

VEGOIL

November 07- 12, 2005

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

India to harvest 61.6 lakh ton soybean

Oilseed production figures released at 43rd Oilseed Convention was bit bearish for oilseed markets. Production of kharif oilseed was put at 133.7 lakh ton, up against last year harvest of 123.6 lakh ton. Production of soybean was put at 61.6 lakh ton, up against 58.5 lakh ton harvested last year. Estimates for groundnut production (shell) were put at 52 lakh ton up against 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 revealed that production of sesame seeds this year has declined 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 harvested previous year.

USDA: Soy Oil Weekly Export Sales Highlights

US Department for Agriculture released its weekly export sales data on November 10, 2005 for the week October 28 -November 3, 2005. A brief summary is based on that report about Soybean Oil export Sales as follows:

Net sales of soybean oil of 41200 MT were mainly for Cuba 38500 MT and Guatemala 2200 MT. Export of 7900 MT were primarily to Mexico 6600 MT and Canada 900 MT.

USDA: Soybean Weekly Export Sales Highlights

US Department for Agriculture released its weekly export sales data on November 10, 2005 for the week beginning October 28 and ending November 3rd, 2005. Net sales of Soybean were of 580100 MT, which was 24 percent less from that of prior week. It was 27 percent less than the previous 4-week average. China was the major buyer with 362500 MT, including 113000 MT switched from unknown destinations and 56000 MT from Singapore. Taiwan bought 123500 MT and Indonesia, Turkey, Spain, Mexico, Japan and Singapore purchased 67600 MT, 65900 MT, 58800 MT, 56600MT, 44200MT and 56000 MT respectively.

However were offset by decrease from unknown destinations of 179600 MT and Singapore of 56000 MT.

USDA : Soybean Production Forecast High, Sharp Drop Export Demands

USDA production report released on November 10, 2005, which revealed high US soybean production and sharp decline in export demands. This along with the outbreak of bird flu in China is causing a negative impact on soy prices.

Argentina: Abolished Export Tax Rebate On Soy Oil Export May Hit India

Argentina is the world's third-largest soybean exporter after the US and Brazil. Argentina announced on Thursday to eliminate tax rebates on export of 200 food products, including soy-based vegetable oil. Argentina's move to withdraw export-tax rebates on food products including soybean oil may increase India's import cost of soybean oil. India is world's third-biggest soybean oil user. India is importing around 40% edible oil (Soy oil and palm oil). According to SEA, Soybean oil imports more than doubled to 1.8 million ton in the 11 months ended September 30, from 8,01,220 tons a year ago. Palm oil imports fell 10% to 2.77 million ton. According to the Central Organization for Oil Industry and Trade (COOIT), soy oil imports in the country may rise to 2.3 million metric tons in the year ending October 31, 2006, from an estimated 1.95 million ton. Palm oil imports may stay unchanged at 3.2 million ton. An increase in soybean oil imports may mean higher prices for the commodity in Argentina and Brazil.

AP Govt: Suggests To Farmers To Increase Acreage Of Soybean, Groundnut Crops

In a press meeting Mr. Mohd Ali Shabbir, Information Minister of Andhra Pradesh suggested that farmers should go for cultivation of crops like soybean and groundnut, as they require less water. This way problem of declining

groundwater could be solved and ground water table could be preserved.

High Demand of Canola Oil for Bio-fuel in EU

There is more demand of Canadian rape oil/canola oil for bio fuel in European Union. It is expected to increase the export sales of Canadian rape oil to meet high demand of EU for bio fuel. Already Canada has sold rape oil/canola oil recently to European Union approximately 75000 metric tonnes. It is forecasts that EU could import around 200,000 tonnes of rape oil in 2005-06, up from only 41,000 tonnes in 2004-05 with most supplies coming from Canada.

Seminar On ISO 14000 Series Of Environmental Management Systems Standards

This is 5th National Seminar On ISO 14000 Series Of Environmental Management Systems Standards is organized by MALAYSIAN PALM OIL BOARD, Ministry of Plantation Industries and Commodities, Malaysia on November 10, 2005. Environmental consciousness is increasing day by day and becoming very important part of business in this era. There is need to make awareness to industrialist about the latest development in the environment management systems standards. ISO 14064 Series of Standards on Green House Gases Emissions and measurements will be published as an International Standard in February 2006.

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.

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

(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

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

Global Oilseeds Production Projected 385.3 Million Tonnes

According to USDA's World Agricultural Outlook Board, the global oilseed production projected 385.3 million tonnes for 2005-06, it is up by 0.5 million tonnes as compared with previous month. On the other hand, Foreign Oilseed Production is reduced by 1.6 million tonnes due to low projection about Brazil soybean production. Brazil soybean production is projected 58.5 million tonnes; it is lower by 1.5 million tonnes as compared with previous estimate. Recent Brazilian Government survey revealed lower acreage of soybean.

China: Soybean Imports 1.90 Million Tonnes In October 2005

China imported 1.90 million metric tonnes of soybean in October 2005; it is up 21.50 per cent on the year. Soybean imports in the first months of the year rose 38.1 percent to 21.42 million tonnes.

Source: General Administration of Customs.

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

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 bit high during this week only because of heavy rain. Arrivals were low in those regions due to rain.

Weekly prices for CPO

(Rs/ 10 kg)

Center	07.11.05	08.11.05	09.11.05	10.11.05	11.11.05	12.11.05
Kandla	340	339	338	338	338	338

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	07.11.05	08.11.05	09.11.05	10.11.05	11.11.05	12.11.05
Kandla	361	360	360	359	360	360
Mumbai	373	374	374	373	373	372
Chennai	383	384	388	387	388	388
Kakinada	381	382	385	385	385	385

Soy oil

Soy oil prices at spot market remained slightly declined this week. Demand of soy oil for festival season is over and harvesting of soybean. 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 kg)

(Rs/ 10

Center	07.11.05	08.11.05	09.11.05	10.11.05	11.11.05	12.11.05
Mumbai	363	364	364	363	363	363
Indore	348	346	346	344	344	344
Kota	358	358	358	354	353	354
Jaipur	362	363	363	357	357	357
Nagpur	348	347	345	345	343	343

Rape oil

Mustard oil prices at spot market remained range bound 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 75-80 per cent is over in Gujarat. Mustard seeds future prices at Delhi, Hapur and Bikaner market were quoted positive at the end of this week. Mustard oil prices are expected range bound in future.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	07.11.05	08.11.05	09.11.05	10.11.05	11.11.05	12.11.05
Mumbai	384	382	381	380	381	381
Kota	375	375	370	370	372	372
Jaipur	379	378	378	78	378	377
Delhi	392	390	390	395	394	395

Groundnut oil

In Gujarat harvesting of Ground nut is 70 percent complete. Arrivals of groundnut in Gujarat were reported about 2 lakh bags (1 bag=35 Kg). Traders are expecting demand for GN oil from retail end to improve in coming days ahead of marriage season. 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 for GN oil prices to decline 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

(Rs/10 kg)

Center	07.11.05	08.11.05	09.11.05	10.11.05	11.11.05	12.11.05
Mumbai	495	490	488	480	472	471
Rajkot	475	465	455	455	453	455
Andhra Region	517	510	510	500	500	490
Chennai	480	470	490	480	472	470

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Market in fact had no clear direction and majority opted to stay aside till fresh leads come from export releases due on Tuesday. Cargo Surveyor SGS will be releasing its estimates for MPO export during first 15 days of November on Tuesday. Traders are expecting these numbers to come

in the range of 4.5- 4.8 lakh ton, down against 6.3-6.4 lakh ton during the corresponding period last month. The only supportive factor is seasonal decline, which helped cushioning futures. Production of palm oil seasonally shrinks during November to February.

Soybean Market United States

USDA declared production of 3.043 billion bushels up 76 million bushels from Octobers forecast. Also USDA declared its weekly export sales report according to which soybeans worth 761400 metric tonnes were exported. This was higher than the consensus of 600000-900000 metric

tonnes. Soyoil sales were 4700 tonnes as compared to expected 2000-10000 tonnes. Government of Brazil declared its forecast for soybean production of 56.7 to 58.6 million tonnes. This is higher than last year's production of 51.1 million tonnes.

South American Soybean Market:

The latest USDA's report revealed bearish tone. USDA soybean crop production report bit increased at 3.043 billion bushels as compared with the average trade estimate near 3.024 billion bushels and October USDA

estimate was 2.967 billion bushels. Average yield revised higher that is 42.7 bushels/acre, it was 41.6 in previous month and 42.2 were last year. Ending stock was 350million bushels while trade expectations were about 317

million bushels and it was 260 million bushels in previous month's report. The crush demand revised higher by 25 million bushels; however export demand revised lower by 40 million bushels. Brazil production revised lower by 58.5 million tonnes, while it was 60 million tonnes in last month's report. World ending stocks for 2005-06 revised lower by 46.75 while it was 47.41 in last month's report and it was 42.09 million tonnes in past season. Demand of soybean and oil continued to decline due to spread of bird flu in two

more regions in China (now 6 outbreaks in the past month) and the Chinese Premier has warned that the country is facing a very serious situation as the disease spread is still not under control. According to traders estimation of Soymeal demand from Chinese poultry industry will decline about 15% due to bird flu in China. Favourable weather condition in South America will help in increasing acreage of soybean.

VAYDA BAZAAR

Weekly settlement prices for soy oil at NBOT

Contracts	07.11.05	08.11.05	09.11.05	10.11.05	11.11.05	12.11.05
Oct '05	348.00	347.40	347.50	345.20	344.50	345.40
Nov '05	354.10	355.20	355.80	353.90	353.50	355.50

Weekly settlement prices for soy oil at NCDEX

Contracts	07.11.05	08.11.05	09.11.05	10.11.05	11.11.05	12.11.05
Nov '05	349.95	350.90	349.85	347.85	347.75	348.60
Dec '05	355.00	356.30	355.65	353.90	354.25	355.40

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

Last week's upper air cyclonic circulations one over north Tamil Nadu and neighbourhood and the other over north Bay of Bengal became less marked on 3rd. An upper air cyclonic circulation extending upto mid-tropospheric levels formed over southeast Bay of Bengal on 3rd. Under its influence, a low pressure area formed over southeast Bay of Bengal on 4th which lay over southwest Bay of Bengal and neighbourhood on 5th and 6th. It became well marked in the evening of 6th and persisted over southwest Bay of Bengal off south Tamil Nadu - Sri Lanka coast till 9th. The system, however, had weakened into a low pressure area on 8th morning. The associated upper air cyclonic circulation extended upto mid tropospheric levels tilting southwestwards with height.

Another cyclonic circulation over southeast Arabian Sea was seen on 8th extending upto 1.5 km a.s.l. It persisted there and extending upto 0.9 km a.s.l. upto 9th.

Last week's upper air cyclonic circulation over central Pakistan & neighbourhood was seen over Punjab & neighbourhood extending upto 3.1 km a.s.l. on 3rd. It persisted upto 4th morning and became less marked on the same evening.

A feeble western disturbance lay over north Pakistan and adjoining north Jammu & Kashmir on 7th which persisted over Jammu & Kashmir on 8th. It moved away northeastwards on 9th.

Rainfall

In association with the low pressure area over south Bay of Bengal, fairly widespread rainfall activity continued over Tamil Nadu, Kerala and south Coastal Andhra Pradesh throughout the week. With the west ward movement of the system, the rainfall activity increased considerably over coastal Tamil Nadu and heavy to very heavy rains occurred at a few places from 5th to 8th. Scattered to fairly widespread rains also occurred over Andaman & Nicobar Islands, South Interior Karnataka and Lakshadweep on many days of the week. Light to moderate rains occurred over coastal Orissa on 3rd & 4th and over Coastal Karnataka on one or two days of the week. Light rain/thundershowers occurred over Haryana and West Rajasthan on 3rd and 4th.

Rainfall During The Week (Week ending on 9th November, 2005)

Rainfall was excess/normal in 5, deficient/scanty in 11 and no rain in 20 out of 36 meteorological sub-divisions (Actual: 6.7 mm, Normal 9.3 mm and Departure: -28%).

Cumulative Seasonal Rainfall (1st October to 9th November, 2005)

Rainfall was excess/normal in 20, deficient/scanty in 15 and no rain in 1 out of 36 meteorological sub-divisions. (Actual: 109.7 mm, Normal: 90.4 mm and Departure: +21%).

The sub-division-wise weekly and seasonal rainfall distribution is presented in the enclosed map.

A comparative data of cumulative seasonal rainfall during the corresponding period of last five years is given in *Table-1*. District-wise distribution of excess, normal, deficient and scanty rainfall is shown in *Table-2*.

Outlook For The Week Ending On November 16th, 2005

Scattered light to moderate rainfall are likely to continue over Tamil Nadu, Kerala, Lakshadweep and Andaman & Nicobar Islands. Isolated light rain is also likely over south Coastal Andhra Pradesh, Rayalaseema and South Interior Karnataka.

In association with an approaching western disturbance, scattered to fairly widespread rain/snowfall is likely to commence over Western Himalayas from the night of 10th. This activity is likely to decrease from 13th. With the expected eastwards movement of the western disturbance on 14th, the night temperatures over Western Himalayas and plains of northwest India are likely to fall during the second half of the week.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (November 07-12, 2005)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	54300	52800	107100
Palm oil	46770	38000	84770
CPO	38750	63550	102300
Total	139820	154350	294170

Source: ANAS

Forex Rates

(As on 12.11.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.77
European Union	Euro	53.51
United Kingdom	Pound Sterling	79.74
Japan	100 Yen	38.90
Malaysia	Ringgit	12.08

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