

VEGOIL

June 26-July1, 2006

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export sales figure released on Thursday i.e. June 29,2006. This summary is based on the above-mentioned reports for the period June 16-22, 2006.

Soybeans: Net sales of 377,800 MT were 89 percent above the week earlier and 36 percent over the prior 4-week average. Major increases for China (116,000 MT), Taiwan (97,100 MT), Japan (85,700 MT), Indonesia (61,900 MT, including 57,000 MT switched from unknown destinations), and Mexico (57,800 MT) were partially offset by decreases for unknown destinations (95,000 MT). Sales

of 155,000 MT for delivery in 2006/07 were for China (60,000 MT), unknown destinations (50,000 MT), and Costa Rica (45,000 MT). Exports of 316,300 MT were 52 percent above the week earlier and 22 percent over the prior 4-week average. The primary destinations were Taiwan (102,600 MT), Indonesia (59,900 MT), Syria (38,700 MT), and Japan (35,200 MT).

Soybean Cake and Meal: Net sales of 109,500 MT were 30 percent above the previous week, but 7 percent under the prior 4-week average. Major increases were reported for Mexico (38,100 MT), Australia (27,500 MT, switched from New Zealand), Saudi Arabia (23,500 MT), and Canada (17,800 MT). Decreases of 27,500 MT were

reported for New Zealand. Sales of 30,900 MT for delivery in 2006/07 were mainly for Canada (30,100 MT). Exports of 64,300 MT were 43 percent below the week earlier and 50 percent under the prior 4-week average. The primary destinations were Canada (21,200 MT), Mexico (19,000 MT), and the Dominican Republic (13,800 MT).

Soybean Oil: Net sales reductions of 3,200 MT resulted as increases for Canada (700 MT) were more than offset by decreases for the Dominican Republic (4,000 MT). Exports

of 2,100 MT were mainly for Mexico (1,200 MT) and Canada (600 MT). Source: USDA

Mustard Oil Producers Association (MOPA) Formed

The Mustard Oil Producers Association (MOPA) with headquarter at Agra have formed on the line of SOPA to protect the interest of processors, producers and other stakeholders with objective to promote mustard oil as traditionally most preferred oil. Over 150 mustard oil

producers and processors joined with enthusiasm in North India to promote mustard oil in the whole country. The joint effort from MOPA to create awareness for consumption of mustard oil expected to benefit the mustard growers as well as producers.

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

Commodities	Unit (US \$/Ton)		
	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 0.67%

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Monday i.e. June 26, 2006. Malaysia's palm oil exports in June 1-25, 2006 totaled 849560 metric tonnes, down 0.67% from 855297metric tonnes in May 1-25, 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 10.75%, 9.38 and 21.98% respectively in June 1-25 as against May 1-25, 2006. However, RBD Palm Olein increased by 6.78% during the same period.

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

Items	(Unit: MT)		
	June 1-25, 2006	May 1-25, 2006	Change %
RBD Palm Olein	390435	365628	+6.78
RBD Palm Oil	75184	84241	-10.75
RBD Palm Stearin	63724	70317	-9.38
Crude Palm Oil	136471	174911	-21.98

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. June 26, for the period of June 1-25, 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, USA and Pakistan declined by 25.00, 9.97, 24.81 and 37.59 per cent respectively during June 1-25 respectively as compared to May 1-25, 2006. However, Malaysia's palm oil import increased by 85.61 per cent from India during the same period.

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

Countries/Continents	(Unit: MT)		
	June 1-25, 2006	May 1-25, 2006	Change %
European Union	164550	219397	-25.00
China	187862	208675	-9.97
United States	56840	75591	-24.81
India	38328	20650	+85.61
Pakistan	38328	61411	-37.59

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Palm oil prices on domestic spot market improved slightly during the week amid positive sentiments. Improvement has been observed in crude palm oil futures on Bursa Malaysia Derivative exchange on account of buying demands from cash market and optimism about biodiesel

demands due to continuous increasing prices of crude oil. A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Monday i.e. June 26, 2006. Malaysia's palm oil exports in June 1-25, 2006 totaled 849560 metric tonnes, down 0.67% from 855297metric tonnes in May 1-

25, 2006. SGS surveyor said that, the export of RBD Palm Oil, Stearin and Crude Palm Oil declined by 10.75%, 9.38 and 21.98% respectively in June 1-25 as against May 1-25, 2006. However, RBD Palm Olein increased by 6.78% 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 25.00, 9.97, 24.81 and 37.59 per cent respectively during June 1-25 respectively as compared to May 1-25, 2006. However, Malaysia's palm oil import increased by 85.61 per cent from India during the same period. Prices are expected to move range bound with positive sentiments in next week.

Weekly prices for CPO

(Rs/ 10 kg)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Kandla	371.00	372.00	374.00	374.00	375.00	378.00

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Kandla +VAT	390.00	391.00	394.00	397.00	395.00	400.00
Mumbai +VAT	398.00	403.00	403.00	403.00	405.00	405.00
Chennai +VAT	401.00	401.00	401.00	404.00	405.00	408.00
Kakinada +VAT	385.00	385.00	386.00	386.00	386.00	390.00
Hyderabad +VAT	404.00	404.00	406.00	407.00	407.00	410.00
Delhi	430.00	430.00	430.00	430.00	430.00	430.00

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
CPO	392.50	390.00	390.00	392.50	392.50	395.00
RBD Palmolein	420.00	417.50	417.50	420.00	422.50	422.50

Refined Soy Oil

Refined soy oil on domestic spot market moved range bound with positive sentiments in most of the markets during the week. Improvement in soy oil futures on NCDEX and NBOT added slightly bullish market sentiments on spot markets. Higher settlement of soy oil futures market on CBOT also added positive tone in the market. Sowing of soybean crop is in progress in major producing states amid

favourable weather. Daily arrivals of soybeans were around in range of 40,000-45,000 bags (bags=85 kg) in major markets during the week. Soy oil prices are expected to improve in next week owing to higher seed demands for sowing and lower import of edible oil in this marketing year as compared to last years.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Mumbai +VAT	390.00	392.00	394.00	394.00	395.00	397.00
Indore +VAT	381.00	381.00	382.00	383.00	383.00	385.00
Kota +VAT	382.00	383.00	384.00	384.00	384.00	385.00
Jaipur +VAT	385.00	386.00	387.00	388.00	388.00	389.00
Hyderabad +VAT	400.00	401.00	402.00	403.00	404.00	404.00
Chennai +VAT	394.00	393.00	394.00	397.00	398.00	398.00
Rajkot +VAT	393.00	393.00	393.00	393.00	393.00	393.00

Prices for Soy Degum (High Sea) during the week

(Rs/ 10 kg)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Mumbai	368.00	368.00	371.00	371.00	371.00	377.00

Prices for CIF Soya during the week

(US \$/ MT)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Kandla & Mumbai	516.00	516.00	519.00	527.00	532.00	536.00

Rape/Mustard Oil

Mustard oil prices on spot market improved slightly at the end of this week in most of the markets owing to improvement in other edible oil and futures market. Nafed hikes selling prices of mustard seeds marginally. Mustard oil (expeller) prices moved in a range of Rs 364-371 in Neewai, Rs 362-368 in Kota, and Rs 366 -373 per 10 kg excluding VAT in Jaipur market. Daily arrivals of mustard

seeds were around at 55,000 -60,000 bags in Rajasthan (bags= 85 kg). Mustard oil prices are expected to move range bound with moderately positive sentiments in next week due to lower supply and good demands in rainy season.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Mumbai + VAT	398.00	399.00	395.00	397.00	398.00	399.00
Kota +VAT	362.00	363.00	365.00	366.00	367.00	Closed
Jaipur +VAT	366.00	367.00	370.00	372.00	372.00	373.00
Delhi	390.00	390.00	392.00	392.00	392.00	395.00
Neewai +VAT	365.00	364.00	367.00	370.00	370.00	371.00

Groundnut oil

Groundnut oil prices on domestic spot markets revealed steady to positive market sentiments in most of the market during the week. Prices were steady in some markets on account of sowing of groundnut is in progress amid favourable weather. On the other hands, prices improved slightly on export demands of groundnut seeds from

Gujarat and local demands for premium oil. Prices moved in a range of Rs 480-490 in Rajkot, Rs 485-488 in Hyderabad and Rs 480-495 in Mumbai market (Prices quoted Rs/10 kg excluding VAT). 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	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Mumbai +VAT	480.00	480.00	480.00	490.00	492.00	495.00
Rajkot +VAT	480.00	480.00	485.00	486.00	487.00	490.00
Andhra Region	488.00	485.00	485.00	485.00	487.00	488.00
Chennai +VAT	480.00	480.00	480.00	480.00	480.00	480.00
Delhi	500.00	500.00	500.00	500.00	500.00	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 \$ 626/

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	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Chennai +VAT	457.00	457.00	457.00	457.00	458.00	458.00
Mumbai +VAT	445.00	445.00	445.00	440.00	440.00	445.00
Hyderabad +VAT	455.00	450.00	455.00	458.00	459.00	460.00

Prices for Crude Sunflower Oil during the week

(US \$/ MT)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Kandla & Mumbai	408.00	410.00	410.00	405.00	405.00	410.00

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Kandla & Mumbai	622.00	622.00	626.00	614.00	614.00	614.00

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	26.06.06	27.06.06	28.06.06	29.06.06	30.06.06	01.07.06
Mumbai +VAT	405.00	406.00	406.00	407.00	408.00	409.00
Hyderabad +VAT	400.00	400.00	402.00	402.00	403.00	404.00
Rajkot +VAT	408.00	410.00	412.00	412.00	414.00	415.00
Delhi	397.00	398.00	398.00	398.00	401.00	401.00

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Crude palm oil futures at the Bursa Malaysia Derivatives settled higher on Thursday as the market got support from gains in soyoil futures and keen cash market buying from a major trading house. The benchmark September CPO contract ended at MYR1,477 a metric ton, up MYR10 from Wednesday after moving in a range of MYR,1469-MYR1,481/ton. Fundamentally, there is still mixed

sentiment. There is no clear-cut direction of market due to bumper stock of palm oil (bearish sentiments) and on the other hand increasing biodiesel demands providing support to bulls. Crude oil futures on the New York Mercantile Exchange have risen to above \$72 per barrel this week. Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd are due to issue the export estimates on Friday.

WEEKLY WEATHER WATCH

PROGRESS OF SOUTHWEST MONSOON

During this week, there was no further advancement of monsoon. However, southwest monsoon revived on 20th with increase in the rainfall activity over south peninsula.

METEOROLOGICAL ANALYSIS

Two western disturbances as upper air systems affected Western Himalayan region and northwestern parts of the country during this week.

An upper air cyclonic circulation persisted over Assam and neighbourhood throughout the week.

Towards the end of the week, a fresh upper air cyclonic circulation formed over westcentral and adjoining southwest Bay of Bengal accompanied with east-west shear zone from southwest Bay to southeast Arabian Sea in the middle troposphere level.

Rainfall

Northeastern States experienced fairly widespread rainfall with isolated heavy falls on many days during the week.

- Scattered rains continued over south Peninsula till 19th which increased subsequently with isolated heavy falls over Kerala and Karnataka.
- Scattered rainfall activity also occurred over south Konkan & Goa, Madhya Maharashtra, West Bengal & Sikkim and Orissa on many days of the week.

- Scattered to fairly widespread rains occurred over Western Himalayas. Scattered duststorm/ thunderstorm accompanied with squall also occurred over Plains of northwest India.
- Rainfall activity remained subdued over remaining parts of the country.

Outlook for the week ending on 28th June, 2006

1. Conditions are favourable for further advance of the southwest monsoon into remaining parts of Maharashtra and adjoining areas during 1st half of the week.
2. Prediction from numerical models suggest formation of a low pressure area over westcentral & adjoining northwest Bay of Bengal towards end of the week leading to increase in rainfall activity over eastern parts of the country.
3. Enhanced rainfall activity with scattered heavy to very heavy falls is likely along the west coast and over northeastern states.
4. Scattered to fairly widespread rainfall activity likely over interior Peninsula and east India and adjoining central India.
5. Isolated rain/thunderstorms accompanied with squall also likely over northwest India.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (June 26-July1, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	30000	23000	53000
Palm oil	32850	20800	74450
CPO	56835	115405	172240
Total	140485	159205	299690

Source: ANAS

Forex Rates:

(June 30, 2006)

Country/ Continent	Currency	Value in Rs
USA	Dollar	46.08
European Union	Euro	58.54
Japan	100 Yen	40.16
United Kingdom	Pound Sterling	84.45

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