



Commodities Weekly

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DOMESTIC & INTERNATIONAL NEWS

USDA: Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on January 12, 2006. This summary is based on reports from exporters (for the period December 30, 2005 to January 5, 2006).

Soybeans: Net sales of 448,100 MT were 3 percent short of the previous week and 31 percent under the prior 4-week average. The primary buyers were China (267,500 MT, including 101,000 MT switched from unknown destinations), Japan (65,200 MT), Germany (60,200 MT, including 60,000 MT switched from unknown destinations), the Netherlands (55,100 MT, including 52,400 MT switched from unknown destinations), Turkey (36,800 MT), and Egypt (25,300 MT). Decreases of 115,900 MT were reported for unknown destinations. Exports of 674,300 MT were 81 percent above the week earlier and 17 percent over the prior 4-week average. The major destinations were China (282,000 MT), Japan (90,800 MT), Mexico (85,100 MT), Germany (60,200 MT), and the Netherlands (55,100 MT).

World Agricultural Supply and Demand Estimates (WASDE) released by US Department of Agriculture on January 12, 2006.

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

OILSEEDS: U.S. oilseed production for 2005/06 is estimated at 96.4 million tons, up 1.4 million tons from last month, and up 0.5 million tons from last year. Although soybean production accounts for most of the increase, sunflower seed, canola, cottonseed, and peanut production are also higher. Soybean production is estimated at 3,086 million bushels, up 43 million bushels from last month based on higher yields and slightly higher harvested area. Soybean exports are reduced 70 million bushels to 950 million bushels primarily due to continuing weak sales to EU-25 and China. Export competition from South America has been unusually strong in recent months, reflecting large available supplies from record 2004/05 soybean crops.

Soybean Cake and Meal: Net sales of 68,900 MT improved 49 percent from the week earlier, but were 17 percent under the prior 4-week average. The major buyers were Canada (28,300 MT), Mexico (15,000 MT), Japan (11,300 MT), and Colombia (10,500 MT). Exports of 58,700 MT--a marketing-year low--were 47 percent below the previous week and 51 percent under the prior 4-week average. The primary destinations were Mexico (18,300 MT), Canada (13,000 MT), Colombia (11,300 MT), and Panama (8,200 MT).

Soybean Oil: Net sales of 300 MT were primarily for Australia. Decreases were reported for Canada (100 MT). Exports of 3,000 MT were mainly to Nicaragua (2,000 MT), Mexico (400 MT), Canada (200 MT), and the Dominican Republic (100 MT).

Source: USDA

Soybean crush is raised this month due to a lower meal extraction rate. Soybean stocks are projected at 505 million bushels, up 100 million bushels from last month. The U.S. season average soybean price range for 2005/06 is projected at \$5.10 to \$5.80 per bushel, up 10 cents on both ends of the range. Prices are raised based on a higher-than-expected season average price to date. Soybean oil prices are forecast at 20.5 to 22.5 cents per pound compared with 20.5 to 23.5 last month. Soybean meal prices are projected at \$165 to \$180 per short ton compared with \$155 to \$180 last month. Global oilseed production for 2005/06 is projected at a record 389.0 million tons, up 2.0 million tons. Foreign production is projected at

292.5 million tons, up 0.6 million tons. Global sunflower seed production is projected at 29.9 million tons, up 0.7 million tons from last month. Russia's sunflower seed crop is raised 600,000 tons to 6.4 million tons due to higher yields. Other oilseed production changes include a

increased rapeseed production for India and EU-25, and reduced palm oil production for Malaysia. Brazil soybean production for 2004/05 is raised 2 million tons to 53 million tons, a record despite drought in southern Brazil. Source:WASDE

AIVISS: Threatened For Hunger Strike Against Import Duty

January 09, 2006: All India Vanaspati Industries Sangharsh Samiti (AIVISS) is protesting against duty free import from Sri Lanka, Nepal and Bhutan. At present customs duty on Malaysian and Indonesian crude palm oil is about 80% (it is raw materials), while on the other hand; custom duty is about 30% on Vanaspati (it is a finished product). The Source:Director,AIVISS.

Association is decided to protest march on January 10,2006 and handover a memorandum to Prime Minister of India for the same. If the Government of India would not take any action to stop the duty free imports, then association may go for an indefinite hunger strike.

Malaysia: January Palm Oil Exports Down by 3.6 %

Malaysian's palm oil exports in January 1-10, 2006 totalled 301825 metric tonnes as against 312924 metric tonnes of December 1-10, 2005, it is down by 3.6 per cent.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that RBD Palm Olein and Crude Palm Oil export sales are increased by 63.66 % and 8.71 %

respectively during the period of January 1-10, 2006 as compared to December 1-10, 2005. On the other hand, Table 1 shows that export sales of RDB Palm Oil and RBD Palm Stearin are declined by 23.08 % and 54.61 % respectively during same period.

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

(Unit: MT)

Items	January 1-10, 2006	December 1-10, 2005	Change %
RBD Palm Olein	141445	86426	+63.66
RBD Palm Oil	50694	65907	-23.08
RBD Palm Stearin	18943	41735	-54.61
Crude Palm Oil	31100	28608	+8.71

Source: SGS (Malaysia) Bhd.

Major importer countries/continents of Malaysian palm oil

Export data released by Cargo Surveyor SGS for the month of December, 2005 the major importers of Malaysian palm oil were as follows:

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

Country wise brief high lights of imports are as follows: Table 2 shows that import of Malaysian palm oil from China, and European were declined by 77.49% and 17.52% respectively during the period of January 1-10, 2006 as compared to December 1-10, 2005. However,

Import of Malaysian palm oil from USA increased by 16.45%, respectively during the same period. India imported 16015 metric ton of Malaysian palm oil during January 1-10,2006,while India is not imported palm oil during December 1-10,2005.

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

(Unit: MT)

Countries/Continents	January 1-10, 2006	December 1-10, 2005	Change %
European Union	16050	71293	-77.49
China	65852	79844	-17.52
United States	34300	29454	+16.45
India	16015	0	+16015

Source: SGS (Malaysia) Bhd.

Malaysia: Palm Oil Exports Down By 4.3 %

Malaysia's palm oil exports during January 1-10,2006 released by Intertek Agri Services on January 11,2006. This report revealed that the Malaysia's palm oil exports were totaled 280750 metric tonnes during January 1-

10,2006, it is down by 13.3% as compared to 323835 metric tonnes during December 1-10, 2005.

Source: Intertek Agri Services (Malaysia)

DOMESTIC MARKET ANALYSIS

Palm oil

Palm oil prices at physical market were range bound with weak sentiments during the week. Palm oil prices at physical market down slightly during this week in most of the markets due to increasing stock of Malaysian palm oil and low export demand of palm oil. CBOT soy oil future prices were also weak in this week. Bearish export sales report of USDA brought negative impact on all edible oil. There was no fresh news to boost up palm oil prices.

FOB prices of CPO and RBD Palmolein (January) were declined at the end of this week at Kandla port. FOB CPO and RBD Palmolein declined from to \$ 357.50 from \$ 360 per tonnes and \$ 385 from \$ 390 per tonnes respectively. Palm oil prices are expected to move range bound in next week.

Weekly prices for CPO

(Rs/ 10 kg)

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Kandla	326	326	325	325	324	Closed

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Kandla	358	357	353	353	352	Closed
Mumbai	363	363	362	362	355	355
Chennai	371	370	370	370	369	Closed
Kakinada	355	356	354	354	354	N.A
Hyderabad	376	374	373	373	372	Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
CPO	360.00	Closed	357.50	357.50	357.50	Closed
RBD Palmolein	390.00	Closed	387.50	387.50	385.00	Closed

Soy oil

Domestic soy oil prices went down slightly at the end of this week in most of the markets with low demands at retail ends and bearish USDA monthly report. US soybeans stock revised higher to 505 million bushel. Due to more production and low export demands of soybean is the only cause for higher stock. US soybeans oil stock is increased due to higher crushing of soybean. Arrivals of soybeans per day during this week were in range of 40000-60000, 20000-40000, 20000-35000, 12,000-20000 bags (1 bags= 85 kg)

in Madhya Pradesh, Maharashtra, Rajasthan and Gujarat markets. Arrivals of soybeans were in range of 4000-6000 bags in Kota only.

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

Soy oil prices are expected to move range bound in next week.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Mumbai	340.00	340.00	338.00	338.00	336.00	333.00
Indore	341.00	343.00	344.00	344.00	342.00	342.00
Kota	354.00	355.00	354.00	354.00	354.00	Closed
Jaipur	358.00	358.00	358.00	358.00	358.00	Closed
Nagpur	346.00	346.00	345.0	344.00	344.00	-
Hyderabad	378.00	367.00	366.00	366.00	365.00	Closed
Chennai	354.00	354.00	354.00	354.00	354.00	Closed
Rajkot	338.00	336.00	336.00	336.00	334.00	Closed

Prices for Soy Degum (High Sea) during the week

(Rs/ 10 kg)

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Mumbai	326.00	325.00	322.00	322.00	324.00	320.00

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

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Kandla & Mumbai	484.00	477.00	477.00	477.00	475.00	475.00

Rape/Mustard Oil

Mustard oil prices at physical market were slightly improved at the end of this week. There were news that the mustard crop is damaged about 10 to 15 per cent due to frost injury. However, it could not bring any drastic impact on mustard seed production and its prices because the area of mustard crop was already increased about 11 per cent this season. Harvesting of mustard crop is expected from the first week

of February in some parts of Rajasthan like Kota belt. Harvesting of mustard crop in Shri ganga nagar side is expected to start from first week of March. Mustard oil prices are expected to move range bound upto January, after that it may decline due to crop harvesting pressure in moth of February.

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

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Mumbai	366.00	367.00	368.00	368.00	370.00	369.00
Kota	356.00	357.00	358.00	358.00	358.00	357.00
Jaipur	360.00	362.00	362.00	362.00	362.00	362.00
Delhi	382.00	382.00	385.00	385.00	387.00	385.00

Groundnut oil

Domestic markets prices of groundnut oil were range bound with weak sentiments during this week in most of the markets amidst low demands at retail ends. USDA weekly export and monthly WASDE report revealed bearish trends in oilseeds, which brought negative impact on all edible oil. There is another reason to decline of groundnut oil prices

due to mixing of low priced oil in GN oil like soy oil. The arrivals of groundnut seeds in were in range of 70000-80000 bags (1 bags =35 Kg) per day during this weak in Rajkot mandi. GN oil prices are expected to move range bound with weak sentiments.

Prices for groundnut oil during the week**(Rs/10 kg)**

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Mumbai	445	444	442	442	438	438
Rajkot	460	455	453	452	452	Closed
Andhra Region	445	443	445	445	447	Closed
Chennai	445	445	445	445	445	Closed

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. Sunflower oil is expected to import about 29000 metric tonnes at Mundra port and 8500 metric tonnes of SFO is already imported. There is huge availability of low priced oil in the market as compared to

sunflower oil like cotton oil and soy oil in the markets is another cause to decline the sunflower oil prices. CIF prices for Sunflowers (January Shipment) at Kandla port were quoted low at the end of this week. 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	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Chennai	450	448	448	448	448	Closed
Mumbai	415	405	398	398	400	398
Hyderabad	425	430	420	420	420	Closed

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

Center	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Kandla & Mumbai	562.00	560.00	550.00	550	547	552.00

Cotton Refine Oil

Cotton oil prices on physical shows the sluggish trends in most of the markets amidst low demands at retail ends. There was no fresh news to boost up its prices. There were

good arrival of cottonseeds and huge availability of other edible oil in the market. Cotton oil prices are expected to move range bound with weak sentiments in next week.

Markets	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Mumbai	352	352	350	352	347	345
Hyderabad	355	352	352	352	351	Closed
Rajkot	350	345	345	345	342	Closed

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Crude palm oil future witnessed mixed market sentiments during this week. Low export demands and rising stock of palm oil is added bearish tone. Strengthening Malaysian Ringgit is also added bearish tone in the markets. Rising stock of US soy oil was another negative factor for markets. On the other hand, seasonal decline of CPO production and hoping demands for bio-fuels in coming days were bullish trend. Trading activities was slow due to optimistic and pessimistic dilemma about market sentiments. Traders

are waiting for SGS Export estimates (January 1-15), which are due to issue on Monday i.e. January 15, 2006. Traders' expectations are that the export would decline slightly in this Cargo surveyors estimates (Jan 1-15) as compared to Dec 1-15 period. Market sentiments are expected to move range bound in next week.

Soybean Market United States

Soy future settled mixed on Chicago Board of Trade Friday. March soybean settled higher 4.5 cents at \$ 5.765 per bushel, 0.5 cents off the high and 6.5 cents up from the low and soybeans settled higher 4 cents at \$5.855 per bushels, 7 cents up from the low and 0.5 cents off the high. March soy meal settled higher \$ 2.7 at \$ 181.7/ton, \$ 2.7 up from the low and \$ 0.2 off the high. March soybean oil settled lower 0.02 cents at 21.67cents/pounds, 0.04 cents off the high and 0.17 cents up from the low. March soybean future were slightly higher just after lower opening prices on Chicago Board of Trade only because there were

talk that china is buying US soybean. US ending stock of soybean is projected at 505 million bushels, it is second highest stock of US soybean in the history. It is expected to receive good rain in Argentina and there is forecast for little more rain in Southern Brazil. World ending stocks for the 2005-06 season were pegged at 53.15 million tonnes from 48.11 million tonnes last month and from 44.90 million tonnes this past season. The above mentioned points shows the bearish trends and talk of China buying US soybeans is only supported to move higher future market sentiments on CBOT.

South American Soybean Market:

South American soybeans future settled lower on Friday. March South American soybean settled lower at \$ 6.02 per bushel. USDA indicated that soybean production of Argentina and Brazil may increase after receiving good rain. It is forecasting that Argentina will receive good rain into weekend and scattered rain is expected for Southern Brazil. Traders hope that weather does not looks much threat for South America and expecting good production

and more ending stock. A record world ending stock of soybean and US soybean supported to bearish trends. Ending stock of US soybean increased only due to low export sales from China and Europe and strong competitions between US soybean and South American soybean. Talk that China bought 8-12 cargo US soybeans were only cause to move higher future market sentiments on CBOT.

VAYDA BAZAAR

Weekly settlement prices for soy oil at NBOT

Contracts	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Jan '06	342.50	343.00	343.00	343.80	343.30	343.70
Feb '06	345.90	345.90	345.90	345.30	344.50	346.60

Weekly settlement prices for soy oil at NCDEX

Contracts	09.01.06	10.01.06	11.01.06	12.01.06	13.01.06	14.01.06
Jan '06	344.20	344.35	343.95	343.00	343.10	345.00
Feb '06	348.35	347.60	346.45	345.05	344.80	346.50

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

Last week's western disturbance as an upper air system over Himachal Pradesh and adjoining Jammu & Kashmir moved away on 5th.

A fresh western disturbance as an upper air system lay over Pakistan and neighbourhood on 5th. It moved in an easterly direction and was over Jammu and Kashmir and north Pakistan on 6th and persisted over the same area till 11th.

Last week's upper air cyclonic circulation extending upto 2.1 km a.s.l. over southwest Bay of Bengal persisted on 5th. It moved westwards and was seen over southeast Arabian Sea on 6th and 7th. It further moved westwards and was over western parts of southeast Arabian Sea till 9th and became less marked on 10th.

Another upper air cyclonic circulation extending upto 2.1 km a.s.l. formed over south Bay of Bengal on 6th and persisted upto 11th.

Rainfall

Under the influence of above systems,

Light rainfall/snowfall occurred over Jammu & Kashmir on 5th.

Light to moderate rainfall occurred **at a few places** over south Tamil Nadu, Kerala, Andaman & Nicobar Islands and Lakshadweep on some days of the week.

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

Rainfall During The Week (Week ending on 11th January, 2006)

Rainfall was **excess/normal** in **4**, **deficient/scanty** in **5** and no rain in **27** out of 36 meteorological sub-divisions (Actual: 0.5 mm, Normal 4.6 mm and Departure: -89 %).

Cumulative Seasonal Rainfall (1st January to 11th January, 2006)

Rainfall was **excess/normal** in **4**, **deficient/scanty** in **8** and no rain in **24** out of 36 meteorological sub-divisions. (Actual: 7.6 mm, Normal: 6.8 mm and Departure: +12%).

Outlook For The Week Ending On January 18th 2006,

A fresh western disturbance is likely to approach and cause moderate rain/snow over Western Himalayan Region and isolated to scattered rain / thundershowers over the adjoining plains of northwest India during second half of the week.

Under this scenario cold wave conditions prevailing over northern parts of the country are likely to abate during first half of the week.

Minimum temperatures likely to remain near normal to above normal during second half of the week.

Light to moderate rain / thundershowers are likely to continue over Andaman & Nicobar Islands and extreme south Peninsula.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (January 09 - 14, 2006)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	29000	13047	42047
Palm oil	1860	0	1860
CPO	20000	18500	38500
SFO	0	8500	8500
Total	50860	40047	90907

Source: ANAS

Forex Rates

(As on 14.01.2006)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	44.90
European Union	Euro	53.46
Japan	100 Yen	39.28
United Kingdom	Pound Sterling	79.68
Malaysia	Ringgit	12.03
China	CNY	5.56
Argentina	ARS	14.84
Brazil	BRL	19.24
Indonesia	1000 IDR	4.85

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