



Commodities Weekly

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VEGOIL

December 19 - 24, 2005

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DOMESTIC & INTERNATIONAL NEWS

USDA: Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on December 22, 2005. This summary is based on reports from exporters (for the period December 9-15, 2005).

Soybeans: Net sales of 829,800 MT were double the previous week and 73 percent over the prior 4-week average. Major increases for China (295,000 MT), Taiwan (171,700 MT), unknown destinations (81,300 MT), Japan (71,800 MT), Germany (68,300 MT), Mexico (55,100 MT), Cuba (50,000 MT), and Portugal (47,000 MT--all switched from unknown destinations) were partially offset by decreases for Singapore (83,000 MT--all switched to unknown destinations). Optional origin sales of 60,000 MT for the Netherlands were cancelled. Exports of 770,400 MT were 41 percent above the week earlier, but 1 percent under the prior 4-week average. China (242,000 MT), Germany (68,300 MT), the United Arab Emirates (67,500 MT), Spain (58,000 MT), South Korea (57,700 MT), Indonesia (55,000 MT), and Mexico (51,900 MT) were the primary destinations. Accumulated exports were adjusted down for Singapore (25,200 MT) and the Netherlands (66,000 MT).

World Agricultural Supply and Demand Estimates (WASDE) released by US Department of Agriculture on December 9, 2005.

The brief summary on oilseeds is based on the above-mentioned report.

OILSEEDS: Total U.S. oilseed production is projected at 95.1 million tons, up slightly due to increased cottonseed production. Soybean exports are reduced 55 million bushels to 1,020 million bushels as competition from South American soybean exports continues to limit U.S. trade prospects, especially to EU-25 and China. U.S. export commitments (shipments plus outstanding sales) through early December are at the lowest level since 1998. With

Soybean Cake and Meal: Net sales of 84,100 MT were 30 percent below the week earlier and 45 percent under the prior 4-week average. The major buyers were Guatemala (33,800 MT), Canada (13,400 MT), the Dominican Republic (10,500 MT), and Cuba (10,000 MT). Exports of 136,000 MT were 10 percent above the previous week and 3 percent over the prior 4-week average. The primary destinations were Mexico (31,800 MT), Canada (25,400 MT), Venezuela (16,000 MT), Guatemala (10,000 MT), and Colombia (9,900 MT).

Soybean Oil: Net sales of 400 MT resulted as major increases for Mexico (500 MT), Kuwait (200 MT), and the United Arab Emirates (100 MT) were partially offset by decreases for Saudi Arabia (300 MT). Exports of 1,800 MT were primarily to Mexico (900 MT), Canada (300 MT), Kuwait (200 MT), Saudi Arabia (200 MT), and the United Arab Emirates (100 MT).

Source: USDA

projected soybean crush unchanged, 2005/06 ending stocks are increased to 405 million bushels. Although soybean crush is unchanged, soybean oil production and ending stocks are raised based on a sharply higher oil extraction rate. U.S. season-average soybean prices for 2005/06 are projected at \$5.00 to \$5.70 compared with \$4.95 to \$5.75 last month. Soybean meal prices are unchanged at \$155 to \$180 per short ton. Soybean oil prices are projected at 20.5 to 23.5 cents per pound, down 1.5 cents on each end of the range. Global oilseed production for 2005/06 is projected at 387.0 million tons, up

1.7 million tons from last month. Foreign oilseed production accounts for most of the change with increases for rapeseed, sunflower seed, and soybeans more than offsetting reductions for cottonseed. Canadian rapeseed production is raised 1.2 million tons to a record 9.7 million tons, based on the latest survey results from Statistics Canada. Canada's soybean crop is also increased this month based on the survey. Ukraine sunflower seed production is increased 0.3 million tons to 4.6 million tons reflecting increased harvested area and yields. Other

changes include higher rapeseed production for Australia and reduced cottonseed production for India. Global oilseed trade is little changed this month with reduced U.S. soybean exports largely offset by increases for Brazil. Global oilseed ending stocks for 2005/06 are raised primarily due to increased soybean stocks in the United States and increased rapeseed stocks in Canada.

Source:USDA

SEAI: Requests Govt. to Allocate Funds for Oilseeds Production

SEAI has requested government to allocate more funds for oilseeds production and programmes related to them in the coming union budget. The demand for oils and oilseeds is increasing and this aid may help in reduction of imports and promotion of domestic production. It has requested that

government should provide a weighted income tax reduction of 200 percent for companies involved in oilseeds extension programme. SEAI gave a pre budget 2006-07 memorandum gain exemption of excise on food grade hexane used for processing oilseeds.

Oilseed Acreage Increases

Acreage under oilseeds this year increased by 3.09 lakh hectares and is estimated at 93.12 lakh hectares. Madhya Pradesh, Rajasthan and Bihar are major regions that have witnessed increased mustard sowing this year. The contribution of mustard seed to total oilseeds is of around 69.48 lakh hectares when compared to last years 64.48 lakh hectares. Sowing area for groundnut has declined particularly in Andhra Pradesh, Tamil Nadu and West Bengal. Groundnut seed coverage has declined to 3.01

lakh hectares from 3.28 lakh hectares last year. Sowing in other commercial oilseeds has also declined. Safflower was 3.64 lakh hectares and this year is of around 3.35 lakh hectares, linseed acreage has declined to 4.81 lakh hectares when compared to 5.25 lakh hectares previous year. Sunflower acreage is of 10.83 lakh hectares when compared to 11.14 lakh hectares. However area under sesamum has improved to 0.84 lakh hectares from 0.75 lakh hectares.

NAFED Asked to Shift Mustard Seed Stock to Welcome Fresh Yields

NAFED has been directed by Rajasthan Government to shift existing stock of mustard seeds held by it and create space for adopting coming arrivals of mustard. Harvesting of mustard seed usually begins from mid March every year. The state government is expecting an increase in output this year. Estimates are of 40 lakh tonnes of mustard

production when compared to previous years 35 lakh tonnes. Rajasthan government has asked NAFED to procure 20 lakh tonnes of Mustard seed in coming crop harvest season as compared to previous years 14 lakh tonnes.

Malaysia: Palm Oil Exports Down by 8 %

Malaysian's palm oil exports were 625296 metric tonnes during December 1-20, 2005 as against 679348 metric tonnes of November 1-20,2005, it is 8 per cent down.

Details of major items are as follows: Table 1 shows that Crude palm oil and RDB palm Olein export sales were declined by 53.42 % and 18.44 % respectively (during

December 1-20 as compared to November 1-20, 2005). On the other hand, Table 1 shows that export sales of RDB palm oil and RDB palm stearin were increased by 65.21 % and 18.21 % respectively during same period.

Table1: Shows the details of the major items in SGS estimate

(Unit: MT)

Items	December 1-20	November 1-20	Change %
RBD Palm Olein	208996	256258	-18.44
RBD Palm Oil	120759	73094	+65.21
RBD Palm Stearin	84873	71435	+18.81
Crude Palm Oil	49570	106410	-53.42

Source: SGS (Malaysia) Bhd.

Major importer countries/continents of Malaysian palm oil

Export data released by Cargo Surveyor SGS on December 20, 2005. During December 1-20, 2005 the major importers of Malaysian palm oil were as follows:

1.China 2. European Union 3. USA 4. Pakistan and 5. India

Country wise brief high lights of imports are as follows:
Table 2 shows that import of Malaysian palm oil from India,

European Union and USA were declined by 64.65 %, 4.85 % and 13.78% respectively during December 1-20, 2005 as compared to November 1-20,2005. However, Import of Malaysian palm oil from China and Pakistan is increased by 32.75% and 8.94% respectively during the same period.

Table 2: Shows the major import destination of Malaysian palm oil:

(Unit: MT)

Countries/Continents	December 1-20	November 1-20	Change %
China	183720	138393	+32.75
European Union	160780	168970	-4.85
United States	42854	49703	-13.78
Pakistan	29740	27300	+8.94
India	11400	32250	-64.65

Source: SGS (Malaysia) Bhd.

Malaysia: Palm Oil Exports Down By 0.9 %

Malaysia's palm oil exports (during December 1-20, 2005) report released on December 20, 2005 by Intertek Agri Services. This report revealed that the Malaysia's palm oil exports were totaled 641932 metric tonnes during

December 1-20, 2005, it is 0.9 % up as compared to 647533 metric tonnes in November 1-20,2005.

Source: Intertek Agri Services (Malaysia)

DOMESTIC MARKET ANALYSIS

Palm oil

Crude palm oil and RBD palmolein prices at domestic market were gradually declined during this week. There were the huge availability of other edible oil in the market like soy oil and cotton oil. Soy oil prices were slightly declined on spot markets. There was no fresh news to

boost up the market sentiments. Market sentiments are expected to move range bound in next week.

Weekly prices for CPO

(Rs/ 10 kg)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Kandla	337	337	335	335	335	335

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Kandla	360	360	360	360	360	359
Mumbai	370	370	370	370	370	371
Chennai	375	375	372	374	374	374
Kakinada	372	373	372	371	370	370

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
CPO	357.50	352.50	352.50	352.50	352.50	357.50
RBD Palmolein	385.00	387.50	387.50	387.50	387.50	385.00

Soy oil

Domestic soy oil prices were range bound during this weak. Daily arrivals of soybeans were in range of 75,000-100,000,

35,000-50,000 and 55,000-75,000, 25000-30,000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra, Rajasthan

and Gujarat mandies respectively during this week. Arrivals of soybean in Kota mandi were 8,000-15000 bags only. Market sentiments are expected to move range bound.

Prices for soy degum (High-Seas) at Kandla were range of Rs 330-331 per 10 kg. CNF prices for soy degum (January Shipment) at Kandla were declined from \$495 to \$ 482 per tonne.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Mumbai	347.00	346.00	345.00	344.00	345.00	345.00
Indore	343.00	344.00	344.00	342.00	343.00	342.00
Kota	348.00	350.00	350.00	347.00	351.00	348.00
Jaipur	352.00	353.00	352.00	352.00	354.00	352.00
Nagpur	346.00	348.00	347.00	345.00	346.00	345.00

Prices for Soy Degum (High Sea) at Kandla during the week

(Rs/ 10 kg)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Mumbai	331.00	330.00	330.00	330.00	330.00	330.00

Prices for CIF Soya during the week

(US \$/ MT)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Kandla	495.00	495.00	485.00	485.00	485.00	482.00

Rape/Mustard Oil

Domestic market prices of mustard oil were slightly improved in most of the markets at the end of this week. Arrivals of mustard seeds were 500-600 bags in Neewai market. Mustard seeds price were quoted during this in range of Rs 1500-1530 and Rs 1700-1725 in Kota and Jaipur Mandi respectively. There is huge availability of other edible oils at low prices as compared to mustard oil in the market like soy oil, cotton oil and rice bran oil. Sowing acreage of mustard seeds increased in major producing

states. News that NAFED would stop selling of mustard seeds from 1st January. NAFED is planned to hire about 30 Oil mills for crushing mustard seeds, he will sale mustard oil in place of mustard seeds. Rajasthan Government requested to NAFED about the purchasing of 20 lakh tonnes of new crop mustard seeds. Aftermath, prices are expected to improve further. Market sentiments are expected to improve in next week.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Mumbai	370.00	370.00	370.00	370.00	370.00	370.00
Kota	357.00	357.00	358.00	358.00	360.00	360.00
Jaipur	362.00	360.00	362.00	362.00	363.00	364.00
Delhi	383.00	384.00	383.00	385.00	385.00	386.00

Groundnut oil

Domestic market prices of groundnut oil were range bound during this week. Daily arrivals in Gujarat were at about 1.00 -1.25 lakh bags during this week (1 bag=35 kg). GN oil prices were went up slightly at the end of this week in Chennai markets due to rain. There were good arrivals of groundnut seeds and moderate demands of GN oil at retail

ends in Andhra and Rajkot mandi. GN oil prices are expected to move range bound with weak sentiments in most of the markets.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Mumbai	442.00	438.00	442.00	443.00	442.00	441.00
Rajkot	456.00	458.00	455.00	455.00	455.00	456.00
Andhra Region	445.00	445.00	445.00	445.00	445.00	445.00
Chennai	445.00	445.00	440.00	445.00	445.00	450.00

Sunflower Oil

Spot market prices of sunflower oil in Mumbai were slightly declined during this week due to huge availability of other edible oil at low prices in the markets like cotton oil and soybean oil. CIF sunflower is slightly declined \$ 567/ton

from \$571/ton at Kandla port. Major producing states of sunflower oil in India are Maharashtra, Karnataka and Andhra Pradesh. Sunflower oil prices are expected to move range bound with weak sentiments in next week.

Prices for Sunflower Oil during this week

(Rs/10Kg)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Mumbai	475.00	475.00	475.00	475.00	475.00	475.00
Chennai	432.00	427.00	427.00	424.00	422.00	421.00

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Kandla	571.00	568.00	567.00	567.00	567.00	567.00

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Crude Palm oil Futures at Bursa Malaysia Derivatives settled slightly higher today. Benchmark March future settled up MYR4 at MYR1415 per ton. In fact, market had nothing in fresh to move futures either side of unchanged levels. Traders are expecting demand for palm oil to

improve early next month from China for their New Year festival. Situation of stock although is burdensome, traders feel that prices might have bottomed out and see meager chances of big declines ahead.

Soybean Market United States

There were talks that the continuous dry weather in South America would bring negative impact on soybean production. Dry weather of South America helped in early buying support of US soybeans. US Department of Agriculture released weekly export sales report on Thursday. This report revealed that the export sales for soybeans came in at 829,800 metric tonnes as compared to trade expectations between 500,000-700,000. Higher export sales of soybean added positive tone in early session. Weekly US export sales for soybean meal came in at 84,100 metric tonnes as compared to trade expectations

between 100,000-150,000. Weekly sales for oil came in at 400 metric tonnes as compared to trade expectations between 10,000-20,000. Census Bureau pegged November soybeans crushed at 151.52 million bushels as compared with trade expectations of 151.9 million bushels and 158.2 million bushels crushed in October. Meal stocks were 305,238 tonnes, which was in line with trade expectations and oil stocks were 1.9 billion pounds from 1.986 billion expected. There was talk that China bought 3 cargoes of US soybeans and 2 cargos from South America.

South American Soybean Market:

Next week's price direction is depend on weather of South America. Dry weather in Southern America may decline soybean production. There is still uncertainty about the South American crop size. Selling pressure was active of new and old crop in the past week. There were talks that China bought 3 cargoes of US soybeans and 2 cargoes of South American soybeans helped to boost up the market. News that the Indonesia plans to cut export tax from 3% to 1.5% on palm oil, this news could slightly pressure in oil markets. Census Crush report revealed of November crush near 151.9 million bushels as against 158.2 million of October. Meal stocks are expected near 307,000 tonnes and oil stocks up to 1.986 billion pounds. US Department of Agriculture released weekly export sales report on Thursday. This report revealed that the export sales for

soybeans came in at 829,800 metric tonnes as compared to trade expectations between 500,000-700,000. Higher export sales of soybean added positive tone in early session. Weekly US export sales for soybean meal came in at 84,100 metric tonnes as compared to trade expectations between 100,000-150,000. Weekly sales for oil came in at 400 metric tonnes as compared to trade expectations between 10,000-20,000. Census Bureau pegged November soybeans crushed at 151.52 million bushels as compared with trade expectations of 151.9 million bushels and 158.2 million bushels crushed in October. Meal stocks were 305,238 tonnes, which was in line with trade expectations and oil stocks were 1.9 billion pounds from 1.986 billion expected. There was talk that China bought 3 cargoes of US soybeans and 2 cargos from South America.

VAYDA BAZAAR

Weekly settlement prices for soy oil at NBOT

Contracts	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Jan '06	347.50	348.00	344.60	344.50	345.80	344.30
Feb '06	351.30	351.90	346.60	346.90	348.20	346.80

Weekly settlement prices for soy oil at NCDEX

Contracts	19.12.05	20.12.05	21.12.05	22.12.05	23.12.05	24.12.05
Jan '06	349.80	347.90	345.30	347.15	346.30	345.70
Feb '06	353.05	351.00	347.75	349.80	349.10	348.00

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

Under the influence of the last week's trough of low pressure over South Andaman Sea & adjoining southeast Bay of Bengal, a low pressure area formed over southeast Bay of Bengal on 15th. It concentrated into a depression with its centre near Lat. 8.0°N/Long. 87.0°E at 1730 hrs IST of the same evening. It lay centred over southwest Bay of Bengal near Lat. 8.0°N/Long. 85°E about 650 Km southeast of Nagapattinam at 0830 hrs IST of 16th. Moving westwards, it further intensified into a deep depression and lay centred at 0830 hrs IST of 17th near Lat. 8.0°N/Long. 84.0°E about 550 km southeast of Nagapattinam. It then moved northwestwards and lay centred at 1730 hrs IST of same day near Lat. 8.5°N/Long. 83.5°E about 500 km south-east of Nagapattinam. The system then moved north-northwestwards and lay centred near Lat. 10.0°N/Long. 83.0°E about 350 Km east-southeast of Nagapattinam at 0830 hrs IST on 18th and near Lat. 10.5°N/Long. 82.5°E about 300 km east of Nagapattinam at 1730 hrs IST of same day. Moving slowly northwards, it lay centred near Lat. 11.0°N/Long. 82.5°E about 250Km east of Nagapattinam at 0830 hrs IST on 19th which remained practically stationary till 1730 hrs IST. It then moved east-northeastwards and lay centred near Lat. 11.5°N/Long. 83.5°E about 370 km southeast of Chennai at 0830 hrs IST on 20th. It then moved eastwards and weakened into a depression at 1430 hrs IST with its center near Lat. 11.5°N/Long. 84.0°E about 450 km southeast of Chennai and at 1730 hrs IST it was centred near Lat. 12.0 degN/Long. 84.5°E about 500 km east-southeast of Chennai. Thereafter it remained practically stationary till 1730 hrs IST of 21st.

A western disturbance as an upper air system lay over North Pakistan and neighbourhood on 20th and 21st. An upper air cyclonic circulation formed on 21st over southeast Rajasthan and neighbourhood extending upto 2.1 km a.s.l.

Rainfall

During this week, the Northeast monsoon rainfall remained subdued over south Peninsula. However, light to moderate

rain/thundershowers occurred at a few places over Andaman & Nicobar Islands, Coastal Tamil Nadu and Kerala on some days of the week and over interior Tamil Nadu Lakshadweep, and Coastal Andhra Pradesh on 1-2 days of the week. Weather remained mainly dry over the remaining parts of the country.

Cold wave

Cold wave conditions prevailed over parts of Punjab and West Rajasthan on many days of the of week; over Jammu & Kashmir, Haryana (including Chandigarh & Delhi) on same day of the week and over Himachal Pradesh, Orissa and Interior Karnataka on 1-2 days of the weeks. They have abated from the entire country on 21st.

Rainfall During The Week (Week ending on 21st December, 2005)

Weather was **excess/normal** in **2**, **deficient/scanty** in **6** and no rain in **28** out of 36 meteorological sub-divisions (Actual: 0.5 mm, Normal 3.4 mm and Departure: -84%).

Cumulative Seasonal Rainfall (1st October to 21st december, 2005)

Rainfall was **excess/normal** in **17**, **deficient/scanty** in **18** and no rain in **1** out of 36 meteorological sub-divisions. (Actual: 136.4 mm, Normal: 119.3 mm and Departure: +14%).

Outlook For The Week Ending On December 28th 2005

Light to moderate rain/thundershowers are likely over east-central India and Northeastern States during first half of the week. Isolated rain/thundershowers also likely over south Peninsula.

Light rain/snow likely over western Himalayan region during first half of the week.

Minimum temperatures are likely to fall over northwest India, Gangetic plains and adjoining central India leading to cold wave/fog conditions from 23th onwards.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (December 19 - 24, 2005)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	8000	21451	29451
Palm oil	9000	22997	31997
CPO	13500	20730	34230
Total	30500	65178	95678

Source: ANAS

Forex Rates

(As on 24.12.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.14
European Union	Euro	53.57
Japan	100 Yen	38.85
United Kingdom	Pound Sterling	78.22
Malaysia	Ringgit	11.96

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