



Commodities Weekly

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VEGOIL

December 12 - 17, 2005

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA: Weekly Export Sales Highlights

Export Sales Highlights of US Department of Agriculture is released on December 15, 2005. This summary is based on above-mentioned report (for the period December 2-8, 2005).

Soybeans: Net sales of 504,100 MT were 47 percent below the previous week's marketing-year high and 4 percent under the prior 4-week average. Major increases for unknown destinations (157,000 MT), Japan (113,200 MT), the Netherlands (68,000 MT), China (66,700 MT, including 58,000 MT switched from unknown destinations), the United Kingdom (39,300 MT--all switched from unknown destinations), and Mexico (29,200 MT) were partially offset by decreases for the Philippines (10,000 MT) and Trinidad (9,000 MT). Optional origin sales of 60,000 MT to the Netherlands were declared U.S. origin. Exports of 639,300 MT were one-fifth below the week earlier and the prior 4-week average. China (237,700 MT), the Netherlands (128,000 MT), Japan (95,300 MT), the United Kingdom (39,300 MT), and Mexico (39,100 MT) were the primary destinations.

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 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

Soybean Cake and Meal: Net sales of 120,700 MT were 56 percent below the week earlier and 31 percent under the prior 4-week average. The major buyers were Mexico (32,300 MT), Colombia (22,800 MT), Venezuela (16,000 MT), Japan (11,400 MT), and Canada (11,100 MT). Reductions were reported for Egypt (6,300 MT). Exports of 123,900 MT were 32 percent below the previous week's marketing-year high and 14 percent under the prior 4-week average. The primary destinations were Colombia (21,600 MT), Canada (21,000 MT), Mexico (20,600 MT), Japan (11,300 MT), and the Dominican Republic (10,400 MT).

Soybean Oil: Net sales of 300 MT were mainly for Canada (100 MT). Exports of 1,000 MT--a marketing-year low--were primarily to Mexico (500 MT) and Canada (400 MT).

Source: USDA

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

Malaysia: Palm Oil Exports Down by 5.44 %

Malaysian's palm oil exports were 504488 metric tonnes during December 1-15, 2005 as against 533521 metric tonnes of November 1-15,2005. It is 5.44 per cent down.

Details of major items are as follows: Table 1 shows that RDB palm oil and RDB palm stearin export sales were increased by 85.62 % and 45.98 % respectively (during

December 1-15 as compared to November 1-15, 2005). On the other hand, Table 1 shows that export sales of RDB palm olein and Crude pal oil were declined by 16.89 % and 57.60 % respectively during same period.

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

(Unit: MT)

Items	December 1-15	November 1-15	Change %
RBD Palm Olein	169496	203933	-16.89
RBD Palm Oil	97904	52744	+85.62
RBD Palm Stearin	74630	51125	+45.98
Crude Palm Oil	35470	83650	-57.60

Source: SGS (Malaysia) Bhd.

Major importer countries/continents of Malaysian palm oil

Export data released by Cargo Surveyor SGS on December 15, 2005. During December 1-15, 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 82.61 %, 16.36 % and 24.85% respectively during December 1-15, 2005 as compared to November 1-15,2005. However, Import of Malaysian palm oil from China and Pakistan is increased by 56.89% and 8.94% respectively during the same period.

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

(Unit: MT)

Countries/Continents	December 1-15	November 1-15	Change %
China	161015	102628	+56.89
European Union	110117	131660	-16.36
United States	37354	49703	-24.85
Pakistan	29740	27300	+8.94
India	3000	17250	-82.61

Source: SGS (Malaysia) Bhd.

Malaysia: Palm Oil Exports Increased By 23.17 %

Malaysia's palm oil exports (during December 1-10, 2005) report released on December 12, 2005 by Intertek Agri Services. This report revealed that the Malaysia's palm oil exports were totaled 323835 metric tonnes during December 1-10, 2005, it is 23.17 % up as compared to 262909 metric tonnes in November 1-10,2005. The above-

mentioned report shows the bearish data, which were already expected by traders. The stock of palm oil is reached at 1.60 million tones at end of November 2005; it is up by 7%.

Source: Intertek Agri Services (Malaysia)

Malaysia: Palm oil Exports Increased By 9.61 %

Malaysia's palm oil exports were 312924 metric tonnes during December 1-10, it is 9.61 per cent up as compared 285482 metric tonnes of November 1-10, 2005.Details of major items are as follows: Table 3 shows that RDB palm oil, RDB palm stearin and Crude palm oil export sales were

increased by 120.42 %, 9.58% and 33.06 % respectively during December 1-10 as compared to November 1-10, 2005. On the other hand, export sales of RDB palm olein were declined by 21.71% during the same period.

Table3: Shows the details of the major items in SGS estimate**(Unit: MT)**

Items	December 1-10	November 1-10	Change %
RBD Palm Olein	86426	110389	-21.71
RBD Palm Oil	65907	29900	+120.42
RBD Palm Stearin	41735	38085	+9.58
Crude Palm Oil	28608	21500	+33.06

Source: SGS (Malaysia) Bhd.**Major importer countries/continents of Malaysian palm oil**

Export data released by Cargo Surveyor SGS on December 12, 2005. During December 1-10, 2005 the major importers of Malaysian palm oil were as follows:

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

Country wise brief high lights of imports are as follows:
Table 4 shows that import of Malaysian palm oil from India,

and USA were declined by 26.30 % and 100% respectively during December 1-10, 2005 as compared to November 1-10, 2005. However, Import of Malaysian palm oil from China and European Union is increased by 28.38% and 25.42% respectively during the same period.

Table 4: Shows the major import destination of Malaysian palm oil:**(Unit: MT)**

Countries/Continents	December 1-10	November 1-10	Change %
European Union	71293	56845	+25.42
China	79844	62194	+28.38
United States	0	6500	-100.00
India	29454	39963	-26.30

Source: SGS (Malaysia) Bhd.**US: Soybean Stock Projections Up**

US Soybean stocks are projected at 405 million bushels for his year. It is broken record of 19 years. It is only due to lower export sales of US soybeans and enhanced competition from South American soybeans. Projections of

US Soybean exports for the current marketing year are at around 1.02 billion bushels. This is 55 million bushels less than the November month's projection and 83 million less than the previous years figures.

DOMESTIC MARKET ANALYSIS**Palm oil**

Palm oil prices at domestic spot market range bound amidst low buying demand at retail ends during this weak. There were low buying demand of palm oil because the availability of soybean oil at low prices in the market and good arrival of soybean in mandies. There was no news to

push the market sentiments. Market sentiments are expected to move range bound with weak sentiments in next week. CPO and RBD prices at Kandla were slightly declined at the end of this week.

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

Center	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Kandla	338	338	337	336	338	337

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

Center	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Kandla	361	360	360	360	360	360
Mumbai	373	373	371	371	371	370
Chennai	375	375	375	375	375	375
Kakinada	374	374	374	374	374	374

Weekly prices for FOB (Kandla)**(US \$ / MT)**

Center	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
CPO	357	357.5	355	352.5	352.5	-
RBD Palmolein	387.5	387.5	385	382.5	380.0	-

Soy oil

Domestic spot market prices of soy oil range bound with weak sentiments during this week. Total arrivals of soybeans were 1,00,000-150000, 50,000-60000 and 40,000-60,000 bags (1 bags= 85 kg) during this week in Madhya Pradesh, Maharashtra and Rajasthan mandies respectively. Arrivals of soybean in Kota mandi were 8000-

12000 bags only. Market sentiments are expected to move range bound in next week.

Prices for soy degum (High-Seas) at Kandla and CIF prices for soy degum (December Shipment) at Kandla were slightly declined at the end of week.

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

Center	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Mumbai	361	359	359	359	358	358
Indore	342	342	341	341	340	339
Kota	347	347	345	345	345	345
Jaipur	350	350	348	348	348	349
Nagpur	345	345	344	343	344	344

Prices for Soy Degum (High Sea) at Kandla during the week**(Rs/ 10 kg)**

Center	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Mumbai	333	332	330	330	330	330

Prices for CIF Soya during the week**(US \$/ MT)**

Center	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Kandla	497	497	498	500	498	495

Rape/Mustard Oil

Domestic market prices of mustard oil were marginally declined at the end of the week. Mustard oil prices were slightly declined only because the low market sentiments of soyoil and palm oil. There is direct relationship of mustard oil and soybean oil. News that traders are mixing soy oil and rice bran oil in mustard oil only because these are cheaper than mustard oil. There is news about the arrival of Toria is started in the markets, however toria is growing

only in particular pockets. Mustard sowing area is increased by 11 per cent for current season as compared to previous year. There were talks that NAFED is planning to hire 30 mustard oil expellers in Rajasthan from January. NAFED will sale mustard oil in the markets in place of seeds. Market sentiments of mustard oil prices are expected to move range bound.

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

Center	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Mumbai	374	375	374	372	370	369
Kota	358	355	355	355	355	355
Jaipur	362	360	360	360	358	358
Delhi	384	385	382	379	380	380

Groundnut oil

Domestic market prices of groundnut oil were declined at the end of this week. GN oil prices were declined due to harvesting pressure of new crop in Tamil Nadu and Andhra

Pradesh. There were low buying demands of GN oil at retail ends in most of the markets. Daily arrivals of groundnut in Gujarat were at 1.00 -1.30 lakh bags (1 bag=35 kg) during

the week. There were good arrivals of groundnut in Andhra and Chennai market. 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	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Mumbai	452	450	448	445	443	442
Rajkot	452	450	450	448	447	448
Andhra Region	445	445	445	450	445	445
Chennai	445	445	445	445	445	445

Sunflower Oil

Spot market prices of Sunflower oil were slightly declined in Chennai market only because the import of sunflower oil is arrived about 16450 MT at Chennai port. Major producing states of sunflower oil in India are Maharashtra, Karnataka and Andhra Pradesh. CIF prices for sunflower oil at Kandla port were US \$ 571/ton. Sunflower oil prices are expected to move range bound.

Prices for Sunflower Oil during this week

(Rs/10Kg)

Center	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Mumbai	432	432	432	432	432	431
Chennai	476	477	475	470	475	480

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Crude Palm oil futures at Bursa Malaysia Derivatives settled mostly lower on Thursday. Benchmark February future settled off MYR2 at MYR1395 per ton. Palm oil market is already burdened with rising stock; unfriendly export data had additional bearish impact on the market.

Cargo Surveyors, SGS estimated the MPO export at 504,488 ton, down 5% on month basis. There were talks that production of palm oil might not decline in Malaysia. Rather traders are expecting production of palm oil to increase in December.

Soybean Market United States

Soy futures at Chicago Board of Trade settled mixed on Friday. January soybean future settled up 5 cents at \$5.922 and March up 4.5 cents at \$6.025 per bushel. March soymeal future settled \$2.8 higher at \$191.7 per short ton and March soyoil off 13 points at 21.56 cents per pound. Weather forecasts calling for dry weather in South America triggered speculative buying. Other bullish factors were fund buying and firm cash basis helped limiting downside

move due to fowl stories from Asia. Much hyped stories of bird flu has dampened the perspectives of soy markets in Asian countries. Export of soy from United State has been slowed for this very reason. News that China reported another human bird flu case, which is also brought negative impact on soy meal exports. There were bearish sentiments in Soybean and meal only due to slow export pace and continuous spread of bird flu in China.

South American Soybean Market:

South American soybean futures settled lower on speculative selling. March South American soybean settled off 10 cents at \$6.28 per bushel. Talks of fresh buying interest of China in South American soy have helped limiting the downward movements. There were unofficial reports that China had booked 5-6 cargos of Argentine soybean this week. In news, Brazilian Geographic and Statistics Institute released its estimates for soybean

production in Brazil pegging Brazilian soybean crop this year at 58.4 million ton, up against its estimates for last year at 51.1 million ton. The NOPA crush report yesterday revealed November crush at 144.9 million bushels as compared with trade expectations near 147-150 million bushels and 150.8 million bushels in October. There were bearish sentiments in Soybean and meal only due to slow export pace and continuous spread of bird flu in China.

VAYDA BAZAAR

Weekly settlement prices for soy oil at NBOT

Contracts	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Jan '06	349.90	348.30	347.40	346.00	345.80	346.30
Feb '06	-	-	351.30	349.40	349.40	350.30

Weekly settlement prices for soy oil at NCDEX

Contracts	12.12.05	13.12.05	14.12.05	15.12.05	16.12.05	17.12.05
Dec '05	344.05	343.70	342.05	340.45	340.00	341.50
Jan '06	350.45	349.60	348.05	346.65	346.50	347.30
Feb '06	-	-	352.15	351.10	350.30	351.00

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

Last week's cyclonic storm '**FANOOS**' over southeast & adjoining southwest Bay of Bengal remained quasi-stationary and lay centred near Lat.10.5°N/Long.86.0° E at 0830 hours IST on 8th December about 650 km east-southeast of Chennai. It moved in a westerly direction and lay over southwest Bay of Bengal near Lat.10.5°N/Long. 83.0° E about 400 km southeast of Chennai at 0830 hrs IST on 9th and was about 270 km east southeast of Cuddalore near Lat.10.5° N/82.0° E at 1730 hrs IST on the same day. It further moved westwards and weakened into a deep depression at 0530 hrs IST on 10th and lay centred close to Vedaranniyam over the sea area. It crossed Tamilnadu coast near Vedaranniyam at around 1100 hrs IST on the same day and weakened into a depression at 1130 hrs IST with its center close to Vedaranniyam over land. The system further weakened into a low pressure area and lay over south Tamilnadu coast on 11th morning and became less marked by 11th evening. However, the associated upper air cyclonic circulation extending upto 2.1 km a.s.l. was seen over South Thailand coast on 12th. It moved westwards and lay over Lakshadweep and adjoining southeast Arabian sea on 12th and 13th and became less marked on 14th.

Last week's upper air cyclonic circulation over southeast Arabian sea became unimportant on 8th.

An upper air cyclonic circulation extending upto 2.1 km a.s.l. formed over Northeastern states on 8th. It persisted over the same area till 11th and became less marked on 12th.

A trough of low pressure lay over south Andaman Sea on 13th. It lay over south Andaman Sea & adjoining southeast Bay of Bengal on 14th.

Rainfall

Under the influence of above systems, fairly widespread rain occurred over Andaman & Nicobar Islands from 8th to 10th and on 13th and 14th. Isolated heavy rain occurred over Nicobar Islands on 13th and 14th. Fairly widespread rain with isolated heavy falls occurred over Tamil Nadu from 10th to 14th. Light to moderate rainfall occurred at a few places over Kerala and Lakshadweep from 11th to 14th and

over and Lakshadweep on 13th and 14th. Light to moderate rainfall occurred over South coastal Andhra Pradesh and Rayalaseema on 10th and 11th.

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

Cold wave

Cold wave conditions prevailed in parts of Jammu & Kashmir, Punjab, East Rajasthan, East Madhya Pradesh, Vidarbha, Chhattisgarh, Orissa and Gangetic West Bengal on 14th. The lowest minimum temperature recorded in the plains of the country was -6.0 deg C at Srinagar and Pahalgam (Jammu & Kashmir) on 14th December .

Rainfall During The Week (Week ending on 14th December, 2005)

Rainfall was **excess/normal** in **4**, **deficient/scanty** in **4** and no rain in **28** out of 36 meteorological sub-divisions (Actual: 4.0 mm, Normal 4.3 mm and Departure: -6%).

Cumulative Seasonal Rainfall (1st October to 14th december, 2005)

Rainfall was **excess/normal** in **17**, **deficient/scanty** in **18** and no rain in **1** out of 36 meteorological sub-divisions. (Actual: 136.0 mm, Normal: 115.9 mm and Departure: +17%).

Outlook For The Week Ending On December 21st 2005

A low pressure area has formed over southeast Bay of Bengal on 15th. The system is likely to concentrate into a depression and move towards coastal Tamil Nadu during next 2 days. Under its influence, fairly widespread rains with isolated heavy falls are likely over Tamil Nadu & Pond cherry during second half of the week. Fairly widespread rains are also likely over Kerala during the same period.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (December 05 - 10, 2005)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	-	3500	3500
SFO	-	16450	16450
Palm oil	11500	14103	25603
CPO	-	19580	19580
Total	11500	53633	65133

Source: ANAS

Forex Rates

(As on 17.12.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.25
European Union	Euro	54.36
United Kingdom	Pound Sterling	80.21
Japan	100 Yen	39.12
Malaysia	Ringgit	11.97

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