business, the company also has interest in the bakery, snacks and ice cream industries.

Carolina Patents New Process for Physical Refining of Soybean Oil

A solvent extraction-free process for producing refined soybean oil that is high in calcium and/or magnesium is described in which mechanically extracted crude soybean oil is subjected to a two-stage process to separate

hydratable and nonhydratable phospholipids. In the first stage, the crude oil is intimately mixed with water or with a weakly acidic aqueous solution, e.g., a aqueous solution of citric acid or a similar organic acid, to form gums of the hydratable phospholipids. After removing the gums from the oil, e.g., by centrifuging, the oil from the first degumming is intimately mixed with a weakly basic solution, e.g., an aqueous solution of sodium hydroxide or sodium metasilicate, to produce soapstock and reduce the magnesium and calcium in the oil to less than 100 ppm, followed by separation of the soapstock, e.g., by centrifuging. Free fatty acids are then removed through physical refining.

Canada's Weekly Exports of Canola Total 12600 MT

Export clearances of all grains and oilseeds shipped from Canada total 453,000 metric tons (MT) so far this marketing year up 31,200 MT from the 421,800 moved last year. The latest report from the Canadian Grain Commission (CGC) summarized weekly product movement through licensed primary and terminal elevator facilities for the week ending August 7. Grower deliveries during the week included 101600 MT canola. The CGC pegged total exports during the week at 453,000 MT. In addition, Statistics Canada indicates exports to the United States: 454 300 (172 900) MT of Oats, 42 200 (34 200) MT of Flaxseed, 90 500 (12 600) MT of Canola, and 111 800 (194 800) MT of Corn between August 2004 and April 2005. Year ago figures are shown in brackets. Shipments of oilseeds to domestic customers totalled 58800 MT canola during the week.

Philippines' First Biodiesel Plant Nears Completion

The Philippine government's long-term objective of energy independence is slowly gaining solid ground with the nearing completion of the country's first biodiesel plant located in Bagumbayan, Quezon City. The two-hectare plant being built by locally-owned Chemrez Inc. will have a capacity of 60 million liters per year and is due for completion in the first quarter of 2006. The construction of this plant is in support of the Department of Energy's (DoE) plan for a National B1 Program where all diesel fuel sold by oil companies will incorporate one per cent coco-biodiesel (also known as B1). The Philippines produces approximately 1.4 million tons of coconut oil per year. Seventy per cent of the total production is exported.

Canadian Crush Declines As Per The Weekly Crush Report

The Canadian Oilseed Processors Association (COPA) reports weekly crush in that country totalled 54,484 metric tons (MT) of canola and 35,523 of soybeans during the week ending August 10. The numbers, as reported to the association by member firms, down 14.6% from last week's crush level for canola, ending two weeks of increased crush. Soybean crush slipped 0.6%, ending three weeks of increased activity. So far during the 2005-06 marketing year, 81,870 MT of canola has been crushed, down around 20,500 MT from the 102,322 MT crushed during the same period last season. Soybean crush since the August 1 start of the 2005-06 marketing year totals 51,089 MT, around 27,800 MT above the 23,247 MT processed last season.

USDA Expects 75.93 Million Tonnes of Soybean Crop in US

This year's U.S. soybean crop is forecast at 2.79 billion bushels, down 11% from 2004 but up 14% from 2003, according to the latest USDA crop estimates. Based on August 1 conditions, yields are expected to average 38.7 bushels per acre, down 3.8 bushels from the record high U.S. yield set last year. Yields are lower than 2004 across

most of the country, with the exceptions being Georgia, Michigan, Minnesota, North Dakota, South Carolina, and Wisconsin. Area for harvest, at 72.2 million acres, has declined slightly from June and is down 2% from 2004. USDA production estimates below the average pre-report trade guesses. They ranged between 2.744 and 2.857 billion bushels, for an average guess of 2.802 billion. Interestingly, the USDA yield was at the average trade guess of 38.7 bushels per acre.

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 (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 (p)	2005-06 (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 (p)	2005-06 (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 (p)	2005-06 (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 (p)	2005-06 (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 traded marginally lower in the last week on weakening international sentiments and wide spread decline in the retail demand.

The uncertain palm oil market in Malaysia was owing to the discouraging figures of the different surveyors in Malaysia. Cargo surveyor Intertek Agri Services estimates showing a 20% rise on month in Malaysian palm oil exports to 401,967 tons in the Aug. 1-10 period. Another surveyor SGS (Malaysia) Bhd estimated Aug. 1-10 exports at 391,214 tons, up around 19% on month. The growth in exports helped ease earlier concerns that demand, which has been disappointing in June and July, may remain poor this month.

The Malaysian Palm Oil Board, or MPOB, issued its monthly supply and demand report Wednesday. The MPOB said Malaysian palm oil exports fell 7.8% on month to 1.08 million tons while production rose 7.0% to 1.29 million tons. Stocks rose to 1.27 million tons at end-July, up 7.4% on month.

The supportive factor in the international markets was that the Malaysia has been blanketed for days in thick smog blamed on forest fires in neighbouring Indonesia. The coastal areas of Kuala Selangor and Port Klang, one of the country's main ports, were placed under an emergency by the government after the Air Pollution Index soared to above 500 points, beyond hazardous levels. Past research also suggests that any talk of haze affecting production may be uncalled for. According to an article published in the Journal of Oil Palm Research in June 2000 on the effects of haze on oil palm yields, it was found that while adequate radiation is important, it is not the sole determinant of productivity.

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 13 days of August, India has imported about 1.68 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 continue trading weak in the coming week as the market is expected to receive no support from Malaysian market.

Weekly prices for CPO (Rs/ 10 kg)

Centers	08.08.05	09.08.05	10.08.05	11.08.05	12.08.05	13.08.05
Kandla	322	320	323	322	321	321

Weekly prices for RBD Palmolein (Rs/ 10 kg)

Centers	08.08.05	09.08.05	10.08.05	11.08.05	12.08.05	13.08.05
Kandla	352	349	354	355	351	355
Mumbai	360	357	361	360	363	365
Chennai	354	352	355	355	356	358
Kakinada	348	348	354	356	358	359

Soy oil

The domestic market continued on the lower side for most of the week amidst the increased panic selling activities and expected improving crop situation in the US.

The current crop progress report in US showed that 51% of the US crop was in good to excellent condition as compared with 54% last week and 59% 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 heavy rains in the soybean growing areas of Maharashtra and adjoining Gujarat has subsided and the crop situation is improving day by day. 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 1.29 lakh tonnes of soybean oil. The Hazir market also continued to decline gradually 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 continue the week's trading on the bearish tone amidst pressure from the decline sentiments in the global markets and increasing imports of edible oils.

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

Centers	08.08.05	09.08.05	10.08.05	11.08.05	12.08.05	13.08.05
Mumbai	356	354	354	356	355	355
Indore	370	368	364	366	368	367
Kota	372	368	371	372	368	369

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.

As per the latest development NAFED has already an open sale rate of Rs. 1700 for the markets of Rajasthan, Haryana and Punjab. The declining retail demand is pressuring the domestic prices. Still no break through has been achieved in the decision for the selling of the mustard seed by NAFED.

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 0.08 - 0.20 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 lower side in the coming week till the sale of mustard by NAFED is clarified.

Prices for Rape Expeller Oil (Rs/ 10 kg)

Centers	08.08.05	09.08.05	10.08.05	11.08.05	12.08.05	13.08.05
Mumbai	390	388	397	398	394	394
Kota	380	377	380	378	377	376
Delhi	405	403	405	400	398	398

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 still down by 6.23 per cent (08.08.05) and the late sowing done for groundnut is also bound to reduce the overall production prospects.

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	08.08.05	09.08.05	10.08.05	11.08.05	12.08.05	13.08.05
Mumbai	490	494	498	498	497	497
Rajkot	522	525	512	510	512	515
Andhra Pradesh	525	524	525	522	520	525
Chennai	528	530	528	526	523	325

Sunflower Oil

The sunflower oil prices in the market this declined significantly following the declining retail demand owing to the 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 continue range bound in the coming week amidst growing retail demand.

Prices at Indian Centers (Rs/10 Kg)

Centers	08.08.05	09.08.05	10.08.05	11.08.05	12.08.05	13.08.05
Sunflower Refined oil						
Mumbai	435	430	425	422	420	420
Chennai	440	442	442	440	435	432
Hydrabad	448	445	445	440	438	435
Sunflower Expeller oil						
Mumbai	465	460	455	455	455	453
Chennai	468	465	465	460	458	455
Hydrabad	468	465	462	460	458	450

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Slow consumer buying interest has been one of the key factors weighing on palm oil prices lately. Palm oil demand is expected to be strong around this time of the year as major buyers like China and India stock up for festivals later in the year. So far, however, demand has been uninspiring

as importers continue to stay on the sidelines, waiting for clearer price direction. So, for now, they just want and wait to see whether the market can go even lower. In the Malaysian cash market, palm oil products were unchanged in slow trading. The market is expected to continue further lower side amidst growing bearishness in the US soybean markets and declining global demand.

Parts of Malaysia, particularly in Kuala Lumpur and surrounding areas, have been blanketed in thick haze blamed on forest fires in neighbouring Indonesia. There are growing concerns that if the haze problem lingers or worsens, it may have some negative impact on yields of the country's oil palm trees, which require regular rain and sunshine for optimum production.

Cargo surveyor Intertek Agri Services estimates showing a 20% rise on month in Malaysian palm oil exports to 401,967 tons in the Aug. 1-10 period. Another surveyor SGS (Malaysia) Bhd estimated Aug. 1-10 exports at 391,214 tons, up around 19% on month. The growth in exports helped ease earlier concerns that demand, which has been disappointing in June and July, may remain poor this month.

The Malaysian Palm Oil Board, or MPOB, issued its monthly supply and demand report Wednesday. The MPOB said Malaysian palm oil exports fell 7.8% on month to 1.08 million tons while production rose 7.0% to 1.29 million tons. Stocks rose to 1.27 million tons at end-July, up 7.4% on month.

Malaysia has been blanketed for days in thick smog blamed on forest fires in neighbouring Indonesia. The coastal areas of Kuala Selangor and Port Klang, one of the country's main ports, were placed under an emergency by the government after the Air Pollution Index soared to above 500 points, beyond hazardous levels.

Remarks by Malaysian Prime Minister Abdullah Ahmad Badawi late Wednesday on the government's plan to promote the use of palm oil-based biodiesel in the country had little impact on prices. Abdullah said the government was formulating a national biofuels policy, which includes using palm oil to blend with petroleum diesel at a 5%: 95% ratio to produce biodiesel.

In addition, past research also suggests that any talk of haze affecting production may be uncalled for. According to an article published in the Journal of Oil Palm Research in June 2000 on the effects of haze on oil palm yields, it was found that while adequate radiation is important, it is not the sole determinant of productivity.

Prices in the Malaysian cash palm oil market were higher, following the gains in CPO futures, though trading activity was subdued. The market is expected to continue range bound on the lower side amidst declining support from the US soybean market.

Soybean Market United States

While Soybeans were higher Monday on concerns that hot and dry weather in the Midwest over the weekend and in the forecast for this week is raising will continue to raise concerns that the crop will not get enough moisture in the critical pod-filling stage it is clear from the back and forth price action that the trade isn't totally confident in its opinion. There are forecasts calling for more rain later on this week, but some reports are calling for it to stay northwest of the areas that need it, but as the days pass, the chances of really improving the crop are diminishing.

The weekly crop progress report, released late yesterday showed that 51% of the US crop was in good to excellent condition as compared with 54% last week and 59% 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 bearish influence of weather forecasts projecting cooler and wetter conditions for soybean crops in the Midwest was seen keeping a defensive theme in the market. However, without an aggressive speculative presence, uncertainty surrounding yield and production potential as well as ideas that recent declines were a bit overdone provided underlying support.

The average of analysts' estimates surveyed by Dow Jones Newswires pegged 2005 soybean production at 76.26 million tonnes with a yield of 2.68 tonne per hectare. Carryout for 2004-05 was pegged at 8.06 million tonnes and 2005-06 carryout at 4.57 million tonnes.

Weekly export sales for soybeans, released before the opening, came in at 154,000 metric tonnes, which was considered neutral against expectations. Meal sales came in at 43,300 metric tonnes, which was below the range of expectations. Cumulative sales have reached 88.9% of the USDA forecast for the season as compared to 93.6% on average over the last five years. Oil sales were 13,300 metric tonnes as compared to trade expectations between 1,000-5,000. The USDA pegged soybean Crop Production at 2.791 billion bushels as compared with trade expectations at 2.8 billion bushels (range 2.744-2.857). Last years crop was 3.14 billion bushels. Ending stocks for the 2005/2006 season were pegged at 180 million bushels as compared with the average trade estimate at 172 million bushels (range 115-210) and last month's estimate at 210 million bushels.

The USDA revised usage (both export and crush) down by 59 million bushels, which is seen as a bearish factor. World ending stocks for the 2005/2006 season was pegged at 48.27 million tonnes from 50.7 million last months forecast and from 45.98 million tonnes this season.

The US production was slightly lower than expected but the 20 million bushels adjustment lower in crush and 40 million lower in export usage was enough to keep ending stocks at an acceptable level. With uncertainty on weather for late next week and into the following week and deteriorating crop conditions since the August 1st (as of) date for the crop production estimate, the market found new buying support from the lower opening today.

The US soybean is expected to trade on the higher side in the coming week amidst increasing uncertainty in crop weather and expected decline in the overall soybean production.

South American Soybean Market:

Asian interest in soybeans appears to be improving, with Japanese buyers said to be interested in covering ahead of the summer holidays and Taiwan looking to replenish stocks and tendering for 40,000-60,000 tons of US or South American soybeans.

The Brazilian real was holding just below new contract highs on Friday, which would be its highest level since April 2002. The Argentine government reported that its farmers

finished harvesting the 2004/05 soybean crop last week, which was forecast at a record 38.3 million tonnes. The last USDA report put Argentina's production at 39 million tonnes.

While crop conditions deteriorated over the past week, the outlook for above normal rainfall and below or normal temperatures for the next few weeks keeps futures in a long liquidation mode over the short term. If the weather outlook continues to improve, long liquidation selling might persist into the USDA Crop Production and Supply/Demand reports for release before the opening on Friday.

With August weather having a huge influence on the final crop of the past several years, the market has already discounted the poor start to the crop, and futures are pricing in excellent weather for the second half of the month. Illinois soybeans are rated 41% in poor to very poor conditions as of August 7th, but the trade is counting on improving conditions with improving weather for the next 3 weekly reports.

Taiwan bought 58,000 tonnes of soybeans from Brazil for September 15th to 29th delivery, but there is talk that US soybeans might be cheaper for delivery in October through December.

If the average trade estimate for soybean production is correct (76.42 million tonnes) and there are no changes made to the demand outlook (80.91 million tonnes), ending stocks for the 2005/2006 season could come in near 3.29 million tonnes, which would be the second lowest in the past 29 years. This would equate to a stocks/usage ratio of 4.1%, which would be the lowest in over 30 years.

Funds were noted sellers of nearly 7,000 soybeans, 5,000 oil and 2,000 meal contracts yesterday, with futures in a long liquidation mode into the report. South Korea is tendering to buy 50,000 tonnes of US soybeans. Rust was reported in a fourth county in Alabama, and a suspected spore was found in Missouri yesterday.

Some analysts are looking for a drop of near 2-3% in planted area, with many looking for similar plantings to last year. China imported 2.86 million tonnes of soybeans in July, which brought the Jan-July total to 15 million tonnes, up 38.4% from last year's pace.

The southern Midwest and Arkansas yields are still in question, as their recent hot and dry weather will need to be followed by good rains over the next two weeks, or else yields could be clipped. Monday's USDA weekly crop progress report showed that 51% of the nation's crop is in good to excellent condition as compared with 73% last year at this time.

Last fall the USDA projected ending stocks at around 450 million bushels, but solid demand has lowered the 2004/2005 ending stocks to down near 290 million bushels.

South Korea is tendering for 55,000 tonnes of optional origin meal. US weekly export sales for soybeans came in at 154,000 tonnes, which was as, expected. Meal sales were below expectations at 43,300 tonnes and oil sales were well above expectations at 13,300 tonnes.

The Latin American soybean market is expected to trade marginally bullish on Monday amidst expectation of lower soybean production in US.

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 August soy oil future at National Commodity and Derivatives Exchange (NCDEX) was in between Rs 368.60-371.00 kg and at National Board of Trade (NBOT) was in the range of 369.60-373.20 per 10 kg.

Weekly settlement prices for soy oil at NBOT

Contracts	08.08.05	09.08.05	10.08.05	11.08.05	12.08.05	13.08.05
Aug'05	369.60	366.80	367.30	367.10	367.30	N.A
Sep'05	373.20	370.10	370.80	371.50	372.20	369.60
Oct' 05	N.A	N.A	N.A	N.A	N.A	N.A

Weekly settlement prices for soy oil at NCDEX

Contracts	08.08.05	09.08.05	10.08.05	11.08.05	12.08.05	13.08.05
Aug'05	371.00	369.05	370.05	369.90	369.95	368.60
Sep'05	374.20	372.05	373.00	372.90	373.55	371.70
Oct '05	376.65	374.15	374.90	374.70	375.45	373.80

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS (14.08.05)

Monsoon Outlook

Yesterday's Upper air Cyclonic Circulation over North Bay of Bengal persists over the same region. This is likely to descend down and concentrate into a low-pressure area within next 48 hours leading to revival of Monsoon.

Under its influence, the rainfall activity over many parts of east and Central India viz., Orissa, Jharkhand, East Madhya Pradesh and Chattisgrah may increase within next 48 hours.

After the formation of a low pressure area, the eastern end of the monsoon trough is likely to shift southward into the head Bay of Bengal. This situation may be helpful for penetration of monsoon easterlies into the plains of North India.

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

Isolated rains are taking place over this region. With the possible revival of monsoon and setting up of easterlies over the region, the rainfall activity may increase over the region during next 2-3 days.

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

Scattered to fairly widespread rains with isolated heavy falls are likely over NE States and adjoining Sub- Himalayan West Bengal during 48 hours. Subsequently, the rainfall activity over Orissa, West Bengal and Jharkhand is likely to increase whereas the activity over NE States & Sub-Himalayan West Bengal may decrease.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive isolated to scattered rains in next 48 Hrs. Subsequently, rainfall activity is likely to increase to fairly wide spread especially over Chattisgarh and East MP.

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

Scattered rainfall is likely over the region except over Tamil Nadu where it is likely to be isolated during next 3-4 days.

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

Rainfall over Konkan & Goa, Madhya Maharastra and Gujarat may increase after the revival of monsoon flow. East Rajasthan and west Rajasthan may receive isolated to scattered rainfall during next 4-5 days.

PORT WATCH

Port updates of Edible oils in India (01 Aug -13 Aug 2005) (Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	60124	129560	189684
Palm oil	49848	65795	115643
CPO	40600	101471	142071
Total palm	90448	167266	257714
Total oil	150572	296826	447398

Source: ANAS

Forex Rates (As on 13.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.58
Malaysia	Ringgit	11.62
European Union	Euro	54.21
United Kingdom	GBP	79.08
Japan	100 Yen	39.84

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