

VEGOIL

Dec 05 - 10, 2005

MAJOR WEEKLY HIGHLIGHTS

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- **Canada: Canola Production Expected To Increase**

DOMESTIC & INTERNATIONAL NEWS

USDA: Weekly Export Sales Highlights

Export Sales Highlights of US Department of Agriculture is released on December 8, 2005. This summary is based on above-mentioned report (for the period November 25 - December 1, 2005).

Soybeans: Net sales of 952,100 MT--a marketing-year high--were two and nine-tenths times the week earlier and two and one-fifth times the prior 4-week average. Major increases for China (523,000 MT, including 167,700 MT switched from unknown destinations), Egypt (69,400 MT), the United Arab Emirates (65,000 MT), Taiwan (61,800 MT), Germany (60,900 MT), Indonesia (60,000 MT), Mexico (52,000 MT), and Spain (40,000 MT) were partially offset by decreases for unknown destinations (89,500 MT). Sales for delivery in 2006/07 were for unknown destinations (120,000 MT). Exports of 798,700 MT were 1 percent above the week earlier, but 8 percent under the prior 4-week average. China (468,000 MT), Taiwan (144,200 MT), and Japan (101,000 MT) were the primary destinations. Note: 39,700 MT adjusted accumulated exports for Japan down.

Soybean Cake and Meal: Net sales of 272,400 MT were three and three-fifths times the week earlier and two and one-fifth times the prior 4-week average. Major increases were reported for the Philippines (98,600 MT), Mexico (32,100 MT), unknown destinations (24,000 MT), Turkey (23,500 MT), Canada (19,900 MT), and Colombia (13,300 MT). Reductions were reported for Australia (5,000 MT). Exports of 183,000 MT--a marketing-year high--were two and three-tenths times the previous week and one-half over the prior 4-week average. The primary destinations were Mexico (37,600 MT), Canada (33,900 MT), Japan (30,300 MT), the Philippines (25,300 MT), Colombia (12,900 MT), and El Salvador (12,000 MT).

Soybean Oil: Net sales of 14,500 MT were mainly for Cuba (9,500 MT), Jamaica (2,000 MT), Nicaragua (2,000 MT), and Canada (700 MT). Exports of 21,900 MT were primarily to Cuba (9,500 MT), Mexico (6,900 MT), the Dominican Republic (2,500 MT), and Guatemala (2,500 MT).

Source: USDA

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 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

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

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

Area, Production and Yield of Major Oil Seeds in Myanmar

There are three major oil seeds crops in Myanmar and their major growing areas are Sagaing, Mandalay and Magway divisions.

Area and production figures for the fiscal year (April 1,2004 to March 31,2005) revealed by the government of Myanmar are as follows:

Brazil: Soybean Production Expected to Improve in 2005-06

Brazil for the year 2005-06 expects higher soybean production as weather improves. It is expected to rise by 12

Canadian Canola Production Expected High

Canada canola crop expected to be high this year and market is waiting for fresh statistics of Canadian canola production report for 2005. The consensus is production of 9 million tonnes. However traders believe cultivation of canola may decrease by about 25-40 percent next spring

DOMESTIC MARKET ANALYSIS

Palm oil

Palm oil prices at domestic spot market were lacklustre. Traders are waiting for production and stock data by Malaysian Palm Oil Board (MPOB), it is going to release in

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.

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

Source: MPOB data

Table: Area, Production and Yield of major oil seeds in Myanmar Unit: Area (Ha), Production(MT), Yield (Kg/ha)

Crops	Area	Production	Yield
Groundnut	654880	249000	380
Sesame	1460000	197000	135
Sunflower	511100	94000	184

The above table shows that the productivity of oilseed crop in Myanmar is very poor in comparison to India and World average.

percent at 57.4 - 58.5 million MT. Last year cultivators came up with 51 million MT of soybeans.

that is in the year 2006. The decline expected is mainly due to higher cost of inputs. Canola production in Canada last year was of 7.7 million tonnes and this year's crop is expected to increase at 8.8 million tonnes.

next week. Traders are waiting of that reports. US Department of Agriculture released on December 9, 2005, which revealed bearish sentiments Palm oil prices in

Chennai market were marginally improved in the mid of this week due to rain in Tamil Nadu. 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 slightly declined during this week. Palm oil prices are expected range bound.

Weekly prices for CPO

(Rs/ 10 kg)

Center	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Kandla	339	338	338	338	337	338

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Kandla	360	359	359	359	359	360
Mumbai	373	373	373	373	373	Closed
Chennai	376	378	377	375	375	378
Kakinada	375	376	375	374	374	374

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
CPO	357.5	357.5	355	357.5	355	N.A.
RBD Palmolein	392.5	395	390	390	390	N.A

Soy oil

Soy oil prices at domestic spot market continued range bound during this week with weak market sentiments. Daily arrivals of soybean were 100000 -150000, 70000-100000, and 65000-80000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra and Rajasthan mandies respectively during this week. Arrivals of soybeans in Kota were 7000 to

10000 during the week. Prices for soy degum (High Sea) at Kandla port were slightly declined at the end of this week. CIF soy were also declined at the ned of this week. Market sentiments is expected to move range bound with positive sentiments.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Mumbai	362	363	360	359	359	359
Indore	342	343	341	340	337	377
Kota	346	348	345	343	342	346
Jaipur	350	352	348	345	344	350
Nagpur	343	344	343	341	341	342

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

(Rs/ 10 kg)

Center	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Mumbai	334	334	332	332	330	332

Prices for CIF Soya during the week

(US \$/ MT)

Center	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Kandla	506.00	515.00	506.00	506.00	503.00	497.00

Rape/Mustard Oil

Domestic market prices of mustard oil range bound with positive sentiments amidst increasing buying demand at retail ends in most of the markets. Mustard oil prices are slightly increased due to bit improvement of soyoil prices at spot market as well as Soy future prices in NCDEX and

NBOT at the ned of this week. Soy oil and mustard oil are substitute of each other. There is news that traders are mixing soy oil in mustard oil only because the soy oil prices are cheaper than mustard oil. However, mustard oil prices slightly declined at the end of this week, because mustard

oil prices were already higher as compared to other markets. Market sentiments is expected to be bullish in short

term and bearish in medium and long term.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Mumbai	382	383	378	380	375	Closed
Kota	358	360	358	355	360	360
Jaipur	362	365	362	360	366	365
Delhi	378	380	384	382	380	381

Groundnut oil

Domestic market prices of Groundnut oil were lacklustre. There were low buying demands of GN oil at retail ends during the week. Arrivals of groundnut in Gujarat were at 1.30- 1.40 lakh bags (1 bag=35 kg) during the week. Harvesting of groundnut is started in Andhra and Chennai.

Prices of GN oil slightly declined in most of the market only due to good arrivals of groundnut seeds in the markets. GN oil prices are expected to move range bound with weak sentiments.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Mumbai	457	457	454	450	451	Closed
Rajkot	460	456	450	456	452	450
Andhra Region	460	455	455	450	450	450
Chennai	450	450	450	445	445	445

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Crude Palm oil futures at Bursa Malaysia Derivatives settled marginally higher on Friday. Futures moved either side of unchanged levels lacking fresh fundamental news. Benchmark February future settled up MYR1 at MYR1411 per ton. Probably it was expectations of friendly export data that helped futures to close in positive territory. Traders are expecting improvement in its demand from overseas markets, which could be reflected from the forthcoming

export data. Cargo Surveyor, SGS will be releasing its estimates for Malaysian Palm oil export for December 1-10 on Tuesday. Traders are expecting MPO export for first 10 days of December at 3.5 lakh ton versus 2.85 lakh ton exported during the corresponding period last month.

Soybean Market United States

Soy futures at Chicago Board of Trade settled mixed on Friday. Market candidly ignored the USDA's bearish stock numbers. January soybean future settled up 2 cents at \$5.6875 and March up 3 cents at \$5.785 per short ton. March soybean meal settled \$2.1 at \$181.7 per short ton and March soybean oil off 3 points at 21.24 cents per pound. There was nothing out of the blue from the USDA report. Upward

revision in soybean stock was earlier expected and this presumably had already been factored. The US Department of Agriculture put ending stock of US soybean for year 2005-06 at 11.02 million ton against its previous estimates of 9.52 million ton. Production of soy for South American countries was kept unchanged.

South American Soybean Market:

South American soybean future settled up on Friday session. March South American soybean future settled up 9 cents at \$ 6.075 per bushel. There were news that China is planning to buy South American Soybean. Monthly report on World Agricultural Supply and Demand Estimates by US Department of Agriculture released on December 9, 2005, which revealed the bearish market sentiments. World ending stocks for soybeans for the 2005/2006 seasons were revised higher at 48.11 million tonnes from 46.75 million tonnes last month and from 42.09 million tonnes this

past season. The improving export demand of Soybean and increasing fund buying might be helpful to improve the market sentiments. There were rumors that China is planning to buy 1-2 cargoes of US soybeans and strong export sales for soybeans and products. China imported 523,000 tonnes US soybean last week. The above-mentioned factors helped to boost prices of South American Soybeans. Export demand and buying funds were higher for Soybean meal. However, soybean oil stocks were pegged at 2.329 billion pounds from 1.891 last month

and 1.699 billion last year. The ending stocks of soy oil were increased only due to increased oil extraction

percentage. Increasing stocks of soy oil shows bearish market sentiments for soy oil.

VAYDA BAZAAR

Weekly settlement prices for soy oil at NBOT

Contracts	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Dec '05	344.50	344.80	340.70	338.80	338.10	340.80
Jan '05	352.10	352.80	348.20	346.70	345.50	348.00

Weekly settlement prices for soy oil at NCDEX

Contracts	05.12.05	06.12.05	07.12.05	08.12.05	09.12.05	10.12.05
Dec '05	345.80	346.30	342.25	340.50	339.35	342.30
Jan '05	352.65	353.95	349.40	347.00	346.65	349.20

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

Last week's cyclonic storm "BAAZ" over southwest Bay of Bengal remained stationary and lay centred at 0830 hours IST of 1st near Lat.12.5°N/Long. 84.0° E about 400 km east-southeast of Chennai. The system moved slightly westwards and weakened into a deep depression at 1730 hours IST and lay centred near Lat.12.5 °N/Long. 83.5° E about 350 km east-southeast of Chennai. It then moved north-westwards and further weakened into a depression at 0530 hours IST of 2nd and lay centred near lat.13.0°N/Long. 82.5° E about 250 km east of Chennai. The system remained stationary till 0830 hours IST and further weakened into well marked low pressure area over southwest and adjoining west central Bay of Bengal at 1130 hrs IST. It was seen as a low pressure area over north coastal Tamil Nadu and adjoining southwest Bay of Bengal on 3rd and became less marked on 4th. However, the associated upper air cyclonic circulation moved westwards across south Peninsula and was seen over south east Arabian sea on 5th which persisted upto 7th.

Last week's western disturbance as an upper air system moved across Jammu & Kashmir and Himachal Pradesh on 1st and 2nd.

Last week's low pressure area over central parts of south Arabian Sea was seen over southeast and adjoining east central Arabian sea on 1st. It persisted till 3rd and became less marked on 4th. The associated upper air cyclonic circulation became less marked on 5th.

A fresh feeble low pressure area formed over south Andaman Sea in the evening of 3rd. It persisted till 5th morning and became well marked in the evening. It concentrated into a depression and lay over southeast Bay of Bengal with its centre at 0830 hours IST of 6th near Lat.10.5°N/Long.89.5° E about 1000 km east-southeast of Chennai. It further intensified into a deep depression at 1430 hours IST and lay centred near Lat.11.0°N/Long. 89.0° E about 950 km east-southeast of Chennai. It remained stationary upto 1730 hours IST. The system moved westwards and intensified into a cyclonic storm named as 'FANOOS' at 0830 hours IST on 7th with its

centre near Lat.11.0°N/Long. 87.5° E about 800 km east-southeast of Chennai and near Lat.11.0°N/Long. 86.5° E about 700 km east-southeast of Chennai at 1730 hours IST.

Rainfall

Under the influence of above systems, light to moderate rain/thundershowers occurred over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry, Kerala and Lakshadweep on many days of the week and over south coastal Andhra Pradesh, Rayalaseema and South Interior Karnataka on some days of the week. Heavy to very heavy rainfall also occurred Andaman & Nicobar Islands, Tamil Nadu & Pondicherry, south coastal Andhra Pradesh and Rayalaseema during middle of the week.

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

Cold wave

Cold wave conditions prevailed in parts of Jammu & Kashmir, Punjab, Haryana, Delhi and West Rajasthan on some days of the week. The lowest minimum temperature recorded in the plains of the country was 1.4 deg C at Amritsar (Punjab) on 3rd.

Rainfall During The Week (Week ending on 7th December, 2005)

Rainfall was **excess/normal** in **7**, **deficient/scanty** in **4** and no rain in **25** out of 36 meteorological sub-divisions (Actual: 4.4 mm, Normal 3.8 mm and Departure: +16%).

Cumulative Seasonal Rainfall (1st October to 7th december, 2005)

Rainfall was **excess/normal** in **18**, **deficient/scanty** in **17** and no rain in **1** out of 36 meteorological sub-divisions. (Actual: 131.7 mm, Normal: 111.6 mm and Departure: +18%).

Outlook For The Week Ending On December 14th 2005

The cyclonic storm 'FANOOS' is likely to cross North Tamil Nadu coast between Vedaranniyam and Pondicherry by 10th afternoon. Under its influence, the rainfall activity is

likely to increase over south peninsula with possibility of heavy to very heavy falls **at a few places** during first half of the week.

Source: IMD, GOI.

PORT WATCH

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

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	15250	8000	23250
Palm oil	7000	21445	28445
CPO	16980	35211	52191
Total	39230	64656	103886

Source: ANAS

Forex Rates

(As on 10.12.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.22
European Union	Euro	54.56
United Kingdom	Pound Sterling	80.91
Japan	100 Yen	38.33
Malaysia	Ringgit	12.22

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