



# Commodities Weekly

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## VEGOIL

July 3-8, 2006

### MAJOR WEEKLY HIGHLIGHTS

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### DOMESTIC & INTERNATIONAL NEWS

**USDA Weekly Export sales figure released on Thursday i.e. July 6 29,2006.** This summary is based on the above-mentioned reports for the period June 23-29, 2006.

**Soybeans:** Net sales of 214,500 MT were 42 percent below the week earlier and 24 percent under the prior 4-week average. Major increases for China (78,000 MT), Japan (67,700 MT), and the Netherlands (62,600 MT, including 60,000 MT switched from unknown destinations) were partially offset by decreases for unknown destinations (60,000 MT). Sales of 62,000 MT for delivery in 2006/07

were for unknown destinations (46,000 MT) and Israel (16,000 MT). Exports of 225,500 MT were 27 percent below the week earlier and 9 percent under the prior 4-week average. The primary destinations were Taiwan (67,000 MT), the Netherlands (62,600 MT), Turkey (34,200 MT), and Mexico (32,000 MT). Note: Accumulated exports of soybeans to Taiwan were adjusted down by 9,000 MT.

**Soybean Cake and Meal:** Net sales of 90,800 MT were 17 percent below the previous week and 19 percent under the prior 4-week average. Major increases were reported for Mexico (39,300 MT), Canada (10,600 MT), Japan (10,100 MT), and Guatemala (8,500 MT). Sales of 66,600 MT for delivery in 2006/07 were mainly for Guatemala (66,000

MT). Exports of 109,100 MT were 70 percent above the week earlier and 1 percent over the prior 4-week average. The primary destinations were Mexico (36,400 MT), Canada (20,900 MT), Japan (17,800 MT), and Panama (10,900 MT).

**Soybean Oil:** Net sales of 3,300 MT were primarily for Germany (2,000 MT) and Canada (1,100 MT). Exports of 5,800 MT were mainly for the Dominican Republic (4,000

MT), Mexico (800 MT), and Canada (400 MT). Source: USDA

### GOI: Revises Tariff Value on Edible Oils

Government of India increased base import prices on edible oil on Friday i.e. June 30. Base import prices on Crude Palm Oil increased to \$ 428/ton (+\$6/ton) from \$ 424/ton, RDB Palm Oil at \$ 443/ton (+4) from \$ 439/ton, Crude Palm Olein at \$ 450/ton (+4) from \$ 446/ton, RBD Palmolein at 453 (+4) from \$449 per ton, Other palm oil prices \$434/ton (+2) from \$432/ton and other palmolein \$ 452 /ton (+4) from

\$448/ton. However, Crude Soybean Oil declined to \$ 529/ton (-\$13/ton) from \$ 542/ton, with effect from June 30,2006. 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 A below.

**Table A: GOI: Revised Base Import Prices****Unit (US \$/Ton)**

Commodities	Current Tariff Rate (w.e.f. 30/6/06)	Previous Tariff Rate (15/6/06)	Change (US \$/Ton)
Crude Soybean Oils	529	542	-13
Crude Palm Oil	428	424	+4
RBD Palm Oil	443	439	+4
Crude Palm Olein	450	446	+4
RBD Palm Olein	453	449	+4
Other Palm Oil	434	432	+2
Other Palmolein	452	448	+4

Source: CBEC, Dept of Revenue, GOI.

**Malaysia: June Palm Oil Exports Down 5.43%**

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Friday i.e. June 30, 2006. Malaysia's palm oil exports in June 1-30, 2006 totaled 1084333 metric tonnes, down 5.43% from 1146610 metric ton in May 2006.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that export of RBD Palm Oil, Stearin and Crude Palm Oil declined by 24.04%, 28.58 and 17.87% respectively in June as against May, 2006. However, RBD Palm Olein increased by 3.39% during the same period.

**Table1: Shows the details of the major items in SGS estimate****(Unit: MT)**

Items	June, 2006	May, 2006	Change %
RBD Palm Olein	505435	488860	+3.39
RBD Palm Oil	87084	114651	-24.04
RBD Palm Stearin	76424	107013	-28.58
Crude Palm Oil	181221	220654	-17.87

Source: SGS (Malaysia) Bhd.

**Major Importers of Malaysia's Palm Oil**

Estimates of exports sale figure issued by Cargo Surveyor SGS on Friday i.e. June 30, for the period of June 1-30, 2006. 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, USA and Pakistan declined by 35.66, 6.14, 28.55 and 12.65 per cent respectively during June 1-30 respectively as compared to May 1-31, 2006. However, Malaysia's palm oil import increased by 90.19 per cent from India during the same period.

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

Countries/Continents	June , 2006	May , 2006	Change %
European Union	194050	301605	-35.66
China	268430	285985	-6.14
United States	66985	93756	-28.55
India	43078	22650	+90.19
Pakistan	83600	95711	-12.65

Source: SGS (Malaysia) Bhd.

**Malaysia: July Palm Oil Exports Up 0.69%**

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Monday i.e. July 10, 2006. Malaysia's palm oil exports in July 1-10, 2006 totaled 356093 metric tonnes, up 0.69% from 353636 metric ton in June 1-10 2006.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that export of RBD Palm Olein and Oil increased by 33.00 % and 0.48 respectively in July 1-10 as against June 1-10, 2006. However, RBD Palm Stearin and Crude Palm Oil declined by 16.42% and 37.48 % respectively during the same period.

**Table1: Shows the details of the major items in SGS estimate****(Unit: MT)**

Items	July 1-10, 2006	June 1-10, 2006	Change %
RBD Palm Olein	196793	147962	+33.00
RBD Palm Oil	30642	30497	+0.48
RBD Palm Stearin	23660	28308	-16.42
Crude Palm Oil	35339	56525	-37.48

Source: SGS (Malaysia) Bhd.

### Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Monday i.e. July 10, for the period of July 1-10, 2006. The major importers of Malaysian palm oil were as follows: 1. European Union 2. China 3. India and 4. USA. Country wise brief highlights of imports are as follows: Table 2 shows that import of Malaysia's palm oil from EU

and India declined by 71.17 and 88.96 per cent respectively during July 1-10 respectively as compared to June 1-10, 2006. However, Malaysia's palm oil import increased by 165.26 and 27.56 per cent respectively from India during the same period.

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

(Unit: MT)

Countries/Continents	July 1-10 , 2006	June 1-10 , 2006	Change %
European Union	23524	81591	-71.17
China	166402	62731	+165.26
India	1900	17203	-88.96
United States	46131	36165	+27.56

**Source:** SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Palm oil prices on domestic spot market moved steady to positive sentiments during the week amid mixed sentiments. CPO futures on the BMD exchange slightly dampened in the beginning of this week due to lower export demands and gigantic stock. A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Friday i.e. June 30, 2006. Malaysia's palm oil exports in June 1-30, 2006 totaled 1084333 metric tonnes, down 5.43% from 1146610 metric ton in May 2006. SGS surveyor said that, the export of RBD Palm Oil, Stearin and Crude Palm Oil declined by 24.04%, 28.58 and 17.87% respectively in June as against May, 2006. However, RBD Palm Olein increased by 3.39% during the same period. The major importers of Malaysian palm oil were the European Union, China, USA, India, and Pakistan. The

import of Malaysia's palm oil from EU, China, USA and Pakistan declined by 35.66, 6.14, 28.55 and 12.65 per cent respectively during June 1-30 respectively as compared to May 1-31, 2006. However, import of Malaysia's palm oil by India increased to 43078 metric ton, up 90.19 per cent from 22650 metric ton during the same period. However, CPO futures on the Bursa Malaysia Derivative exchange surged from mid of this week owing to record high of August crude oil at \$75.19/ barrel on the New York Mercantile Exchange amid concerns about North Korea's missile tests. The rally in crude oil is fuelling optimism that consumption of alternative fuel sources will grow, including biodiesel made from edible oils. Prices are expected to move range bound with positive sentiments in next week on increasing biodiesel demands due to higher prices of crude oil.

### Weekly prices for CPO

(Rs/ 10 kg)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Kandla	379.00	381.00	382.00	383.00	386.00	387.00

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Kandla +VAT	400.00	397.00	400.00	401.00	404.00	402.00
Mumbai +VAT	408.00	410.00	410.00	407.00	407.00	407.00
Chennai +VAT	408.00	408.00	408.00	408.00	410.00	411.00
Kakinada +VAT	394.00	394.00	394.00	398.00	402.00	402.00
Hyderabad +VAT	412.00	412.00	412.00	412.00	415.00	414.00
Delhi	430.00	430.00	430.00	430.00	432.00	430.00

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
CPO	397.50	397.50	395.00	395.00	397.50	Closed
RBD Palmolein	425.00	427.50	425.00	425.00	435.00	Closed

## Refined Soy Oil

Prices were weak in the beginning of 1<sup>st</sup> week of July in most of the markets owing to favourable weather for sowing of soybean, cuts in tariff value on soy oil import by \$13/ton and selling prices of mustard is declined by NAFED provided support o bearish market sentiments. However, prices improved at the end of this week on the government notification about the usage 20% of mustard oil in manufacturing of vanaspati and traders are optimistic about

the biodiesel demands due to record high prices of crude oil. CIF (Cost, Insurance and Freight) charges for soy oil (July Shipment) at Kandla port were in a range of \$533 to \$549 per metric ton. Daily arrivals of soybeans were around in range of 45,000-55,000 bags (bags=85 kg) in major markets during the week. Soy oil prices are expected to improve in next week.

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

(Rs/ 10 kg)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Mumbai +VAT	397.00	396.00	396.00	395.00	398.00	399.00
Indore +VAT	385.00	384.00	382.00	383.00	386.00	386.00
Kota +VAT	387.00	385.00	383.00	385.00	388.00	388.00
Jaipur +VAT	390.00	388.00	387.00	388.00	392.00	392.00
Hyderabad +VAT	405.00	405.00	404.00	405.00	408.00	407.00
Chennai +VAT	400.00	400.00	399.00	400.00	404.00	404.00
Rajkot +VAT	396.00	395.00	393.00	393.00	394.00	396.00

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

(Rs/ 10 kg)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Mumbai	377.00	376.00	376.00	375.00	378.00	378.00

### Prices for CIF Soya during the week

(US \$/ MT)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Kandla & Mumbai	538.00	533.00	535.00	537.00	549.00	549.00

## Rape/Mustard Oil

Mustard oil prices on spot market moved range with mixed sentiments in most of the market during the week amid subdued trading activity and lull demands at retail ends. Prices improved slightly on Thursday i.e. July 6 due to government notification about the usage of 20% of mustard oil and 12 % other domestic edible oil in manufacturing of

vanaspati. Daily arrivals of mustard seeds were around at 50,000 -55,000 bags in Rajasthan (bags= 85 kg). Mustard oil prices are expected to improve in next weak due to lower supply and blending of 20% mustard oil is mandatory by NAFED in manufacturing of vanaspati.

### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Mumbai + VAT	398.00	400.00	398.00	398.00	398.00	399.00
Kota +VAT	368.00	367.00	365.00	367.00	370.00	371.00
Jaipur +VAT	373.00	372.00	370.00	372.00	374.00	375.00
Delhi	395.00	397.00	395.00	395.00	397.00	396.00
Neewai +VAT	372.00	371.00	368.00	371.00	373.00	373.00

## Groundnut oil

Groundnut oil prices witnessed steady to weak market sentiments in most of the market during the week. Prices declined on account of groundnut sowing is in progress amid favorable weather in Gujarat state. Local demands of

groundnut oil are declined slightly in Rajkot market due to heavy rain. Groundnut oil prices are expected to move range bound with moderately positive sentiments in next week.

### Prices for groundnut oil during the week

(Rs/10 kg)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Mumbai +VAT	500.00	500.00	500.00	500.00	500.00	500.00
Rajkot +VAT	491.00	488.00	485.00	488.00	493.00	496.00

Andhra Region	490.00	488.00	488.00	490.00	493.00	494.00
Chennai +VAT	485.00	485.00	485.00	485.00	488.00	486.00
Delhi	500.00	500.00	500.00	500.00	502.00	500.00

#### Sunflower Oil

Domestic spot market prices of sunflower oil were range bound with positive sentiments in most of the markets. CIF on sunflowers were in range of \$ 614/metric ton to \$ 622/

metric ton during this week. Sunflower oil prices are expected to move range bound with positive sentiments in near term on lower supply.

#### Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Chennai +VAT	460.00	460.00	460.00	460.00	462.00	462.00
Mumbai +VAT	450.00	452.00	452.00	452.00	452.00	454.00
Hyderabad +VAT	460.00	460.00	460.00	465.00	466.00	466.00

#### Prices for Crude Sunflower Oil during the week

(US \$/ MT)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Kandla & Mumbai	412.00	412.00	412.00	412.00	412.00	415.00

#### Prices for CIF Sunflower during the week

(US \$/ MT)

Center	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Kandla & Mumbai	614.00	612.00	617.00	616.00	621.00	622.00

#### Cotton Refine Oil

Cotton oil prices on spot move up during the week in most markets amid positive sentiments. Cotton oil prices

followed with soy oil prices. Cotton oil prices are expected to move range bound with positive sentiments in near term.

#### Prices for Refined Cotton Oil during this week

Markets	03.07.06	04.07.06	05.07.06	06.07.06	07.07.06	08.07.06
Mumbai +VAT	412.00	415.00	415.00	412.00	414.00	416.00
Hyderabad +VAT	408.00	408.00	407.00	408.00	412.00	410.00
Rajkot +VAT	418.00	416.00	415.00	416.00	418.00	420.00
Delhi	403.00	405.00	400.00	402.00	405.00	406.00

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

#### Palm oil Market Malaysia

Crude palm oil futures at the Bursa Malaysia Derivatives exchange settled slightly lower on Monday on disappointing supply and demand data. The benchmark September CPO contract ended at MYR1,509 a metric ton, down MYR3 from Friday. The MPOB's figures were also bearish side because of the high stocks and weak exports. Malaysian Palm Oil Board issued its latest monthly report, pegging June CPO production at 1.33 million tons, down 4.5% on

month. Palm oil stocks grew to a record high of 1,645,839 tons at the end of June. The previous record was at 1,645,637 tons in February. However, high crude oil prices are still giving some hope for biodiesel demands in near future. SGS estimated July 1-10 Malaysian palm oil exports at 356,093 tons, up 0.69% on month. Traders said market expectations were for faster growth in exports to around 380,000-400,000 tons.

## WEEKLY WEATHER WATCH

#### PROGRESS OF SOUTHWEST MONSOON

- Southwest monsoon advanced into more parts of Gujarat, remaining parts of Vidarbha, Chhattisgarh, East Uttar Pradesh, some parts of West Uttar Pradesh, many parts of Madhya Pradesh, Uttaranchal, Himachal Pradesh and most parts of Jammu & Kashmir on 29<sup>th</sup>.
- It further advanced into remaining parts of Gujarat and Madhya Pradesh, some more parts of West Uttar Pradesh, remaining parts of Himachal Pradesh and Jammu & Kashmir and some parts of Punjab and Haryana including Chandigarh on 30<sup>th</sup>.
- The northern limit of monsoon as on 5<sup>th</sup> July passes through 24°N/64°E, 24°N/68°E,

Udaipur, Gwalior, Barailly, Dehradun, Ambala and Amritsar.

## METEOROLOGICAL ANALYSIS

Last week's upper air cyclonic circulation extending between 2.1 to 5.8 km a.s.l. over west-central Bay of Bengal persisted on 29<sup>th</sup>. Under its influence, a low pressure area formed over north Bay of Bengal on 30<sup>th</sup> and became well marked on 1<sup>st</sup> July. It rapidly intensified into a deep depression and lay centred at 0830 hours IST of 2<sup>nd</sup> July near Lat 20.5°N/ Long 89°E about 250 km southeast of Balasore. It crossed Orissa coast between Paradip and Chandbali at about 2030 hours IST of the same day. The system moved west-north westwards and lay centred close to Cuttack at 0830 hours IST of 3<sup>rd</sup> July and close to Raipur at 0830 hrs IST of 4<sup>th</sup> July. The system then weakened into a depression and lay near Gondia at 1430 hours IST of 4<sup>th</sup> July and near Betul at 0830 hours IST of 5<sup>th</sup> July. It further weakened into a well marked low pressure area and lay over West Madhya Pradesh and adjoining southeast Rajasthan at 1430 hours of 5<sup>th</sup> July.

- Last week's upper air cyclonic circulation over northeast Arabian Sea off Gujarat coast persisted upto 3<sup>rd</sup> July.
- A weak western disturbance moved across western Himalayan region from 3<sup>rd</sup> to 5<sup>th</sup> July.
- An off shore trough extending from Konkan & Gao to Karnataka coast persisted during 1<sup>st</sup> half of the week.

## Rainfall

- Widespread rains with heavy to very heavy falls at a few places occurred along the west coast during 1<sup>st</sup> half of the week. Subsequently enhanced rainfall activity with isolated extremely heavy rainfall continued over Konkan & Goa.
- Moderate rainfall activity occurred over Orissa, Chhattisgarh and adjoining areas upto 1<sup>st</sup> July. It

got enhanced to heavy to very heavy falls at a few places over Orissa on 2<sup>nd</sup> & 3<sup>rd</sup>. Subsequently with the west-northwestward movement of the system, rainfall activity also increased over Chhattisgarh, Vidarbha, Marathwada, Madhya Maharashtra and Gujarat Region where heavy to very heavy falls occurred at a few places.

- Light to moderate rainfall also occurred over the remaining parts of the country except over Tamil Nadu, West Uttar Pradesh, Haryana, Punjab, Kutch and West Rajasthan where it remained subdued.

## Rainfall During The Week Ending on 5<sup>th</sup> July, 2006

Rainfall was excess/normal in 17, deficient/scanty in 19 out of 36 meteorological sub-divisions (Actual: 68.7 mm, Normal: 60.5 mm and Departure: +14%).

## Outlook for the week ending on July 12, 2006

1. The well marked low pressure area over southwest Madhya Pradesh & neighbourhood is likely to move northwestwards and weaken over south Rajasthan.
2. With the weakening of this system, the seasonal trough is likely to shift close to foothills of Himalayas in the 1<sup>st</sup> half of the week.
3. Monsoon is likely to enter into a weak phase with subdued rainfall activity over most parts of the country except over Northeastern state, Sub-Himalayan West Bengal & Sikkim, northern parts of Bihar and adjoining East Uttar Pradesh where heavy to very heavy falls are likely at a few places during 2<sup>nd</sup> half of the week.

Source: IMD, GOI.

## PORT WATCH

### Port updates of edible oils in India (July3-8, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	7000	27500	34500
Palm oil	-	-	-
CPO	70835	22500	93335
Total	77835	50000	127835

Source: ANAS

### Forex Rates:

(July 08, 2006)

Country/ Continent	Currency	Value in Rs
USA	Dollar	45.86
European Union	Euro	58.79
Japan	100 Yen	40.20
United Kingdom	Pound Sterling	84.89

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