

VEGOIL

January 02 - 07, 2006

## MAJOR WEEKLY HIGHLIGHTS

- **USDA Soybean Weekly Export Sales Highlights**
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- **Vietnam: Low Yield of Soybean**
- **GOI Has Revised Base Import Prices**
- **Malaysia: Palm Oil Exports Down by 3.9 % (SGS estimates)**
- **Malaysia: Palm Oil export Down by 4.3% (Intertek Agri Services)**

## DOMESTIC & INTERNATIONAL NEWS

### USDA: Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on January 06, 2006. This summary is based on reports from exporters (for the period December 23-29, 2005).

**Soybeans:** Net sales of 461,500 MT were 48 percent below the previous week and 40 percent under the prior 4-week average. The primary buyers were the Netherlands (127,700 MT, including 60,000 MT switched from Germany and 60,000 MT from unknown destinations), China (118,200 MT), Indonesia (55,000 MT), Mexico (48,500 MT), Japan (35,200 MT), Egypt (35,000 MT), and Belgium (30,000 MT). Decreases of 56,700 MT were reported for Germany. Sales of 10,000 MT for delivery in 2006/07 were for Japan. Exports of 372,700 MT were 39 percent below the week earlier and 45 percent under the prior 4-week average. The major destinations were the Netherlands (127,700 MT, including 63,300 MT late reporting), China (55,700 MT), Japan (50,500 MT), Mexico (39,400 MT), and Egypt (29,100 MT).

**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

**Soybean Cake and Meal:** Net sales of 46,200 MT--a marketing-year low--were 43 percent below the week earlier and 67 percent under the prior 4-week average. The major buyers were Colombia (17,700 MT), Turkey (15,000 MT), Australia (7,800 MT), and Panama (2,500 MT). Exports of 110,200 MT were 3 percent above the previous week, but 20 percent under the prior 4-week average. Guatemala (28,200 MT), Mexico (23,700 MT), Canada (15,700 MT), Colombia (13,200 MT), and Japan (9,700 MT) were the primary destinations.

**Soybean Oil:** Net sales of 600 MT were primarily for Canada (400 MT) and Mexico (100 MT). Exports of 4,900 MT were mainly to Mexico (4,300 MT), Canada (300 MT), and the United Arab Emirates (100 MT).

**Source:** USDA

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

#### Press Conference Organized By AIVISS

A Press conference is to be held today at 12.00 noon i.e. January 7,2006 (Saturday) in Le Meridian Hotel, New Delhi which is organized by All India Vanaspati Industries Sangharsh Samiti (AIVISS). AIVISS is a group of various edible Oil Association of India formed to fight against the

import of duty free vanaspati into India from Sri Lanka, Nepal and Bhutan.

Source: Director, AIVISS

#### Vietnam: Low Yield of Soybean

Vietnam's government, scientists and farmers are doing regular efforts for increasing the production and yields of soybeans from last few years, but Vietnam's soybean production is still lower-than-expected yield and high cost production. Vietnam has no industrial-scale oilseed crushing facility and is experiencing strong growth of its

feed industry, it has become one of the largest SBM importers in Asia with annual imports of over 1 million metric tons.

Source: fas (USDA)

Government of India has revised base import duty w.e.f. January 2, 2006. Details are as follows:

(Unit: US \$/MT)

Items/Commodities	Current Tariff w.e.f. 02/01/06	Previous Tariff rate	Change (US \$)
CPO	417	433	-16
RBD Palm Oil	432	435	-3
Other Palm Oil	425	434	-9
Crude Palm Olein	418	440	-22
RBD Palm Olein	421	445	-24
Other Palm Olein	420	443	-23
Crude Soybean Oils	497	510	-13

Source; PIB, GOI

#### Malaysia: Palm Oil Exports Down by 3.9 %

Malaysian's palm oil exports in December, 2005 totalled 991224 metric tonnes as against 1031353 metric tonnes of November, 2005, it is 3.9 per cent down.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that RBD palm oil and RBD palm Stearin export sales are increased by 40.60 % and 9.23 %

respectively in month of December as compared to November, 2005. On the other hand, Table 1 shows that export sales of RDB palm Olein and Crude Palm Oil are declined by 12.59 % and 26.84 % respectively during same period.

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

(Unit: MT)

Items	December, 2005	November, 2005	Change %
RBD Palm Olein	335116	383401	-12.59
RBD Palm Oil	147897	105193	+40.60
RBD Palm Stearin	121865	111564	+9.23
Crude Palm Oil	128476	175607	-26.84

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. European Union 2. China 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,

and Pakistan were declined by 57.32% and 11.86% respectively in month of December, 2005 as compared to November, 2005. However, Import of Malaysian palm oil from European Union, China and USA increased by 0.93%, 15.77 and 32.13% respectively during the same period.

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

(Unit: MT)

Countries/Continents	December, 2005	November, 2005	Change %
European Union	285232	282597	+0.93
China	241850	208899	+15.77
United States	100615	76151	+32.13
Pakistan	55790	63300	-11.86
India	15900	37250	-57.32

Source: SGS (Malaysia) Bhd.

### Malaysia: Palm Oil Exports Down By 4.3 %

Malaysia's palm oil exports in month of December 2005 released by Intertek Agri Services. This report revealed that the Malaysia's palm oil exports were totaled 1004352 metric tonnes in month of December 2005, it is down by

4.3% as compared to 1049289 metric tonnes in November, 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. There was no fresh news to trigger the palm oil future prices. Rice bran oil prices are low in comparison to palm oil. Government of India has lowered base import prices from \$3 to \$ 24 per metric tonnes on January 2,2006. Palm oil import may increase due to low base import prices. More import of

edible oil would bring negative impact on its prices. Palm oil prices are expected to move range bound in near term.

FOB prices of CPO (January) were quoted in range of \$355 to \$ 360 per tonnes.

### Weekly prices for CPO

(Rs/ 10 kg)

Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Kandla	334	333	327	328	326	326

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Kandla	355	355	356	358	356	356
Mumbai	368	368	365	365	365	363
Chennai	374	373	371	372	372	371
Kakinada	358	355	355	356	356	355

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
CPO	355.00	355.00	360.00	360.00	360.00	Closed
RBD Palmolein	392.50	392.50	395.00	392.50	392.50	Closed

## Soy oil

Domestic soy oil prices range bound with positive sentiments in most of the markets during the week. Arrivals of soybeans were 55000 to 80000, 25000-35000, 30000-40000, 15000-25000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra, Rajasthan and Gujarat markets.

Arrivals of soybeans were about 4000-8000 bags in Kota only. Soy oil prices are expected to move range bound.

Prices for soy degum (High-Seas) at Kandla were quoted in range of Rs 325-328 per 10 kg during this week. CNF prices for soy degum (January Shipment) at Kandla were quoted at \$ 480-490 per tonne during this week.

### Prices for Soy (Ref) during the week

Prices for Soy (Ref) during the week					(Rs/ 10 kg)	
Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Mumbai	335.00	338.00	342.00	344.00	342.00	342.00
Indore	336.00	337.00	341.00	343.00	341.00	342.00
Kota	345.00	347.00	352.00	350.00	350.00	354.00
Jaipur	348.00	350.00	355.00	353.00	353.00	360.00
Nagpur	341.00	343.00	346.00	345.00	346.00	347.00
Hyderabad	365.00	365.00	368.00	372.00	370.00	378.00
Chennai	356.00	355.00	354.00	354.00	354.00	355.00
Rajkot	340.00	338.00	338.00	338.00	338.00	338.00

### Prices for Soy Degum (High Sea) during the week

Prices for Soy Degum (High Sea) during the week					(Rs/ 10 kg)	
Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Mumbai	326.00	326.00	328.00	328.00	325.00	325.00

### Prices for CIF Soya during the week

Prices for CIF Soya during the week					(US \$/ MT)	
Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Kandla & Mumbai	Closed	480.00	490.00	489.00	485.00	483.00

## Rape/Mustard Oil

Mustard oil prices at physical market were slightly declined in the beginning and improved slightly at the end of the week. In First three days of this week mustard oil prices were weak due to low prices of mustard seeds and low demands at retail ends. Rajasthan is a major producing state of mustard seeds. Production of Rajasthan is expected increase to 40 lakh tonnes from 35 lakh tonnes as compared to last years. NAFED has decided to hire 34 small mills for crushing mustard seeds in Jaipur and Shri

ganganagar, but nafed hired 6 mills right now. Rajasthan Government has asked to NAFED about the fresh purchase of mustard seeds about 20 lakh this year. At the end of this week prices of mustard oil improved only because the increasing demands at retail ends. Festival demands is ahead i.e. Id-ul-juha and Makar sankranti etc. Arrivals of mustard seeds also declined at the end of this week. Mustard oil prices are expected to move range bound..

### Prices for Rape Expeller Oil

Prices for Rape Expeller Oil					(Rs/ 10 kg)	
Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Mumbai	368.00	366.00	365.00	368.00	367.00	366.00
Kota	354.00	352.00	352.00	351.00	350.00	356.00
Jaipur	358.00	356.00	356.00	354.00	354.00	360.00
Delhi	378.00	380.00	382.00	384.00	380.00	385.00

## Groundnut oil

Domestic markets prices of groundnut oil were mixed during this week in most of the markets. Arrivals of groundnut were around 70,000-90000 bags in Gujarat (1 bag= 35 Kg). According to traders, GN oil prices are declined slightly in Gujarat only due to mixing of soy oil in

GN oil .Soy oil is cheaper than GN oil. GN oil prices are expected to move range bound.

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

Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Mumbai	440.00	440.00	445.00	448.00	448.00	445.00
Rajkot	456.00	460.00	463.00	460.00	455.00	460.00
Andhra Region	447.00	445.00	447.00	445.00	445.00	447.00
Chennai	445.00	445.00	445.00	445.00	445.00	447.00

**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 prices are slightly improved due to festival demands. CIF prices for Sunflowers (January

Shipment) at Kandla were quoted in range of \$ 562 to 565 per tonnes, during the week. Sunflower oil prices are expected to move range bound in near term.

**Prices for Sunflower Oil during this week****(Rs/10Kg)**

Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Chennai	460.00	460.00	460.00	450.00	450.00	450.00
Mumbai	410.00	410.00	412.00	414.00	412.00	415.00
Hyderabad	433.00	430.00	435.00	442.00	442.00	440.00

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

Center	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Kandla & Mumbai	Closed	562.00	565.00	565.00	562.00	562.00

**Cotton Refine Oil**

Cotton oil prices on physical went up slightly in most of the markets amidst increasing demands at retail ends. Prices of cottonseeds are also increased slightly as compared to last

week. Prices are increased slightly due to festival demand is ahead. Cotton oil prices are expected to range bound in near term.

Markets	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Mumbai	342.00	345.00	351.00	355.00	352.00	353.00
Hyderabad	350.00	350.00	354.00	355.00	353.00	355.00
Rajkot	330.00	342.00	345.00	348.00	346.00	350.00

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

Crude palm oil futures settled mixed at Bursa Malaysia Derivatives on Friday. The benchmark March CPO contract settled at MYR1433 a metric ton, it is down by MYR2 from previous closing prices. The March CPO future prices are opened at MYR1432/metric tonnes, prices were moved in range of MYR1430 to MYR1437 per ton. Trade volume was low because it was the last day of this week. Traders are waiting for the official release of Supply and Demand data for fresh leads. Cargo surveyors SGS (Malaysia) Bhd. would release Malaysian palm oil export estimates for the

first 10 days of January on 11/01/2006. The Malaysian Palm Oil Board is also scheduled to release official production, exports and stocks figures for December on the same day i.e. January 11,2006.It is delayed one day due to National Holiday in Malaysia (Id-ul-Zuha) on January 10, 2006. Traders blame stronger Malaysian currency and down fall in US \$ for ease in palm oil prices (1USD=3.75 MYR).

**Soybean Market United States**

March Soybeans settled lower 7.5 cents at \$ 6.11 per bushel, 12.50 cents off the high and 1 cent up from the low.

May soybeans settled lower 6.5 cents at \$ 6.21 per bushel, 0.4 cent up from the low and 3.7 cents off the high. March

soymeal settled down \$ 2.6 at \$ 188.7 per ton, \$ 0.4 up from the low and \$ 3.7 off the high. March soybean oil settled down 0.22 cent at 22.99 cents per pound, which is 0.56 cent off the high and 0.04 cent up from the low. Concerns over the hot and dry outlook for southern Brazil for all of next week and Argentina for most of next week helped support an early bounce but weather forecasts pointed to rain in key Argentina soy growing fields, disappointing weekly U.S. soymeal export sales.

#### South American Soybean Market:

March South American soybeans settled 11.5 cents lower from the yesterday closing to \$ 6.435 per bushel. The weather situation for southern Brazil and Argentina has caused Brazil producers to hold tight the left stock in hand. Last week's rains in the south Brazil were not enough to bust the dryness of the crop. However, a week of dryness

Cumulative sales of soybean have reached just 54.0% of the USDA forecast for the entire season as compared to 72.8% on average over the last five years. Soybean meal export sales came in at just 46,200 metric tonnes (a marketing year low) as compared to trade expectations between 75,000. Oil sales came in at 600 metric tonnes as compared to trade expectations between 4,000 and 9,000 metric tonnes.

followed by increased temperatures into next weekend could be a stressful condition for growers in Parana and Rio Grande do Sul. Argentina looks hot and dry into late next week when some better chances of rain occurs, but southern Brazil looks to remain hot and dry into next weekend.

### VAYDA BAZAAR

#### Weekly settlement prices for soy oil at NBOT

Contracts	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Jan '06	337.60	340.40	342.50	340.60	342.10	343.20
Feb '06	338.90	342.10	346.40	344.20	346.60	347.50

#### Weekly settlement prices for soy oil at NCDEX

Contracts	02.01.06	03.01.06	04.01.06	05.01.06	06.01.06	07.01.06
Jan '06	338.85	341.90	343.85	341.80	342.35	344.90
Feb '06	340.50	344.15	347.00	344.80	345.15	348.75

### 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 North Pakistan and adjoining Jammu & Kashmir moved away northeastwards on 29<sup>th</sup>.

A fresh western disturbance as an upper air system lay over Pakistan on 30<sup>th</sup>. It was seen over North Pakistan and adjoining Jammu & Kashmir on 31<sup>st</sup>. Under its influence, an induced low pressure area formed over West Rajasthan & neighbourhood on 31<sup>st</sup>. Its associated upper air cyclonic circulation extended upto 3.1 Km a.s.l. The western disturbance persisted on 1<sup>st</sup> & 2<sup>nd</sup>. It was seen over Jammu & Kashmir & neighbourhood on 3<sup>rd</sup> and over Himachal Pradesh & adjoining Jammu & Kashmir on 4<sup>th</sup>. The induced low pressure area & associated upper air cyclonic circulation persisted over West Rajasthan on 1<sup>st</sup> and it was seen over northeast Rajasthan & neighbourhood on 2<sup>nd</sup>. It moved northeastwards and lay over West Uttar Pradesh & adjoining Uttaranchal on 3<sup>rd</sup> morning and became less marked on the same evening.

The last week's upper air cyclonic circulation over Tamil Nadu & neighbourhood moved westwards across extreme south Peninsula & lay over southeast Arabian sea on 30<sup>th</sup> and became less marked on 1<sup>st</sup>.

A fresh upper air cyclonic circulation lay over southwest Bay of Bengal on 30<sup>th</sup> & 31<sup>st</sup>. It was seen over Sri Lanka & neighbourhood 1<sup>st</sup> & 2<sup>nd</sup> and moved over to southeast Arabian sea on 3<sup>rd</sup> & 4<sup>th</sup>. A fresh upper air cyclonic circulation extending up to 2.1 Km a.s.l. formed over Southwest Bay of Bengal on 4<sup>th</sup>.

##### Rainfall

Under the influence of above systems, rainfall/snowfall commenced over Jammu & Kashmir on 1<sup>st</sup>. Subsequently, it enhanced and heavy to very heavy snowfall occurred at a few places over Jammu & Kashmir on 2<sup>nd</sup> & 3<sup>rd</sup>. Light to moderate rain/snowfall also occurred over Himachal Pradesh and Uttaranchal on 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup>.

Light rain/ thundershowers also occurred over north Rajasthan, Punjab, Haryana and Delhi on 2<sup>nd</sup> & 3<sup>rd</sup>.

Light to moderate rain/ thundershowers occurred over Andaman & Nicobar Islands on many days of the week.

Very light rain also occurred over Coastal Tamil Nadu on some days of the week.

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

##### Cold wave



Cold wave conditions prevailed over parts of Marathawada & Interior Karnataka on 29<sup>th</sup> and over Punjab & Haryana on 29<sup>th</sup> & 30<sup>th</sup>. Cold day/ fog conditions prevailed over parts of Punjab, Haryana and West Uttar Pradesh on 4<sup>th</sup> also.

Lowest temperature in the plains was 0.3° C recorded at Churu (Rajasthan) on 4<sup>th</sup> January.

#### Rainfall During The Week (Week ending on 4<sup>th</sup> January, 2005)

Rainfall was **excess/normal** in 4, **deficient/scanty** in 5 and no rain in 27 out of 36 meteorological sub-divisions (Actual: 5.3 mm, Normal 4.2 mm and Departure: +27%).

#### Cumulative Seasonal Rainfall (1<sup>st</sup> October to 31<sup>st</sup> december, 2005)

Rainfall was **excess/normal** in 17, **deficient/scanty** in 18 and no rain in 1 out of 36 meteorological sub-divisions. (Actual: 138.4 mm, Normal: 125.8 mm and Departure: +10%).

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-1**. District-wise distribution of excess, normal, deficient and scanty rainfall is shown in **Table-2**.

#### Outlook For The Week Ending On January 11<sup>th</sup> 2006,

Cold wave/cold day with fog likely over northwest India & Gangetic plains during 1<sup>st</sup> half of the week. Night temperatures are likely to increase during 2<sup>nd</sup> half leading to abatement of these conditions.

Isolated light rain/snowfall likely over western Himalayan region towards the end of the week.

Light to moderate rain/thundershowers are likely to continue over Andaman & Nicobar Islands, Tamil Nadu and Kerala.

Source: IMD, GOI.

## PORT WATCH

### Port updates of edible oils in India (January 02 - 07, 2006)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	6650	20000	26650
Palm oil	2000	19499	21499
CPO	-	17500	17500
Total	8650	56999	65649

Source: ANAS

### Forex Rates

(As on 07.01.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.66
European Union	Euro	54.24
Japan	100 Yen	39.01
United Kingdom	Pound Sterling	79.07
Malaysia	Ringgit	11.90
China	CNY	5.54
Argentina	ARS	14.81
Brazil	BRL	19.57
Indonesia	1000 IDR	4.68

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