

VEGOIL

01st August - 06th August 2005

MAJOR WEEKLY HIGHLIGHTS

- **U.S. Sunflowers Remain Fair to Good**
- **Rapeseed Crops to Decrease from Last Year in Czechoslovakia**
- **COPA Estimates a Drop of 9.3 % in Crush Quantum for 2004-05**
- **Kharif Oilseeds Acreage Down by 2.45 Per Cent**
- **Pakistan's Oil Imports Should Rise in 2005-06**
- **Vietnam's Tuong An to Build The Largest Cooking Oil Plant**
- **Canadian Weekly Crush Continues Advance**

NATIONAL & INTERNATIONAL NEWS

U.S. Sunflowers Remain Fair to Good

Sunflower crops remain in mostly fair to good condition, with many producing states reporting an improvement in weather conditions. Topsoil moisture supplies improved in Minnesota as a strong cold front early in the week brought much-needed rain and cooler temperatures. About 37% of this year's sunflower crop is now blooming. Many areas throughout the state are reporting shortages in moisture levels due to the recent dry conditions. However, topsoil moisture levels improved slightly last week due to some scattered showers across the state and are now at 48% adequate to surplus. Subsoil levels declined from 61% adequate to surplus the previous week to 56% adequate to surplus. Sunflower blooming is at 20%, ahead of last year's 18% but behind the five year average of 21%. Kansas experienced slightly cooler temperatures and scattered showers during the past week.

Rapeseed Crops to Decrease from Last Year in Czechoslovakia

According to an estimate of the Czech Statistics Office, the volume of rape production would be about 754000 tonne in 2005, 180000 tonne less compared to 2004. The average yield at rape will decrease to 2.82 tonne per ha in 2005 compared to 3.60 tonne per ha in 2003. The sowing area of rape increased by 7700 ha in 2005 compared to 2004.

COPA Estimates a Drop of 9.3 % in Crush Quantum for 2004-05

The Canadian Oilseed Processors Association (COPA) reports oilseed declined during the 2004-05 marketing year, as gains in soybean crush activity were more than offset as canola dropped below the previous season's record crush. The numbers, as reported to the association by member firms, dropped 9.3% below 2003-04 for canola. Soybean crush rose 2.2% above the previous season's total. Canola crush in 2004-05 ended up at 3,004,983 metric tons (MT), compared to 3311855 MT in 2003-05, while soybean crush finished the season at 1580030 MT, up from 1545567 MT in 2003-04.

Kharif Oilseeds Acreage Down by 2.45 Per Cent

Oilseeds Kharif sowing is down merely 2.45 per cent at 137.56 lakh hectares compared with 141.02 lakh hectares last year. The data says soybean sowing has gone up this year compared to last two years. This higher coverage is due to a better spread in Andhra Pradesh, Maharashtra and Rajasthan. The acreage in Madhya Pradesh is less on year, due to delayed onset and advancement of monsoon. Sowing in other states has been completed. Soybean acreage is now up 1.3 per cent at 70.40 lakh hectares compared with 69.52 lakh hectares last year. A significant improvement in groundnut acreage has been seen within the last week. However, the coverage still is down 8.63 per cent on year at 45.40 lakh hectares. This is largely due to a lower acreage in Gujarat due to delayed onset of monsoons and heavy rains later. Other states that have seen lower acreage are Karnataka, Maharashtra and Tamil Nadu. While the sowing in Gujarat is over, it is still on in Karnataka and Andhra Pradesh. Sunflower sowing is down 30 per cent at 4.39 lakh hectares, sesamum is down 1.5 per cent at 11.70 lakh hectares and niger seed down sowing is down 7 per cent at 66,000 hectares. On the other hand, castor seed acreage is up 69 per cent at 5.02 lakh hectares following a rise in acreage in Andhra Pradesh, Gujarat and Rajasthan.

Pakistan's Oil Imports Should Rise in 2005-06

Oilseed imports are expected to rise sharply in the coming season, advancing from an estimated 616,000 MT in 2004-05 to a projected 900,000 MT in 2005-06. Canola and rapeseed will remain the dominant oilseeds imported, advancing from 550,000 in 2003-04 and 580,000 MT in 2004-05 to a forecast 750,000 in the coming season. No sunflower seed is to be imported compared to 149,000 MT in 2003-04 and none this past season. Soybean imports are expected to jump from 50,000 MT in 2003-04 and 36,000 MT the past season to a forecast 150,000 MT. Soybean imports are helped by changes in Pakistan's tax policies. In June 2003, the GOP exempted all oilseeds from custom duty but imposed a 20% sales tax. This action encouraged import of rapeseed and sunflower seed over soybeans because the sales tax applied for the meal by-product

differed by commodity. This will help restart commercial import of soybean in 2005-06. All vegetable oils, however, are assessed a flat 15% excise duty.

Vietnam's Tuong An to Build The Largest Cooking Oil Plant

The Tuong An joint-stock company launched the building of the country's largest cooking oil factory last weekend in the southern province of Ba Ria Vung Tau. The VND278 billion (US\$17.3 million) factory will produce about 600 tonnes of cooking oil per day after the construction work is completed by the end of next year. The new factory, along with the company's two existing plants, will triple the total production output. In the first half of the year, the company sold 51,000 tonnes of oil, marking a year-on-year growth of 16 per cent.

Canadian Weekly Crush Continues Advance

The Canadian Oilseed Processors Association (COPA) reports weekly crush in that country totalled 63,801 (56,633) metric tons (MT) of canola and 35,719 (34,791) MT of soybeans during the week ending August 3. The numbers, as reported to the association by member firms, rose 12.7% from last week's crush level for canola, for the second week of increased crush. Soybean crush rose 2.7%, for its third week over week increase. COPA made the transition to the 2005-06 marketing year during the week, reporting that during the first three days of the marketing year, canola crush totalled 27,836 MT and soybean 15,566 MT. So far during the 2005-06 marketing year, 27,836 MT of canola has been crushed, down around 10,000 MT from the 37,654 MT crushed during the same period last season. Soybean crush since the August 1 start of the 2004-05 marketing year totals 15,566 MT, around 8,500 MT above the 6,977 MT processed last season.

GLOBAL DYNAMICS

Total Oilseed Area and Production

World and Selected Countries (Date Created: 7/13/2005)

Country/Region	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	36.67	76.60	96.44	89.14
India	31.79	33.95	34.05	29.60	29.70	29.60
China	27.87	28.89	28.44	50.85	58.71	55.78
Brazil	22.78	24.19	24.38	53.08	53.72	64.93
Argentina	16.25	16.87	17.54	36.84	43.43	43.70
Canada	5.85	6.18	6.66	9.18	10.81	10.65
Russia	5.45	5.26	5.38	5.44	5.32	5.47
Ukraine	4.05	3.76	4.01	4.54	3.56	4.65
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
Uzbekistan	1.43	1.46	1.45	1.80	2.25	2.10
Total Foreign	160.16	167.06	162.24	257.69	282.80	289.52
World	196.20	203.87	198.91	334.29	379.24	378.66

Source: Foreign Agricultural Service, Official USDA Estimates for July 2005

Soybean: World Supply and Distribution Selected Countries Current Marketing Year (Date Created: 7/13/2005)

Production

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	3,000
Bolivia	1,240	1,650	1,850	2,030	2,000
EU-25	1,309	888	633	793	852
Indonesia	870	780	820	825	835
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	141,052
US	78,672	75,010	66,778	85,484	78,653
World Total	185,089	197,033	186,257	214,320	219,705

Exports

Countries	2001-02	2002-03	2003-04	2004-05 (p)	2005-06 (f)
Brazil	15,000	19,734	19,816	19,539	22,000
Argentina	6,005	8,713	6,710	8,165	8,400
Paraguay	2,285	2,806	2,776	2,100	3,000
Canada	495	700	914	1,000	965
Uruguay	48	155	278	390	426
China	300	265	319	350	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	149	181	392	144	158
Total Foreign	24,448	32,754	31,721	32,223	35,729
US	28,948	28,423	23,946	30,209	30,890
World Total	53,396	61,177	55,667	62,432	66,619

Imports

Countries	2001-02	2002-03	2003-04	2004-05 (p)	2005-06 (f)
China	10,385	21,417	16,933	23,200	27,000
EU-25	18,539	16,872	14,638	14,959	15,200
Japan	5,023	5,087	4,688	4,400	4,500
Mexico	4,510	4,230	3,797	3,800	4,000
Taiwan	2,578	2,351	2,218	2,300	2,210
Indonesia	1,414	1,235	1,316	1,375	1,450
Korea	1,434	1,516	1,368	1,250	1,300
Thailand	1,560	1,708	1,407	1,400	1,200
Iran	400	533	883	900	950
Turkey	558	756	612	785	800
Israel	735	500	494	575	600
Others	7,307	6,660	5,674	6,513	6,471
Total Foreign	54,443	62,865	54,028	61,457	65,681
World Total	54,443	62,865	54,028	61,457	65,681

Crush

Countries	2001-02	2002-03	2003-04	2004-05 (p)	2005-06 (f)
China	20,250	26,540	25,439	29,400	33,120
Brazil	24,693	27,168	29,331	29,392	31,600
Argentina	20,859	23,527	25,039	25,525	26,632
EU-25	17,636	16,290	14,129	14,289	14,500
India	4,629	3,420	5,534	4,710	5,515
Mexico	4,610	4,336	3,892	3,890	4,090
Japan	3,885	4,217	3,536	3,199	3,300
Taiwan	2,187	2,135	2,046	2,010	1,990
Canada	1,694	1,796	1,500	1,770	1,825
Bolivia	1,014	1,440	1,395	1,650	1,660
Others	10,623	10,910	10,182	11,763	12,215
Total Foreign	112,080	121,779	122,023	127,598	136,447
US	46,259	43,948	41,631	45,994	45,994
World Total	158,339	165,727	163,654	173,592	182,441

Ending Stocks

Countries	2001-02	2002-03	2003-04	2004-05 (p)	2005-06 (f)
Brazil	12,108	15,932	14,704	14,094	19,462
Argentina	10,159	12,467	12,676	16,836	19,354
China	2,095	4,467	2,100	3,700	3,700
EU-25	1,064	930	740	792	894
Japan	670	310	299	280	320
Canada	165	225	215	280	265
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	638
Total Foreign	27,599	35,544	31,936	37,191	45,024
US	5,663	4,853	3,059	7,886	5,706
World Total	33,262	40,397	34,995	45,077	50,730

DOMESTIC MARKET ANALYSIS

Palm oil

The domestic palm oil traded range bound in the last week on weakening international sentiments and wide spread uncertainty in the retail demand.

The unsteady movement in the prices was attributed to the floating value of the Malaysian currency, which has made the palm oil exports costlier for the importing nations. The declining figures of the exports and the fear of increasing end stocks is applying intense pressure on the global palm oil prices.

Malaysian prices for palm oil in China have fallen sharply in the past week because of weak demand and also because of a strengthening yuan. Refined, bleached and deodorized palmolein prices in major ports are down over CNY100/ton, or more than 2%, since the Yuan's peg to the dollar was removed July 21. Any slowdown in demand in the coming weeks and months would be particularly bearish for palm oil prices because the crop is currently in its seasonal peak period.

The uncertainty over the longer-term outlook for prices continues keeping players were mostly reluctant to commit aggressively to fresh positions ahead of the weekend. Cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are due Wednesday to release estimates for Malaysian palm oil exports in the first 10 days of August.

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 6 days of August, India has imported about 0.72 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 range bound in the coming week as the market is expected to receive marginal support from Malaysian market.

Weekly prices for CPO

(Rs/ 10 kg)

Centers	01.08.05	02.08.05	03.08.05	04.08.05	05.08.05	06.08.05
Kandla	324	324	324	325	321	325

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Centers	01.08.05	02.08.05	03.08.05	04.08.05	05.08.05	06.08.05
Kandla	356	357	357	358	354	357
Mumbai	364	364	364	364	362	364
Chennai	357	356	356	356	356	357
Kakinada	357	355	355	354	350	355

Soy oil

The domestic market continued range bound on the lower side for most of the weekdays, but improved towards the end amidst the increased buying activities and expected crop losses in Maharastra and Gujarat region owing to recent heavy rains.

The US market is expected to continue trading range bound on the higher side amidst increased pressure of oil and bean deliveries and increasing uncertainty in the crop weather.

As per the current crop progress report in US, the moisture in August is critical the pod filling, so the trade is watching the weather for the next few weeks very closely. The last night's conditions report, 54% of the soybean crop was rated in good to excellent condition, unchanged from last week but down from 70% a year ago and 60% as the 15-year average. Prior to the report, traders were looking for a 2-4% improvement in conditions. US Gulf basis was steady this morning and mixed in the central US.

The kharif oilseeds sowing has been overall down by 16.06 per cent (25.07.05), but the sowing of soybean has been on the increasing side (5 - 7 % higher than last year). The heavy rains in the soybean growing areas of Maharashtra are expected to significantly damage the crops leading to unsteadiness in the market. The traders are therefore expected not to enter the market for the next few days with medium or long-term investment plans, till the fresh estimates of the crop condition is declared by the government or private agencies.

The domestic future market traded on a weak note for the week amidst uncertain retail support and increased pressure of imports. In the month of July, India has imported about 2.56 lakh tonnes of soybean oil. For the first 6 days of August, India has imported about 0.69 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 on 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)						
01.08.05	02.08.05	03.08.05	04.08.05	05.08.05	06.08.05	01.08.05
Mumbai	358	358	359	359	359	358
Indore	369	371	373	372	373	371
Kota	373	373	375	375	376	374

Rape oil

The rape oil market witnessed range bound trade amidst decline in the retail market demand. ic 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. But till now there was no selling activity from the NAFED's side following the indifference of the trader. NAFED is inviting daily tenders, but the rate quoted is on the higher side at which the domestic traders are reluctant to purchase.

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.

The other oilseeds crop growth is not progressing smoothly in Madhya Pradesh, Gujarat and adjoining areas of Mumbai amidst heavy rains, which has already disrupted the normal demand and supply equilibrium.

Overall, it is expected that the rape oil will continue trading range bound in the coming week till the sale of mustard by NAFED is clarified.

Prices for Rape Expeller Oil (Rs/ 10 kg)						
Centers	01.08.05	02.08.05	03.08.05	04.08.05	05.08.05	06.08.05
Mumbai	395	391	395	395	394	392
Kota	384	384	382	382	382	382
Delhi	406	405	405	410	412	408

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 9.53 per cent (02.08.05) 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)						
01.08.05	02.08.05	03.08.05	04.08.05	05.08.05	06.08.05	01.08.05
Mumbai	485	485	485	495	492	490
Rajkot	520	520	520	520	522	520
Andhra Pradesh	525	522	524	528	525	520
Chennai	525	525	525	525	528	525

Sunflower Oil

The sunflower oil prices in the market this week was on the higher side following the declining retail supply and increased retail demand owing to the uncertain progress in the cropping weather of the oilseed crops.

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

The market is expected to continue firm in the coming week amidst growing retail demand.

Prices at Indian Centers (Rs/10 Kg)						
Centers	01.08.05	02.08.05	03.08.05	04.08.05	05.08.05	06.08.05
Sunflower Refined oil						
Mumbai	428	430	432	435	438	438
Chennai	448	445	444	442	440	445
Hydrabad	445	448	445	448	450	450
Sunflower Expeller oil						
Mumbai	460	458	462	465	465	468
Chennai	465	468	472	468	470	472
Hydrabad	468	468	470	472	470	472

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Estimates showing a drop in Malaysian palm oil exports in July had little impact on the market, as the figures were largely within expectations. Cargo surveyor Intertek Agri Services estimated July exports at 1.06 million tons, down 13.7% on month. Another surveyor, SGS (Malaysia) Bhd, pegged exports at 1.09 million tons, down 11.5% on month.

Domestic prices for palm oil in China have fallen sharply in the past week because of weak demand and also because of a strengthening yuan. Refined, bleached and deodorized palmolein prices in major ports are down over CNY100/ton, or more than 2%, since the Yuan's peg to the dollar was removed July 21. Any slowdown in demand in the coming weeks and months would be particularly bearish for palm oil prices because the crop is currently in its seasonal peak period.

Palm oil exports touched record levels earlier in the year but have been on a downtrend in June and July. Earlier in the week, cargo surveyors SGS (Malaysia) Bhd. and Intertek Agri Services estimated an on-month drop of around 12%-14% in Malaysian palm oil exports in July.

The Malaysian government's decision to abandon a seven-year peg of the ringgit July 21 had sparked some heavy hedge selling and speculative trading, contributing to improved activity. However, the recovery in trading volumes was short-lived as participation dwindled again in recent days. Participants are waiting for clearer indications on the supply and demand situation for the coming months.

CPO futures were in positive territory for most of the day, but fell below a key support level of MYR 1350 a metric tonne in the last hour of trading amid talk of selling interest by a major trading company in the cash market. The company, a large exporter of Indonesian palm oil, is influential, with smaller players often following its trading decisions.

The uncertainty over the longer-term outlook for prices continues keeping players were mostly reluctant to commit aggressively to fresh positions ahead of the weekend. Cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are due Wednesday to release estimates for Malaysian palm oil exports in the first 10 days of August.

But the market is still holding quite well because people are saying that demand should be picking up again soon as we approach the festival periods in all the big consuming markets. China celebrates the Mid-Autumn Festival in September, followed by National Day holidays in October. The Muslim holy month of Ramadan also starts in October, while the Hindu Diwali festival is in November.

In the Malaysian cash market, palm oil products were unchanged for most of the day before moving lower late in the day amid selling pressure from the Indonesian-linked trading company. The market is expected to continue on the lower side amidst increasing bearishness in the US soybean markets.

Soybean Market United States

The weekly crop progress report, released this afternoon is expected to show crop conditions improving by 2-4% in the good to excellent category. In addition, deliveries were much higher than expected this morning at 1,308 contracts for soybeans and 1,052 contracts for oil. Iran bought 35,000 tonnes of oil from Brazil.

Moisture in August is critical the pod filling, so the trade is watching the weather for the next few weeks very closely. In last night's conditions report, 54% of the soybean crop was rated in good to excellent condition, unchanged from last week but down from 70% a year ago and 60% as the 15-year average. Prior to the report, traders were looking for a 2-4% improvement in conditions. US Gulf basis was steady this morning and mixed in the central US.

Weekly export sales came in at the bullish end of expectations but the weather outlook was mixed. As per the export sales for soybeans came in at 116900 metric tonnes for the current crop and 133700 for new for a total of 250600, which was above trade expectations. Cumulative sales for the 2004/05 crop have reached 100.0% of the USDA forecast as compared to 103.2% on average over the last five years.

Meal sales came in at 72,700 for the current crop and 2,700 for new for a total of 75,400, which was within the range of expectations. Cumulative meal sales have reached 88.3% of the USDA forecast as compared to 92.5% on average over the last five years. Sales of 83,200 metric tonnes per week are needed to reach the USDA estimate.

Oil sales were 1,100 for current crop and 500 for new for a total of 1,600, which was towards the low end of expectations. Cumulative sales have reached 65.9% of the USDA forecast as compared to 59.0% on average over the last five years. Sales of 23,500 metric tonnes per week are needed to reach the USDA estimate.

As per the private surveyors report released in the press in the press the 2005 US soybean production is expected to be 76.55 million tonnes. While this is lower than the July 12th estimate of 78.65 million tonnes, apparently it is bullish, as some traders are still expecting the drought and reduced crop conditions.

Drew Lerner of World Weather Inc. reported that current models predict a cool front to move into the Midwest late next week, with moisture favoring the northern belt. The northern belt could receive rains from 1/2 inch to 1 1/2 inches while the rest of the soybean belt would see precipitation in the 2/10- to 3/4-inch range with 40% coverage.

The US soybean is expected to trade range bound in the coming week on the higher side amidst support from the lower production estimates.

South American Soybean Market:

With weakness overnight, the market is obviously viewing this as enough to see the trend towards improving crop conditions to continue. In addition, monsoon rains have arrived to help support much improved crop conditions in India. With the late arrival of seasonal rains to the western oilseed areas of India, planted area is expected to be down, but the active monsoons of last week should help boost yields. Traders believe that soybean plantings will be down nearly 1 million hectares to 7.4 million and that groundnut plantings will be around 4.4 million hectares, down 400,000 from last year. India imports nearly half of its annual consumption of 11 million tons of edible oils.

Chinese soybeans overnight were slightly higher in what the press described as bargain hunting buying, but still it is clear that buyers are only partially interested in the long side. Given the latest COT report positioning, it is certainly possible that heavier than expected rains on Thursday followed up by rains next week could prompt a temporary washout to 6.58 in the November US beans, but there

would seem to be enough uncertainty and an entire month of critical growing time still ahead to prevent a total capitulation.

Giving the bulls an added edge is the fact that news services this morning are circulating rumours of some rust spores in Illinois. Slightly higher palm oil pricing overnight also lends some support to prices, but it is clear that the bull moves are sluggish and volume and open interest hasn't really supported the rise off the July lows.

As opposed to corn, the US soybean market has to give a little more credence to the potential for deterioration in crop conditions, but the market also realizes that the bean crop maintains significant resiliency in its conditions. With the latest US crop conditions report showing good/excellent ratings at almost the mid point of the historical high and low extremes, it is apparent that conditions are vulnerable. To add to the either way potential in prices is the fact that the US Midwest weather is oscillating between cool and hot and also between wet and dry.

It seems that the bearishly inclined corn market mentality is giving the barely bearish weather forecasts more credence than would normally be seen, considering what remains on the line for the soybean market. Soil moisture continues to deteriorate in many areas, with only a few concentrated areas seeing enough rain to actually improve or offset the effect of the moderately hot temperature condition.

Some forecasts are calling for an expanding mass of cool air to develop over Canada that could push the jet stream down over the upper US Midwest by the middle of next week which, would have the potential to usher in a period of heavier, more frequent thunderstorm activity across the northern Illinois and would mark a significant change from what that region has been experiencing this summer. The Latin American soybean market is expected to continue marginally bullish amidst declining crop prospects in US.

VAYDA BAZAAR

Soy oil futures at National Commodity & Derivatives Exchange Limited (NCDEX) and NBOT declined marginally on increased selling pressure amidst uncertainty in the monsoon in the ongoing month and uncertain international support. Settlement prices for August soy oil future at National Commodity and Derivatives Exchange (NCDEX) was in between Rs 375.00-379.00 kg and at National Board of Trade (NBOT) was in the range of 372.40-378.40 per 10 kg.

Weekly settlement prices for soy oil at NBOT

Contracts	01.08.05	02.08.05	03.08.05	04.08.05	05.08.05	06.08.05
Aug'05	374.20	372.70	374.30	371.30	371.30	369.90
Sep'05	379.40	377.20	379.20	375.40	375.70	373.90
Oct' 05	N.A	N.A	N.A	N.A	N.A	N.A

Weekly settlement prices for soy oil at NCDEX

Contracts	01.08.05	02.08.05	03.08.05	04.08.05	05.08.05	06.08.05
Aug'05	376.65	374.95	376.05	373.90	373.80	372.30
Sep'05	380.30	379.00	380.20	377.70	377.25	375.65
Oct '05	382.10	381.00	382.15	380.30	379.65	378.10

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Monsoon Outlook

Yesterday's well marked low pressure area over Jharkhand and adjoining north interior Orissa has weakened in to a low pressure area and remains stationary. This synoptic circulation system has caused moderate to heavy rainfall over north Orissa, Chattisgarh and adjoining Jharkhand. In view of the strong monsoon flow across the peninsula, widespread rainfall activity was realized over Konkan & Goa, Vidarbha, Telangana and coastal Andhra Pradesh. At the same time prevailing western Disturbance over NW India caused fairly widespread rainfall activity over Rajasthan, J&K, Himachal Pradesh, Punjab, Haryana(including Delhi) and Uttaranchal.

The low-pressure system is expected to move slowly in a north-north-westward direction during next 2-3 days. The possible interaction between the monsoon current over the Gangetic plains and eastward moving western disturbance may cause fairly widespread rainfall activity with isolated heavy fall over north, northwest India and parts Central India viz., Uttar Pradesh, Uttaranchal, J&K, Himachal Pradesh Punjab, Haryana (including Delhi), western parts of Bihar and North Madhya Pradesh, Chattisgarh and Jharkhand in next 2-3 days. Subsequently, rainfall over parts of J&K, Himachal Pradesh, Punjab, and Haryana is likely recede and the activity over remaining areas is likely continue for another 2-3 days.

The monsoon flow is expected to remain stronger along the west coast and across the peninsula in coming 4-5 days and hence fairly widespread rains with isolated heavy falls are expected to continue along Konkan & Goa, Karnataka, north Kerala, parts of Marathwada, Vidarbha and Telangana.

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

Fairly widespread rainfall is likely over the region during next 2-3 days. Subsequently, rainfall activity is likely to reduce over the region.

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

Orissa, Jharkhand and West Bengal are likely to receive fairly widespread to widespread rains with isolated heavy falls during next 2-3 days. Fairly widespread rainfall is likely over East UP and Bihar and scattered to fairly widespread over NE States during 4-5 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Under the influence of the low-pressure area over Jharkhand & adjoining Orissa, Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive fairly widespread rains during next 4-5 days.

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

Karnataka, north Kerala and Telangana are likely to receive fairly widespread rainfall activity during next 3-4 days with isolated heavy falls in Coastal Karnataka. Rest areas of the region are likely to receive isolated to scattered rains during this period.

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

Konkan & Goa and remaining parts of Maharashtra may receive fairly widespread rains with isolated heavy falls in Konkan & Goa during next 3-4 days. Rest areas of the region are likely to receive isolated to scattered rains during this period.

DOMESTIC DYNAMICS

Crop Coverage in Kharif Season 2005-06

Crop	Normal area	Area Coverage (As reported on 01.08.05)			Important States	Area Difference in absolute percentage over last estimate
		This Year	Last Year	Difference		
Groundnut	56	45.40	49.69	-4.29	Andhra Pradesh Gujarat Karnataka Uttar Pradesh Maharashtra Rajasthan Tamil Nadu	(-1.2, -9.2) (-1.0, -5.5) (-1.7, -24.0) (-0.3, -24.5) (-0.4, -12.3) (+0.6, +25.7) (-0.3, -21.7)
Soybean	63	70.40	69.52	+0.88	Karnataka Maharashtra Madhya Pradesh Rajasthan Andhra Pradesh	(-0.4, -21.3) (+1.8, +9.3) (-1.9, -4.6) (+1.0, 18.1) (+0.5, +52.3)
Sunflower	5	4.39	6.25	-1.86	Andhra Pradesh Karnataka Maharashtra	(-0.1, -7.7) (-1.7, -35.2) (-0.1, -17.6)
Sesamum	16	11.70	11.88	-0.18	Gujarat Karnataka Rajasthan Andhra Pradesh	(-0.2, -4.5) (-0.3, -31.3) (1.3, +76.0) (-0.9, -56.3)
Niger	5	0.66	0.71	-0.05	Madhya Pradesh Maharashtra	(+0.04, +33.3) (-0.04, -10.8)
Castor	8	5.02	2.97	+2.05	Andhra Pradesh Gujarat Rajasthan	(+1.2, +65.2) (+0.2, +42.6) (+0.7, +325.0)
Total Kharif Oilseeds	152	137.56	141.02	-3.46	Andhra Pradesh Gujarat Rajasthan Karnataka Madhya Pradesh Maharashtra Uttar Pradesh Chhattisgarh	(-0.5, -2.8) (-0.8, -3.6) (+3.5, +36.1) (-4.1, -27.6) (-1.8, -4.1) (1.4, +5.8) (-0.4, -17.5) (-0.4, -22.4)

PORT WATCH

Port updates of Edible oils in India (01 Aug -06 Aug 2005) (Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	33500	69060	102560
Palm Oil	21475	19400	40875
CPO	84847	52700	137547
Total Palm	106322	72100	178422
Total Oil	139822	141160	280982

Source: ANAS

Forex Rates (As on 06.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.52
Malaysia	Ringgit	11.60
European Union	Euro	53.76
United Kingdom	GBP	76.46
Japan	100 Yen	38.87

Brazil – Soybean Usage Summary (metric tonnes)

Soybean	Feb-Jan 2003-04	Feb-Jan 2004-05	Feb-Jun 2004-05	Feb-Jun 2005-06	Jun 2005
Beginning Stocks	258,000	996,200	996,200	2,216,000	13,530,000
Net Purchases	38,452,000	37,528,000	28,112,000	28,702,000	1,875,000
Crushing	23,449,000	25,870,600	11,361,600	11,490,000	2,273,000
Industry Exports	11,276,400	9,961,600	6,565,600	5,988,000	1,455,000
Domestic Sales	2,718,400	1,995,000	703,000	303,000	59,000
Ending Stocks	1,266,200	2,216,000	2,216,000	11,618,000	11,618,000
Soymeal					
Beginning Stocks	546,000	764,000	764,000	636,000	1,236,000
Production	18,028,000	19,874,000	8,726,000	8,845,000	1,747,000
Imports	266,000	178,000	75,000	67,000	16,000
Exports	11,291,000	13,283,000	5,748,000	5,164,000	1,007,000
Domestic Use	6,457,000	6,840,000	2,522,000	3,139,000	690,000
Ending Stocks	1,302,000	1,302,000	636,000	1,302,000	1,302,000
Soyoil					
Beginning Stocks	149,000	178,600	178,600	220,800	405,800
Production	4,515,600	4,965,000	2,173,000	2,212,000	439,000
Imports	33,000	15,000	15,000	-	-
Exports	1,779,000	2,143,400	884,400	870,000	191,000
Domestic Use	2,583,000	2,769,400	1,125,400	1,197,000	263,000
Ending Stocks	390,800	390,800	220,800	390,800	390,800

U.S. Fats and Oil Usage by Product - June 2005

(Thousands of pounds)

Particulars	June	May
Consumption in edible products	1,877,760	1,962,954
Baking or frying fats...	743,554	777,417
Margarine...	73,851	72,243
Salad or cooking oil...	1,026,229	1,073,368
Other edible products 2 /...	34,126	39,926
Consumption in inedible products	551,843	550,512
Fatty acids	215,909	221,511
Feed	242,177	237,698
Lubricants	8,933	8,605
Paint and varnish	8,158	10,224
Resins and plastics	12,272	11,896
Soap	22,716	22,094
Other inedible products	41,678	38,484

U.S. OIL SUPPLY AND DISTRIBUTION

(Million tonnes)

Year	Production	Exports	Imports	Consumption	Ending Stocks
Oil, Soybean (MY Sep/Aug)					
2000/2001	8,355	636	33	7,401	1,255
2001/2002	8,572	1,143	21	7,635	1,070
2002/2003	8,360	1,027	21	7,748	676
2003/2004	7,748	424	139	7,651	488
2004/2005	8,716	635	47	7,847	769
2005/2006	8,648	703	50	8,006	758
Oil, Sunflower seed (MY Sep/Aug)					
2000/2001	396	247	4	162	62
2001/2002	305	205	16	168	10
2002/2003	138	51	28	113	12
2003/2004	270	107	12	169	18
2004/2005	132	45	27	118	14
2005/2006	306	127	2	159	36
Oil, Rapeseed (MY Jun/May)					
2000/2001	292	85	545	797	51
2001/2002	265	116	503	679	24
2002/2003	226	73	445	587	35
2003/2004	275	126	555	697	42
2004/2005	332	120	577	790	41
2005/2006	277	111	574	735	46
Oil, Peanut (MY Aug/Jul)					
2000/2001	81	6	36	111	14
2001/2002	104	4	18	118	14
2002/2003	130	19	32	124	33
2003/2004	78	12	57	111	45
2004/2005	64	5	32	102	34
2005/2006	95	20	27	115	21

Source: Foreign Agricultural Service, Official USDA Estimates for July 2005

Major Oilseeds: World Supply and Distribution

(Million Metric Tons)

Particulars	2001-02	2002-03	2003-04	2004-05	2005-06
Production					
Soybean	185.09	197.03	186.26	214.32	219.71
Cottonseed	36.76	32.96	35.83	45.40	40.73
Peanut	33.81	30.82	32.61	33.14	34.24
Sunflower seed	21.37	23.96	26.68	25.77	26.84
Rapeseed	36.03	32.90	39.34	46.36	42.40
Copra	5.21	5.11	5.37	5.39	5.38
Palm Kernel	7.20	7.64	8.20	8.86	9.36
Total	325.48	330.41	334.29	379.24	378.66
Exports					
Soybean	53.40	61.18	55.67	62.43	66.62
Cottonseed	0.97	0.75	0.94	1.00	0.99
Peanut	1.93	1.91	1.82	1.91	2.02
Sunflower seed	1.31	1.83	2.81	1.76	2.36
Rapeseed	4.92	4.11	5.48	5.15	5.22
Copra	0.14	0.12	0.12	0.12	0.12
Palm Kernel	0.08	0.08	0.07	0.08	0.08
Total	62.74	69.96	66.90	72.46	77.41
Imports					
Soybean	54.44	62.87	54.03	61.46	65.68
Cottonseed	1.24	0.85	0.90	0.91	1.02
Peanut	1.77	1.60	1.48	1.62	1.68
Sunflower seed	1.22	1.71	2.58	1.60	2.21
Rapeseed	4.98	4.05	5.06	5.04	5.17
Copra	0.11	0.07	0.09	0.08	0.08
Palm Kernel	0.09	0.04	0.08	0.08	0.08
Total	63.85	71.19	64.20	70.78	75.92
Crush					
Soybean	79.67	81.66	88.44	92.63	92.77
Cottonseed	32.75	29.41	31.35	34.78	33.84
Peanut	22.91	21.31	22.66	22.94	23.08
Sunflower seed	18.78	20.10	22.71	21.44	22.50
Rapeseed	23.31	21.73	25.33	26.21	26.72
Copra	0.00	0.00	0.00	0.00	0.00
Palm Kernel	0.00	0.00	0.00	0.00	0.00
Total	177.41	174.21	190.48	198.00	198.91
Ending Stocks					
Soybean	33.26	40.40	35.00	45.08	50.73
Cottonseed	0.59	0.41	0.55	0.67	0.57
Peanut	1.00	0.56	0.72	0.87	0.96
Sunflower seed	0.79	1.34	1.63	1.58	1.62
Rapeseed	2.79	1.95	1.94	4.21	3.74
Copra	0.03	0.04	0.08	0.08	0.07
Palm Kernel	0.15	0.16	0.14	0.16	0.17
Total	38.62	44.86	40.05	52.64	57.86

Source: Counselor and Attache Reports Official Statistics, USDA Estimates for July 2005

MALAYSIA SEES SMALLER PALM OIL CROP

Both output in the Peninsula Malaysia and East Malaysia's production declined by 3.8 and 12.1% respectively. Compared to June 2004, output during June 2005 was 3.1% higher. The decline in output was attributed to the trees undergoing some biological stress after three contiguous months of high production and the erratic precipitation in late May and early June.

Low carry-in stock level propped the local CPO prices above the US\$368 level during most of July. However, prices suffered a 1.5% to 3% drop in ringgit terms after the 'unpegging' of the Malaysian ringgit to the US dollar on July 21. Since palm oil is quoted in US dollars, a stronger ringgit would translate to lesser income for the exporters in the near term.

World Demand Improving

Industry sources indicate that an expected rise in demand would cushion the shortfall in the longer term. The monthly average CPO price rose from US\$368 MT in June to US\$371 MT in July 2005. For comparison, the average CPO price for July 2004 was US\$388 MT. The Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also rose from US\$384 MT in June to US\$386 MT in July.

Lower CPO output resulted in a further drop in carryout stocks to 1.2 million MT at the end of June. With an

expected higher CPO output and a small decline in PO exports for the Jul-Sep quarter, Post expects the carry-over stocks to be at around 1.3 to 1.4 million MT by the end of Sept.

Preliminary official PO exports rose from 1.3 million MT in May to 1.2 million MT in June. PO exports further weakened in July ahead of heavier buying months of Aug and Sep, especially from India as it prepares for the celebration of 'Dewali' on Nov 1.

Annual Situation

CPO output had already reached 11.1 million MT for the first 9 months of 2004-05. With the Post's current forecast of 4.1 million MT for the last quarter, CPO output has been revised upwards to 15.2 million MT for 2004-05 and 15.5 million MT for 2005-06.

Some reasons cited for the increase in yields in the recent months are the improved yields from enhanced tree varieties in newly planted and replanted areas; an increase of area reaching peak fruit bearing stage; the relatively high PO prices have encouraged a sufficient usage of fertilizers which has positive impact on yields; and better cultural practices have resulted in better extraction rate of CPO (OER) at mills.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.