



## Commodities Weekly

*The Best Commodities Coverage in India*

VEGOIL

January 23 - 28, 2006

### MAJOR WEEKLY HIGHLIGHTS

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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 26, 2006. This summary is based on reports from exporters (for the period January 13-19, 2006).

**Soybeans:** Net sales of 521,900 MT were 59 percent below the previous week and 32 percent under the prior 4-week average. Increases for China (217,400 MT, including 110,000 MT switched from unknown destinations), Japan (82,500 MT, including 26,000 MT switched from unknown destinations), Thailand (66,900 MT, including 60,000 MT switched from unknown destinations), Mexico (39,500 MT), and Egypt (30,000 MT) were partially offset by decreases for unknown destinations (32,000 MT). Exports of 868,300 MT were 56 percent over the week earlier and 57 percent above the prior 4-week average. The major destinations were China (402,400 MT), Mexico (136,300 MT, including 42,400 MT late reporting), Japan (108,200 MT), Taiwan (69,300 MT), and Thailand (66,900 MT).

**Soybean Cake and Meal:** Net sales of 189,100 MT were 20 percent above the week earlier and two and one-tenth times the prior 4-week average. Increases for El Salvador (59,700 MT), Cuba (35,900 MT, all late reporting), the Dominican Republic (30,500 MT, including 22,000 MT late reporting), Mexico (30,300 MT), Canada (17,600 MT), and Colombia (12,600 MT, including 4,000 MT late reporting) were partially offset by decreases for unknown destinations (26,000 MT). Exports of 104,600 MT were 46 percent below the previous week and 11 percent under the prior 4-week average. The primary destinations were Japan (35,200 MT), Canada (27,700 MT), and Mexico (19,100 MT).

**Soybean Oil:** Net sales of 4,400 MT were mainly for El Salvador (1,800 MT), Canada (800 MT), Mexico (800 MT), and Guatemala (800 MT). Exports of 8,000 MT were primary for Mexico (7,200 MT) and Canada (500 MT).

**Source:** USDA

#### 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 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

#### Malaysia: January Palm Oil Exports Down by 5.07 %

Malaysian's palm oil exports in January 1-25, 2006 totalled 777781 metric tonnes as against 819334 metric tonnes of December 1-25, 2005, it is down by 5.07 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 14.87 and 88.12 per

cent respectively during the period of January 1-25, 2006 as compared to December 1-25, 2005. On the other hand, Table 1 shows that the export sales of RDB Palm Oil and RBD Palm Stearin are declined by 28.46 % and 57.98 % respectively during same period.

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

(Unit: MT)

Items	January 1-25, 2006	December 1-25, 2005	Change %
RBD Palm Olein	320444	278958	+14.87
RBD Palm Oil	92767	129672	-28.46
RBD Palm Stearin	48836	116216	-57.98
Crude Palm Oil	148365	78866	+88.12

Source: SGS (Malaysia) Bhd.

#### Major importer countries/continents of Malaysian palm oil

Estimates of export data released by Cargo Surveyor SGS on Wednesday i.e. January 25,2006 for the period of January 1-25, 2006. The major importers of Malaysian palm oil were as follows:

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

Country wise brief high lights of imports are as follows: Table 2 shows that import of Malaysian palm oil from China, European Union and USA were declined by 16.94 %, 21.01 % and 35.68 % respectively during the period of

January 1-25, 2006 as compared to December 1-25, 2005. However, Import of Malaysian palm oil from India and Pakistan increased by 100.1 3% and 39.54 % during the same period.

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

(Unit: MT)

Countries/Continents	January 1-25, 2006	December 1-25, 2005	Change %
China	197009	237200	-16.94
European Union	183412	232182	-21.01
United States	53355	82953	-35.68
India	22815	11400	+100.13
Pakistan	41500	29740	+39.54

Source: SGS (Malaysia) Bhd.

#### Malaysia: January Palm Oil Export down 2.20 %

A cargo surveyor Intertek Agri Services released an estimate of palm oil export sales on Wednesday i.e January 25,2006. Malaysian palm oil export increased to 793453 metric tonnes during January 1-25, as against 811329

metric tones during December 1-25, it is down by 2.20 per cent.

Source: Intertek Agri Services

#### GOI: Revises Base Import Prices on Edible Oils

January 16: Government of India has revised base import prices on edible oil on January 16,2006. India revised lower base import prices on Crude Soybean Oil at \$ 492/ton (-5) from \$ 497/ton, Crude Palm Oil at \$ 415/ton (-2) from \$ 417/ton, RBD Palm Oil at \$ 430/ton (-2) from \$ 432/ton,

Other Palm Oil to \$ 423/ton (-2) from \$ 425/ton. However, India revised higher base import prices on Crude Palmolein at \$ 437/ton (+19) from \$ 418/ton, RBD Palmolein at \$ 440/ton (+19) from \$ 421/ton, Other Palmolein at \$ 439/ton (+19) from \$ 420/ton.

Table: Government of India has revised base import prices:

(Unit: US \$/MT)

Items/Commodities	Current Tariff Rate w.e.f. 16/01/06	Previous Tariff Rate	Change (US \$)
Crude Soybean Oils	492	497	-5
CPO	415	417	-2
RBD Palm Oil	430	432	-2
Other Palm Oil	423	425	-2
Crude Palm Olein	437	418	+19
RBD Palm Olein	440	421	+19
Other Palm Olein	439	420	+19

## DOMESTIC MARKET ANALYSIS

### Palm oil

Palm oil prices at physical market were improved during this week. A cargo surveyor SGS, Malaysia, Bhd. released an estimates for export figure for the period of Jan 1-25 on Wednesday. Malaysian palm oil exports declined to 777781 metric ton during Jan 1-5, 2006 as against 819334 metric ton during Dec 1-25, 2005, it is about 5 per cent down. However, another surveyor Intertek Agri Services revealed that the an estimates of Malaysian palm oil export declined by 2.2 per cent during Jan 1-25 as compared to Dec 1-25. BMD will be closed from Jan 30- Feb 2, in next week BMD

will be open only on Friday, low trading is expected on Friday. In China, most of the market will be closed from Thursday on the occasion of Chinese New Year. Traders were not willing to take fresh positions due to long holiday ahead.

FOB prices of CPO (Feb) were improved at 367.50/ton from 365/ton at the end of this week during this week at Kandla port. FOB RBD Palmolein prices are slightly improved to \$ 392.50/ton from \$ 390.50 per tonnes. Palm oil prices are expected to move range bound in next week.

### Weekly prices for CPO

(Rs/ 10 kg)

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Kandla	331	332	332	Closed	334	336

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Kandla	353	353	353	Closed	353	353
Mumbai	358	358	358	Closed	357	359
Chennai	372	372	373	Closed	372	373
Kakinada	351	350	350	Closed	349	350
Hyderabad	355	354	360	Closed	362	360

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
CPO	365.00	365.00	367.50	Closed	367.50	Closed
RBD Palmolein	390.00	390.00	392.50	Closed	392.50	Closed

### Soy oil

Domestic soy oil prices were range bound during this weak. Soybean prices improved slightly on spot markets and prices were quoted Rs 1120-50 per quintal in Kota mandi during this week. USDA weekly export sales report released on Thursday was friendly. CBOT soy future settled higher on Friday. Arrivals of soybeans per day during this

week were in range of 1.20 lakh to 1.35 lakh bags (1 bags= 85 kg) in major markets of India.

Prices for soy degum (High-Seas) at Kandla were declined slightly at the end of this week from Rs 326/10 kg to Rs 321/10 kg and CIF Soy oil improved slightly at the end of this week from 485 to \$487/ton. Soy oil prices are expected to move range bound in next weak.

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

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Mumbai	339.00	339.00	339.00	Closed	340.00	340.00
Indore	342.00	344.00	344.00	Closed	344.00	345.00
Kota	353.00	353.00	353.00	Closed	352.00	353.00
Jaipur	357.00	357.00	357.00	Closed	355.00	357.00
Hyderabad	352.00	348.00	350.00	Closed	351.00	352.00
Chennai	356.00	356.00	356.00	Closed	356.00	356.00
Rajkot	335.00	334.00	334.00	Closed	334.00	334.00

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

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Mumbai	326.00	324.00	322.00	Closed	324.00	321.00

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

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Kandla & Mumbai	485.00	485.00	485.00	Closed	485.00	487.00

**Rape/Mustard Oil**

Mustard oil prices at physical market range bound with positive sentiments during this week. Mustard seed prices in physical market were quoted in the range of Rs 1400-1550 and 1705-1720 per quintal in Kota and Jaipur respectively. Daily arrivals of mustard seeds were 800-1500, and 1000-1600 bags in Kota and Jaipur respectively during this week. Harvesting of mustard crop begins in some pockets in Kota region and Neemuch (Madhya Pradesh).

Prices for new mustard seed were quoted 1350-1400 due to more moisture contents. Harvesting of mustard crop in Shri ganga nagar side is expected to start from first week of March. Mustard oil prices are expected to decline from Second week of February due to harvesting pressure of new mustard crop. Mustard oil prices are expected to move range bound with week sentiments in next week.

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

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Mumbai	372.00	374.00	374.00	Closed	374.00	374.00
Kota	360.00	362.00	360.00	Closed	360.00	362.00
Jaipur	365.00	366.00	365.00	Closed	364.00	367.00
Delhi	395.00	395.00	395.00	Closed	395.00	395.00

**Groundnut oil**

Domestic markets prices of groundnut oil were range bound during this week in most of the markets amidst low demands at retail ends. The arrivals of groundnut seeds in were in range of 50000-70000 bags (1 bags =35 Kg) per day during this weak in Gujarat. Groundnut oil prices are expected to improve slightly in Gujarat ion next week due to low supply of groundnut seeds. On the other hand,

groundnut oil prices may decline slightly due to harvesting pressure of groundnut crop in Chennai and Andhra region in coming days. GN oil prices are expected to move range bound during next week.

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

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Mumbai	437.00	437.00	436.00	Closed	435.00	435.00
Rajkot	446.00	445.00	442.00	Closed	446.00	447.00
Andhra Region	435.00	435.00	435.00	Closed	435.00	437.00
Chennai	440.00	440.00	440.00	Closed	438.00	440.00

**Sunflower Oil**

Spot market prices of sunflower oil on spot market were range bound with weak sentiments. Prices are declined slightly at the end of this week due to harvesting of new crop in Andhra and Karnataka states. More arrivals of sunflower brought negative impact on its prices. CIF prices

for Sunflowers (Feb Shipment) at Kandla port were declined to \$ 537 per ton from \$ 541 per ton at the end 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	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Chennai	435.00	435.00	435.00	Closed	430.00	430.00
Mumbai	405.00	405.00	405.00	Closed	403.00	405.00
Hyderabad	423.00	420.00	420.00	Closed	415.00	402.00

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

Center	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Kandla & Mumbai	541.00	534.00	534.00	Closed	534.00	537.00

**Cotton Refine Oil**

Cotton oil prices on physical markets range bound with weak sentiments during this week. Cotton oil prices are slightly improved in Gujarat market at the end of this week only due to low arrival of groundnut seeds in Gujarat brought positive impact on cotton oil prices. Cotton oil

prices are expected to improve in Gujarat mandi, however cotton oil prices may go down slightly in Chennai and Andhra region due to harvesting pressure of groundnut in next week.

Markets	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Mumbai	345.00	345.00	345.00	Closed	344.00	345.00
Hyderabad	350.00	350.00	350.00	Closed	350.00	347.00
Rajkot	345.00	341.00	339.00	Closed	340.00	343.00

**INTERNATIONAL MARKET WEEKLY HIGHLIGHTS****Palm oil Market Malaysia**

A cargo surveyor SGS, Malaysia, Bhd. released an estimates for export figure for the period of Jan 1-25 on Wednesday. Malaysian palm oil exports declined to 777781 metric ton during Jan 1-5,2006 as against 819334 metric ton during Dec1-25, 2005, it is about 5 per cent down. However, another surveyor Intertek Agri Services revealed that the an estimates of Malaysian palm oil export declined by 2.2 per cent during Jan 1-25 as compared to Dec 1-25. Traders are ignored the export figure and it could not bring any drastic impact on market sentiments. Both surveyors showed less export figures estimate than traders'

expectations. BMD will be closed from Jan 30- Feb 2, in next week BMD will be open only on Friday, low trading is expected on Friday. In China, most of the market will be closed from Thursday on the occasion of Chinese New Year. Traders were not willing to take fresh positions due to long holiday ahead. Traders are waiting for January Malaysian palm oil export estimates by SGS and Intertek Agri Services, which are due to release.

**Soybean Market United States**

Soy future settled high at Chicago Boards of Trades on Friday. March Soybeans settled high 16.25 cents at \$5.8925/bushel, 1.25 cents off the high and 15.25 cents up from the low. May Soybeans settled up 15.25 at \$5.9975/bushel, which was 14.25 cents up from the low and 1.75 cents off the high. March Soymeal settled up \$6.1 at \$186.4/ton which was \$4.1 up from the low and \$0.4 off

the high. March Soybean Oil settled up 0.54 cent at 22.05 cent/pound, 0.05 cent off the high and 0.3 cent up from the low. March soybean is closed at its highest level since 10th January due to forecast of hot and dry weather in Argentina for next week. Traders also expect fund buying which also helps to spurt the market. It is expected range bound in next weak.

**South American Soybean Market:**

South American soybeans future settled high on Friday. March South American soybeans closed 5.50 cents higher at \$6.0450/bushel as compared to previous closing. The weather forecast for hot and dry weather in middle of next

week and meagre chance of rains in the middle of next week, helped to support a surge higher in prices. If the forecast would be favourable for crops on Monday, then market could show weak tone.

## VAYDA BAZAAR

### Weekly settlement prices for soy oil at NBOT

Contracts	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Feb '06	347.30	345.70	345.50	Closed	346.90	346.40
Mar '06	349.60	347.80	348.10	Closed	350.00	349.20

### Weekly settlement prices for soy oil at NCDEX

Contracts	23.01.06	24.01.06	25.01.06	26.01.06	27.01.06	28.01.06
Feb '06	347.20	346.20	346.00	Closed	347.40	347.20
Mar '06	349.25	348.00	347.90	Closed	350.10	349.25

## 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 Jammu & Kashmir and adjoining Himachal Pradesh moved away eastwards in the evening of 19<sup>th</sup> resulting cessation of snowfall activity over Western Himalayas and decrease of minimum temperatures over northern and central India.

Another feeble western disturbance as an upper air system moved across western Himalayan region during second half of the week.

An upper air cyclonic circulation extending upto 2.1 km a.s.l. lay over Orissa and neighbourhood on 23<sup>rd</sup> and 24<sup>th</sup>.

#### Rainfall

Light to moderate snowfall occurred at few places over Jammu & Kashmir on 19<sup>th</sup> and 21<sup>st</sup>.

Light to moderate rain/thundershowers occurred over Orissa on 25<sup>th</sup>.

Very light rainfall occurred over Arunachal Pradesh, Assam, Nicobar islands on one or two days of the week.

Weather was mainly dry over the rest regions of the country.

#### Minimum Temperatures

Minimum temperatures remained 2-4 °C above normal over north & central India during 1<sup>st</sup> half of the week. Some parts of Rajasthan, West Uttar Pradesh, Haryana, north Madhya Pradesh and Gujarat experienced minimum temperatures,

which were above normal by 4-6 °C during the same period. Minimum temperatures started falling over plains of northwest India from 22<sup>nd</sup>. This trend of fall in the minimum temperatures extended eastwards upto Bihar & Orissa and southwards upto Maharashtra by the end of the week.

#### Rainfall During The Week (Week ending on 25<sup>th</sup> January, 2006)

Rainfall was deficient/scanty in 8 and no rain in 28 out of 36 meteorological sub-divisions (Actual: .8 mm, Normal 4.5 mm and Departure: -82 %).

#### Cumulative Seasonal Rainfall (1<sup>st</sup> January to 25<sup>th</sup> January, 2006)

Rainfall was excess/normal in 4, deficient/scanty in 17 and no rain in 15 out of 36 meteorological sub-divisions. (Actual:17.7 mm, Normal: 15.2 mm and Departure: +16%).

#### Outlook For The Week Ending On FEBRUARY 1<sup>ST</sup> 2006,

- Light rain/snow likely over Western Himalayan region.
- Night temperatures are likely to increase by 2-3 °C over northern and central India.
- Isolated light rainfall/thundershowers likely over south coastal Andhra Pradesh, coastal Tamil Nadu and Andaman & Nicobar islands during first half of the week.

Source: IMD, GOI.

## PORT WATCH

### Port updates of edible oils in India (January 23 - 28, 2006)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	3000	34000	37000
Palm oil	3478	24233	27711
CPO	12000	6000	18000
Total	18478	67711	86189

Source: ANAS

**Forex Rates**

(As on 28.01.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.01
European Union	Euro	53.38
Japan	100 Yen	37.52
United Kingdom	Pound Sterling	78.04
Malaysia	Ringgit	11.69
China	CNY	5.46
Argentina	ARS	14.34
Brazil	BRL	19.67
Indonesia	1000 IDR	4.69

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