

VEGOIL

November 14-19, 2005

MAJOR WEEKLY HIGHLIGHTS

- **USDA Soybean Weekly Export Sales Highlights**
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- **Indian Edible Oil Imports Rose 15 %**
- **EU Official Conduct A Survey On Groundnut In Gujarat State**

DOMESTIC & INTERNATIONAL NEWS

SOPA: Kharif Crop Estimates

Kharif oilseeds crop estimates were released at All India convention on oilseeds, oil trade and industry 2005 held at Indore. This convention was organized by joint efforts of Soyabean processors Association of India (SOPA) and Central Organisation for Oil Industry and Trade. Total kharif oilseeds production this year is estimated at 133.7 lakh tonnes, which is higher than 123.6 lakh tonnes in previous kharif crop season. Soybean estimate is up at 61.6 lakh tonnes as compared to previous 58.5 lakh tonnes. Groundnut (shell) is estimated to be 52 lakh tonnes this year up from 44.5 lakh tonnes last year. Sunflower seed estimate is up by 5.6 lakh tonnes as compared to 4.9 lakh tonnes. However estimates reveal sesame seeds this year may decline down to 4.2 lakh tonnes from 4.7 lakh tonnes. The trade estimates for castor seed is of about 8.7 lakh tonnes when compared to 8 lakh tonnes of previous year. Cottonseed production is estimated at around 84.9 lakh tonnes up from 79.9 lakh tonnes last year.

USDA: Soybean Weekly Export Sales Highlights

US Department for Agriculture released its weekly export sales data for the week beginning November 4th and ending November 10th, 2005. Net sales of Soybean were of 644,800 MT, this was 11 percent above the export sales of previous week. However, it was 16 percent less than the previous 4-week average. China was the major buyer with 345,500 MT, including 112,000 MT switched from unknown destinations and 142,300 MT was purchased by Japan. Singapore bought 58,000 MT, Indonesia 57,000 switched from unknown destinations, Costa Rica bought 35,300 MT, and Egypt 29,400 MT, Turkey 26,600 MT. However were offset by decrease from unknown destinations of 87,000 MT.

USDA: Net Sales of Soy oil at 900 MT

A brief summary is based on USDA weekly sales reports (November 4-10, 2005)

Net sales of soybean oil during the week (November 4-10) reached at 900 metric ton. Major destinations of trade of this week were Canada, Jamaica, United Arab Emirates (UAE) and Kuwait, export sales were 400 MT, 300 MT, 100 MT and 100 MT respectively.

Indian Edible oil imports rose by 15 %

India is the second largest importer of Veg oil in the world. Palm oil import is highest followed by soyabean oil import. During the oil season 2004-05 (November/October) the edible oil imports rise by 15% to 50.42 lakh tonnes when compared with 43.96 lakh tonnes of oil imported in previous season. 10 percent duty difference is between refined oil and crude oil. This encouraged greater imports of non-refined oils when compared to refined oils. Refined oil imports were of 4.48 lac tonnes and crude oil imports were of 45.94 lac tonnes.

India's Edible Oil Import Figure

Items	(Unit: Metric Tonnes)		
	October 2005	October 2004	Change in %
Edible Oil	411124	513289	-20
Crude Palm Oil	213859	180795	+18.28
Crude Soy Oil	182850	166981	+ 9.50
RBD Palmolein	10915		
Sunflower Oil	3000		
Palm Kernel Oil	500		

EU Officials to Conduct a Survey on Groundnut

Feed and Veterinary Office (FVO) an European union agency is in India to prepare a report on Indian groundnuts in the coming four months. Such a report has already been prepared for China and for Argentina it is expected to come shortly. India at present exports about 30000-35000 tonnes of groundnut annually to European Union. Humans directly consume 10 percent of this and the rest is used for processing and as bird food. The officials of this agency are expected to make a survey of groundnut producing states particularly of Gujarat. It will be collecting samples of groundnut exported to EU.

Groundnut Prices Declines on Increased Arrivals

Increased arrivals in Gujarat have resulted in price decline at Mumbai market. The prices have fallen by 14 percent. Demand is moderate and export demand is good. In domestic market demand for direct consumption and from chikki makers is good however from oil mills it is negligible. The main reason for less demand from oil mills is the excessive supply of palm oil and soyabean oil in country. Higher production this year has further reduced the prices. According to the press release issued by SOPA in its oilseeds convention held at Indore last Sunday the estimates of groundnut production for this kharif crop is 51 lakh tonnes as compared to previous years production of 44.5 lakh tonnes. On an average daily arrival of seed is at around 2.5 lakh bags of 40 Kg each. Groundnut kernel prices declined to Rs. 2280 per quintal and Prices in Rajkot were around Rs 342 per 20 Kg and are trading at lowest levels.

India: Edible Oil Import Fell By Around 20 % (October 05 Vs October 04)

India's edible oil import declined in October 2005 by 20 percent as compared to October 2004. October 2005 edible oil import figure was 41124 metric tonnes and it was 513289 metric tonnes in October 2004. However Crude palm oil and soy oil import increased. Crude palm oil imports rose to 213,859 tons from 180,795 tons in October 2004, it is increased by 18.29 per cent. Crude soy oil imports increased to 182,850 tons from 166,981 tons in October last year, it is increased by 9.5 %. India imported 10,915 tons of refined, bleached and deodorized palm olein, 3,000 tons of sunflower oil, and 500 tons of palm kernel oil in October.

Arrivals of Groundnut Marginally Declined in Gujarat

The groundnut seeds arrival were optimum about 2 lakh bags in previous week and it is mildly declined at the end of this week at 1.5 lakh bags (1 bags=35 kg) in Gujarat. Major groundnut seed growing area is Rajkot, Junagadh, Jamnagar, Amreli, Bhavnagar and Surendranagar districts in Gujarat. Average groundnut seed rate were in range of 325 to 350.

43rd Oilseeds Convention report: Kharif Crop Estimates

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Seminar on Maximizing Productivity of Palm oil in Malaysia

Malaysian Palm Oil Board (MPOB) with collaboration of East Malaysia Planters Association (EMPA) is going to organize a seminar on Maximizing Productivity of Palm oil in 5 cities of Malaysia during 14-23 November 2005.

Date	Venue
14 November 2005	Miri, Sarawak (Marriott Hotel)
16 November 2005	Sibu, Sarawak (Tanamas Hotel)
18 November 2005	Keningau, Sabah (Juta Hotel)
21 November 2005	Sandakan, Sabah (Sabah Hotel)
23 November 2005	Tawau, Sabah (Emas Hotel)

Main objective of the seminar is (1) To provide a platform for the transfer of technologies (2) To accelerate adoption of technologies by the target groups and (3) To support Ministry's Vision

Indonesia Hopes Increase In Palm Oil Export To China

Indonesia is optimistic about increase in export of palm oil and its product to China next year. There were reports that Chinese government is mulling to eliminate import quota system for edible oil. Regime is planning to remove the existing quota system of edible oil and to impose flat tariff of 9% on all the edible oil. At present, import quota for palm oil stands at 3.168 million ton. Indonesia is expecting export of palm oil and products to China in 2006 increase to 10 lakh ton to compared to 7 lakh ton last year. Chinese might not import more soybeans due to increased risk in this business with rising reports of bird flu.

Palm Oil Export Highlights (November 1-10, 2005)

The November 1-10,2005 palm oil export sale figure declined as compared with October 1-10,2005. Item

wise export sales of palm oil and percent changes of Nov 1-10 as compared to Oct 1-10 is as follows

(Unit: Metric Tonnes)			
Items	Nov 1 - 10	OCT 1 - 10	% Change
RBD Palm Oil	29900	33616	-11.05
Crude Palm Oil	21500	89994	-76.11
RBD Palm Olein	110389	183486	-39.84
RBD Palm Stearin	38085	67227	-43.35
Total	199874	374323	-46.60

Source: SSG estimates

The major buyers of Malaysian palm oil are China, European Union, USA and India. Import of palm oil figures are as follows:

Items	Nov 1 - 10	OCT 1 - 10	% change
China	62194 (31.12)	118245 (31.59)	-47.40
EU	56845(28.44)	112731 (30.12)	-49.57
US	39963 (19.99)	27700 (7.40)	+44.27
India	6500 (3.25)	18123 (4.84)	-64.13
Total	46463 (82.80)	276799 (73.95)	-40.21

Note: Figure in parenthesis shows the percentage of total export sales of Malaysian palm oil.

43rd All Indian Convention On Oil Seeds Held On November 13, 2005 Revealed Following Figures:

Trade estimates of production and marketable surplus of kharif oilseeds and availability of vegetable oils during oil YEAR 2005-2006

Table 1: GROUNDNUT

(IN LAKH TONNES)

S. No.	State	Trade Estimate					
		2005-2006			2004-2005		
		Kharif	Rabi*	Total	Kharif	Rabi	Total
1.	Gujarat	20.00			15.0	1.5	16.5
2.	Maharashtra	02.00			2.5	1.0	3.5
3.	Andhra Pradesh	12.5			9.5	5.0	14.5
4.	Tamil Nadu	5.5			6.0	4.5	10.5
5.	Karnataka	5.0			6.0	2.2	8.2
6.	Madhya Pradesh	1.5			1.5	-	1.5
7.	Rajasthan	2.5			2.2	-	2.2
8.	Punjab/Haryana/U.P.	1.0			1.0	-	1.0
9.	Orissa	0.5			0.5	1.5	2.0
10.	Others	0.5			0.3	0.5	0.8
	Total in Shells	51.0			44.5	16.2	60.7
	Equivalent in Kernals (69/70%)	35.7			30.7\$	11.3	42.0
	Retained for sowing, direct Consumption & export	16.0			14.0	3.0	17.0
	Marketable surplus (In kernels for crushing)	19.7			16.7	8.3	25.0

* Rabi crop will be harvested in Feb/March'2006

\$ Kharif yield equivalent counted at 69% instead of 70%

Table 2: SOYBEAN**(IN LAKH TONNES)**

S. No.	State	Trade Estimate 2005-2006			2004-2005		
		Kharif	Rabi*	Total	Kharif	Rabi	Total
1.	Madhya Pradesh	33.5			34.5	-	34.5
2.	Maharashtra	19.5			17.0	-	17.0
3.	Andhra Pradesh	1.3			0.2	-	0.2
4.	Rajasthan	5.0			4.2	-	4.2
5.	Karnataka	1.4			1.0	-	1.0
6.	Chhatigarh	0.5			0.4	-	0.4
7.	U.P. & others	0.4			1.2	-	1.2
	Total	61.6			58.5	-	58.5
	Retained for sowing & direct Consumption	7.5			7.5	-	7.5
	Marketable surplus for crushing	54.1			51.0	-	51.0

Compiled by : SOPA

**Brazilian Soybean Production Summary (State-wise)
For the Year 2005- 06***

(Unit: '000' hectares, '000' metric tons)

States	Area to Plant	Area to Reap	Production	Yield
SOUTH	8345	8345	22100	2648
Parana	4010	4010	11629	2900
Rio Grande do Sul	4000	4000	9600	2400
Santa Catarina	335	335	871	2600
MIDWEST	9555	9555	27284	2855
Mato Grosso	5300	5300	15370	2900
Goiás	2300	2300	6440	2800
Mato Grosso do Sul	1900	1900	5320	2800
Federal District	55	55	154	2800
SOUTHEAST	1800	1800	4860	2700
Minas Gerais	1080	1080	2916	2700
São Paulo	720	720	1944	2700
NORTHEAST	1485	1485	3861	2600
Bahia	890	890	2314	2600
Maranhão	390	390	1014	2600
Piauí	205	205	533	2600
NORTH	538	538	1407	2614
Tocantins	360	360	918	2550
Rondônia	80	80	224	2800
Roraima	21	21	57	2700
Pará	65	65	176	2700
Amazonas	12	12	32	2700
BRAZIL	21723	21723	59512	2740

For the Year 2004-05**

States	Area Planted	Area to Reaped	Production	Yield
SOUTH	8670	8225	12550	1526
Parana	4145	4125	9500	2303
Rio Grande do Sul	4170	3750	2450	1653
Santa Catarina	355	350	600	1714
MIDWEST	10749	10709	28086	2623
Mato Grosso	6000	5985	17200	2874
Goiás	2660	2650	6900	2604
Mato Grosso do Sul	2030	2015	3800	1886
Federal District	59	59	186	3153
SOUTHEAST	1900	1895	4700	2480
Minas Gerais	1120	1120	3000	2679
São Paulo	780	775	1700	2194
NORTHEAST	1440	1440	4110	2854
Bahia	870	870	2550	2931
Maranhão	375	375	1000	2667
Piauí	195	195	560	2872
NORTH	515	515	1406	2730
Tocantins	350	350	910	2600
Rondônia	75	75	230	3067
Roraima	20	20	56	2800
Pará	60	60	180	3000
Amazonas	10	10	30	3000
BRAZIL	23274	22784	50852	2232

Note: *Projection, SAFRAS, ** Forecast, SAFRAS, Subject to review.

DOMESTIC MARKET ANALYSIS

Palm oil

Palm oil prices at domestic market continued range bound. Festival demand is over resulting low demand of edible oil at retail end. Palm oil prices remained range bound because of huge availability of groundnut and soybean oil in the market. Soybean oil and palm oil both are substitute

of each other. Palm oil prices in south Indian market were marginally declined at the end of this week only because of harvesting of groundnut is started in Andhra and Tamil Nadu.

Weekly prices for CPO

(Rs/ 10 kg)

Center	14.11.05	15.11.05	16.11.05	17.11.05	18.11.05	19.11.05
Kandla	340	339	338	338	339	338

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	14.11.05	15.11.05	16.11.05	17.11.05	18.11.05	19.11.05
Kandla	360	358	358	359	358	358
Mumbai	372	371	372	372	372	372
Chennai	388	388	388	382	380	378
Kakinada	384	384	382	381	380	380

Soy oil

Soy oil prices at domestic market during this week continued range bound with weak market sentiment. Arrival of soybean was more in the beginning of this week and declined marginally at the end of this week. Harvesting of soybean is likely to be over in most of the soybean producing states. Processors are not optimistic about improvement in demand for soy products. Heavy import in last Marketing Year has been blamed for this depression in

soy markets. India imported 1,843,898 ton of soy oil during Nov 04-Sept 05 against import of 728,538 ton during the corresponding period in the previous year. The USDA monthly crop estimates report released on November 10,2005, revealed higher production as compared with previous corresponding report.

Prices for Soy (Ref) during the week

Prices for Soy (Ref) during the week					(Rs/ 10 kg)	
Center	14.11.05	15.11.05	16.11.05	17.11.05	18.11.05	19.11.05
Mumbai	364	363	362	362	363	362
Indore	345	344	343	341	342	343
Kota	356	Closed	350	348	348	352
Jaipur	359	Closed	353	352	352	356
Nagpur	345	345	342	340	340	341

Rape oil

Mustard oil prices at spot market remained range bound during this week. Traders are expecting improvement in rapeseed prices with ease in harvest pressure of other oilseed crops. Sowing of rapeseed is almost done in most of the producing states. Prices of mustard seeds were range bound due to heavy stock of rapeseed with private

and government agencies. Harvesting of groundnut is near about 80 per cent is over in Gujarata. Mustard seeds future prices at Delhi, Hapur and Bikaner market were quoted mixed during this week. Mustard oil prices are expected range bound in coming days.

Prices for Rape Expeller Oil

Prices for Rape Expeller Oil					(Rs/ 10 kg)	
Center	14.11.05	15.11.05	16.11.05	17.11.05	18.11.05	19.11.05
Mumbai	385	390	390	385	383	383
Kota	372	373	373	72	372	370
Jaipur	379	378	377	375	376	378
Delhi	396	395	393	390	389	388

Groundnut oil

Harvesting of groundnut about 80 percent is likely over in Gujarat. Arrivals of groundnut in Gujarat were reported about 2 lakh bags (1 bag=35 Kg) in the beginning of this week and it is declined to 1.50 lakh at the end of this week. Traders are expecting demand for GN oil from retail end to improve in coming days. Groundnut oil prices in South Indian markets slightly declined only because harvesting started in some parts of Andhra state. According to local

traders, the groundnut oil prices would decline further in Andhra region and Chennai market due to harvesting of new crop. According to local traders of Gujarat market, there is no possibility to decline in GN oil prices in near future, because 80 percent harvesting of groundnut is already over in Gujarat. Market is expected to be range bound.

Prices for groundnut oil during the week

Prices for groundnut oil during the week					(Rs/10 kg)	
Center	14.11.05	15.11.05	16.11.05	17.11.05	18.11.05	19.11.05
Mumbai	471	468	462	452	450	446
Rajkot	457	453	467	445	445	455
Andhra Region	490	490	480	475	477	473
Chennai	465	465	465	455	450	450

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Unfriendly export data added further concern over rising stock. Cargo Surveyor SGS estimated the Malaysian Palm oil export for November 1-20 at 679,348 ton, up 14% against its export during the corresponding period last month. Market was expecting this figure close to 7 lakh ton.

Soybean Market United States

Soy futures at Chicago Board of Trade settled down on multiple bearish factors on Friday. January soybean future settled off 9.5 cents at \$5.6975 per bushel and March off 9.5 cents at \$5.7725 per bushel. December soybean future settled off \$2.6 at \$172.2 per short ton and December soybean oil off 15 points at 22.01 cents per pound. Fundamentally soy market is weak. Weather is improving in

The only pushy factor is seasonal decline in MPO production from this month itself. Palm oil production shrinks during November to February.

South America. Further, repeated reports of bird flu outbreaks have caused depression in soy markets. Demand for meal has gone down from the livestock industry due to bird flu. Much needed rains in Argentina weighed on futures. Forecast of precipitation in dry areas of northern Brazil also had negative impact on prices. Weakness in Crude oil triggered liquidation in soy oil.

South American Soybean Market:

South American soy future settled Mixed yesterday. March South American soybeans settled unchanged yesterday at \$ 608 per bushel. There is very slow pace of cash trading of soybean in South America only due to strength of Brazil currency as compared with US \$ which is reducing the profit of producers and another reason to low pace of cash trading is the very poor margin of soybean crushers there. Brazil producers receive 30 reais for a 60 kg bags as compared to 35.50 reais per bags previous year during this time (US \$ =2.18 reais). Due to favorable weather for soy crop in Barazil as well in Argentina is helped pressure the

soy market. Bulk supply of soybean in US and competition for soybean exports from Argentina brought bearish picture. China showed buying interest in both US and Argentina soybean. US Soybean is cheapest at this time in current marketing year. Continuous increasing bird flu in China and Vietnam is disappointing news for traders only due to this reason export demand of Soybean is declined during this week.

VAYDA BAZAAR

Weekly settlement prices for soy oil at NBOT

Contracts	14.11.05	15.11.05	16.11.05	17.11.05	18.11.05	19.11.05
Dec '05	351.80	351.10	349.60	346.40	347.50	350.00
Jan '05	356.50	355.90	353.90	350.70	352.30	354.50

Weekly settlement prices for soy oil at NCDEX

Contracts	14.11.05	15.11.05	16.11.05	17.11.05	18.11.05	19.11.05
Dec '05	351.95	352.40	350.30	347.00	348.45	351.00
Jan '05	357.00	357.50	354.70	350.80	353.15	355.00

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

Last week's low pressure area over southwest Bay of Bengal off Tamil Nadu-Sri Lanka coast weakened on 10th and lay as an upper air cyclonic circulation extending upto 5.8 km a.s.l. It became less marked and seen as a northeast-southwest shear zone over central Bay of Bengal on 11th.

Last week's cyclonic circulation over southeast Arabian Sea extending upto 2.1 km a.s.l persisted throughout the week.

A fresh upper air cyclonic circulation extending upto 4.5 km a.s.l. formed over southwest Bay of Bengal and adjoining

Tamil Nadu and Pondicherry on 12th which persisted upto 14th and then became less marked on 15th.

A low pressure area formed over southeast Bay of Bengal on 15th. The associated upper air cyclonic circulation was seen extending upto 2.1 km a.s.l. The system persisted on 16th.

A fresh western disturbance as an upper air system was seen over north Pakistan & neighbourhood on 10th. It persisted on 11th and lay over Jammu & Kashmir and adjoining Himachal Pradesh on 12th. It moved away northeastwards on 13th.

Rainfall

Under the influence of above systems, light to moderate rainfall/thundershowers occurred at many places over Tamil Nadu & Pondicherry, Kerala. Lakshadweep, Andaman & Nicobar Islands on many days of the week. Isolated heavy falls also occurred over Nicobar Islands, Kerala, coastal Tamil Nadu on one or two days of the week. Isolated light to moderate rainfall/thundershowers also

occurred at a few places over south Coastal Andhra Pradesh, Rayalaseema, Coastal & South Interior Karnataka on 1-2 days of the week.

Light rainfall/snow occurred over Jammu & Kashmir on one or two days during first half of the week. Weather remained mainly dry over the remaining parts of the country.

Outlook For The Week Ending On November 23rd 2005

Light rainfall/thundershowers likely over Tamil Nadu, Kerala and Lakshadweep during first half of the week. It is likely to increase with isolated heavy falls during 2nd half of the week.

Isolated rainfall/thundershowers also likely over northeastern States on one or two days of the week.

Weather will be mainly dry over remaining parts of the country.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (November 12-19, 2005)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	58800	0	58800
Palm oil	3000	22500	25500
CPO	20500	41949	62449
Total	82300	64449	146749

Source: ANAS

Forex Rates

(As on 19.11.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.74
European Union	Euro	53.60
United Kingdom	Pound Sterling	78.53
Japan	100 Yen	38.40
Malaysia	Ringgit	12.13

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