



Commodities Weekly

The Best Commodities Coverage in India

VEGOIL

December 26 - 31, 2005

MAJOR WEEKLY HIGHLIGHTS

- **USDA Soybean Weekly Export Sales Highlights**
- **WASDE Monthly Report By USDA**
- **Palm Oil Import: SGS Estimates**
- **Rabi Oilseed: Sowing Acreage Increases**
- **GOI Has Revised Base Import Prices**
- **Malaysia: Palm Oil Exports Down by 1.6 % (SGS estimates)**
- **Malaysia: Palm Oil export Down by 2.18% (Intertek Agri Services (Malaysia))**

DOMESTIC & INTERNATIONAL NEWS

USDA: Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on December 29, 2005. This summary is based on reports from exporters (for the period December 16-22, 2005).

Soybeans: Net sales of 890,200 MT were 7 percent above the previous week and 41 percent over the prior 4-week average. Major increases were reported for China (477,000 MT, including 58,000 MT switched from unknown destinations), Mexico (138,200 MT), unknown destinations (120,000 MT), and Japan (63,900 MT). Sales of 16,000 MT for delivery in 2006/07 were for Japan. Exports of 607,600 MT were 21 percent below the week earlier and 16 percent under the prior 4-week average. The primary destinations were China (291,000 MT), Indonesia (64,200 MT), South Korea (57,800 MT), Japan (50,200 MT), Mexico (38,000 MT), Malaysia (24,800 MT), and Finland (17,400 MT).

Soybean Cake and Meal Net sales of 81,800 MT were 3 percent below the week earlier and 41 percent under the prior 4-week average. The major buyers were Mexico

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

(27,200 MT), Colombia (13,700 MT), the Dominican Republic (9,500 MT), Honduras (8,300 MT), the Philippines (7,000 MT), and Guatemala (6,100 MT). Exports of 107,200 MT were 21 percent below the previous week and 18 percent under the prior 4-week average. Mexico (28,100 MT), Turkey (17,300 MT), Canada (13,900 MT), Egypt (10,600 MT), El Salvador (6,800 MT), Panama (6,700 MT), and Honduras (6,600 MT) were the primary destinations.

Soybean Oil: Net sales of 7,500 MT were primarily for Cuba (3,200 MT), Mexico (2,800 MT), Guatemala (1,000 MT), and Canada (500 MT). Exports of 16,100 MT were mainly to Cuba (9,700 MT), Mexico (5,200 MT), Canada (700 MT), and Jamaica (300 MT).

Source: USDA

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

Rabi Oilseeds: Sowing Acreage Increased by 2.79 Lakh Ha

Table shows that the major increase in Mustard/rapeseeds sowing acreage to 70.43 lakh hectares from 65.72 lakh hectare as compared to last year, it is up by 7.17 per cent and Sesamum sowing acreage is increased to 0.92 lakh hectare from 0.85 lakh hectare, it is up by 8.24 per cent as compared to previous year. On the other hand, sowing

acreage of groundnut is declined sharply to 3.25 lakh hectare from 4.23 lakh hectare; it is down by 23.17 per cent. Sowing acreage of sunflower and safflower are declined by 2.54 and 8.11 per cent as compared to last year respectively.

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

(Unit: US \$/MT)

Items/Commodities	Revised 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 1.6 %

Malaysian's palm oil exports during December 1-25, 2005 totted 819334 metric tonnes as against 832642 metric tonnes of November 1-25,2005, it is 1.6 per cent down.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that RBD palm oil and RDB palm Stearin export sales are increased by 48.46 % and 35.83 %

respectively (during December 1-25 as compared to November 1-25, 2005). On the other hand, Table 1 shows that export sales of RDB palm Olein and Crude Palm Oil are declined by 11.44 % and 38.20 % respectively during same period.

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

(Unit: MT)

Items	December 1-25	November 1-25	Change %
RBD Palm Olein	278958	314981	-11.44
RBD Palm Oil	129672	87342	+48.46
RBD Palm Stearin	116216	85563	+35.83
Crude Palm Oil	78866	127607	-38.20

Source: SGS (Malaysia) Bhd.

Major importer countries/continents of Malaysian palm oil

Export data released by Cargo Surveyor SGS for the period of December 1-25, 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,

and Pakistan were declined by 68.11% and 47.18% respectively during December 1-25, 2005 as compared to November 1-25,2005. However, Import of Malaysian palm oil from China, European Union and USA increased by 56.06%, 6.79 and 51.81% respectively during the same period.

Table 2: Shows the major import destination of Malaysian palm oil:**(Unit: MT)**

Countries/Continents	December 1-25	November 1-25	Change %
China	237200	151993	+56.06
European Union	232182	217422	+6.79
United States	82959	54646	+51.81
Pakistan	29740	56300	-47.18
India	11400	35750	-68.11

Source: SGS (Malaysia) Bhd.**Malaysia: Palm Oil Exports Down By 2.18 %**

Malaysia's palm oil exports during December 1-25, 2005 report released by Intertek Agri Services. This report revealed that the Malaysia's palm oil exports were totaled 811329 metric tonnes during December 1-25, 2005, it is

2.18% down as compared to 829415metric tonnes in November 1-25,2005.

Source: Intertek Agri Services (Malaysia)**DOMESTIC MARKET ANALYSIS****Palm oil**

Crude palm oil and RBD palmolen prices at domestic market were gradually declined in most of the markets amidst low demands at retail ends during this week. There were the huge availability of other edible oil in the market like soy oil and cotton oil. Soy oil prices were slightly declined on spot markets. There was no fresh news to

boost up the market sentiments. GOI has reduced base import prices on palm oil w.e.f January 2, 2006, which would bring negative impact on its prices. Market sentiments are expected to move range bound in next week.

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Kandla	335	335	334	334	334	334

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Kandla	360	360	359	360	358	358
Mumbai	371	371	371	370	368	368
Chennai	374	375	374	374	374	374
Kakinada	370	370	369	367	368	368

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
CPO	352.50	355.00	355.00	355.00	355.00	Closed
RBD Palmolein	387.50	392.50	392.00	390.00	390.00	Closed

Soy oil

Domestic soy oil prices were range bound with weak sentiments during this week. Daily arrivals of soybeans were in range of 75,000-100,000, 35,000-40,000 and 35000-40,000, 25000-30,000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra, Rajasthan and Gujarat mandies respectively during this week. Arrivals of soybean

in Kota mandi were 6000-10000 bags only. Market sentiments are expected to move range bound.

Prices for soy degum (High-Seas) at Kandla were range of Rs 327 per 10 kg. CNF prices for soy degum (January Shipment) at Kandla were declined from \$482 to \$ 472 per tonne. Soy oil prices are expected to range bound with positive sentiments.

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Mumbai	Closed	344.00	342.00	339.00	336.00	335.00
Indore	342.00	342.00	340.00	338.50	337.00	338.00
Kota	316.00	316.00	313.00	312.00	311.00	314.00
Jaipur	348.00	350.00	350.00	347.50	345.00	345.00
Nagpur	346.00	344.00	342.00	342.00	341.00	342.00

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Mumbai	330.00	329.00	328.00	328	328.00	327.00

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Kandla	482.00	482.00	478.00	475	472.00	478.00

Rape/Mustard Oil

Mustard oil prices at physical market remain went down slightly amidst low demands at retail ends during this week. Mustard seed prices are also declined slightly in most of the markets. Low prices of mustard seeds would bring negative impact on its prices. Low prices of soy oil and cotton oil in the markets are the major cause of low mustard oil prices.

Theses oils are substitute of each other. According to traders there is huge stock of mustard seed. Harvest of Mustard seed will be starting in the second fortnight of January in some areas of Rajasthan. Weather is ideal for mustard crop.

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Mumbai	Closed	370.00	368	368	368.00	368.00
Kota	358	362.00	362	362	356.00	354.00
Jaipur	380	380.00	380	380	378.00	376.00
Delhi	362	364.00	364	364	358.00	356.00

Groundnut oil

Domestic markets prices of groundnut oil were mixed during this week. GN oil prices were low in most of the markets amidst poor demands at retail ends. There was talk about the mixture of other edible oil in GN oil like Soy oil and cotton oil. These oils are cheaper as compared to GN oil. Arrivals of groundnut were around 80,000-110,000

bags in Gujarat (1 bag= 35 Kg). GN oil prices are expected to move range bound in next week.

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Mumbai	Closed	444	438	437	436	438
Rajkot	462	460	452	456	450	446
Andhra Region	445	445	445	445	440	445
Chennai	450	450	450	450	445	445

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. CIF sunflower is slightly declined \$ 562/ton from \$567/ton at Kandla port. Major producing states of

sunflower oil in India are Maharashtra, Karnataka and Andhra Pradesh. 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	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Mumbai	475	465	465	465	465	460
Chennai	Closed	420	420	410	407	407

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

Center	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Kandla	567.00	567.00	567.00	566	564.00	562.00

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

Crude Palm oil futures Bursa Malaysia Derivatives settled mixed on Friday. Benchmark March future settled unchanged at MYR1415 per ton. Since, there was no fresh freaky news, moves at exchange were driven mostly out of speculative factors. Immediate burden of rising inventories

and slowed export demand were the customary factors kept weighing on values. Traders are expecting demand for palm oil to increase from China for Lunar New Year in coming weeks. This might be the only supportive feature to look in near term.

Soybean Market United States

Soy futures settle mixed on Chicago Board of Trade on Friday. March soybean future settled up 4.75 cents at \$ 6.135 per bushel, 0.50 cents off the high and 9 cents up from the low and May soybean settled higher 4.25 cents at \$ 6.22 per bushel, 8.5 cents up from the low and 1 cent off the high. March soybean meal settled lower \$ 1.5 at 196.3 per metric tonnes, \$ 1.3 up from the low and \$1.5 off the high. March Soybean Oil settled higher 0.74 cents at 21.9 cents/pounds, 0.1 cent off the high and 0.78 cents up from the low. There were talks about forecast of scattered rain in

Argentina. USDA weekly export sales were friendly. Weekly export sales for soybean were higher than trade expectations and export sales for soybean meal and soybean oil were within range of trade expectations. USDA weekly export sales for soybeans came at 906,200 metric tonnes as compared to trade expectations range of 550,000-750,000. Soybean meal sales came at 81,800 metric tonnes as compared to trade expectations range of 75,000-125,000. Oil sales came at 7,500 tonnes as compared to trade expectations between 5,000-15,000 tonnes.

South American Soybean Market:

South American soybeans future settled slightly down on Friday. March South American soybeans settled 16 cents lower on Friday at \$ 6.30 per bushels. Recent rains in Brazil and hope of scattered rain in Argentina in next week brought pressure in the market. Chinese buyers attracted towards South American soybeans due to huge stock of soybeans. Romania confirmed the deadly bird flu strain in 7 villages east of Bucharest. Weekly export sales for

soybeans came in at 890,200 tonnes for the current crop and 16,000 for new crop for a total of 906,200, which was above expectations and compares favorably with 829,800 tonnes last week. Meal sales totaled 81,000 tonnes, which was within the expected range but towards the low end, and oil sales totaled 7,500, also towards the lower end of expectations.

VAYDA BAZAAR**Weekly settlement prices for soy oil at NBOT**

Contracts	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Jan '06	345.00	342.90	340.40	338.60	339.20	339.30
Feb '06	347.20	345.10	342.20	340.00	341.10	340.60

Weekly settlement prices for soy oil at NCDEX

Contracts	26.12.05	27.12.05	28.12.05	29.12.05	30.12.05	31.12.05
Jan '06	345.60	343.70	341.80	338.80	340.45	340.60
Feb '06	348.20	346.05	343.95	341.00	342.70	342.50

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

Last week's depression over southwest Bay of Bengal remained practically stationary and lay centred near near Lat 12.0° N /Long 84.5° E about 500 Km east-southeast of Chennai till 0530 hrs. IST on 22nd. It weakened into a well-marked low-pressure area at 0830 hrs IST over southwest & adjoining west-central Bay of Bengal and further into a low pressure area over west-central & adjoining east-central Bay of Bengal on 23rd and it became less marked on 24th evening over east-central Bay of Bengal. The associated upper air circulation extending upto 2.1 Km a.s.l was seen over east-central Bay of Bengal till 25th and became less marked on 26th.

The last week's western disturbance as an upper air system over North Pakistan and adjoining Jammu & Kashmir persisted on 22nd and 23rd. It moved away eastwards on 24th.

The upper air circulation over southeast Rajasthan & neighbourhood was seen between 2.1 and 3.1 Km a.s.l on 22nd. It moved eastwards and lay over central parts of Uttar Pradesh on 23rd. It became less marked on 25th.

A trough of low pressure was lay over Andaman Sea on 26th & 27th and became less marked on 28th.

A fresh western disturbance lay over north Pakistan & adjoining Kashmir as an upper air system on 27th and 28th.

An upper air cyclonic circulation lay over south Tamil Nadu & neighbourhood extending upto 3.1 km a.s.l. on 28th.

Rainfall

During this week, light to moderate rain/thundershowers occurred at many places over Andaman & Nicobar Islands on many days of the week. Light to moderate rainfall occur over Coastal Andhra Pradesh, Orissa and Jharkhand on 22nd & 23rd and over Coastal Tamil Nadu from 22nd to 24th. Isolated light rain/thundershowers occurred at a few places over Gangetic West Bengal, Chhattisgarh, Uttar Pradesh, Telangana and Madhya Pradesh on 22nd & 23rd. It was isolated over Kerala on 23rd and over northeastern states from 22nd to 25th. Light rainfall/snowfall also occurred over Himachal Pradesh and Uttaranchal on 23rd & 24th December.

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

Cold wave

Cold wave conditions prevailed over parts of Jammu & Kashmir, Himachal Pradesh, Uttaranchal, West Uttar Pradesh and Gujarat on 24th; over many parts of Jammu & Kashmir and Punjab; parts of Rajasthan and Gujarat on 25th. They abated from Punjab and Jammu & Kashmir on 26th, however they continued to prevail over many parts of West Madhya Pradesh, Vidharbha, Marathawada and parts of south Rajasthan and Gujarat on 26th and parts of East Madhya Pradesh, Vidharbha, Marathawada and Interior Karnataka on 27th and over Marathawada, Gujarat and Interior Karnataka on 28th.

Cold day conditions also prevailed over isolated pockets of north Rajasthan, Delhi, Haryana and Punjab on 24th where day temperatures remained less than 16°C and were below normal by 6-8°C. Lowest temperature in the plains was 0.6°C recorded at Amritsar (Punjab) on 25th December.

Rainfall During The Week (Week ending on 28th December, 2005)

Rainfall was **excess/normal** in **9**, **deficient/scanty** in **14** and no rain in **13** out of 36 meteorological sub-divisions (Actual: 1.6 mm, Normal 4.5 mm and Departure: -65%).

Cumulative Seasonal Rainfall (1st October to 28th December, 2005)

Rainfall was **excess/normal** in **17**, **deficient/scanty** in **18** and no rain in **1** out of 36 meteorological sub-divisions. (Actual: 138.2 mm, Normal: 123.8 mm and Departure: +12%).

Outlook For The Week Ending On January 4th 2006,

1. Rain/snowfall likely at many places with isolated heavy falls over western Himalayan region during first half of the week.
2. Minimum temperatures over northwest India are likely to rise during first half of the week.
3. Cold wave/fog conditions are likely to prevail over northwest India during 2nd half of the week.
4. Light to moderate rain/thundershowers are likely over Andaman & Nicobar Islands, south Tamil Nadu, Kerala and Lakshadweep.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (December 26 - 31, 2005)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	20000	49451	69451
Palm oil	7299	10000	17299
CPO	21500	22500	44000
Total	48799	81951	130750

Source: ANAS

Forex Rates

(As on 31.12.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.95
European Union	Euro	53.22
Japan	100 Yen	38.19
United Kingdom	Pound Sterling	77.33
Malaysia	Ringgit	11.89
China	CNY	5.57
Argentina	ARS	14.83
Brazil	BRL	19.22
Indonesia	1000 IDR	4.58

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.