

VEGOIL

July 10-15, 2006

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export sales figure released on Thursday i.e. July 13, 2006. This summary is based on the above-mentioned reports for the period June 30-July 06, 2006.

Soybeans: Net sales of 316,400 MT were 48 percent above the week earlier and 9 percent over the prior 4-week average. Major increases were reported for China (115,000 MT), Taiwan (92,300 MT), and Mexico (49,200 MT). Sales of 33,200 MT for delivery in 2006/07 were

Soybean Cake and Meal: Net sales of 54,900 MT were 40 percent below the previous week and 53 percent under the prior 4-week average. Major increases reported for Canada (16,900 MT), Colombia (12,500 MT), El Salvador (9,900 MT), and Japan (9,400 MT) were partially offset by decreases for Guatemala (7,800 MT) and Libya (3,500

Soybean Oil: Net sales of 300 MT were mainly for Cuba (200 MT) and Canada (100 MT). Exports of 3,000 MT were

Soybean Sowing Delayed in Madhya Pradesh

Scanty rainfall in most districts of Madhya Pradesh has raised concerns about soybean crop in the state as Madhya Pradesh produces 60 percent of the country's total soybean. The agricultural department of the state is closely watching the situation and planning for any sort of contingency. There was little sowing of soybean in some areas due to meager rainfall and around 20 districts received scanty rainfall. The normal sowing time of soybean is from June 15 to second week of July and sowing beyond this time results into the low production and poor quality. Delayed planting of soybean will result into the pest attack thereby reducing its quality. The prior target set by the agriculture department of MP to grow soybean in 46 lakh hectares looks difficult when the rainfall is deficient and expectation of rainfall is meager. The agri-department

primarily for Mexico (31,000 MT). Exports of 140,900 MT were 38 percent below the week earlier and 41 percent under the prior 4-week average. The primary destinations were Mexico (46,800 MT), Japan (39,800 MT), Indonesia (24,400 MT), and Taiwan (11,800 MT).

MT). Exports of 115,600 MT were 6 percent above the week earlier and 1 percent over the prior 4-week average. The primary destinations were Mexico (30,800 MT), Canada (19,100 MT), Guatemala (13,200 MT), the Dominican Republic (11,600 MT), and El Salvador (9,900 MT).

primarily for Cuba (2,500 MT) and Canada (400 MT). Source: USDA

advised farmers to grow short duration coarse grains to face drought in the state. Farmers should go in for crops like Moong, Urd and til (sesame) instead of soybean during the ensuing kharif season. As per weather forecast for the region "only mild showers can be expected in the next two days because the system is not strong enough to ensure adequate downpour for at least 3-4 days. Overall, the state has received 48 percent less rainfall than expected. As against the average expected rain of 182.8 mm across the state, only 98.9 mm of rain has been received so far. Keeping these factors together it can be wise to say that low sowing progress and poor production prospects would further result into hike in soybean and edible oil prices in coming days.

Late Monsoon Delayed Oilseed Sowing in Kharif Season

According to the source, the sowing of kharif oilseed crops including groundnut, soybean, sunflower, sesamum, niger and castor in parts of Andhra Pradesh, Karnataka, Maharashtra, Rajasthan, Orissa and Tamil Nadu has been delayed due to late monsoon. So far 34.47 lakh hectares

had been sown compared to 33.31 lakh hectares in the corresponding period last year. Sowing in Madhya Pradesh and Uttar Pradesh, however, has been delayed due to deficient rain. Sowing of niger oilseed crop in Chhattisgarh has also been delayed.

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, RBD 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

Unit (US \$/Ton)			
Commodities	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 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 China and USA 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 went up in most of the market during the week amid positive sentiments. Crude palm oil futures at the Bursa Malaysia Derivatives settled mixed on Thursday after a choppy trading day as downward pressure from high stocks was countered by optimism about bio-diesel growth. There was no clear-cut direction in the market, most of the participants were in confusion over the higher stock of 1.65 million ton at end of June, poor export demands and on the other hand, bio-diesel demands owing to record high prices of crude oil at \$75.5/barrel. The use of palm oil as a diesel substitute is insignificant at the moment but is expected to increase in 2007. 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 tones, up 0.69% from 353636 metric ton in June 1-10 2006. SGS surveyor said 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. The major importers of Malaysian palm oil were the European Union, China, India and USA. The 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 China and USA during the same period. Prices are expected to move range bound with positive sentiments in next week on increasing bio-diesel demands due to record high prices of crude oil.

Weekly prices for CPO

(Rs/ 10 kg)

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Kandla	387.00	388.00	392.00	393.00	394.00	397.00

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Kandla +VAT	387.00	388.00	392.00	393.00	394.00	397.00
Mumbai +VAT	387.00	388.00	392.00	393.00	394.00	397.00
Chennai +VAT	387.00	388.00	392.00	393.00	394.00	397.00
Kakinada +VAT	387.00	388.00	392.00	393.00	394.00	397.00
Hyderabad +VAT	387.00	388.00	392.00	393.00	394.00	397.00
Delhi	387.00	388.00	392.00	393.00	394.00	397.00

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
CPO	397.50	395.00	395.00	397.50	400.00	Closed
RBD Palmolein	432.50	432.50	432.50	430.00	432.50	Closed

Refined Soy Oil

Refined soy oil prices surged during this week in most of the market in most of the markets amid positive sentiments. Prices improved slightly on account of lower import of edible oil due to GMO dilemma since July 7, 2006. Import of edible may get delayed on indecisiveness on GMO issue. The 20% blending of mustard oil in manufacturing of vanaspati also added bullish tone in the market. Soy degum prices moved in a wide range of Rs 378-390 per 10 kg

+VAT at Mumbai/Kandla port. CIF (Cost, Insurance and Freight) charges for soy oil (July Shipment) at Kandla port were in a range of \$550 to \$560 per metric ton. Daily arrivals of soybeans were around in range of 60,000-65,000 bags (bags=85 kg) in major markets during this week. Soy oil prices are expected to improve in next week on lower stock.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Mumbai +VAT	399.00	401.00	402.00	405.00	409.00	414.00
Indore +VAT	385.00	387.00	392.00	393.00	395.00	399.00
Kota +VAT	388.00	392.00	395.00	397.00	402.00	410.00
Jaipur +VAT	392.00	396.00	399.00	401.00	406.00	413.00

Hyderabad +VAT	406.00	415.00	418.00	418.00	422.00	422.00
Chennai +VAT	402.00	408.00	412.00	416.00	421.00	421.00
Rajkot +VAT	394.00	396.00	398.00	400.00	403.00	404.00

Prices for Soy Degum (High Sea) during the week

(Rs/ 10 kg)

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Mumbai	378.00	379.00	381.00	378.00	380.00	390.00

Prices for CIF Soya during the week

(US \$/ MT)

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Kandla & Mumbai	550.00	556.00	558.00	554.00	555.00	560.00

Rape/Mustard Oil

Mustard oil prices on spot market climbed up in most of the market during this week on account of government notification about the 20% blending of mustard oil and 12 % other domestic edible oil in manufacturing of vanaspati. Ministry of Commerce issued a notice regarding procedure for import of Refined Rape, Colza or Mustard Oil under Tariff Rate Quota (TRQ) and has extended the last date for

submission of application forms upto 31st July, 2006. Daily arrivals of mustard seeds were remain around at 52,000 - 55,000 bags in Rajasthan (bags= 85 kg). Mustard oil prices are expected to improve on rainy season demands and blending of 20% mustard oil is mandatory by NAFED in manufacturing of vanaspati and festivals are ahead.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Mumbai + VAT	399.00	400.00	402.00	404.00	404.00	408.00
Kota +VAT	372.00	378.00	379.00	380.00	382.00	384.00
Jaipur +VAT	377.00	382.00	383.00	384.00	387.00	389.00
Delhi	396.00	400.00	404.00	405.00	406.00	408.00
Neewai +VAT	373.00	375.00	380.00	381.00	383.00	386.00

Groundnut oil

Groundnut oil prices on physical market moved higher side amid positive sentiments in most of the market during the week. Prices surged higher on account of local demands for premium oil and export demands for groundnut seeds.

Higher prices of other edible oil also brought positive impact on its prices. 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	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Mumbai +VAT	502.00	502.00	512.00	515.00	515.00	520.00
Rajkot +VAT	496.00	502.00	502.00	506.00	509.00	515.00
Andhra Region	492.00	500.00	498.00	500.00	505.00	520.00
Chennai +VAT	482.00	490.00	490.00	490.00	490.00	495.00
Delhi	500.00	512.00	520.00	527.00	530.00	540.00

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 \$ 621/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	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Chennai +VAT	465.00	465.00	470.00	472.00	473.00	475.00
Mumbai +VAT	454.00	460.00	461.00	465.00	465.00	470.00
Hyderabad +VAT	465.00	470.00	472.00	473.00	474.00	475.00

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

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Kandla & Mumbai	415.00	420.00	420.00	425.00	425.00	430.00

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

Center	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Kandla & Mumbai	623.00	621.00	622.00	634.00	630.00	635.00

Cotton Refine Oil

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

followed 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	10.07.06	11.07.06	12.07.06	13.07.06	14.07.06	15.07.06
Mumbai +VAT	415.00	417.00	420.00	424.00	426.00	428.00
Hyderabad +VAT	408.00	415.00	420.00	422.00	424.00	430.00
Rajkot +VAT	420.00	427.00	427.00	432.00	436.00	438.00
Delhi	405.00	410.00	416.00	416.00	420.00	420.00

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

Crude palm oil futures at the Bursa Malaysia Derivatives ended higher Friday on account of higher crude oil prices. The benchmark September CPO contract ended at MYR1,498/ton, up MYR7 from Thursday. Crude oil futures have risen to \$77-\$78 a barrel amid concerns about Middle East tensions. Palm oil, soy oil and rapeseed oil prices may surge on bio-diesel concerns owing to higher prices of

crude oil. Hike in base import prices on edible oil in India added positive tone in the market. The base price for soy oil was increased by \$37/ton to \$566/ton. The base price for palm oil was raised by \$4/ton. Cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are due to issue by Monday July 1-15 export estimates.

WEEKLY WEATHER WATCH**PROGRESS OF SOUTHWEST MONSOON**

Southwest monsoon further advanced into Delhi, most parts of West Uttar Pradesh and some more parts of Haryana on 9th July. It further advanced into remaining parts of Haryana & Punjab and some more parts of Rajasthan on 10th and most parts of East Rajasthan and some more parts of West Rajasthan on 11th. The northern limit of monsoon as on 11th July passed through Udaipur, Ajmer, Churu and Sri Ganganagar

levels on 9th. Under its influence, a low pressure area formed over Bangladesh & adjoining West Bengal on 10th and persisted on 11th. It became less marked on 12th when it was seen only as an upper air cyclonic circulation over Bihar and neighbourhood.

An offshore trough running from Konkan & Goa to Karnataka coast was seen during first half of the week and from Karnataka to Kerala coast during 2nd half of the week.

Rainfall

Widespread rainfall occurred over Gujarat, Southeast Rajasthan, Konkan & Goa and Madhya Maharashtra with scattered heavy to very heavy falls and isolated extremely heavy rainfall on 6th & 7th which decreased subsequently during rest days of the week.

Fairly widespread rainfall activity continued over Coastal Karnataka and Kerala with isolated heavy falls throughout the week.

Rainfall activity increased over West Bengal & Sikkim, Bihar, Jharkhand and Uttar Pradesh where widespread rainfall occurred throughout the week with scattered heavy to very heavy falls on some days of the week.

Widespread rainfall also occurred over Western Himalayan region and adjoining plains of northwest India during the later half of the week with isolated heavy to very heavy falls.

METEOROLOGICAL ANALYSIS

Last week's well marked low pressure area over southeast Rajasthan further weakened into a feeble low pressure area and lay over south Rajasthan on 6th and became less marked on 7th.

An upper air cyclonic circulation was seen over north Pakistan and adjoining Jammu & Kashmir extending upto 3.1 km a.s.l. on 8th, 9th and 10th and moved away eastwards on 11th. An induced upper air cyclonic circulation formed over south Pakistan and neighbourhood extending upto 2.1 km a.s.l. on 8th which persisted on 9th. It moved over to West Rajasthan on 10th; over Haryana on 11th and over West Uttar Pradesh on 12th.

A fresh upper air cyclonic circulation was seen in mid-tropospheric levels over Gangetic West Bengal and adjoining Bangladesh on 8th. It descended down to lower

Scattered rainfall activity was experienced over remaining parts of the country except over West Rajasthan, Telangana, North Interior Karnataka and Tamil Nadu where it was isolated.

Rainfall During The Week Ending on 12th July, 2006

Rainfall was excess/normal in 17, deficient/scanty in 19 out of 36 meteorological sub-divisions (Actual: 54.9 mm, Normal: 65.8 mm and Departure: -17%).

Outlook for the week ending on 19th July, 2006

1. Ongoing rainfall activity over Western Himalayan Region and adjoining Plains of Northwest India is likely to continue during 1st half of the week and decrease significantly thereafter.

2. Scattered heavy to very heavy falls are likely over Kerala and Coastal Karnataka during 1st half of the week which is likely to extend into Konkan & Goa and Madhya Maharashtra during 2nd half.

3. Fairly widespread rainfall with isolated heavy falls is likely over Uttar Pradesh, West Bengal & Sikkim, Bihar and Jharkhand during the week.

4. Scattered rainfall activity likely to continue over remaining parts of the country.

5. A low pressure area is likely to form over northwest Bay of Bengal off Orissa coast around 16th. This is likely to increase rainfall activity over Orissa, Chhattisgarh and Madhya Pradesh during 2nd half.

Source: IMD, GOI.

PORT WATCH

Port updates of edible oils in India (July10-15, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	43500	125213	168713
Palm oil	14450	-	14450
CPO	64335	44236	108571
Total	122285	169449	291734

Source: ANAS

Forex Rates:

(July 15, 2006)

Country/ Continent	Currency	Value in Rs
USA	Dollar	46.20
European Union	Euro	58.40
Japan	100 Yen	39.78
United Kingdom	Pound Sterling	84.83

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