

VEGOIL

Nov 28 to Dec 03, 2005

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA: Weekly Export Sales Highlights

A brief summary is based on USDA weekly export sales reports (November 18 - 24, 2005).

Soybeans: Net sales of 370,800 MT were 69 percent above the previous week, but 31 percent below the prior 4-week average. Major increases for China (292,800 MT, including 110,000 MT switched from unknown destinations and 57,000 MT switched from Japan), Belgium (62,900 MT, including 60,000 MT switched from unknown destinations), Thailand (60,000 MT, including 55,000 MT switched from unknown destinations), Syria (33,200 MT--all switched from unknown destinations), and Morocco (31,500 MT, including 29,300 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (183,600 MT). Exports of 828,300 MT were 16 percent below the week earlier and 10 percent under the prior 4-week average. The primary destinations were China (360,800 MT), Japan (153,800 MT), Belgium (62,900 MT), Thailand (60,000 MT), Syria (33,200 MT), and Morocco (31,500 MT).

Soybean Cake and Meal: Net sales of 76,100 MT--the lowest since the marketing-year began Oct. 1--were 47 percent below the week earlier and 58 percent under the prior 4-week average. The major buyers were the Dominican Republic (17,700 MT), Egypt (15,500 MT), Canada (12,800 MT), Japan (5,800 MT), Mexico (5,700 MT), and Morocco (4,500 MT--the first activity since 2001/02). Exports of 79,400 MT were 44 percent under the previous week and 41 percent below the prior 4-week average. The primary destinations were Mexico (28,100 MT), Canada (18,600 MT), the Dominican Republic (13,700 MT), and Egypt (7,500 MT).

Soybean Oil: Net sales of 3,400 MT were mainly for the Dominican Republic (2,500 MT), Guatemala (300 MT), and Canada (300 MT). Exports of 8,800 MT were primarily to Mexico (8,100 MT) and Canada (500 MT).

SGC Estimates Nov, 05: Malaysian Palm oil Export Down By 16.78 %

Export data released by Cargo Surveyor SGS came with in earlier expectations. Traders familiar with this report informed that Malaysian Palm oil export during November 2005 totaled at 1.03 million ton, down against 1.24 million

ton of export in October, 2005, it is down by 16.78 per cent. Major importers of palm oil from Malaysia were European Union 282,597 ton (298,127 ton in October), China 208,899 ton (283,668 ton), United State 76,151 ton (68,026 ton), India 37,250 ton (44,753 ton) and Pakistan 63,300 ton (118,100 ton). Details are given in Table 1 and Table 2.

Table1 shows the details of the major items in SGS estimate

(Unit: MT)

Items	Nov. 2005	Oct. 2005	Change %
RBD Palm Olein	383,401	480,071	-20.14
RBD Palm Oil	105,193	98,046	+7.29
RBD Palm Stearin	111,564	175,509	-36.43
Crude Palm Oil	175,607	202,494	-13.28

Table 2 shows the major import destination of Malaysian palm oil:**(Unit: MT)**

Items	November 2005	October 2005	Change %
European Union	282,597	298,127	-5.21
China	208,899	283,668	-26.36
United States	76,151	68,026	+11.94
India	37,250	44,753	-16.77
Pakistan	63,300	118,100	-46.40

Malaysian Palm Oil Production Declined By 2.2 % (in Oct. Vs Sept, 2005)

According to Malaysian Palm Oil Board (MPOB), Malaysian Palm oil production for the month of October is declined by 2.2 per cent as compared to September 2005. Palm oil production was decreased in month of October 2005 at 1400591 metric tonnes from 1431654 metric tonnes as compared with September 2005. Export sales were

increased to 1206653 metric tonnes from 1195381 metric tonnes during the same period, it is 0.9% up as compared with month of September 2005. However, stock of palm oil increased to 1496683 metric tonnes from 1436435 metric tonnes, it is up 4.2 per cent.

Table shows that the palm oil Production, Export and Stock of palm Oil for the month of October and September 2005

Items	October 2005 (MT)	September .2005 (MT)	Change (%)
Production	1400591	1431654	-2.2
Export	1206653	1195381	+0.9
Stock	1496683	1436435	+4.2

Source: MPOB data

Indonesia: Increase Palm Oil Acreage And Production

Indonesia has planned to increase the acreage of palm oil about 1 million hectare on Kalimantan Island. Acreage of palm oil increased with objective of reduction in poverty, Social welfare and economic development. Palm oil has considered as an important commodity and potential growth in International market. Indonesia hopes that China may be a potential buyer of Indonesian palm oil. Indonesia

and Malaysia together contributes about 80 per cent of total world palm oil production. The consumption of palm oil is increasing globally. Palm oil generally used in food processing and industrial production. Global demand of palm oil may hike due to increasing demand of bio-fuel for vehicles. Mixture of palm oil in petrol and diesel would be major factor to increase the demand of palm oil.

World Veg Oil Demand to Rise

World veg oil demand to move up this year by 6.5 million tonnes to 112.9 million. Demand is expected mainly from EU, US, China and India. These four countries are expected to bring up 60 percent of the total increase in demand for veg oils. Increase in veg oil demand is expected to boost mainly by reason of rise in population

particularly China and India and increase in income and purchasing power. EU and US may buy more of veg oil for producing bio diesel for transportation purpose and energy for heating and electricity. Various tax incentives schemes have already been launched in some countries to promote bio fuel.

Malaysia: Palm Oil Investment Opportunities in Overseas

Malaysia is one of the biggest palm oil producers in the world. The Country is looking for palm oil investment opportunities in overseas, especially in those countries that have similar climatic conditions. In the same line it is

planning to send a team for exploring palm oil investment opportunities and related activities in friendly countries, such as Colombia, Bolivia and Sierre Leone etc.

Cargill: Open Office in Dubai to kick Start Business in Middle East

Cargill is an international provider of food, agricultural and risk management products and services. They have a wide network which covers 59 countries with 1,24,000 employees. There is no doubt that Dubai (UAE) is an important business centre for middle east countries,

keeping these factor in mind Cargill recently opened an office for food manufacturing in Dubai to improve business in middle east nations. Now consumers of United Arab Emirates would be able access food ingredients and poultry products of Cargill Company.

DOMESTIC MARKET ANALYSIS

Palm oil

Palm oil prices improved in the beginning of this week and mildly declined at the end of this week. Palm oil prices in south Indian market were expected to decline during this week only because of harvesting of groundnuts were started in Andhra and Tamil Nadu, but harvesting could not be done due to Friday's heavy rain in Chennai. Palm oil prices at Chennai market marginally improved at the end of this week due to Friday's heavy rain. Groundnut producer

would not be able to harvest their GN crop at least one week. Malaysian Palm oil export during November 2005 totaled at 1.03 million ton, down against 1.24 million ton of export in October 2005, it is down by 16.78 per cent. India imported 37,250 metric ton in November 2005 as compared to 44,753 metric ton of October 2005. FOB prices of CPO (December) are also declined during this week. Palm oil prices are expected range bound.

Weekly prices for CPO

(Rs/ 10 kg)

Center	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Kandla	340	339	338	337	337	337

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Kandla	360	360	360	360	359	359
Mumbai	375	374	374	374	374	374
Chennai	378	378	378	375	375	377
Kakinada	376	375	375	375	375	375

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
CPO	357.50	360.00	357.50	352.50	350.00	N.A
RBD Palmolein	397.50	397.50	392.50	392.50	387.50	N.A.

Soy oil

Soy oil prices at domestic spot market continued range bound during this week. Daily arrivals of soybean were 1.25 -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 over in soybean producing states. Oil seed

sowing acreage (Rabi season) has increased by 3.88 percent. Higher estimate of Soybean production of Kharif is already reported. The market is expected to range bound.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Mumbai	365	365.	363	362	362	362
Indore	345	344	343	343	344	344
Kota	350	350	348	348	350	350
Jaipur	355	355	350	352	355	353
Nagpur	345	344	343	344	344	344

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

(Rs/ 10 kg)

Center	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Mumbai	334	334	332	333	334	334

Prices for CIF Soya during the week

(US \$/ MT)

Center	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Knadla	504	511	505	505	506	506

Rape/Mustard Oil

Mustard oil prices at spot market marginally declined at the end of this week in most of the markets amidst low buying demands at retail ends. Mustard seed prices are marginally declined due to huge stock of mustard seeds with NAFED and private stockist. Oil seed sowing acreage (Rabi season) has increased by 3.88 percent. 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. Consumers are shifting towards soy oil and palm oil from mustard oil only because these oils are cheaper than mustard oil. There is news of mixing rice bran oil in mustard oil may be another cause to declining demand of mustard oil. Market sentiments of mustard oil prices are expected to weak due to above-mentioned factors.

Prices for Rape Expeller Oil

Prices for Rape Expeller Oil					(Rs/ 10 kg)	
Center	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Mumbai	385	384	383	383	383	382
Kota	372	372	372	372	364	362
Jaipur	377	377	375	378	372	368
Delhi	385	382	380	375	372	372

Groundnut oil

Domestic spot markets prices of groundnut oil were mixed in different market during this week. The GN oil prices bit improved in Chennai market at the end of this week due to Friday's heavy rainfall in Chennai. Friday's heavy rain would bring negative impact on harvesting of groundnut and arrivals of the same. Therefore, GN oil prices may firm in Chennai market. There were bit improved GN oil prices in Andhra market only due to fear of BAAZ cyclone, but fear

of BAAZ cyclone has been over now. The GN oil prices may bit decline due to harvesting pressure of new crop. Arrivals of groundnut in Gujarat were remains at 1.35 - 1.40 lakh bags (1 bag=35 kg). Market sentiment of Chennai is expected to improve due to above-mentioned factors. GN oil prices of Mumbai and Rajkot market is expected to range bound

Prices for groundnut oil during the week

Prices for groundnut oil during the week					(Rs/10 kg)	
Center	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Mumbai	462	460	458	457	457	458
Rajkot	463	459	458	461	460	459
Andhra Region	458	458	455	455	460	460
Chennai	450	440	440	440	445	450

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Crude Palm oil futures at Bursa Malaysia Derivatives settled higher in tandem with gains in soy futures at Chicago Board of Trade. Benchmark February future settled up MYR10 at MYR1397 per ton. Market in fact had no clear direction to move on either side. Fundamentals in fact in palm oil markets are fairly against bulls. Stock of Malaysian palm oil is feared to have crossed lifetime high of 1.54 million ton. Traders believe that stock of palm oil could

reach to 1.60 million ton by end of November. Overnight firm closing of soy futures to some extent were responsible for strength at BMD. Since majority traders at weekend were in no mood to take chance and opted to go long despite weak fundamentals.

Soybean Market United States

Soy futures at Chicago Board of Trade settled higher on Friday. Talks of probable allocation of larger percentage of commodity funds to soybean and grains by index funds triggered short covering in soy. January soybean future settled up 3 cents at \$5.6275 and March up 2.5 cents at \$5.705 per bushel. March soymeal closed up \$0.9 at

\$174.8 per short ton and March soybean oil up 25 points at 21.91 cents per pound. Immediate bearish fundamentals helped limiting gains. Export of soybean has been slowed due to aggravated concern over bird flu in Asia. Weather is also favorable for fieldwork in South America, where planting of soy is in progress.

South American Soybean Market:

South American Soybean settled higher on Friday. March South American soybean settled 2.5 cents higher at \$5.995 per bushel. Weather at present is favorable for fieldwork. Traders fear that usage of inputs (fertilizers and other supplements) has been below normal due to lack of optimum funds. Brazil government will be releasing its crop

estimates on Tuesday. In its October report, government had estimated the soybean production at 58.5 million ton. Continued chicken stories from Asian nations have put cap on northwardly dispositions.

VAYDA BAZAAR

Weekly settlement prices for soy oil at NBOT

Contracts	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Dec '05	347.90	346.80	346.20	347.60	346.90	346.00
Jan '05	354.30	353.00	352.40	354.20	354.10	353.30

Weekly settlement prices for soy oil at NCDEX

Contracts	28.11.05	29.11.05	30.11.05	01.12.05	02.12.05	03.12.05
Dec '05	348.80	348.50	347.60	349.10	348.30	347.75
Jan '05	354.15	353.75	353.50	355.25	354.50	354.00

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

Last week's low pressure area over Tamil Nadu and neighbourhood moved westwards and lay over central parts of southeast Arabian Sea on 24th and persisted there till 30th. Associated cyclonic circulation extended upto mid-tropospheric levels till 27th and upto 3.1 km a.s.l. from 28th to 30th.

A feeble low pressure area formed over south Andaman Sea on 26th. The system became well marked in the evening of 27th over south Andaman Sea & adjoining southeast Bay of Bengal. It concentrated into a depression and lay centred at 0830 hours IST of 28th over southeast Bay of Bengal with its centre close to Lat.10.5 °N/Long. 90.5° E about 1150 km east-southeast of Chennai. It intensified into a deep depression near Lat.10.5 °N/Long. 90.0° E on the same day at 1430 hours IST about 1000 km east-southeast of Chennai. It further intensified into a cyclonic storm which was named as "BAAZ" near Lat.10.5 °N/Long. 88.0° E at 2330 hours IST on 28th. It lay centred at 0830 hours IST of 29th near Lat.10.5 °N/Long. 87.0° E about 800 km east-southeast of Chennai. The system then moved north-westwards and lay centred at 1430 hours IST of 28th over southeast and adjoining southwest Bay of Bengal near Lat.11.5 °N/Long. 85.0° E about 600 km east-southeast of Chennai. It moved over southwest Bay of Bengal near Lat.12.0° N/Long. 84.0° E about 450 km east-southeast of Chennai at 1730 hours IST on 29th. The system remained stationary over there till 0830 hours IST on 30th and then moved over slightly northwards and lay centred at 1430 hours IST of 30th over southwest Bay of Bengal near Lat.12.5 °N/Long. 84.0° E about 400 km east-southeast of Chennai.

A western disturbance as an upper air system started affecting Western Himalayas on 27th when it lay over north Pakistan and neighbourhood. It moved over to Jammu & Kashmir and neighbourhood on 28th and over Jammu & Kashmir and adjoining Himachal Pradesh on 30th.

Under the influence of above western disturbance, an induced upper air cyclonic circulation formed over north Rajasthan and neighbourhood extending upto 1.5 km a.s.l. on 28th. It lay over northeast Haryana and neighbourhood on 29th extending upto 1.5 km a.s.l. and merged with the above western disturbance on 30th.

Rainfall

Under the influence of above systems, rain/thundershowers occurred at most places over Tamil Nadu & Pondicherry, Kerala and Lakshadweep on 25th and 26th. Heavy to very heavy rains occurred at a few places over Tamil Nadu & Pondicherry and isolated over Kerala on these days. Scattered to moderate rains continued over Kerala and Lakshadweep throughout the week whereas it occurred at a few places over Tamil Nadu from 26th to 28th. isolated light rainfall also occurred over Rayalaseema, Coastal & South Interior Karnataka, Sub - Himalayan West Bengal & Sikkim and Assam on 2 to 3 days during the week.

Scattered moderate rains occurred over Andaman & Nicobar Islands on 24th & 25th. Subsequently the rainfall activity increased as moderate rains occurred at many places from 26th to 30th with isolated heavy falls on one or two days.

Light to moderate rain/snow occurred at a few places over Jammu & Kashmir from 28th to 30th. Isolated light rainfall

also occurred over north Rajasthan, Punjab and northeast parts of the Haryana on 28th and 29th.

Weather remained mainly dry over the remaining parts of the country.

Cumulative Seasonal Rainfall (1st October to 30th November, 2005)

Rainfall was excess/normal in 18, deficient/scanty in 17 and no rain in 1 out of 36 meteorological sub-divisions. (Actual: 127.2 mm, Normal: 107.9 mm and Departure: +18%).

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-*

7. District-wise distribution of excess, normal, deficient and scanty rainfall is shown in *Table-2*.

Outlook For The Week Ending On December 7th 2005

Fairly widespread rains with isolated heavy to very heavy falls are likely over southcoastal Andhra Pradesh, Tamil Nadu & Pondicherry and Kerala on one or two days during middle of the week. Rain/thundershowers are also likely at a few places over Rayalaseema and Coastal & South Interior Karnataka during second half of the week. Moderate rains also likely at a few places over Andaman & Nicobar Islands and Lakshadweep on many days of the week.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (November 28 to December 03, 2005)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	10000	23010	33010
Palm oil	13825	1750	15575
CPO	17000	53680	70680
Total	40825	78440	119265

Source: ANAS

Forex Rates

(As on 03.12.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.12
European Union	Euro	54.08
United Kingdom	Pound Sterling	79.79
Japan	100 Yen	38.25
Malaysia	Ringgit	12.21

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