

## VEGOIL

10<sup>th</sup> October - 15<sup>th</sup> October 2005

### MAJOR WEEKLY HIGHLIGHTS

- Vegetable Oil Imports Up By 19 Percent
- Government of India Has Increased Base Import Prices Of Edible Oil
- Acreage, Production Of Rapeseed Increased In France

### NATIONAL & INTERNATIONAL NEWS

#### Import of Edible Oil Increased Around 19 per cent

The import of edible oil especially palm and soyoil is reported at 46,30,483 tonnes during 11 months of the current oil season. It is increased more than 19 per cent from previous corresponding year. However, for the month of September, 2005 is reported that the total import of edible oil is 5,08,332 tonnes and it was 5,87,885 tonnes in the month of September 2004. The import of edible oil in

the month of September 2005 was less about 15.65 per cent as compared to September 2004. During the period of 11-month of the current oil season, import of refined oils and crude oil was reported at 4,36,823 tonnes and 41,93,660 tonnes respectively. Refined oils share in imports has decreased to 9 per cent from 18 per cent, while that of crude oils has increased to 91 per cent from 82 per cent, due to duty difference leading to value addition within the country.

#### France: Acreage, Production Of Rapeseed Increased, Sunflower Down

French rapeseed estimated output was recorded 4.410 million tonnes for 2005-06. It is increased by 10. 4 per cent from last month's forecast of 4.360 million tonnes and it is 29.5 percent up from last five-years average. The French rapeseed area is increased by 7.5 per cent and yield increased by 2.5 per cent this year as compared with that of

2004-05. The production of sunflower seed this year is 1.432 million tonnes. It is declined by 2 per cent from the last month's forecast and declined by 9.2 per cent from the last five-years average.

#### Government of India has increased the base import prices of Palm oil, Soyoil

The Government of India increased the base import price of palm oil and soybean oil. The base import prices of palm oil and soybean oil by \$10 to \$ 24 per metric tonnes.

#### Revised tariff rate on 15.10.2005 by the GOI.

Unit: in US \$ Metric Tonnes

Commodity	Revised tariff rate w.e.f. 15.10.05	Previous tariff rate	Difference (US \$ )
CPO palm oil	426	402	24
Crude palmolein	438	418	20
RBD palm oil	436	420	16
RBD Palmolien	447	430	17
Crude soybean oil	518	508	10

The base import price of crude palm oil has been raised to \$426 a metric ton from \$402/ton, refined ,bleached and deodorized (RBD) palm oil to \$436/ton from \$420/ton and that of RBD palm olein to \$447/ton from \$430/ton. The crude palm olein raised to \$438/ton from \$418/ton.

The base import price of crude soybean oil has been raised to \$518/ton from \$508/tonnes. While the price of CPO has gone up by \$24/ton, the government raised the price of RBD palm oil by \$16/ton; that of RBD palm olein by \$17/ton and that of crude soybean oil by \$10/ton.

The government of India sets the base import prices for palm and soy oils and import duties are calculated from these prices regardless of the actual price at which importers buy the commodity.

## GLOBAL DYNAMICS

### 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

### Total Oilseed Area and Production Of Selected Countries of the World.

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

## Canada – Canola Crush Summary

(Metric tons)

Months	2000-01	2001-02	2002-03	2003-04	2004-05
August	237985	197758	190994	209845	255121
September	281672	220964	216504	298462	220777
October	294098	213770	192778	286120	278740
November	290402	235814	171564	283484	264977
December	280515	203357	144840	289053	274583
January	290238	212233	145732	300216	246560
February	244686	182328	185914	267181	247343
March	278975	184346	192041	325247	274913
April	221861	166053	188322	307567	249970
May	168194	161418	181151	280722	221362
June	216606	164046	197774	234607	201577
July	207859	151075	221133	306664	295005
Annual	3013091	293162	2228747	3389168	3030928

BASED on Statistics Canada data

## Canada – Canola Oil Production

(Metric tons)

Months	2000-01	2001-02	2002-03	2003-04	2004-05
August	99849	84177	80752	88220	106562
September	118179	92134	91584	122916	92320
October	123392	89390	80318	114154	119778
November	121842	98719	70034	113478	112568
December	117693	91513	60568	120061	115971
January	121773	90117	60520	123292	104143
February	102661	77157	76629	111113	101367
March	117823	77170	80268	132518	113559
April	91801	69616	77840	127105	101641
May	69662	67919	75807	115596	92258
June	91289	68997	81121	146835	81755
July	88214	64107	92014	126218	106970
Annual	1264179	971016	927455	1441506	1248892
Oil Yield (%)	42.00	42.30	41.60	42.50	41.20

BASED on Statistics Canada Data

## U.S. Selected Items of Crude Vegetable Oil Production

[Million Pound]

Months	Seasoned		Non Seasoned	
	Soybean	Cottonseed	Soybean	Cottonseed
2004				
January	1520.90	64.60	1618.90	82.40
February	1508.80	69.20	1462.40	75.70
March	1405.00	75.70	1461.40	87.20

April	1329.60	63.60	1260.30	67.00
May	1375.50	75.00	1314.60	73.80
June	1364.70	74.30	1236.00	66.70
July	1360.20	78.80	1304.00	59.70
August	1286.70	81.80	1185.90	68.60
September	1499.70	78.70	1390.90	58.10
October	1655.10	72.60	1764.00	77.10
November	1582.30	70.60	1688.00	82.20
December	1577.00	71.30	1682.30	81.40
Total	9864.70	501.20	9657.60	512.50
<b>2005</b>				
January	1581.80	74.90	1680.20	88.70
February	1601.40	76.50	1564.10	83.40
March	1602.90	75.90	1686.40	84.30
April	1652.20	85.20	1579.60	90.70
May	1682.10	72.40	1620.10	71.30
June	1650.70	87.90	1497.30	81.60
July	1693.40	91.00	1593.80	69.50
Total	11464.50	563.80	11221.50	569.50

U.S. Census Bureau

### World Supply and Use for Oilseeds

(Million Metric Tons)

Commodity	Output	Total Supply	Trade	Total Use	Ending Stocks
<b>Oilseeds</b>					
2003/04	334.29	379.15	67.03	278.39	40.02
2004/05 (Est.)	379.24	419.26	72.53	298.63	53.58
<b>2005/06 (Proj.)</b>					
July	378.66	431.17	77.41	306.63	57.86
August	377.33	430.91	77.86	307.69	56.07
<b>Vegetable Oils</b>					
2003/04	100.61	107.53	38.41	98.74	7.00
2004/05 (Est.)	107.79	114.79	40.39	106.20	7.27
<b>2005/06 (Proj.)</b>					
July	111.02	118.40	42.31	110.42	7.05
August	111.26	118.54	42.57	110.71	6.93

USDA World Agricultural Outlook Board's Latest Forecasts

### The brief summary about the soybean crushing in the United States

Items	September 2004	August 2005	September 2005
Crushing capacity	4,281,185	4,361,662	4,507,049
Soybean crushed	3,101,760	3,459,158	3,353,343
Oil produced	595,646	666,244	639,391
Oil yield	19.20 %	19.26 %	19.07 %
Oil stocks	361,684	623,450	640,567

Source: National Oilseed Processors Association

## DOMESTIC MARKET ANALYSIS

### Palm oil

The spot market prices of palm oil was in bound range during the week. The CPO prices were increasing from past one month deriving gains from the concept of bio-diesel, but things are still is on papers. The prices of palmoil could not go down due to increasing buying support at domestic

market on the occasion of festivals like Diwali and Ramzan. It is expected that market sentiment of palm oil may be slightly bullish during the festival period due to festival demands and hike the base import prices of palm oil by Government of India.

#### Weekly prices for CPO

(Rs/ 10 kg)

Center	10.10.05	11.10.05	12.10.05	13.10.05	14.10.05	15.10.05
Kandla	329	328	328	332	332	332

#### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	10.10.05	11.10.05	12.10.05	13.10.05	14.10.05	15.10.05
Kandla	358	356	358	360	361	361
Mumbai	364	363	365	367	370	370
Chennai	363	366	N.A	375	375	376
Kakinada	369	370	N.A	372	375	375

### Soy oil

Soyoil prices at spot market has been noticed slightly improvement during the week. At the end of the week soy oil prices mildly increase only due to rain and cloudy weather in some region of Maharashtra, Madhya Pradesh and Andhra Pradesh. The harvest of soybean has started in India. Arrivals are gradually picking up in some parts of Maharashtra and Madhya Pradesh. However, whole of fresh produce coming in the market is not fit for crushing as

it contains high moisture content. It was expected earlier that prices of soyoil would go down with keeping above-mentioned factor in the mind. But, right now it is expected that the prices of soyoil would be towards up direction due to high demand in the domestic market on the occasion of festivals and base import prices of soy oil by Government of India.

#### Prices for Soy (ref) during the week

(Rs/ 10 kg)

Center	10.10.05	11.10.05	12.10.05	13.10.05	14.10.05	15.10.05
Mumbai	357	357	362	362	363	364
Indore	359	358	359	360	361	362
Kota	360	360	N.A	365	365	365
Jaipur	365	364	N.A	370	372	370
Nagpur	360	359	N.A	360	361	363

### Rape oil

The market sentiments of rape/mustard oil bound range during the week. The harvesting of soybean and groundnut already started in major producing states. There is another factor to less demand for mustard oil is that the availability of other edible oil at cheaper rate in the market like soyoil and palm oil. The 45.5 lakh ton vegetable oil has been imported this year. Such huge supply may cause for low

price of mustard oil. There may be little improvement in vegetable oil at domestic market due festivals throughout India. The market sentiment of mustard oil may be marginally bullish due to hike in the base import prices on vegetable oil w.e..f. 15.10.2005 by Government of India and more buying support in the domestic market in festivals.

**Prices for Rape Expeller Oil (Rs/ 10 kg)**

Center	10.10.05	11.10.05	12.10.05	13.10.05	14.10.05	15.10.05
Mumbai	385	380	378	381	381	388
Kota	370	370	372	372	374	375
Jaipur	378	379	380	380	383	383
Delhi	402	402	N.A	402	402	402

**Groundnut oil**

The groundnut oil prices were in bound range during the week. The harvesting of groundnut has started in Gujarat state and some parts of Karnataka. Traders were expecting production of groundnut was 22 lakhs tonnes in Gujarat state only. But now traders are estimating approximately 16 lakhs tonnes due to reduction of in the groundnut crop. Earlier, it was expectation that the prices of groundnut

would go towards downward due to more supply of groundnut after harvesting the new crop of groundnut. However, it has been noticed that the yield of groundnut is very low than expected yield. It is expected that the domestic prices of groundnut oil would not go down even in harvesting of new crop due to low yield.

**Prices for groundnut oil during the week (Rs/10 kg)**

Center	10.10.05	11.10.05	12.10.05	13.10.05	14.10.05	15.10.05
Mumbai	525	522	522	523	520	522
Rajkot	515	512	520	525	525	515
Andhra Pradesh	520	515	N.A	515	510	510
Chennai	480	485	N.A	480	480	480

**INTERNATIONAL MARKET WEEKLY HIGHLIGHTS****Palm oil Market Malaysia**

The Crop report released by United State Department of Agriculture early on Wednesday though taken friendly in terms of lower figures for US soybean production and ending stock compared to earlier average trade estimates, still the numbers were up against USDA's previous estimates. Traders believe that slight reduction in US

acreage might not help edible oil industry as such. Further, global ending stock of soybean was put significantly higher against last year's stock. Ending stock for Malaysian Palm Oil for September month estimated by Malaysian Palm Oil Board earlier this week was up against stock at August end.

**Soybean Market United States**

The crop data released by United State Department of Agriculture came beyond all expectations. Reduction in acreage under soy crop by USDA shadowed the yield factor. In its latest crop data, USDA reduced its estimates for harvested area under soy by 900,000 acres. Reduced acreage led to reduction in production and ending stock data for US as compared to earlier expectations of the trade. The US Department of Agriculture estimated the

soybean production in US at 2.967 billion bushels against earlier average expectations of 3.01 billion bushels. Ending stock of US soybean was put at 260 million bushels versus earlier trade expectations of 290 million bushels. Global ending stock for soybean was estimated at 47.41 million tonnes for 2005-06 up against 43.02 million tonnes in last season.

**South American Soybean Market:**

After the US crop production news the focus of attention will shift from the US crop size to the focus on the potential size of the upcoming Brazil crop. There is favourable weather for planting of soybean crop, in spite of that the acreage of soybean crop will decline in some regions of Brazil. Due to high costs of fertilizer, lack of credit availability and low prices of soybean in the market. The apprehension of the

bird flu is continued on buyers, which keeps meal prices volatile and soybean oil as bio-diesel consumption is on the rise. Minnesota last week set a mandatory 2% mix of bio-diesel in energy fuels. If the entire nation (US) were to move towards a blend of 2% biodiesel, the usage of soybean oil could jump approximately 3.6 billion pounds, it is about 20% of the annual production.

## VAYDA BAZAAR

### Weekly settlement prices for soy oil at NBOT

Contracts	10.10.05	11.10.05	12.10.05	13.10.05	14.10.05	15.10.05
Oct '05	359.10	359.90	N.A	359.80	360.90	361.20
Nov '05	360.10	361.90	N.A	364.30	364.60	365.60
Dec '05	N.A	N.A	N.A	N.A	366.80	367.80

### Weekly settlement prices for soy oil at NCDEX

Contracts	10.10.05	11.10.05	12.10.05	13.10.05	14.10.05	15.10.05
Oct '05	361.80	359.80	N.A.	362.35	361.00	363.15
Nov '05	362.70	361.50	N.A.	365.60	365.30	366.00
Dec '05	363.70	362.00	N.A.	N.A.	N.A.	N.A.

## WEEKLY WEATHER WATCH

### ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

#### Withdrawal of southwest monsoon

Southwest monsoon withdrew from the remaining parts of Bihar & Maharashtra, entire Arunachal Pradesh and Sub-Himalayan West Bengal & Sikkim; some parts of Assam & Meghalaya, Gangetic West Bengal, Telangana, North Interior Karnataka & Goa and some more parts of Orissa & Chhattisgarh on 10<sup>th</sup>. It further withdrew from the remaining parts of northeast & peninsular India and thus from the entire country, Bay of Bengal and Arabian Sea on 11<sup>th</sup>.

The Northeast monsoon set in over Tamilnadu, Kerala and adjoining parts of Andhra Pradesh and Karnataka on 12<sup>th</sup>.

#### Meteorological Analysis

Last week's upper air cyclonic circulation over southeast Arabian sea and neighbourhood became less marked on 6<sup>th</sup> and the upper air cyclonic circulation over Sub-Himalayan West Bengal & Sikkim became less marked on 7<sup>th</sup>.

Last week's upper air cyclonic circulation over Southwest Bay of Bengal lay over Tamilnadu and neighbourhood on 7<sup>th</sup> extending upto 0.9 km a.s.l. It became less marked on 8<sup>th</sup>.

An upper air cyclonic circulation extending upto 1.5 km a.s.l. was seen over Himachal Pradesh and neighbourhood on 8<sup>th</sup>. It moved away eastwards on 10<sup>th</sup>.

An upper air cyclonic circulation lay over East Uttar Pradesh extending upto 3.1 km a.s.l. on 8<sup>th</sup>. It moved over to East Uttar Pradesh & adjoining Bihar on 9<sup>th</sup> morning and became less marked on the same evening.

A Western Disturbance as an upper air system lay over North Pakistan and adjoining Jammu & Kashmir from 10<sup>th</sup> to 12<sup>th</sup>.

An upper air cyclonic circulation extending upto mid tropospheric levels was seen over southeast Arabian sea

and neighbourhood on 11<sup>th</sup>. Under its influence, a low pressure area formed over southeast Arabian sea on 12<sup>th</sup>.

An upper air cyclonic circulation formed over southeast Bay of Bengal extending between 1.5 and 4.5 km a.s.l. on 7<sup>th</sup>. It extended upto 3.6 km a.s.l. on 8<sup>th</sup>. Under its influence, a low pressure area formed over central parts of south and adjoining west-central Bay of Bengal on 9<sup>th</sup> morning. It moved slightly westwards and lay over southwest & adjoining west-central Bay of Bengal on 9<sup>th</sup> evening. It persisted there upto 11<sup>th</sup>. Moving further westwards, it lay over southwest Bay of Bengal and adjoining areas of coastal Tamil Nadu on 12<sup>th</sup>.

#### Rainfall

Under the influence of the above systems, rain/thundershowers occurred at a few places over south peninsula during first three days of the week. Subsequently, the rainfall activity over south peninsula increased with moderate rain/thundershowers at many places. Isolated heavy rainfall occurred over Tamil Nadu & Pondicherry and Kerala. Fairly widespread rainfall continued over Andaman & Nicobar islands and Lakshadweep on many days of the week. Scattered rainfall occurred over Coastal Orissa on 7<sup>th</sup>, 8<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup>. Isolated to scattered light rainfall occurred over Western Himalayas during 2<sup>nd</sup> half of the week and over Northeastern states on many days of the week. Isolated light rain also occurred over South Konkan & Goa, South Madhya Maharashtra, Interior Orissa and Chhattisgarh on 2 to 3 days during the week and over East Uttar Pradesh and Bihar on 1-2 days of the week. Isolated light rain occurred over Punjab on 12<sup>th</sup>.

### Rainfall During The Week (Week ending on 12<sup>th</sup> October, 2005)

Rainfall was excess/normal in 7, deficient/scanty in 21 and no rain in 8 out of 36 meteorological sub-divisions (Actual: 10.1 mm, Normal: 22.5 mm and Departure: -55%).

### Cumulative Seasonal Rainfall (1<sup>st</sup> - 12<sup>th</sup> October , 2005)

Rainfall was **excess/normal** in 6, **deficient/scanty** in 25 and **no rain** in 5 out of 36 meteorological sub-divisions. (Actual: 22.1 mm, Normal: 42.7 mm and Departure: -48%).

### Outlook For The Week Ending On October 19th, 2005

Rain/thundershowers will occur at many places over south peninsula with isolated heavy to very heavy falls during first half of the week. Subsequently, the rainfall activity over south peninsula is likely to be scattered.

Light to moderate rain/thundershowers are also likely over South Konkan & Goa, South Madhya Maharashtra, Orissa, Chhattisgarh, Marathwada and Vidarbha during first 3-4 days of the week.

Light to moderate rain/thundershowers likely over Western Himalayas during middle of the week.

Isolated to scattered light rainfall is also likely over Bihar, Jharkhand and Gangetic West Bengal during first half of the week and over Northeastern states during 2<sup>nd</sup> half of the week.

## PORT WATCH

### Port updates of Edible oils in India (10 -15 Oct 2005)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	11000	37250	48250
Palm oil	8950	-	8950
CPO	18750	22404	41154
Total	38700	59654	98354

Source: ANAS

### Forex Rates (As on 15.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.89
Malaysia	Ringgit	11.87
European Union	Euro	53.95
United Kingdom	Pound Sterling	78.78
Japan	100 Yen	39.17

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