



Commodities Weekly

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VEGOIL

June 12-17, 2006

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export sales figure is based on reports from exporters for the period June 2-8, 2006.

Soybeans: Net sales of 383,500 MT were two and one-tenth times the week earlier and 40 percent over the prior 4-week average. Major increases were reported for China (113,000 MT), Japan (71,500 MT), Taiwan (66,100 MT), and unknown destinations (50,900 MT). Sales of 55,200 MT for delivery in 2006/07 were mainly for China (55,000

Soybean Cake and Meal: Net sales of 182,700 MT were two and one-half times the previous week and 62 percent over the prior 4-week average. Major increases for Mexico (96,900 MT), Chile (45,200 MT), the Philippines (24,600 MT), and the Dominican Republic (10,400 MT) were partially offset by decreases for unknown destinations (24,000 MT). Sales of 8,400 MT for delivery in 2006/07

Soybean Oil: Net sales of 3,000 MT were primarily for Mexico (2,700 MT) and Trinidad (200 MT). Exports of

MT). Exports of 215,700 MT were 16 percent below the week earlier and 13 percent under the prior 4-week average. The primary destinations were Mexico (106,300 MT), Israel (40,400 MT), Turkey (30,300 MT), and Taiwan (17,400 MT).

were for Mexico (4,400 MT) and Nicaragua (4,000 MT). Exports of 171,700 MT were more than two and one-tenth times the week earlier and 38 percent above the prior 4-week average. The primary destinations were Chile (45,200 MT), the Philippines (24,600 MT), Mexico (23,700 MT), Canada (17,200 MT), Turkey (13,900 MT), and Japan (13,200 MT).

15,300 MT were mainly for Mexico (8,000 MT), Cuba (5,100 MT), and Guatemala (1,500 MT).

Source: USDA

Early U.S. 2006-07 Soybean Outlook

U.S. soybean production for 2006-07 is projected at 83.82 tonnes, USDA said in its latest Supply and Demand Report. Output at that level could mean ending stocks at a record 17.8 million tonnes, up 2.3 million tonnes from 2005-06. USDA also expects a lower soybean crush for 2005-06, reflecting lower-than-expected domestic soybean meal use in recent months as increased soybean meal exports partly offset reduced domestic use. USDA says that soybean ending stocks for 2005-06 likely will be 15.5 million tonnes. Global oilseed production for 2006-07 is projected at 389.4 million tonnes, down 0.7 million tonnes from 2005-06, according to USDA. Foreign oilseed production is projected at 294.7 million tonnes, up 0.8 million tonnes from 2005-06. USDA expects global soybean production is projected to be a record 222 million tonnes. Higher yields in Brazil and increased area for Argentina will help push South American

production to a record 105 million tonnes, up 3 million from 2005-06. USDA projects the 2006-07 Brazilian crop at 56 million tonnes, up only slightly from the 55.7 million tonnes produced in 2005-06 as higher yields mostly offset reduced harvested area. Argentina soybean production is projected at a record 41.3 million tonnes due to increased area, USDA said. World soybean trade is projected to reach a record 71 million tonnes, up 7% from 2005-06, according to USDA. China accounts for most of the increase in global trade with imports expected to reach 31.5 million tonnes. Global vegetable oil consumption is projected to rise 5% led by increases for EU-25, China, and India. Global protein meal consumption is projected by USDA to increase 4% in 2006-07 mainly due to gains for soybean meal. Source: USDA

Brazil To Harvest 53.8 Million Tonnes of Soybeans

Brazil's 2005-06 soy crop estimate is 53.8 million tonnes, the National Commodities Supply Corp. (Conab) said last week. Conab's estimates have declined over recent months to reflect dry weather in pockets of Parana and Bahia. Parana is Brazil's No. 2 soy producing state. Bahia is the largest producer in the northeast and the sixth-largest producer nationwide. Conab also said heavy rains during the harvest period in the center west have contributed to a lower than expected crop. Asian soy bean rust also led to production losses in Mato Grosso, the No. 1 producer. Conab says Mato Grosso would produce 15.9 million tonnes of soybeans, down from 17.7 million tonnes in 2004-05. Conab said Parana will produce 9.4 million tonnes, compared 9.5 million last year, when drought ruined roughly a third of the state's crop. No. 3 soy producer Rio

Grande do Sul likely will harvest 7.7 million tonnes in 2005-06 soy crop compared just 2.6 million in the 2004-05 crop. Rio Grande do Sul lost more than 75% of its soy crop last year because of dry weather in November 2004 through February 2005. Brazil planted 22.21 million hectares of soybeans in 2005-06, according to Conab. Yields in the center west were put at 2.424 tonnes per hectare. In the South yields are expected to be 2.202 tonnes per hectare. Producers in the southeast should yield 2.384 tonnes per hectare and Northeast yields were put at 2.428 tonnes per hectare. In related news, Reuters reported last week that Brazil's 2005-06 soybean crop loss due to Asian soybean rust disease is estimated at 2.3 million tonnes. In January, the Brazilian agricultural research agency Embrapa estimated losses in 2004-05 at 4.5 million tonnes.

GOI: Cuts Base Import Prices on Edible Oils

June 15: Government of India revised lower base import prices of edible oil on Thursday i.e. June 15. Govt. of India cuts base import prices on Crude Soybean Oil at \$ 542/ton (-\$17/ton) from \$ 559/ton, Crude Palm Oil at \$ 424/ton (-\$6/ton) from \$ 430/ton, RDB Palm Oil at \$ 439/ton (-6) from \$ 445/ton, Crude Palm Olein at \$ 446/ton (-6) from \$ 452/ton and RBD Palmolein at 449 (-6) from \$455 per ton.

Other palm oil prices \$432/ton (-6) from \$438/ton and palmolein \$ 448 /ton (-6) from \$454/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

			Unit (US \$/Ton)
Commodities	Current Tariff Rate	Previous Tariff Rate	Change (US \$)
Crude Soybean Oils	542	559	-17
Crude Palm Oil	424	430	-6
RBD Palm Oil	439	445	-6
Crude Palm Olein	446	452	-6
RBD Palm Olein	449	455	-6
Other Palm Oil	432	438	-6
Other Palmolein	448	454	-6

Source: Ministry of Finance, GOI.

Malaysia: June Palm Oil Exports Down 7.79%

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Thursday i.e. June 15, 2006. Malaysia's palm oil exports in June 1-15, 2006 totaled 486593 metric tonnes, down 7.79% from 527713 metric tonnes in May 1-15, 2006.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that Export of RBD Palm Olein, Stearin and Crude Palm Oil declined by 1.64%, 16.83 and 25.07% respectively in June 1-15 as against of May 1-15, 2006. However, RBD Palm Oil is increased by 1.72%.

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

			(Unit: MT)
Items	June 1-15, 2006	May 1-15, 2006	Change %
RBD Palm Olein	222988	226705	-1.64
RBD Palm Oil	46457	45673	+1.72
RBD Palm Stearin	35664	42879	-16.83
Crude Palm Oil	73025	97452	-25.07

Source: SGS (Malaysia) Bhd.

Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Thursday i.e. June 15, for the period of June 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 declined by 17.78, 30.98 and 50.18 per cent respectively during June 1-15 respectively as compared to May 1-15, 2006. However, Malaysia's palm oil import increased by 45.60 and 46.52 per cent respectively from India and Pakistan during the same period.

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

(Unit: MT)

Countries/Continents	June 1-15, 2006	May 1-15, 2006	Change %
European Union	97816	118968	-17.78
China	107787	156176	-30.98
United States	36165	72591	-50.18
India	23703	16280	+45.60
Pakistan	36500	24911	+46.52

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Palm oil prices on domestic spot market moved range bound amid weak sentiments during the week. Government of India cuts base import prices on palm oil import by \$6/ton on each category of palm oil and palmolein. A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Thursday i.e. June 15, 2006. Malaysia's palm oil exports in June 1-15, 2006 totaled 486593 metric tonnes, down 7.79% from 527713 metric tonnes in May 1-15, 2006. Export of RBD Palm Olein, Stearin and Crude Palm Oil declined by 1.64%, 16.83 and 25.07% respectively in June 1-15 as compared to month earlier of the same period. However, RBD Palm Oil is increased by

1.72%. 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 declined by 17.78, 30.98 and 50.18 per cent respectively during June 1-15 respectively as compared to May 1-15, 2006. However, Malaysia's palm oil import increased by 45.60 and 46.52 per cent respectively from India and Pakistan during the same period. Prices are expected move range bound with weak sentiments in next week.

Weekly prices for CPO

(Rs/ 10 kg)

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Kandla			374.00	373.00	373.00	372.00

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Kandla	392.00	393.00	393.00	393.00	393.00	391.00
Mumbai	400.00	400.00	400.00	397.00	395.00	397.00
Chennai	404.00	405.00	405.00	403.00	404.00	403.00
Kakinada	387.00	386.00	387.00	385.00	384.00	384.00
Hyderabad	406.00	405.00	406.00	400.00	400.00	400.00
Delhi	430.00	430.00	430.00	428.00	428.00	428.00

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
CPO	390.00	390.00	390.00	387.50	387.50	387.50
RBD Palmolein	412.50	412.50	412.50	412.50	412.50	415.00

Refined Soy Oil

Refined soy oil prices on domestic spot market moved range bound with weak sentiments during the week. Prices declined marginally on account of higher estimate of sowing acreage in this coming season. Government of India cuts tariff value at \$542/ton (down \$17/ton) from \$559/ton, which provided support to bearish market sentiments. CIF (Cost, Insurance and Freight) charges for soy oil (June Shipment) at Kandla port were in a range of \$513 to \$519 per metric ton. Daily arrivals of soybeans

were around in range of 35,000-40,000 bags (bags=85 kg) in major markets during the week. Demand of seeds for sowing is expected to increase at the end of this month due to higher estimated sowing acreage in this season. India's edible oil import is declined at around 22 lakh ton in first seven month of oil marketing years i.e. Nov. to May from 27 lakh ton as corresponding year (India's oil marketing year Nov.-Oct.) Soy oil prices are expected to improve in next week.

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

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Mumbai	404.00	402.00	402.00	398.00	393.00	393.00
Indore	390.00	389.00	389.00	388.00	388.00	387.00
Kota	392.00	390.00	390.00	389.00	388.00	387.00
Jaipur	395.00	394.00	394.00	393.00	392.00	391.00
Hyderabad	400.00	400.00	400.00	401.00	400.00	400.00
Chennai	405.00	404.00	403.00	403.00	397.00	398.00
Rajkot	397.00	397.00	397.00	397.00	397.00	397.00

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

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Mumbai	375	376	378.00	378.00	374.00	374.00

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

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Kandla & Mumbai	-	-	513.00	513.00	515.00	519.00

Rape/Mustard Oil

Mustard oil prices on physical market improved in the beginning of this week in most of the markets on good demands from pickles industry and declined later on due to weakness in other commodity market. NAFED started to sale of mustard seeds in Rajasthan at lower prices also added bearish tone in the market. Daily arrivals of mustard

seeds were declined slightly at 55,000 -60,000 bags in Rajasthan (bags= 85 kg). Mustard oil prices are expected to move range bound with weak sentiments in next week due to burdensome stock and selling pressure by NAFED of mustard seeds. Prices are expected to move range bound with weak sentiments.

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

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Mumbai	402.00	403.00	403.00	402.00	402.00	402.00
Kota	365.00	370.00	372.00	372.00	372.00	372.00
Jaipur	370.00	374.00	377.00	375.00	374.00	374.00
Delhi	390.00	390.00	392.00	390.00	393.00	394.00
Neewai	368.00	369.00	369.00	370.00	370.00	370.00

Groundnut oil

Groundnut oil prices on physical markets improved during the week on lower supply of groundnut seeds for crushing and slightly improvement in demands at retail ends. Harvesting is over in Andhra Pradesh and Tamil Nadu also added positive sentiments in the markets. However, summer crop harvesting is in progress in Bhavnagar area

of Gujarat, but it is not fit for crushing due to low oil contents. Prices moved in a range of Rs 475-488 in Rajkot, Rs 475-483 in Hyderabad and Rs 475-480 per 10 kg excluding VAT in Chennai market. Groundnut oil prices are expected to move range bound in next week.

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

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Mumbai +VAT	480.00	480.00	480.00	480.00	485.00	485.00
Rajkot +VAT	-	-	475.00	480.00	488.00	485.00
Andhra Region	475.00	477.00	478.00	480.00	485.00	483.00
Chennai +VAT	475.00	475.00	475.00	475.00	480.00	480.00
Delhi	510.00	510.00	505.00	505.00	508.00	500.00

Sunflower Oil

Domestic spot market prices of sunflower oil were range bound with mixed sentiments in most of the markets. CIF on sunflowers were in range of \$ 637/metric ton to \$ 644/

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	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Chennai	453.00	452.00	453.00	450.00	452.00	450.00
Mumbai	440.00	440.00	440.00	440.00	436.00	436.00
Hyderabad	440.00	442.00	440.00	442.00	450.00	450.00

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

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Kandla & Mumbai	400.00	400.00	400.00	400.00	397.00	397.00

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

Center	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Kandla & Mumbai	-	-	644.00	637.00	642.00	639.00

Cotton Refine Oil

Cotton oil prices on spot market showed lacklustre during the week in most markets. There were no fresh

fundamental news to push or pull its prices. Cotton oil prices are expected to move range bound in near term.

Prices for Refined Cotton Oil during this week

Markets	12.06.06	13.06.06	14.06.06	15.06.06	16.06.06	17.06.06
Mumbai +VAT	405.00	407.00	408.00	406.00	407.00	407.00
Hyderabad +VAT	400.00	400.00	400.00	400.00	400.00	400.00
Rajkot +VAT	403.00	403.00	404.00	403.00	406.00	405.00
Delhi	395.00	395.00	395.00	395.00	395.00	395.00

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

Crude palm oil futures at the Bursa Malaysia Derivatives settled marginally lower on Friday. The benchmark September CPO contract settled at MYR1,464 a metric ton, down MYR1 from Thursday. Prices moved in a narrow range of between MYR1,461 and MYR1,468/ton. A cargo surveyor SGS (Malaysia) Bhd reported a decline of over

7% in exports in the June 1-15 period. Lower export figures supported to bearish market sentiments. Palm oil export is more favourable for Indonesia due to weak Indonesian currency against US Dollar, While Strong MYR is unfavourable for export.

Soybean Market United States

July Soybeans settled up 3 cents on Friday at \$592.50, 5.50 cent off the high and 2.50 cent up from the low. November Soybeans settled up 2.50 cent at \$620.50/bushel, that was 1.75 cent up from the low and 6 cent off the high. July Soy meal settled down \$0.1 at \$179.1/ton, that was \$1.6 up from the low and \$1.6 off the high. July Soybean Oil closed up 0.05 cent at 24.82 cent/pound, 0.26 cent off the high and 0.02 cent up from the low. CBOT Futures showed mixed sentiments during the day, soybean and soybean oil showed slight recovery while soymeal remain weak. Decrease in planted acreage forecast assists the market early in the day. Favourable Midwest rains helped to limit the benefits as area of the Midwest which receive rain and high temperatures over

next week are expected to see rapid growth and conducive crop condition. Weekly US export sales for soybeans noticed at 438,700 metric tonnes as compared to trade expectations between 100,000-300,000. Cumulative sales have reached 98.0% of the USDA forecast as compared to 99.3% on average over the last five years. Meal sales came in at 191,100 metric tonnes as compared to trade expectations between 50,000-100,000. Sales of 62,500 metric tonnes per week are needed to reach the USDA estimate. Oil sales came in at 3,000 metric tonnes as compared to trade expectations between 0-10,000. Informa Economics claimed soybean planted acreage this year at 74.385 million bushels as compared with the last USDA estimate of 76.9 million acres.

WEEKLY WEATHER WATCH

Monsoon Watch:

The southwest monsoon has been continuously in weak phase since 8th June. The prevailing conditions of weak monsoon may continue during next 48 Hrs. Model predictions suggest that the favourable conditions are likely to develop for possible revival of southwest monsoon over south peninsular India beginning from 20th June. However revival of monsoon may not of classical type. Chief amount of rainfall (cm) during past 24 hours reported at 08:30 am today are: Medak-5, Hyderabad & Shillong-4 each, Bankura, Satara, Gangtok-3 each, Gadak, Kailashashr-2 each.

Weather Outlook:

Western disturbances prevailed over J&K and adjoining region during past week. Yesterday's western disturbance over J&K and adjoining hilly region is moving away in eastward direction. Under the situation, rainfall/snowfall activity over J&K, H.P. and Uttranchal is expected to be scattered in next 24 Hrs. Thereafter, rainfall/snowfall activity over hilly region is likely to reduce further. Adjoining plains of NW India viz. Punjab and Haryana including Delhi are likely to receive isolated rain/thundershowers during next 24 Hrs.

Heavy Rainfall Warning: Isolated heavy rainfall is likely over northeastern States during next 2 days and over Lakshadweep, Kerala and coastal Karnataka during 21-22 June.

Zone-wise weather forecast:

NORTH & NORTH-WEST INDIA

[J&K, HP, UTTRANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

- Western disturbance over J&K and adjoining hilly region is moving away in eastward direction.

Rainfall/snowfall activity over J&K, H.P. and Uttranchal is likely to reduce to scattered.

Adjoining plains of NW India viz. Punjab and Haryana including Delhi are likely to receive isolated during next 24 Hrs.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

- Fairly widespread rains / thundershowers are likely over NE States and isolated over rest areas of the region except over East UP where it may be mainly dry during next 3-4 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

- The region is likely to experience mainly dry weather during next 3-4 days. However, isolated rains /thundershowers may occur over the region.

- Vidarbha, Chattisgarh and east M.P. may receive scattered to fairly wide spread rains from 21st June.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

- Scattered rainfall is likely over Andaman & Nicobar Islands, Kerala, Lakshadweep and Coastal

Karnataka and isolated over rest areas of the region.

- Rainfall activity over Lakshadweep, Kerala and Coastal Karnataka is likely to increase beginning from 19-20 June.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

- Konkan & Goa, may receive isolated to scattered rains during next 2-3 days and increase

thereafter. Other areas of the region are likely to experience mainly dry weather during this period.

- Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rains during 22-23 June and increase thereafter.

Source: NCMRWF, GOI.

PORT WATCH

Port updates of edible oils in India (June 12-17, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	6000	93939	99939
Palm oil	36206	38250	74456
CPO	82599	56058	138657
Total	124805	188247	313052

Source: ANAS

Forex Rates:

(June 17, 2006)

Country/ Continent	Currency	Value in Rs
USA	Dollar	45.70
European Union	Euro	57.69
Japan	100 Yen	39.67
United Kingdom	Pound Sterling	84.46

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