

VEGOIL

July 17-22, 2006

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export sales figure released on Thursday i.e. July 20 2006. This summary is based on the above-mentioned reports for the period July 6-12, 2006.

Soybeans: This summary is based on reports from exporters for the period July 7-13, 2006. Net sales of 236,000 MT were 25 percent below the previous week and 14 percent under the prior 4-week average. Major increases for Japan (82,900 MT), the Netherlands (66,000 MT, including 60,000 MT switched from unknown destinations), Malaysia (34,000 MT), and Indonesia (33,000 MT) were partially offset by decreases for unknown destinations (106,500 MT). Sales of 50,000 MT for delivery

Soybean Cake and Meal: This summary is based on reports from exporters for the period July 7-13, 2006. Net sales of 152,000 MT were two and three-quarters times the previous week and 79 percent over the prior 4-week average. Major increases reported for Mexico (34,500 MT), Japan (29,100 MT, including 24,000 MT switched from unknown destinations), unknown destinations (24,000 MT), Canada (23,500 MT), and Egypt (16,000 MT) were partially

Soybean Oil: This summary is based on reports from exporters for the period July 7-13, 2006. Net sales of 500 MT were mainly for Canada (200 MT). Exports of 12,000

in 2006/07 were for unknown destinations (46,000 MT) and Taiwan (4,000 MT). Optional origin sales were reported for China (60,000 MT). Exports of 354,900 MT were two and one-half times the week earlier and 61 percent over the prior 4-week average. The primary destinations were Mexico (82,300 MT), the Netherlands (66,000 MT), China (61,800 MT), South Korea (24,700 MT), and Japan (23,500 MT).

offset by decreases for Guatemala (8,500 MT) and Saudi Arabia (8,500 MT). Exports of 124,300 MT were 8 percent above the week earlier and 24 percent over the prior 4-week average. The primary destinations were Japan (27,100 MT), Canada (21,900 MT), Mexico (15,000 MT), Honduras (13,200 MT), Colombia (11,300 MT), and Peru (11,100 MT).

MT were primarily for Mexico (4,700 MT), Cuba (3,100 MT), Germany (2,000 MT), and El Salvador (1,500 MT).

Oilseeds Production Remain High in 2005-06

Recent revision of oilseed production by the government of India brings smile to the oilseed sectors. The oilseeds in the current year expected to remain 27.7 million tons from the earlier estimate of 26.6 million tons. The latest estimate indicates much higher production than last year production of 24.3 million tons. Production of rapeseeds and soybean is expected to touch the record high levels this year supporting oilseeds sectors to give the reason for a smile. This year the rapeseed is estimated at .8 million tons which

is higher than the previous estimate of 7.2 million tons. The production estimate for groundnut also showed encouraging figure and has been revised up to 7.8 million tons from 7.7 million tons. The production of groundnut last year remains at 6.7 million tons. Production estimate for soybean kept unchanged from the previous estimate at 8.3 million tonnes, which is much higher than the last year production of 6.8 million tonnes.

GOI: Hikes Tariff Value on Edible Oils

Government of India increased base import prices on edible oil on Friday i.e. July 14. Base import prices on Crude Soybean Oil increased to \$566 from (+\$37/ton) \$529/ton, Crude Palm Oil at \$ 432/ton (+\$4/ton) from \$ 428/ton, RDB Palm Oil at \$ 459/ton (+16) from \$ 443/ton, Crude Palm Olein at \$ 460/ton (+10) from \$ 450/ton, RBD Palmolein at 463 (+10) from \$453 per ton, Other palm oil prices

\$446/ton (+12) from \$434/ton and other palmolein \$ 462 /ton (+10) from \$452/ton with effect from July 14,2006. 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. 14/07/06)	Previous Tariff Rate (30/06/06)	Change (US \$/Ton)
Crude Soybean Oils	566	529	+37
Crude Palm Oil	432	428	+4
RBD Palm Oil	459	443	+16
Crude Palm Olein	460	450	+10
RBD Palm Olein	463	453	+10
Other Palm Oil	446	434	+12
Other Palmolein	462	452	+10

Source: CBEC, Dept of Revenue, GOI.

Malaysia: July Palm Oil Exports Up 8.36%

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Tuesday i.e. July 20, 2006. Malaysia's palm oil exports in July 1-20, 2006 totalled 713114 metric tonnes, up 8.36% from 658072 metric ton in June1-20 2006.

Details of major items, which is estimated by SGS are as follows: Table 1 shows that export of RBD Palm Olein, Oil and Stearin increased by 6.55 %, 10.97% and 13.44% respectively in July 1-20 as against June 1-20, 2006. However, Crude Palm Oil declined by 2.06% during the same period.

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

Items	(Unit: MT)		
	July 1-20, 2006	June 1-20, 2006	Change %
RBD Palm Olein	323814	303894	+6.55
RBD Palm Oil	63650	57357	+10.97
RBD Palm Stearin	60467	53303	+13.44
Crude Palm Oil	108816	111106	-2.06

Source: SGS (Malaysia) Bhd.

Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Tuesday i.e. July 20, for the period of July 1-20, 2006. The major importers of Malaysian palm oil were as follows:1. European Union 2. China 3. India 4. Pakistan and 5. USA. Country wise brief highlights of imports are as follows: Table 2 shows that import of Malaysia's palm oil

from EU, India and Pakistan declined by 5.86, 22.79 and 23.69 per cent respectively during July 1-20 respectively as compared to June1-20, 2006. However, Malaysia's palm oil import increased by 81.94 and 68.02 per cent respectively from China and USA during the same period.

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

Countries/Continents	(Unit: MT)		
	July 1-20 , 2006	June 1-20 , 2006	Change %
European Union	125353	133150	-5.86
China	264992	145652	+81.94
India	18300	23703	-22.79
Pakistan	39300	51500	-23.69
United States	263621	37865	+68.02

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Palm oil prices

at spot market remain mixed during the July 17-20 in different centers. The RBD palmolein increased in Chennai

and Kakinada while slight decline was noticed in Mumbai. The prices at Kandla remain steady. The prices of refined palm oil increased in Hyderabad and Delhi while the prices

of CPO remain range bound in Kandla port with mixed sentiments. Crude palm oil futures on the BMD settled with sharp gains on Thursday with fetching the benchmark October contract its highest level in more than 25 months. The October contract closed at MYR1, 591 a metric ton, up MYR51 from Wednesday. Trading volume increased severely to an all-time record high of 26,478 lots as compared to more than double the daily levels of around 12,000 lots witnessed in the past few days. As per traders surged in prices on Thursday is due to combination of factors including the increasing demand for biodiesel. From Malaysia's Plantation Industries and Commodities Ministry the country will allow up to 6 million tons or 40% of their annual CPO production for conversion into biodiesel. A cargo surveyor SGS (Malaysia) Bhd. published its export sales estimates and reveals that exports in July 1-20, 2006 totaled 713114 metric tones, up 8.4% from 658072 metric ton in June 1-20 2006. As per SGS surveyor export of RBD Palm Olein Oil and increased by 6.55 %, 10.97% and

13.44% respectively in July 1-20 as against during the same time in previous month but slight decline of 2.06% was noticed in the export of crude palm oil. The bulk importers of Malaysian palm oil were the European Union, China, USA and India. The import of Malaysia's palm oil from EU and India maintained the trend of this month and further declined by 5.85% and 22.79% respectively during July 1-20 compared to the previous month. On the other hand import increased by 81.93 and 68.02 per cent respectively from China and USA during the same period. RBD palmolein prices (Rs/10 kg + VAT) on domestic spot market ranged between Rs 413-418 in Mumbai, Rs 410 in Kandla, Rs 426-435 in Chennai, Rs 432-435 in Hyderabad and Rs 415-418 in Kakinada market. Prices are expected to move range bound with slight bullish sentiments in next week on increasing biodiesel demands in international arena.

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Kandla +VAT	399	401	398	398	401	401
Mumbai +VAT	410	410	410	410	412	412
Chennai +VAT	418	418	415	413	419	411
Kakinada +VAT	426	430	430	435	432	435
Hyderabad +VAT	415	418	416	418	415	415
Delhi	433	432	435	435	435	435

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
CPO	399	401	398	398	409	415
RBD Palmolein	-	442	442	440	445	415

Refined Soy Oil

Refined soy oil prices observed mixed sentiments during the week starting from July 17 in most of the market amid fast developments in the international scenario. Marginal increase in the prices of soy refined was noticed in the week under review in Hyderabad and Chennai amid increased demand in the retail end while prices at Rajkot decline slightly whereas the prices at other locations remain steady. Further delay in import followed by growing concern of bio-diesel owing to skyrocketing crude prices provide support to its prices amid strong gain in CBOT futures. Refined soy oil prices (Rs/10 kg + VAT) on domestic spot markets varied from Rs 403-416 in Mumbai, Rs 400-404 in

Indore, Rs 421-424 in Chennai, Rs 394-400 in Rajkot, Rs 394-401 in Kota and Rs 408-412 in Jaipur market. Soy degum prices moved down from Rs 400-392 per 10 kg +VAT at Mumbai/Kandla port. CIF (Cost, Insurance and Freight) charges for soy oil (July Shipment) at Kandla port remain at \$547/ton on Thursday and weaken by \$3 compared to Wednesday. Daily arrivals of soybeans were around in range of 50,000-55,000 bags (bags=85 kg) in major markets during the period. The recent notification by DGFT to allow free import of GM soy oil up to 31.03.07 will results into sharp decline of soy oil prices in the spot market as well as in the futures market in a step to check inflation.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Mumbai +VAT	416	411	403	403	409	403
Indore +VAT	404	404	400	400	400	398
Kota +VAT	412	408	411	411	403	403
Jaipur +VAT	412	408	411	414	406	406
Hyderabad +VAT	430	430	433	433	432	430
Chennai +VAT	421	425	424	426	430	430

Rajkot +VAT	401	402	399	399	400	400
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Prices for Soy Degum (High Sea) during the week

(Rs/ 10 kg)

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Mumbai	400	395	392	393	393	393

Prices for CIF Soya during the week

(US \$/ MT)

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Kandla & Mumbai	635	633	628	628	628	630

Rape/Mustard Oil

Mustard oil prices on spot market remain indecisive during the week starting from July 17 on account of government intervention of blending 20% mustard oil with vanaspati while on the other hand huge selling pressure by the NAFED. The news about hedging by the NAFED in NCDEX to liquidate huge carry over stock also results into the bearish tone into the market. Mustard oil in Delhi and Neewai decreased while slight improvement could be

witnessed in Mumbai. Mustard oil (expeller) prices moved in a range of Rs 408-411 in Mumbai (Rs/10 kg + VAT), Rs 384-388 in Neewai, Rs 381-386 in Kota, and Rs 383-389 in Jaipur market. Daily arrivals of mustard seeds ranged between 50,000 -55,000 bags in Rajasthan (bags= 85 kg). Mustard oil prices are expected to decline initially during the coming week while expected to improve as the demand is expected to trickle in coming week.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Mumbai + VAT	408	408	411	411	411	410
Kota +VAT	386	385	381	385	383	385
Jaipur +VAT	389	386	383	388	386	388
Delhi	410	410	408	405	408	405
Neewai +VAT	388	385	384	384	383	382

Groundnut oil

Groundnut oil prices on physical market decline in Mumbai and Rajkot while marginal increase were noticed in Andhra Pradesh, Chennai and during July 17-20. Prices are still on its higher side and still maintain its firm position. Good demand of seeds for export and limited availability for crushing results into firmness of its prices into the market.

Prices moved in a range of Rs 512-515 in Rajkot, Rs 520-525 in Mumbai, Rs 525-550 in Hyderabad and Rs 495-500 in Chennai market (Prices quoted Rs/10 kg excluding VAT). Groundnut oil prices are expected to improve in near term with range bound fashion.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Mumbai +VAT	525	525	530	520	525	525
Rajkot +VAT	515	515	512	520	512	511
Andhra Region	525	530	530	520	540	530
Chennai +VAT	495	500	500	520	495	500
Delhi	545	550	550	520	550	550

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 \$ 628/metric ton to \$ 635/

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

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Chennai +VAT	472	480	482	482	475	475
Mumbai +VAT	470	475	475	475	480	475
Hyderabad +VAT	478	485	485	485	480	480

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

Center	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Kandla & Mumbai	635	633	628	628	628	630

Cotton Refine Oil

Cotton oil prices on spot move higher side during midweek in most markets but slight decline was noticed on weakness

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

Prices for Refined Cotton Oil during this week

Markets	17.07.06	18.07.06	19.07.06	20.07.06	21.07.06	22.07.06
Mumbai +VAT	440	439	441	435	441	437
Hyderabad +VAT	430	430	430	435	430	435
Rajkot +VAT	440	440	435	436	433	435
Delhi	425	425	425	425	425	425

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS**Crude Palm Oil Futures Decline on Speculative Selling in BMD**

Crude palm oil futures on the BMD settled slightly lower on Friday on profit taking after a strong rally to two-year highs. The October CPO contract after rising on Thursday to its highest level since June 2004 retreated back on Friday to settled at MYR11 lower at MYR1, 580 per metric ton. Weak demand results into some decline and loss of buying interest results into the decline into the market. Weakness

in crude oil and the negative projection in electronic trading in CBOT added further to its bearish tone. The traders didn't have any buying support that results into some decline into the market. The maximum amount of palm oil that can be diverted for the production of bio-diesel is about 12 million tonnes in Malaysia and it should not go beyond that level as per trader.

CBOT Soy Futures Maintain Down Rally

November Soybeans settled down 7 cent at \$5.985/bushel, 8 cent off the high and 3 cent up from the low. August Soybeans settled down 7.25 cent at \$5.77/bushel, which was 1.50 cent up from the low and 8 cent off the high. December Soybean meal settled down \$1 at \$170.4/ton that was \$1.4 up from the low and \$0.3 off the high. December Soybean Oil closed down 0.23 cent at 27.04 cent/pound,

0.09 cent off the high and 0.08 cent up from the low. Overnight rains eased the prices of soybean seed CBOT and witnessed steep decline since June 26. The cooler weather forecast for early part of the coming week further added to its bearish tone. Intermittent rainfall in the region results into easing out the stress condition for the soy crop thereby results into higher production of soybean.

WEEKLY WEATHER WATCH

Yesterday's low pressure area over Jharkhand and neighbourhood now lies over Jharkhand and adjoining areas of east Uttar Pradesh and north Chattisgarh. The seasonal trough passes through Anupgarh, Pillani, Agra, Kanpur, center of low Pressure, Balasore and thence southeastwards with embedded cyclonic circulation over northwest Madhya Pradesh and adjoining West Uttar Pradesh extending upto mid-tropospheric level. Model predictions suggest that monsoon trough is likely to persist around the present axis of trough during next 3 days. Model predictions suggest for possibility of formation of another cyclonic circulation over NW Bay of Bengal and adjoining Gangetic West Bengal around 24 July. Under the influence of above scenario fairly widespread rainfall with isolated heavy rains are likely to continue over Indo-Gangetic Plains and Central India during next 4-5 days. Also, the ongoing rainfall activity over Kerala, Karnataka, Konkan & Goa may continue during next 3-4 days. Rainfall activities over Maharashtra and Gujarat may increase. Talangana, Rayalseema and Tamilnadu may continue to receive isolated rainfall during 3 days. During past 24 hours widespread rainfall has occurred over Orissa, Chhattisgarh, Jharkhand, Madhya Pradesh, East Uttar Pradesh and East Rajasthan. Isolated heavy falls also occurred over Orissa and west Madhya Pradesh. Chief amounts of rainfall (cm)

observed during past 24 hours are: Cuttack-12, Varanasi-10, Mahabaleshwar & Paradip-9 each, Guna & Allahabad-8 each, Chandbali & Bhubaneswar-7 each, Satna-6, Daltonganj and Jahalawar-5 each, Jamshedpur, Khajuraho, Ambikapur and Jaipur-4 each.

Heavy Rainfall Warning:

Heavy to very heavy rainfall is likely at a few places over Jharkhand, Orissa, Chhattisgarh and Vidarbha. Isolated heavy to very heavy falls also likely over Madhya Pradesh, Konkan & Goa, Madhya Maharashtra, Gujarat and East Rajasthan.

NORTH & NORTH-WEST INDIA: Scattered rainfall is expected over northwest India during next 3-4 days.

EAST AND NE INDIA: Fairly widespread rainfall with isolated heavy rains are likely over East U.P., Bihar, Jharkhand, Orissa, West Bengal and NE States during next 4-5 days.

CENTRAL INDIA: Fairly widespread with isolated heavy rainfall is likely over Madhya Pradesh and Chattisgarh during next 3-4 days. Rainfall activities may increase over Vidarbha during next 24 hrs.

SOUTH INDIA: Fairly widespread rainfall with isolated heavy rains is likely over Kerala, Karnataka and Coastal

Andhra Pradesh during next 3 -4days. Isolated rainfall is likely over Tamilnadu Rayalseema and Telangana during 3-4 days.

WEST INDIA: Widespread rainfall with isolated heavy fall is likely to continue over Konkan & Goa. Madhya Maharashtra and Marathwada are also likely to receive fairly widespread

rainfall during next 3 days. Fairly widespread rainfall is likely over Gujarat and Rajasthan during next 2-3 days and reduces subsequently.

PORT WATCH

Port updates of edible oils in India (July17-22, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	11000	140713	151713
Palm oil	-	21750	21750
CPO	39000	16712	55712
Total	50000	179175	229175

Source: ANAS

Forex Rates:

(July 22, 2006)

Country/ Continent	Currency	Value in Rs
USA	Dollar	46.66
European Union	Euro	59.18
Japan	100 Yen	40.16
United Kingdom	Pound Sterling	86.71

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