

VEGOIL

Jan 30 to Feb 4, 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 February 02, 2006. This summary is based on reports from exporters (for the period January 20-26, 2006).

Soybeans: Net sales of 446,600 MT were 14 percent below the previous week and 34 percent under the prior 4-week average. Major increases for Taiwan (135,500 MT), Mexico (95,700 MT), Japan (73,900 MT), China (70,800 MT), and the Netherlands (61,900 MT, including 60,000 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (62,000 MT). Exports of 567,800 MT were 35 percent below the week earlier and 8 percent under the prior 4-week average. The primary destinations were China (176,800 MT), Japan (86,600 MT), Egypt (66,500 MT), Mexico (62,700 MT), the Netherlands (61,900 MT), Taiwan (33,400 MT), and Belgium (33,000 MT).

Soybean Cake and Meal: Net sales of 197,900 MT were 5 percent above the week earlier and 71 percent over the

prior 4-week average. Major increases for unknown destinations (64,000 MT), Mexico (51,000 MT), the Dominican Republic (38,200 MT), Turkey (23,000 MT), and Canada (14,100 MT) were partially offset by decreases for Egypt (8,000 MT) and Algeria (5,000 MT). Exports of 109,300 MT were 4 percent above the previous week, but 7 percent under the prior 4-week average. The primary destinations were Mexico (35,900 MT), Canada (20,100 MT), Guatemala (12,200 MT), Colombia (10,100 MT), the Dominican Republic (8,900 MT), and Turkey (8,100 MT).

Soybean Oil: Net sales of 20,800 MT were primarily for South Korea (14,000 MT), Mexico (6,000 MT), and Canada (500 MT). Decreases were reported for Saudi Arabia (300 MT). Exports of 1,600 MT were mainly to Mexico (600 MT), Canada (400 MT), Kuwait (200 MT), Saudi Arabia (100 MT), and the United Arab Emirates (100 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 8.25 %

Malaysian's palm oil exports in January 1-30, 2006 totalled 909448 metric tonnes as against 991222 metric tonnes of December 1-30, 2005, it is down by 8.25 per cent.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that RBD Palm Olein, RBD Palm Oil and RBD Palm Stearin export sales are increased by 80.62,

23.67 and 41.86 per cent respectively during the period of January 1-30, 2006 as compared to December 1-30, 2005. On the other hand, Table 1 shows that the export sales of Crude Palm Oil are declined by 26.77% during same period.

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

(Unit: MT)

Items	January 1-30 2006	December 1-30, 2005	Change %
RBD Palm Olein	64947	335116	80.62
RBD Palm Oil	112891	147897	23.67
RBD Palm Stearin	70852	121865	41.86
Crude Palm Oil	162865	128476	-26.77

Source: SGS (Malaysia) Bhd.

Major importer countries/continents of Malaysian palm oil

Estimates of export data released by Cargo Surveyor SGS for the period of January 1-30, 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 highlights of imports are as follows: Table 2 shows that import of Malaysian palm oil from China, European Union, USA and Pakistan were increased by 5.25 %, 31.74 %, 5.43 and 22.76 % respectively during

the period of January 1-30, 2006 as compared to December 1-30, 2005. However, Import of Malaysian palm oil from India declined by 135.94% during the same period.

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

(Unit: MT)

Countries/Continents	January 1-30 2006	December 1-30, 2005	Change %
China	229151	241850	5.25
European Union	194712	285232	31.74
United States	95153	100615	5.43
India	37515	15900	-135.94
Pakistan	43090	55790	22.76

Source: SGS (Malaysia) Bhd.

Malaysia: January Palm Oil Export down 10.10 %

A cargo surveyor Intertek Agri Services released an estimate of palm oil export sales for the period of January 1-30,2006. Malaysian palm oil export increased to 902955metric tonnes during January 1-30, as against

1004352 metric tones during December 1-30, it is down by 10.10 per cent.

Source: Intertek Agri Services

GOI: Revises Low Base Import Prices on Edible Oils

January 31: Government of India has revised base import prices on edible oil on January 31,2006. Government of India revised lower base import prices on Crude Soybean Oil at \$ 484/ton (-8) from \$ 492/ton, Crude Palm Oil at \$ 412/ton (-3) from \$ 415/ton, RDB Palm Oil at \$ 427/ton (-3) from \$ 430/ton, Other Palm Oil to \$ 420/ton (-3) from \$ 423/ton, Crude Palmolein at \$ 434/ton (-3) from \$ 437/ton,

RBD Palmolein at \$ 437/ton (-3) from \$ 440/ton, and Other Palmolein at \$ 436/ton (-3) from \$ 439/ton. Base import prices are used by the government of India to calculate import duties regardless of the actual market prices of the commodities. Here revising Tariff Values of various edible oils as shown in the table below.

Table: Government of India has revised base import prices:

(Unit: US \$/MT)

Commodities	Current Tariff Rate	Previous Tariff Rate	Change (US \$)
Crude Soybean Oils	484	492	-8
CPO	412	415	-3
RBD Palm Oil	427	430	-3
Other Palm Oil	420	423	-3
Crude Palm Olein	434	437	-3
RBD Palm Olein	437	440	-3
Other Palm Olein	436	439	-3

The revised value is effective from today i.e., 31st Jan, 06.

Source; PIB

DOMESTIC MARKET ANALYSIS

Palm oil

Palm oil prices at physical market were likely steady during this week. Due to rise in stock of Malaysian palm oil and low export demand of Malaysian palm oil. There was no fresh fundamental news to push up its prices. Bursa Malaysian Derivatives (BMD) were closed from Jan 30 to Feb 2, 2006. Traders were not aggressively involved earlier in trading due to 4 days holiday. A cargo surveyor SGS (Malaysia), Bhd. estimates for January palm oil exports

down to 909448 metric ton as against 991222 metric ton in December month, it is down by 8.25 per cent. Another surveyor, Intertek Agri services revealed about 10 % fall in his January export estimates as against December month. Government of India revised low base import prices by \$3/ton on all categories of palm oils. It would attract for more import of palm oil in near future. Palm oil prices are expected to move range bound with weak sentiments.

Weekly prices for CPO

(Rs/ 10 kg)

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Kandla	334	334	335	334	335	336

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Kandla	353	353	353	353	354	354
Mumbai	359	359	358	357	360	361
Chennai	373	373	373	373	372	374
Kakinada	350	350	350	350	349	350
Hyderabad	360	360	360	360	365	370

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
CPO	Closed	Closed	Closed	Closed	377.50	Closed
RBD Palmolein	Closed	Closed	Closed	Closed	400	Closed

Soy oil

Domestic soy oil prices were range bound during this week in most of the markets amidst low demands at retail ends. US soybeans oil stock is higher due to more production and low export demands of soybean oil. Government of India revised low base import price on Soybean crude oil by \$8/ton on January 31, 06. NCDEX February soy oil future prices opened weak and suddenly jumped its prices around 11.50 am on Thursday due to strong rumour in the markets

is that imposition of the Tariff Rate Quota (TRQ) by GOI on soybean oil to restricts soybean oil import. Arrivals of soybeans per day during this week were in range of 1.10 lakh to 1.25 lakh bags (1 bags= 85 kg) in major markets of India. Import of soybean oil is improved during this week as compared to previous week. Soy oil prices are expected to move range bound in next week.

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

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Mumbai	340.00	340.00	339.00	338.00	340.00	341.00
Indore	345.00	343.00	342.00	341.00	343.00	344.00
Kota	352.00	353.00	352.00	352.00	353.00	356.00
Jaipur	355.00	357.00	355.00	355.00	357.00	360.00
Hyderabad	352.00	360.00	360.00	360.00	360.00	360.00
Chennai	356.00	356.00	356.00	358.00	358.00	358.00
Rajkot	336.00	335.00	334.00	334.00	335.00	337.00

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

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Mumbai	323.00	323.00	323.00	321.00	322.00	325.00

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

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Kandla & Mumbai	490.00	490.00	493.00	490.00	492.00	499.00

Rape/Mustard Oil

Mustard oil prices on spot market were range bound with weak sentiments during this week. Harvesting of mustard crop begins in some pockets in Kota region. Daily arrivals of new mustard seeds were in range of 600-1000 bags in Kota only during this week. Prices of new mustard seeds are slightly lower as compared to old mustard seeds only

because more moisture contents in new mustards. Harvesting of mustard crop in Shri ganga nagar area is expected to begin from first week of March. Mustard oil prices are expected to decline due to new crop harvesting pressure in coming days.

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

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Mumbai	374.00	373.00	373.00	367.00	365.00	369.00
Kota	362.00	362.00	362.00	362.00	360.00	362.00
Jaipur	367.00	366.00	366.00	365.00	365.00	366.00
Delhi	388.00	385.00	382.00	380.00	381.00	390.00

Groundnut oil

Domestic markets prices of groundnut oil went down slightly during this week in most of the markets due to harvesting pressure of groundnut in Andhra region. The arrivals of groundnut seeds are increased in Andhra region. More arrivals of groundnut in Andhra brought negative impact on its prices in different major markets of India. Harvesting of groundnut is over one month before in Gujarat. Farmers and stockists are bringing groundnut seeds from their stock in the market. Arrivals of groundnut is declining day by day in Gujarat mandi, despite that GN oil

prices are declining day by day in Gujarat due to low demands at retail ends only because there is tradition to keep good stock of GN oil for home consumptions in month of December and January. There is another reason to decline groundnut oil prices due to mixing of low priced oil in GN oil like soy oil and rice bran oil. GN oil prices are expected to move range bound with weak sentiments in next week.

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

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Mumbai	435.00	435.00	430.00	430.00	431.00	431.00
Rajkot	445.00	445.00	440.00	438.00	438.00	445.00
Andhra Region	435.00	435.00	433.00	433.00	430.00	435.00
Chennai	440.00	435.00	440.00	435.00	435.00	435.00

Sunflower Oil

Spot market prices of sunflower oil in most of the markets are marginally declined during this week due to huge availability of other edible oil at low prices in the markets like cotton oil and soybean oil. Harvesting of sunflower

seeds is begins in South India. Sunflower oil prices are expected to move range bound with weak sentiments in next week.

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

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Chennai	430.00	427.50	430.00	430.00	430.00	430.00
Mumbai	400.00	395.00	395.00	395.00	395.00	395.00
Hyderabad	415.00	415.00	415.00	415.00	415.00	415.00

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

Center	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Kandla & Mumbai	540.00	541.00	543.00	541.00	543.00	548.00

Cotton Refine Oil

Cotton oil prices on physical market shows the sluggish trends in most of the markets amidst low demands at retail ends. Harvesting pressure of cotton crops in Maharashtra brought negative impact on 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.

Prices for Refined Cotton Oil during this week

Markets	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Mumbai	345.00	344.00	344.00	343.00	343.00	346.00
Hyderabad	347.00	347.00	345.00	343.00	345.00	345.00
Rajkot	343.00	341.00	341.00	341.00	343.00	345.00

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

Crude palm oil futures settled lower with a choppy trading day on Bursa Malaysian Derivatives on Friday after long leave. The benchmark April CPO contract settled lower at MYR1438/metric ton, it is down by MYR5 from previous trading day i.e. Jan. 27. The BMD was closed from Jan. 31 to Feb. 2 on national holidays. BMD CPO future prices were positive in the beginning only due to higher settlement of soy future prices on CBOT. Both are traditional rival with each other. There was no clear cut direction of the market due to holiday and most of the traders were still way from the market. It is expected that traders will return only on

Monday. A cargo surveyor SGS revealed January exports estimates at 909,448 tons, it is down 8.25%, while Intertek estimated exports at 902,955 tons, it down by 10% as compared to December month. These figures are within range of expectations of traders. Recent market speculation for January CPO output to fall about 8% to 10% on month. Official January production, export and stock data are due Feb. 10.

Soybean Market United States

Soybean oil future prices were range bound with positive sentiments in the beginning of this week on Chicago board of Trade due to hot and dry weather of South America. However, Soy futures settled high at Chicago Boards of Trades on Friday. March Soybeans settled up 10.75 cents at \$5.9475/bushel off the high and 13.75 cents up from the low. May Soybeans closed up 10.75 cents at \$6.07 cents, which was 14 cents up from the low and 3 cents off the high. March Soymeal settled up \$2.1 at \$184.0/ton, which was \$3.1 up from the low and \$2.0 off the high. March Soybean Oil settled up 0.71 cents at 22.66 cents/pound, 0.02 cents off the high and 0.73 cents up from the low. Strength in the market was driven by strong and effective fund buying which helped to boost up. The Vegetable Oils

Industry Association in Brazil pegged the soybean crop at 57.1 million tonnes which is down from 57.4 million in the January 10th forecast but still up from last years. US export sales report showed lower soybean sales near 400,000-600,000 tonnes as compared with 521,900 tonnes in previous week. Meal sales are expected near 75,000-150,000 tonnes with oil sales near 0-10,000 tonnes. CBOT soy oil prices are expected to move range bound with weak sentiments due to higher stock of US soy oil. Stock of US soy oil increased only due to more production and low export demands of US soy oil.

South American Soybean Market:

South American soybeans future settled low on Friday. March South American soybeans settled 14 cents lower on Thursday to \$6.10/bushel than previous closing price. The market is influenced by South American weather and crop condition news indicate less chances of crop damage, which can be viewed as significant surplus on the world market. With the approaching harvest, the producers will be

keen to sell their produce to take the advantage of export premium which is high this time but likely to diminish at the time of crop arrivals. Improving crop conditions for the new crop have a selling pressure on sales of old crop. Good rains in the dry areas of Argentina may improve and recover the crop at normal yield with bounty stock.

VAYDA BAZAAR

Weekly settlement prices for soy oil at NBOT

Contracts	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Feb '06	346.30	346.00	344.80	345.60	346.20	348.90
Mar '06	349.10	349.80	348.60	350.40	351.30	355.30

NCDEX Soy Future Markets

NCDEX soy oil futures were weak in the first 3 days of this week and improved in last 3 days of this week. Soy oil future prices settled up at NCDEX on Friday. NCDEX February soy oil prices settled up Rs 2.90 at Rs 349.90 per 10 Kg, it was Rs 0.70 off the high and Rs 1.40 up from the low. February soy oil prices moved in range of Rs 346.10 to Rs 349.90 during this week. NCDEX jumped suddenly on Wednesday due to strong rumour in the markets is that imposition of the Tariff Rate Quota (TRQ) by GOI on soybean oil to restrict soybean oil import CBOT settled higher on Friday brought positive impact on NCDEX. The Vegetable Oils Industry Association in Brazil pegged the soybean crop at 57.1 million tonnes which is down from 57.4 million in the January 10th forecast but still up from last years Arrivals of soybean declined slightly in major markets of India. Soy oil prices are expected to move range bound with positive sentiments in next week.

Weekly settlement prices for soy oil at NCDEX

Contracts	30.01.06	31.01.06	01.02.06	02.02.06	03.02.06	04.02.06
Feb '06	347.10	346.85	346.10	347.25	347.70	349.90
Mar '06	349.60	349.90	349.15	351.10	351.95	355.60

WEEKLY WEATHER WATCH

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Meteorological Analysis

A fresh western disturbance as an upper air system formed over north Pakistan and neighbourhood on 27th. It persisted over the same area till 31st and moved away eastwards on 1st. Under its influence, an induced upper air cyclonic circulation extending upto 0.9 Km a.s.l formed over west Rajasthan and neighbourhood on 28th which became less marked on 29th.

A trough of low pressure lay over southwest Bay of Bengal on 26th which persisted upto 28th and became less marked on 29th.

Rainfall

Light to moderate rainfall/snowfall occurred at a few places over Jammu & Kashmir during 27th to 29th.

Isolated very light to light rain/thundershowers occurred over south-coastal Andhra Pradesh, coastal Tamil Nadu and Nicobar islands during 1st half of the week.

Minimum Temperatures

Night temperatures were generally 2-4° C below normal over most parts of the country in the beginning of the week. They registered an increasing trend over northwest India from 28th onwards and became above normal by 4-6° C over parts of Gujarat and Rajasthan and by 2-4° C over the remaining parts of northwest and central India by the end of the week. However, they continued to remain below normal by 2-4° C over the rest of the country.

Rainfall During The Week (Week ending on 1st February, 2006)

Rainfall was deficient/scanty in 6, and no rain in 30 out of 36 meteorological sub-divisions (Actual: 0.4 mm, Normal 6.4 mm and Departure: -94%).

Cumulative Seasonal Rainfall (1st January to 1st February, 2006)

Rainfall was excess/normal in 3, deficient/scanty in 18 and no rain in 15 out of 36 meteorological sub-divisions. (Actual: 18.0 mm, Normal: 21.6 mm and Departure: -17 %).

Outlook For The Week Ending On February, 8th 2006)

Mainly dry weather conditions are likely to prevail over most parts of the country outside Tamil Nadu, Kerala and parts of northeastern States and Sub-Himalayan West Bengal where isolated light rain is expected during 3rd to 5th. Isolated light rain/snow is likely over Jammu & Kashmir and Himachal Pradesh towards the end of the week.

2. Day temperatures are likely to remain appreciably above normal over north & central India during 1st half of the week. Night temperatures are expected to fall by 2-3 deg. C over northwest India during 4th to 6th. However, no significant change is likely in the day temperatures.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (Jan 30 to Feb 04, 2006)

(Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	37200	23300	60500
Palm oil	4000	21283	25283
CPO	6000	34800	40800
Total	47200	79383	126583

Source: ANAS

Forex Rates

(As on 04.02.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.15
European Union	Euro	53.06
Japan	100 Yen	37.12
United Kingdom	Pound Sterling	77.81
Malaysia	Ringgit	11.79
China	CNY	5.48
Argentina	ARS	14.34
Brazil	BRL	19.89
Indonesia	1000 IDR	4.75

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