

VEGOIL

May 15-20, 2006

MAJOR WEEKLY HIGHLIGHTS

- Soybean, Oil and Meal: USDA Weekly Export Sales Highlights
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- Intertek Agri Services: May Malaysian Palm Oil export
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DOMESTIC & INTERNATIONAL NEWS

USDA: Weekly Export Sales Highlights

Weekly Export Sales Highlights of US Department of Agriculture is released on Thursday i.e. May 18, 2006. This summary is based on reports from exporters (for the period of May 5-11, 2006).

Soybeans: Net sales of 332,000 MT were 15 percent below the week earlier, but 51 percent above the prior 4-week average. Major increases were reported for Mexico (105,900 MT), China (60,000 MT), Japan (54,400 MT, including 25,000 MT switched from unknown destinations), unknown destinations (42,000 MT), and Costa Rica (27,800 MT). Exports of 202,200 MT were 23 percent below the week earlier and 32 percent under the prior 4-week average. Mexico (102,900 MT) was the primary destination, with smaller quantities to Japan (44,100 MT), Taiwan (22,300 MT), and Colombia (10,700 MT).

Soybean Cake and Meal: Net sales of 157,300 MT were more than two and one-half times the previous week and

82 percent over the prior 4-week average. The major buyers were Guatemala (58,400 MT, including 6,800 MT switched from El Salvador), the Dominican Republic (20,300 MT), Mexico (18,800 MT), Canada (18,500 MT), Egypt (16,000 MT), and Japan (12,700 MT). Exports of 143,400 MT were two and two-fifths times the week earlier and 51 percent over the prior 4-week average. The primary destinations were Canada (31,300 MT), Mexico (21,800 MT), the Dominican Republic (19,800 MT), Japan (16,100 MT), Tunisia (14,800 MT), Guatemala (11,400 MT), and Colombia (11,400 MT).

Soybean Oil: Net sales reductions of 1,400 MT resulted as major increases for Mexico (6,000 MT) and Canada (400 MT) were more than offset by decreases for Cuba (8,000 MT). Exports of 1,900 MT were mainly for Mexico (900 MT) and Canada (700 MT).

Source: USDA

GOI: Revised Base Import Prices on Edible Oils

May 16: Government of India revised higher base import prices on palm oil on Tuesday, 2006. Govt. of India increased base import prices on Crude Palm Oil at \$ 433/ton (+\$6/ton) from \$ 427/ton, RDB Palm Oil at \$ 448/ton (+6) from \$ 442/ton, Crude Palm Olein at \$ 455/ton (+6) from \$ 449/ton and RBD Palmolein at 458 (+6) from

\$452 per ton. Crude Soybean Oil at \$ 540/ton (+\$22/ton) from \$ 518/ton. Base import prices are used by the government of India to calculate import duties regardless of the actual market prices of the commodities. Revised tariff values of various edible oils as shown in the table below.

Table: GOI has revised base import prices

Commodities	Current Tariff Rate	Unit (US \$/Ton)	
		Previous Tariff Rate	Change (US \$)
Crude Soybean Oils	540	518	+22
CPO	433	427	+6
RBD Palm Oil	448	442	+6
Crude Palm Olein	455	449	+6
RBD Palm Olein	458	452	+6

Source: Ministry of Finance, GOI.

Bio-fuel Prograame in Villages

The Ministry of Panchayat Raj, under its Rural Business Hubs initiative has been working to promote the cultivation of Jatropha for bio-diesel by involving Panchayati Raj Institutions (PRIs). This was stated by the Minister of Panchayat Raj Shri Mani Shankar Aiyar in Lok Sabha yesterday. In a written reply, he said, the Government is acting as a facilitator between the State Governments, Panchayati Raj Institutions and the Corporate Sector with the help of the Confederation of Indian Industries (CII). Interested PRIs are being introduced to business houses which express their desire to encourage the local community to take up Jatropha cultivation in their respective jurisdiction. Three MOUs in this connection have been signed between D-1 Oil (India), on the one hand, and PRIs in the districts of Mewat, Faridabad and Yamuna Nagar in Haryana on the other, backed up by a letter of intent from Indian Oil Corporation to D-1 Oil offering to

purchase bio-diesel so produced within the framework of Government's Bio-Diesel purchase policy formulated by the Ministry of Petroleum and Natural Gas. Shri Mani Shankar Aiyar said, the Central Government in association with State Governments, PRIs and the Petroleum Conservation and Research Association (PCRA) has conducted several awareness programmes on the plantation of Jatropha, collection of seeds and extraction of oil for the production of bio diesel. A joint Committee of the Ministries of Petroleum and Natural Gas, Panchayati Raj and the Planning Commission has been formed with several stakeholders and specialized technical agencies to encourage PRIs in promoting the cultivation of Jatropha for bio-diesel.

Source: PIB

High Oil Content Jatropha Variety Released for Cultivation

The Indian Council of Agricultural Research has identified first ever Jatropha variety, SDAUJ 1 (Chatrapati) with higher oil content and yield for commercial cultivation. The seeds contain 49.2 per cent oil and the non-edible protein in defatted seed case is 47.8 per cent. Farmers can get an average yield of 1000-1100 kg per hectare under rainfed conditions. It is recommended for the semi-arid and arid regions of Gujarat and Rajasthan. It is drought resistant and can be raised successfully in areas where annual rainfall is 300-500mm. The plant attains a height up to 8 feet and shows resistance to all major pests. SDAUJ 1 (Chatrapati) is developed by Sardarkrushinagar based Sardarkrushinagar Dantiwada Agricultural University (SDAU). The variety has been identified and recommended for release in Group Meet of All India Coordinated Research Project on Underutilised Crops held at Punjab Agricultural University, Ludhiana. At Regional Research Station, SDAU, crop improvement on Jatropha was initiated in late 90's. Large

number of collections was made from different parts of India. These genotypes were evaluated in replicated trial and found that entry SDAUJ 1 (Chatrapati) performed well and recorded significantly highest yield over other local varieties. The other parts of Jatropha i.e. leaves, roots and latex are also useful in traditional medicine. An alkaloid derived from Jatropha plant i.e. crucin shows anticancer properties. Jatropha (Jatropha curcus) locally known as Ratanjot belongs to family Euphorbiaceae and shows resemblance with castor. In India about nine species are reported out of which Jatropha curcus has economic value by virtue of oil present in its seed. The Govt. of India and Planning Commission are emphasizing on alternative fuels as a result the area under Jatropha cultivation is catching up. The oil finds many applications in various industries like soaps, illuminants and paints.

Source: PIB

Malaysia: May Palm Oil Exports Down 1.61%

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Monday i.e. May 15, 2006. Malaysian palm oil exports during May 1-15, 2006 totaled 527713 metric tonnes, down 1.61% from 536334 metric tonnes in April 1-15, 2006.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that Export of RBD Palm Olein increased by 15.85 in May 1-15, 2006 as against of April 1-15, 2006. However, RBD Palm Oil, RBD Palm Stearin and Crude Palm Oil declined by 29.96, 26.90 and 3.53 respectively during the same period.

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

Items	(Unit: MT)		
	May 1-15, 2006	April 1-15, 2006	Change %
RBD Palm Olein	226705	195695	+15.85
RBD Palm Oil	45673	65211	-29.96
RBD Palm Stearin	42879	58659	-26.90
Crude Palm Oil	97452	101022	-3.53

Source: SGS (Malaysia) Bhd.

Major Importers of Malaysia's Palm Oil

Estimates of export data released by Cargo Surveyor SGS on Monday i.e. May 15, for the period of May 1-15, 06. The major importers of Malaysian palm oil were as follows:

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

Country wise brief highlights of imports are as follows: Table 2 shows that import of Malaysia's palm oil from EU, China and USA increased by 4.49, 8.35 and 5.12 percent respectively in May 1-15 as compared to April 1-15, 2006.

On the other hand, Import of Malaysia's palm oil from India and Pakistan declined by 8.02 and 22.64 per cent respectively during the same period.

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

(Unit: MT)

Countries/Continents	May 1-15, 2006	April 1-15, 2006	Change %
European Union	118968	113852	+4.49
China	156176	82920	+88.35
United States	72591	69057	+5.12
India	16280	17700	-8.02
Pakistan	24911	32200	-22.64

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Palm oil prices on domestic spot market improved slightly on May 16 on account of hike in tariff value and rest of the day prices moved range bound amid weak sentiments during May 15-18. A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Monday i.e. May 15, 2006. Malaysia's palm oil exports during May 1-15, 2006 totaled 527713 metric tonnes, down 1.61% from 536334 metric tonnes in April 1-15, 2006. According to SGS cargo surveyors for the period of May 1-15, Export of RBD Palm Olein increased by 15.85 in May 1-15, 2006 as against of April 1-15, 2006. However, RBD Palm Oil, RBD Palm Stearin and Crude Palm Oil declined by 29.96, 26.90 and 3.53 respectively during the same period. India imported totalled 16280 metric ton in May 1-15, down 8.02 per cent as compared to 17700 metric ton of April 1-15. The major importers of Malaysian palm oil were as follows: 1.

European Union 2. China 3. USA 4. India and 5. Pakistan. According to SGS, Import of Malaysia's palm oil from EU, China and USA increased by 4.49, 8.35 and 5.12 percent respectively in May 1-15 as compared to April 1-15, 2006. On the other hand, Import of Malaysia's palm oil from India and Pakistan declined by 8.02 and 22.64 per cent respectively during the same period. RBD palmolein prices on domestic spot market moved in a narrow range of Rs 392-396 in Mumbai, Rs 384-385 in Kakinada and Rs 404-408 in Chennai market per 10 kg excluding VAT. FOB prices of CPO (May) were constant at \$ 395.00 to 402.50/MT and RBD Palmolein moved in range of \$ 422.50- \$425.00/MT for the period of May 15-18.

Weekly prices for CPO

(Rs/ 10 kg)

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Kandla	370.00	368.00	370.00	369.00	368.00	368.00

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Kandla	385.00	385.00	385.00	385.00	385.00	385.00
Mumbai	396.00	396.00	396.00	392.00	392.00	392.00
Chennai	404.00	405.00	408.00	406.00	407.00	405.00
Kakinada	384.00	385.00	385.00	385.00	385.00	380.00
Hyderabad	400.00	403.00	405.00	400.00	402.00	400.00
Delhi	432.00	430.00	430.00	428.00	428.00	430.00

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

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
CPO	402.50	397.50	395.00	395.00	395.00	Closed
RBD Palmolein	425.00	422.50	425.00	425.00	420.00	Closed

Refined Soy Oil

Refined soy oil prices improved slightly in the beginning of third week of May on account of hike in tariff value to \$ 540/ton (up \$22/ton) from \$518/ton. Prices declined slightly at the end of this week on technical corrections and speculative selling pressure. Refined soy oil prices on domestic spot markets were traded in a range of Rs 396-400 in Mumbai, Rs 398-403 in Indore, Rs 395-402 in Hyderabad, Rs 394-395 in Kota, and Rs 397-398 per 10 kg excluding VAT in Jaipur market. CIF (Cost, Insurance and Freight) charges for soy oil (May Shipment) at Kandla port were in a range of \$539/MT to \$550/MT and prices for soy degum (High-Seas) at Kandla were quoted in range of Rs

372 to 378 per 10 kg. Daily arrivals of soybeans were in range of 34,000-40,000 bags (bags=85 kg) in major markets during the May 15-18. India's edible oil imports in the first six months of the current marketing year to October declined to 18 lakh ton from 22 lakh ton during November to April period last year. Import of edible oils in April declined to 354284 ton from 521145 ton as compared to last year. Edible oil marketing year runs from Nov.-October. Soy oil prices are expected to improve in coming days on account of depleting stock of soybean and low stock of edible oil.

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

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Mumbai	400.00	399.00	400.00	396.00	394.00	395.00
Indore	399.00	398.00	403.00	399.00	397.00	396.00
Kota	395.00	394.00	395.00	395.00	395.00	395.00
Jaipur	398.00	397.00	398.00	398.00	398.00	398.00
Hyderabad	395.00	397.00	402.00	398.00	398.00	405.00
Chennai	400.00	400.00	408.00	405.00	407.00	407.00
Rajkot	387.00	386.00	389.00	389.00	389.00	389.00

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

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Mumbai	375.00	372.00	378.00	378.00	375.00	373.00

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

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Kandla & Mumbai	550.00	540.00	539.00	540.00	535.00	530.00

Rape/Mustard Oil

Mustard oil prices on domestic spot market declined slightly during the third week of May on account of huge stock of mustard seeds in most markets. NAFED stopped procurement of mustard seeds. Mustard oil (expeller) prices moved in a range of Rs389-384 in Mumbai, Rs 375-380 in Kota, Rs 380 -385 in Jaipur and Rs 392-396 per 10 kg in

Delhi market. Daily arrivals of mustard seeds were around 1,50,000 bags in Rajasthan and 25,000-35,000 bags in Madhya Pradesh (bags= 85 kg). Mustard oil prices are expected to improve in coming days on lower supply of mustard seeds and expected to improve prices of other edible oil.

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

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Mumbai	394.00	392.00	389.00	391.00	390.00	390.00
Kota	380.00	378.00	375.00	375.00	375.00	374.00
Jaipur	385.00	382.00	380.00	380.00	380.00	382.00
Delhi	393.00	392.00	394.00	396.00	395.00	395.00
Neewai	378.00	377.00	378.00	380.00	379.00	378.00

Groundnut oil

Groundnut oil prices on domestic spot markets moved range bound with week sentiments amid lower demand at retail ends in most markets. Harvesting of summer crop is in progress in Bhavnagar area, Gujarat. Higher production of summer crop is estimated for this season. However prices declined slightly in Gujarat only due to lower

demands and weak futures market in the third week of May. Groundnut oil prices moved in range of 464-648 in Mumbai and Rs 445-455 per 10 kg excluding VAT in Rajkot markets. Groundnut oil prices are expected to move range bound in next week.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Mumbai +VAT	468.00	468.00	468.00	464.00	462.00	461.00
Rajkot +VAT	450.00	445.00	455.00	450.00	450.00	451.00
Andhra Region	470.00	470.00	472.00	472.00	470.00	465.00
Chennai +VAT	455.00	458.00	465.00	465.00	465.00	465.00
Delhi	510.00	510.00	510.00	510.00	510.00	510.00

Sunflower Oil

Domestic spot market prices of sunflower oil were range bound with weak sentiments in most of the markets. Crude SFO prices were quoted in a wide range of Rs 400-405 per 10 kg in Kandla and Mumbai during this week. CIF on

sunflowers were in range of \$ 641/metric ton to \$ 649/metric ton during this week. Sunflower oil prices are expected to move range bound.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Chennai	450.00	448.00	455.00	455.00	455.00	453.00
Mumbai	440.00	440.00	440.00	440.00	440.00	440.00
Hyderabad	448.00	448.00	445.00	443.00	445.00	445.00

Prices for Crude Sunflower Oil during the week

(US \$/ MT)

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Kandla & Mumbai	405.00	405.00	405.00	402.00	402.00	400.00

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Kandla & Mumbai	644.00	641.00	644.00	642.00	646.00	649.00

Cotton Refine Oil

Cotton oil prices on physical market moved down during the week amid weak sentiments in most markets. Cotton oil

prices dampened with soy oil prices. Cotton oil prices are expected to move range bound.

Prices for Refined Cotton Oil during this week

Markets	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
Mumbai +VAT	405.00	403.00	403.00	400.00	403.00	397.00
Hyderabad +VAT	403.00	402.00	405.00	403.00	405.00	403.00
Rajkot +VAT	395.00	392.00	395.00	395.00	395.00	394.00
Delhi	395.00	395.00	397.00	395.00	395.00	395.00

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Crude palm oil futures at Bursa Malaysia Derivatives settle down on Monday. Weakness in soy oil futures and disappointing export figures provided support to bears. The benchmark August CPO contract settled at MYR1,443 a metric ton, down MYR9 from Friday after moving between MYR1,440 and MYR1,452/ton. A sharp drop in Malaysian palm oil exports in the first 20 days of May brought bearish market sentiments. Cargo surveyor Intertek Agri Services

estimated May 1-20 exports at 635,438 tons, down 20% on month. There are fears among the participants about rise in palm oil stock due to lower export demands. Another surveyor SGS (Malaysia) Bhd, which is more influential, didn't issue May 1-20 export figures due to the absence of the person in charge of the data. Steep losses in soyoil futures on the Chicago Board of Trade Friday also added bearish tone on palm oil prices.

Soybean Market United States

July Soybeans settled down 11 cent at \$5.87/bushel, 11.25 cent off the high and 1.50 cent up from the low. November Soybeans settled down 10.25 cent at \$6.1075/bushel that was 1.75 cent up from the low and 10 cent off the high. July Soymeal settled down \$1.9 at \$173.4/ton, which was \$0.4 up from the low and \$1.5 off the high. July Soybean Oil closed down 0.54 cent at 25.03 cent/pound, 0.29 cent off the high and 0.13 cent up from the low. Improving weather

in the growing belt had bearish impact over the market. Weakness in cereals also added a bearish tone to the market. Soy market was influenced by active fund selling in metals, which results into fall in prices of oil and meal. Weakness in palm oil in BMD further added to its bearish tone. Fund sellers dominated the session with 7500 contracts into the mid-session.

Futures Markets (Vayda Bazaar)

NCDEX Soy Futures Markets

NCDEX (June'06) refined soy oil contract prices moved down most of the days during the third week of May on account of technical corrections and speculative selling pressure. Soy oil futures prices settled down Rs 0.95 on Thursday at Rs 422.50/10 Kg, Rs 0.70 off the high and Rs

2.00 up from the low. Prices moved in a range of Rs 420.50 - 423.20 during May 15-18. Downside movement of prices should slow as prices already reached near to oversold zone.

Weekly settlement prices for soy oil at NCDEX

Contracts	15.05.06	16.05.06	17.05.06	18.05.06	19.05.06	20.05.06
May, 2006	415.00	414.50	415.20	-	-	-
June, 2006	422.10	422.80	423.45	422.95	417.75	415.95

WEEKLY WEATHER WATCH

Weather Outlook For Next 5 days

An upper air cyclonic circulation extending in lower tropospheric levels formed over north Rajasthan and neighbourhood on 11th. It persisted up to 16th. An eastwest trough at 0.9 Km a.s.l. running from this system to Gangetic West Bengal was seen upto 15th with embedded cyclonic circulation over East Uttar Pradesh and neighbourhood on some days of the week.

A North-south trough extending upto 1.5 km. a.s.l. was also seen running from Chhattisgarh to south Tamilnadu throughout the week.

Rainfall

Scattered rain/thundershowers occurred over Bihar, Orissa, West Bengal & Sikkim, East Uttar Pradesh, Jharkhand and northeastern States from 11th to 13th and at many places on 14th, with isolated heavy falls over Assam & Meghalaya, Jharkhand, West Bengal & Sikkim and Tripura on one or two days. Rain/thundershowers occurred at many places over Orissa and Jharkhand on 16th also.

Isolated to scattered duststorm/thunderstorm occurred over plains of northwest India on some days of the week.

An upper air cyclonic circulation extending between 1.5 to 2.1 km. a.s.l. lay over southwest Bay off Tamilnadu coast on 11th & 12th and became less marked on 13th.

Another upper air cyclonic circulation extending between 1.5 and 4.5 km a.s.l. lay over west central and adjoining northwest Bay of Bengal off Orissa coast on 16th which persisted on 17th also.

Isolated light rain/thundershowers occurred over Himachal Pradesh, Uttaranchal, Madhya Pradesh & Chhattisgarh on a few days of the week.

Light to moderate rain/thundershowers also occurred over South Interior Karnataka, Tamilnadu, Kerala, coastal Andhra Pradesh and Lakshadweep on some days of the week.

Fairly widespread rain/thundershowers occurred over Andaman & Nicobar Islands on many days of the week.

Outlook for the week ending on 24th May, 2006

Conditions are favourable for further advance of Southwest monsoon into remaining parts of Andaman sea, some more parts of south bay of Bengal and some parts of eastcentral bay of Bengal.

Rain/thundershower is likely at most places over Andaman & Nicobar Islands with isolated heavy falls throughout the week.

Rainfall activity is likely to increase over south Peninsula where fairly widespread rains are likely during first half of the week and is likely to decrease subsequently.

Isolated to scattered rain/thundershowers accompanied with squall likely over northwest India and Gangetic plains on some days of the week.

Isolated rain/thundershowers also likely over Northeastern States and east India.

Day temperatures are likely to increase by 3-4°C over some parts of northwest, central and east India. However, heat wave conditions are unlikely to develop.

Source: IMD, GOI.

Forex Rates: (May 19, 2006)

Country/ Continent	Currency	Value in Rs
USA	Dollar	45.46
European Union	Euro	58.32
Japan	100 Yen	40.99
United Kingdom	Pound Sterling	85.94

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