

## VEGOIL

November 21-26, 2005

### MAJOR WEEKLY HIGHLIGHTS

- **USDA Soybean Weekly Export Sales Highlights**
- **43<sup>rd</sup> Oilseed Conventions Highlight**
- **Gujarat: Arrival Of Groundnut Marginally Declined**
- **Indian Edible Oil Imports Rose 15 %**
- **Oilseed Sowing Acreage Increased By 3.88% of Rabi Crop**
- **EU Official Conduct A Survey On Groundnut In Gujarat State**
- **Indonesia Hopes Increase Export Of Palm Oil To China**

### DOMESTIC & INTERNATIONAL NEWS

#### USDA: Weekly Export Sales Highlights

A brief summary is based on USDA weekly sales reports (November 11-17, 2005).

**Soybeans:** Net sales of 219,500 MT--a marketing-year low--resulted as major increases for the Netherlands (100,800 MT, including 97,600 MT switched from unknown destinations), Mexico (69,300 MT), Thailand (68,400 MT--all switched from China), Spain (58,000 MT--all switched from China), Taiwan (45,300 MT), and Japan (21,900 MT)

**Soybean Oil:** Net sales of 11,600 MT were mainly for Mexico (7,800 MT) and Cuba (3,200 MT). Exports of

**Sunflowerseed Oil:** Sales of 20,000 MT were reported for Mexico. There were no exports reported during the week.

#### 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

#### Oilseeds Acreage For Rabi Season Rose 3.88 % in India

Oilseeds acreage increase at 75.86 lakh hectare from 73.03 lakh hectare last year, it is 3.88 percent up as compared to last year. Mustard and rape oilseeds crop (Rabi ) acreage increased to 53.99 lakh hectare from 48.74 lakh hectare, it is up near to 11 percent and more than normal coverage area. Normal area coverage for rapeseed and mustard stands at 51.02 lakh hectare during rabi season. Groundnut acreage declined by 19.5 per cent, it is 4.5 lakh hectare till last week as compared to 5.59 lakh

were partially offset by decreases for unknown destinations (157,000 MT). Exports of 982,700 MT were 42 percent above the week earlier and 9 percent over the prior 4-week average. The primary destinations were China (380,900 MT), South Korea (114,600 MT), the Netherlands (100,800 MT), Mexico (96,300 MT), Japan (88,700 MT), and Thailand (68,400 MT).

10,900 MT were primarily to Cuba (9,700 MT) and Canada (500 MT).

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.

hectare during the same period last year. Safflower sowing acreage is declined at 2.9 lakh hectare from 3.03 lakh hectare, it is declined by 4.29 per cent as compared to the same week last year. Current sunflower acreage is slightly declined at 9.55 lakh hectare as compared to last year during this period. However, it may increase because the sunflower sowing is continuing in many states like Maharashtra, Tamil Nadu, Andhra and Karnataka. Sesamum acreage increased to 1.72 lakh hectare from

1.67 lakh hectare as compared to last year . Acreage under Sesamum increased mainly due to higher area coverage of the crop in Tamil Nadu. Sesamum sowing is yet to start in

West Bengal, while its sowing is still continuing in other states. Normal coverage for sesamum is 2.09 lakh hectare.

### **Import Of Edible Oil Expected To Decline By 8%**

Oilseed seed production estimated of Kharif crop for this year is revised higher to 133.7 lakh tonnes from 123.6 lakh tonnes in last marketing year (October to November), it is up by 8 per cent as compared to previous year. Due to higher estimation of production, it is expected to decline

import of edible oil around 8 per cent. The consumption of edible oil in India is about 11-12 million tonnes. Last year domestic supply of edible oil was 4.5 million tonnes from Kharif season and 3 million tonnes from Rabi oilseeds and India imported 5.7 million tonnes of edible oil last year.

### **Brazil Soybean Acreage Declines**

Mato Grosso the major producer of Soyabean in Brazil observed a decline in soyabean acreage this year. It is estimated to have declined by 10 percent. This state provides for about 35 percent of the total soyabean output

of the country. Due to decline in acreage this year the production may fall down by 1.8 million tons i.e. from 17.5 million tons in 2004-05. to 15.7 million tons

### **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.

### **Arrivals of Groundnut Marginally Declined in Gujarat**

The groundnut seeds arrivals were optimum about 2 lakh bags in last week and it is slightly declined at the end of this week at 1.35 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 335 to 345.

### **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.

### **43<sup>rd</sup> Oilseeds Convention report: 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.

### **43<sup>rd</sup> All Indian Convention On Oil Seeds Held On November 13, 2005 Revealed Following Figures:**

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**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

## DOMESTIC MARKET ANALYSIS

### Palm oil

Palm oil prices continued range bound during this week. Palm oil prices in south Indian market were expected to decline from this week only because of harvesting of groundnuts were started in Andhra and Tamil Nadu, but harvesting could not be done from last two days due to rain and cloudy weather in Tamil Nadu and Andhra. Palm oil prices fluctuated in Chennai market only due to heavy rain

and cloudy weather in mid of this week. Oilseeds production estimate for kharif revised higher in India as compared to last year. Sowing acreage of oilseed for Rabi season is also estimated higher as compared to last two years. The market sentiments of edible oil are expected to decline due to above-mentioned factors.

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

Center	21.11.05	22.11.05	23.11.05	24.11.05	25.11.05	26.11.05
Kandla	338	338	339	338	339	338

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

Center	21.11.05	22.11.05	23.11.05	24.11.05	25.11.05	26.11.05
Kandla	359	360	360	360	360	360
Mumbai	372	374	374	374	375	375
Chennai	380	380	388	378	378	378
Kakinada	380	379	379	379	379	377

**Soy oil**

Soy oil prices at domestic spot market continued range bound during this week. Daily arrivals of soybean were 1.5-1.75 lakh, 1-1.50 lakh and 1-1.50 lakh bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra and Rajasthan mandies respectively during this week. Harvesting of soybean is likely to be over in most of the soybean producing states. 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. Oil seed sowing acreage (Rabi season) has increased by 3.88 percent. Higher estimate of Soybean production of Kharif is already reported. The above-mentioned factors indicating bearish tone in near future.

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

Center	21.11.05	22.11.05	23.11.05	24.11.05	25.11.05	26.11.05
Mumbai	362	362	364	365	365	365
Indore	346	346	345	346	346	348
Kota	355	356	356	353	354	355
Jaipur	358	360	360	357	357	358
Nagpur	346	344	344	345	345	347

**Rape oil**

Mustard oil prices at spot market remained range bound during this week. Oil seed sowing acreage (Rabi season) has increased by 3.88 percent. Around 94 percent of normal coverage area has been sown till this week. Mustard seed sowing acreage for this Rabi season till now is up by 11 percent this year i.e. 53.99 lakh hectares from 48.74 lakh hectares. Current area under cultivation for mustard and rapeseed this season is higher than previous two seasons. Normal area coverage for rapeseed and

mustard stands at 51.02 lakh hectares during Rabi season. Mustard Rabi crop sowing in Bihar and West Bengal has not been witnessed yet due to heavy rainfalls in the beginning of this month. NAFED has already the huge stock of mustard seeds. Rajasthan is the major producing state of mustard seeds in India. Rajasthan produces around 40 percent of the total India's mustard crop. The above-mentioned factors may bring negative impact on its prices in near future.

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

Center	21.11.05	22.11.05	23.11.05	24.11.05	25.11.05	26.11.05
Mumbai	383	384	382	383	383	384
Kota	371	372	372	372	372	374
Jaipur	377	377	377	377	377	377
Delhi	388	390	392	390	390	390

**Groundnut oil**

There was higher GN oil prices on Thursday at Chennai market only due to heavy rain. Harvesting of groundnut is could not take place due to rain and cloudy weather in Chennai and Andhra Pradesh. It was the major factor to increase the GN oil prices in Chennai and Andhra region. The market sentiments of Gujarat were also positive only

because the consumes are having stock of GN oil during this period due to this reason, demand of GN oil in Gujarat states is slightly increased. Oilseeds acreage increase at 75.86 lakh hectare from 73.03 lakh hectare last year, it is 3.88 percent up as compared to last year. However, groundnut acreage declined by 19.5 per cent, it is 4.5 lakh

hectare till last week as compared to 5.59 lakh hectare during the same period last year. Arrivals of groundnut in the Gujarat are remain at about 1.35-1.50 lakh bags (1

bag= 35 kg). GN oilprices are expected to decline in Tamil Nadu and Andhra region only because the harvesting pressure.

#### Prices for groundnut oil during the week

(Rs/10 kg)

Center	21.11.05	22.11.05	23.11.05	24.11.05	25.11.05	26.11.05
Mumbai	446	451	451	452	455	458
Rajkot	453	458	455	462	460	465
Andhra Region	470	470	470	475	475	465
Chennai	440	440	450	470	450	450

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### Palm oil Market Malaysia

Crude Palm oil futures settled higher notwithstanding unfriendly export data. Benchmark February future settled up MYR7 at MYR1419 per ton. Cargo Surveyor, SGS estimated the MPO export during November 1-25 at 832,642 ton, down 20.6% compared on month basis. Though export figures were down on month basis, traders are optimistic about improvement in its medium term outlook. Bird flu has badly hit the crushing margin of soy in

China. Likely decline in soy crushing would eventually lead to fall in soyoil inventories. Malaysians are expecting that Chinese in all probabilities would turn to palm oil for their edible oil requirement. Further, production of palm oil decline seasonally during November to February.

### Soybean Market United States

Soy futures at Chicago Board of Trade settled lower on improving weather reports from South America. January soybean future settled off 10.25 cents at \$5.62 and March off 11.25 cents at \$5.6875 per bushel. December soymeal future settled off \$2.9 at \$170.7 per short ton and December soyoil off 35 points at 21.63 cents per pound. Weather is improving in South America. Planting is in progress in South America, so weather is a crucial factor therein. Crush report for October month released on

Wednesday also was bit bearish. Census Bureau estimated soybean crush at 158.2 million bushels against earlier expectation of 158.5 million bushels. Stock of meal was estimated at 316,137 tonne against earlier expectations of 250,000 ton and stock of oil was put at 1.864 billion pounds against earlier expectation of 1.820 billion pound. Demand for soybean has slowed due to increasing concern over bird flu.

### South American Soybean Market:

South American soybean futures settled higher notwithstanding downtrend at Chicago Board of Trade. March South American soybean settled 1 cent higher at \$6.06 per bushel. Traders are expecting demand for soyoil to improve from South America. China might not be very keen in importing soybean due to rising concern over bird flu. China will prefer to import soyoil for their edible oil

requirement. There were reports of recently emerging interest of China in Argentina Soy oil. There were rumors that China bought 50,000 ton of soyoil from Argentina last week. Trade from Brazil has been slow due to appreciation of reel versus dollar.

## VAYDA BAZAAR

### Weekly settlement prices for soy oil at NBOT

Contracts	21.11.05	22.11.05	23.11.05	24.11.05	25.11.05	26.11.05
Dec '05	352.10	350.10	350.20	350.00	353.30	350.80
Jan '05	357.10	355.10	356.40	356.70	359.40	357.30

### Weekly settlement prices for soy oil at NCDEX

Contracts	21.11.05	22.11.05	23.11.05	24.11.05	25.11.05	26.11.05
Dec '05	354.00	351.45	352.10	350.95	354.60	352.20
Jan '05	357.90	356.25	357.30	356.95	360.00	358.20

## 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 10<sup>th</sup> 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 11<sup>th</sup>.

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 12<sup>th</sup> which persisted upto 14<sup>th</sup> and then became less marked on 15<sup>th</sup>.

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

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

#### 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 23<sup>rd</sup> 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 2<sup>nd</sup> 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 21-26, 2005)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	17000	59510	76510
Palm oil	16749	14100	30489
CPO	22480	47000	69480
Total	56229	120610	176479

Source: ANAS

#### Forex Rates

(As on 26.11.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.78
European Union	Euro	53.88
United Kingdom	Pound Sterling	78.84
Japan	100 Yen	38.40
Malaysia	Ringgit	12.11

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