

## MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Revision of Tariff Value
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: July Malaysian Palm Oil Exports Up 12%
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

Net sales of 741,100 MT were 32 percent above the previous week. Major increases were reported for China (311,000 MT), Mexico (131,900 MT), unknown destinations (120,000 MT), and Egypt (69,000 MT). Exports of 212,400 MT were 31 percent below the previous week and 29

percent under the prior 4-week average. Mexico (128,100 MT) was the primary destination, with smaller quantities to Japan (40,600 MT), Cuba (20,300 MT), and Taiwan (11,800 MT).

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 63,000 MT were 10 percent above the previous week, but 31 percent under the prior 4-week average. Major increases were reported for Canada (26,600 MT), unknown destinations (15,000 MT), Cuba (8,600 MT), and Jamaica (5,600 MT). Decreases were reported for Nicaragua (2,900 MT) and El Salvador (2,500 MT). Net sales of 43,200 MT for delivery in 2006/07 were

mainly for Mexico (23,400 MT), Egypt (7,000 MT), and Indonesia (6,000 MT). Exports of 113,700 MT were 25 percent above the week earlier, but 5 percent under the prior 4-week average. The primary destinations were Mexico (30,700 MT), Canada (23,000 MT), Saudi Arabia (17,700 MT), Japan (10,400 MT), and Guatemala (9,000 MT).

### USDA Weekly Export Sales Highlights for Soy Oil:

This summary is based on reports from exporters for the period September 1-7, 2006. Net sales of 3,200 MT were mainly for Mexico (2,100 MT) and Trinidad (1,100 MT).

Exports of 5,700 MT were primarily for Turkey (4,000 MT), Mexico (900 MT), and Barbados (500 MT).

### Kharif Groundnut Output Projected 4 Million Tonne

According to the first government released kharif production estimates, the projected groundnut production is about 4 million tonnes as compared to the last year output of 6.22 million tonnes. This decline is attributed to the severe drought conditions in the groundnut producing belts in the Andhra Pradesh and lower acreage under groundnut

in Gujarat due to shift to the more remunerative cotton crop. Soybean output is likely to be 8 million tonnes as compared to 7 million tonnes last year. The total oilseeds production has been estimated at 13 million tonnes, which is less than 2 million tonnes from the last year figure.

### Indian Soybean Lucrative for Pakistan Market

Pakistan is purchasing Indian soybean since for last 3 months. Till now Pakistan purchased 41800 tonnes of soybean so far and planning to buy 20 thousand tonnes of soybean in coming two months. Heavy demand of soybean in Pakistan brings cheers to face of Indian farmers as the Indian soybean getting premium prices in Pakistan. High

demand of Indian soybean on eve of holly Ramzan results into swift flow of Indian soybean into Pakistan that results into firmness of prices in the spot as well as futures market. This is the first time when such a huge consignment is shipped to Pakistan.

### USDA: Monthly Oilseeds Stock Projection

U.S. oilseed ending stocks for 2006/07 are projected at 15.7 million tons, up 2.1 million tons from last month as larger supplies more than offset increased use. Soybean production is forecast at 3.1 billion bushels, up 165 million bushels from last month based on higher yield prospects, especially in the western Corn Belt. Other oilseed production changes include reductions for peanuts and

cottonseed. Soybean export prospects are raised 35 million bushels based on increased supplies, lower prices, and increased import demand for China. Soybean crush is raised 15 million bushels based on improved soybean meal export prospects, especially to Mexico. Ending stocks are projected at 530 million bushels, up 80 million from last month. For 2005/06, strong foreign demand for soybeans

and soybean meal raises exports and crush and lowers ending stocks. U.S. season-average soybean prices for 2006/07 are projected at \$4.90 to \$5.90 per bushel, down 10 cents on both ends of the range. Soybean meal prices are projected at \$147.50 to \$177.50 per short ton, down \$7.50 on both ends of the range. Soybean oil prices are unchanged at 23 to 27 cents per pound. Global oilseed production for 2006/07 is projected at 386.5 million tons, up 3.3 million tons from last month. U.S. oilseed production is forecast at 93.6 million tons, up 4.4 million from last month. Foreign production is down 1.1 million tons to 292.9 million, unchanged from last year. Most of the change in foreign

### Sharp Decline in Edible Oil Imports by 18%

Edible oil import during November-October this oil year plunged 18 per cent to 3,416,543 tonne from 4,172,549 tonne in the corresponding period of the previous year as per SEA sources. Sharp decline of edible oil import by 39 per cent at 3,63,938 tonne (soybean oil: 9,200 tonne) could be seen in August from 5,95,571 tonne in the corresponding period. During the period palm oil imports

### GOI: Revise Tariff Value on Edible Oils

Government of India revised base import prices on crude soy oil on Friday i.e. Sep 15. Base import prices for palm oil group remain unchanged while the tariff value on crude soy oil increased marginally. In a decision Central Government on Friday hiked the tariff value on Crude Soy Oil with a view

production is due to reduced peanut production for India, where sown area was reduced mainly by the effects of excessive early-season moisture. Soybean production is reduced for China based on lower yield prospects. Lower cottonseed production for India, Pakistan, Australia, and Brazil is partly offset by an increase for China. Other foreign changes include increased rapeseed production for EU-25, partly offset by a reduction for Canada, based on recent government survey results. Sunflower seed production is raised for Romania, Bulgaria, and China and reduced for Russia.

accounted for 1,878,998 tonne (55%) while soft oil imports contributed the rest 45 per cent or 1,537,545 tonne. Sharp decline of refined oil could be noticed and decline from 4.14 lakh tonne to 1.15 lakh tonne during the period of 10 months. Palmolein import decline from 1.86 lakh tonne last year to 50,000 tonnes while CPO decline from 34.16 lakh tonne to 37.58 lakh tonne.

to tone up the prices of imported oil compared with the international levels and to make the domestic oil prices more competitive compared to its imported counterparts. Tariff value on crude soy oil hiked from \$579 to \$580 (+1). The tariff value on palm oils kept unchanged.

**Table A: GOI: Revised Base Import Prices**

Unit (US \$/Ton)			
Commodities	Current Tariff Rate (w.e.f. 2.09.06)	Previous Tariff Rate (31.07.06)	Change (US \$/Ton)
Crude Palm Oil	481	481	-
RBD Palm Oil	506	506	-
Others - Palm Oil	494	494	-
Crude Palmolein	509	509	-
RBD Palmolein	512	512	-
Others - Palmolein	511	511	-
Crude Soybean Oil	580	579	+1

Source: CBEC, Dept of Revenue, GOI.

### Malaysia: July Palm Oil Exports Up 22.0%

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Friday i.e. Sep 15, for the period of September 1-15, 2006 totalled 552,866 metric tons, down 12% from 628,542 tons in Aug 1-15. Details of major items, which is estimated by SGS are as follows: Table 1 shows

that export of RBD Palm Olein, Palm Stearin and Crude Palm oil decline by 12.81%, 5.16 and 18.69% while RBD Palm Oil increased by 42.08 % respectively compared to the corresponding period.

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

(Unit: MT)			
Items	September 1-15	August 1-15	Change %
RBD Palm Olein	259,791	297,954	-12.81
RBD Palm Oil	50,344	35,433	+42.08
RBD Palm Stearin	39,900	42,070	-5.16
Crude Palm Oil	60,975	74,990	-18.69

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. Sep 15 for the period of September 1-15, 2006. The major importers of Malaysian palm oil were as follows: 1. India 2. China 3. USA and 4. EU. Country wise

brief highlights of imports are as follows: Table 2 shows that import of Malaysia's palm oil from India, increased significantly with a gain of 542.57% on high demand in compared to the corresponding period. EU, USA and China

witnessed decline in import of the Malaysian palm oil by

54.42, 52.73 and 10.55 % respectively.

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

(Unit: MT)

Countries/Continents	September 1-15	August 1-15	Change %
European Union	65,710	144,175	-54.42
China	211,001	235,880	-10.55
United States	26,541	56,143	-52.73
India	38,554	6,000	+542.57

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

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Palm oil price during the week starting Sep 11 remain range bound with initial decline followed by recovery into the spot market. Malaysian palm oil exports decline by 12% during the period of Sept. 1-15 to 552,866 metric tons, cargo surveyor SGS (Malaysia) Bhd. released estimation on Friday. Exports in corresponding period of August were at 628,542 tons. SGS' Sept. 1-15 estimate is marginally higher than an earlier estimate from Intertek Agri Services, which projected exports at 544,652 tons. Sharp decline in the palm oil prices in BMD futures results into low landing

cost of the palm oil group thereby cheaper prices of the imported palm oil prices in the spot market. The prices of palm oil decline initially taking cue on declining crude oil prices and closely following the weakness in BMD futures. Later part of the week, prices though saw some improvement but remain range bound for most of the time. FOB for CPO and Palmolein decline during the week from \$432 to \$425 and \$562-\$552 respectively but slight recovery could be observed later part of the week. This results into cheap import at various ports.

### Weekly prices for CPO

(Rs/ 10 kg)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Kandla	392	390	387	388	388	388

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Kandla +VAT	414	413	410	413	410	410
Mumbai +VAT	428	426	423	423	424	425
Chennai +VAT	428	428	428	NA	428	428
Kakinada +VAT	413	412	410	413	415	414
Hyderabad +VAT	435	435	435	435	435	435
Delhi	455	455	455	455	455	455

**MC: Market Closed**

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
CPO	432	427	425	425	425	425
RBD Palmolein	462	455	452	457	455	452

**MC: Market Closed**

### Refined Soy Oil

Refined soy oil prices during the week starting Sep 11 witnessed sluggish movement owing to weakness in CBOT and BMD futures. The spot market prices during the week remain mixed with initial weakness followed by improvement during later part of the week. The improvement in the prices of soy refine is due to upcoming festival demand of soy refine. Pakistan is purchasing Indian soybean since for last 3 months. Till now Pakistan purchased 41800 tonnes of soybean so far and planning to buy 20 thousand tonnes of soybean in coming two months.

Heavy demand of soybean in Pakistan brings cheers to face of Indian farmers as the Indian soybean getting premium prices in Pakistan. High demand of Indian soybean on eve of holly Ramzan results into swift flow of Indian soybean into Pakistan that results into firmness of prices in the spot as well as futures market. This is the first time when such a huge consignment is shipped to Pakistan. This results into stocking of soybean seeds and corresponding stocking of soy oil in anticipation of premium prices in the domestic market. The increase in CIF charges

of soy oil from \$578 to \$585 also results into hike in the prices of imported soy oil. In a latest move the government of India hike the tariff value on crude soy oil by \$1 at \$580 but any steep rise in prices could be over ruled on hike in tariff value. After a sharp decline in starting the week closely following the sharp decline in the BMD futures, the October contract of soy refine at NCDEX witnessed improvement on growing demand of soy refine on the eve of festival season. The prices maintained its northward

movement on strong buying support in anticipation of greater demand during coming weeks. Improvement in CBOT oil futures at middle of the week provided additional support to the soy oil futures resulting into strong gain. Firmness in futures market is also attributed to the report of soybean seed import to the Pakistan. The volume increased during the week under review and varied between 14100 to 26970 while open interest remain almost steady and remain in the range of 26670-29230.

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

(Rs/ 10 kg)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Mumbai +VAT	426	423	421	421	424	424
Indore +VAT	410	407	403	407	410	411
Kota +VAT	412	412	410	414	414	414
Jaipur +VAT	NA	NA	413	417	417	417
Hyderabad +VAT	440	420	435	440	440	440
Chennai +VAT	NA	NA	435	NA	435	435
Rajkot +VAT	408	406	410	411	412	412

MC: Market Closed

#### Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Mumbai	408	408	405	407	410	410

#### Prices for CIF Soya during the week

(US \$/ MT)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Kandla & Mumbai	582	584	575	585	595	587

#### Rape/Mustard Oil

Mustard oil prices in major trading centers represent a hyperbolic curve indicating initial decline followed by consequent gain. The mustard oil prices closely followed the other oil prices this week and remain in tandem with them. The price of mustard oil is much dependent on the selling prices of mustard seeds by NAFED. The selling prices this week at different location of Rajasthan varied between Rs 1620-1625 for new seeds per quintal, while old stock sold at Rs 1520-1525 per quintal. After settlement of

quota of vanaspati import from Sri Lanka the Indian government paved the way for private import of vanaspati and possible side lining of NAFED. The relaxation comes on the back of Sri Lanka agreeing to India's proposal to limit its vanaspati imports, including bakery shortening and margarine, to 2.5 lakh mt. This will results into more demand of mustard oil for blending in vanaspati. NAFED taking steps to arrange huge mustard oil for blending the same.

#### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Mumbai + VAT	421	420	417	415	417	420
Kota +VAT	386	386	386	392	392	392
Jaipur +VAT	389	389	389	394	394	394
Delhi	408	405	408	410	410	415
Neewai +VAT	386	384	385	390	390	390

#### Groundnut oil

Groundnut oil prices on physical market continue to remain range bound this week in different centers but steady improvement could be noticed in Andhra Pradesh on limited stock position. The later part of the week saw some improvement on improving demand from different locations.

Due to the dry weather in Rayalseema, the incidence of Peanut Stem Necrosis Disease has been on the rise in Anantapur and Chittoor, the main groundnut growing districts that may account for some damage. Lower

production is expected this year. The prices will much

depend on the upcoming festival demand.

#### Prices for groundnut oil during the week

(Rs/10 kg)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Mumbai +VAT	525	525	520	525	525	525
Rajkot +VAT	505	500	515	525	535	535
Andhra Region	540	550	560	550	560	575
Chennai +VAT	535	535	530	NA	435	535
Delhi	560	560	560	460	560	560

#### Sunflower Oil

Domestic spot market prices of sunflower decline initially followed by improvement in the later part with the formation

of hyperbolic curve indicating some sort of recovery into the market. Low stock position kept the trade in restricted zone.

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

(Rs/10Kg)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Chennai +VAT	510	505	500	495	497	497
Mumbai +VAT	510	510	507	NA	505	507
Hyderabad +VAT	505	505	505	505	505	500

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

(US \$/ MT)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Kandla & Mumbai	465	460	460	460	460	460

#### Prices for CIF Sunflower during the week

(US \$/ MT)

Center	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Kandla & Mumbai	647	644	640	638	641	643

#### Cotton Refine Oil

Cotton oil prices on spot remain mixed in most of the centers and slight improvement could be seen towards the end of the week. The cotton oil started to arrive in few

locations thereby results into weak sentiments into the market. The prices of the cotton oil will much depends on its arrivals and governed by the prices of other oils.

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

Markets	11.09.06	12.09.06	13.09.06	14.09.06	15.09.06	16.09.06
Mumbai +VAT	448	448	440	440	440	440
Hyderabad +VAT	435	435	430	440	440	440
Rajkot +VAT	425	422	425	432	435	435
Delhi	430	425	430	440	435	425

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### BMD Futures Witness Choppy Trade

Crude palm oil futures on the BMD closed mixed on Friday with initial decline followed by aggressive buying on later half. The weak export data kept the trade choppy in tight range. The most active November contract settled at MYR1,537 per metric ton, remain unchanged and varied between of MYR1,528-MYR1,538/ton. Trading volume remains significantly low at 5,829 lots compared to 10,433 lots Thursday. The traders are waiting for the MYR1520 support to break. If it will break then the futures will plunge

further. Malaysian palm oil exports decline by 12% during the period of Sept. 1-15 to 552,866 metric tons, cargo surveyor SGS (Malaysia) Bhd. released estimation on Friday. Exports in corresponding period of August were at 628,542 tons. SGS' Sept. 1-15 estimate is marginally higher than an earlier estimate from Intertek Agri Services, which projected exports at 544,652 tons. Hefty stock position being the main reason for its break out said traders.

### CBOT Soy Futures Settle Mixed on Weekend

November Soybeans finished up 4.50 at \$5.4975/bushel, 8.25 cents off the high and 7 cents up from the low. January Soybeans closed up 3.75 cent at \$5.62/bushel. This was

9.50 cent up from the low and 6.50 cent off the high. December Soy meal closed up \$2.8 at \$162.6/ton. This was \$3.1 up from the low and \$1.4 off the high. December



Soybean Oil finished down 0.2 cent at 25.06 cent/pound, 0.3 cent off the high and 0.04 cent up from the low. The higher close on the week after positing a new contract low is considered a warning flag of a possible near-term low. The forecast to see wetter and colder than normal weather into next week combined with a firm cash market and more positive demand news helped support the early bounce. Funds were noted buyers of near 6,000 contracts into the mid-session to help support. Talk of possible frost conditions for the northwestern Corn Belt for later next week failed to trigger much response from the market early in the session as a frost at this stage is not expected to

cause significant damage. In addition, weather watchers do not look for a hard freeze and there and there appears to be too much wind and the system is moving too fast to see a significant cold weather event. Strength in the other grain markets helped provide some support as well. Private US exporters reported a sale of 22,000 tonnes of US soybean oil to China. This news also failed to cause much of a response in soyoil futures with talk that oil is overbought after yesterday's jump. In addition, weakness in crude oil prices today helped to hold the market down. Firm cash basis levels after a jump in the Midwest basis yesterday was seen as a positive factor.

## WEEKLY WEATHER WATCH

### MONSOON WATCH & WEATHER OUTLOOK

Yesterday's cyclonic circulation over west central Bay of Bengal has concentrated in to a low-pressure area (LOPAR) over west central Bay of Bengal off Andhra Pradesh coast. Model prediction suggests that the LOPAR is expected to become well marked and move slowly in west-northwestward direction. At present, east-west shear zone has shifted slightly northwards and runs across north Coastal Andhra Pradesh and south Konkan & Goa. Under the combined influence of LOPAR and shear zone, fairly widespread to widespread rainfall with isolated heavy to very heavy falls is likely over south peninsula and Konkan & Goa during next 3 days. Ongoing rainfall activity over northeastern States is likely to decrease during next 3-4 days. Chief amounts of rainfall (cm) during past 24 hours are: Honawar-18, Port Blair-15, Carnicobar-10, Mumbai (SCZ)-9, Hut Bay, Panambur, Karwar and Ratnagiri-8 each, Ongole-7, Mangalore and Chennai-6 each, Gangtok, Mayabandar and Nagpur-5 each, Panjim (Goa), Kannur and Ludhiana-4 each. Ongoing rainfall activity over parts of NW India are likely to reduce within next 24 Hrs. as the western disturbance is moving away in the eastward direction. Models suggest for another western disturbance to approach J&K and adjoining area around 18 Sept. Model predictions indicate for withdrawal of monsoon from extreme western parts of Rajasthan after 3-4 days with the expected anti-cyclonic circulation over parts of west Rajasthan.

#### Heavy Rainfall Warning:

Isolated heavy to very heavy falls are likely over Coastal Andhra Pradesh, Konkan & Goa, Coastal Karnataka, Kerala and Andaman & Nicobar Islands.

#### Zone-wise weather forecast:

**NORTH & NORTH-WEST INDIA:** Ongoing scattered rainfall over the region is expected to reduce within 24 Hrs. However isolated showers may continue to occur.

**EAST AND NE INDIA:** Rain/thundershowers over Sub-Himalayan West Bengal & Sikkim; at many places over Bihar and at a few places over rest of the region is likely to continue during next 24-48 Hrs and reduce thereafter. Rain/thundershowers are likely at most places over the region outside Nagaland, Manipur, and Mizoram & Tripura where it may be at many places. The activity may reduce after 3 days.

**CENTRAL INDIA:** Isolated rainfall is expected over M.P. during next 2-3 days. Scattered rainfall activity is likely to continue over Vidarbha and Chhattisgarh.

**SOUTH INDIA:** Fairly widespread to widespread rainfall with isolated heavy rains is likely over Coastal Andhra Pradesh and Telangana during next 3 days. Scattered to fairly widespread rainfall is likely over Lakshadweep Islands, Andaman & Nicobar Islands and fairly widespread over coastal & South Interior Karnataka, Tamil Nadu & Pondicherry and Kerala during next 3 days.

**WEST INDIA:** Konkan & Goa is likely to experience fairly widespread to widespread rains during next 2-3 days. Madhya Maharashtra and Marathwada are likely to receive enhanced rains.

Source: NCMRWF

## PORT WATCH

Port updates of edible oils in India (Sep 4-Sep 9, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	44540	26000	70540
Palm oil	27870	15255	43125
CPO	17000	95100	112100
Total	89410	136355	225765

Source: ANAS

**Forex Rates:****(September 16, 2006)**

Country/ Continent	Currency	Value in Rs
USA	Dollar	46.13
European Union	Euro	58.65
Japan	100 Yen	39.19
United Kingdom	Pound Sterling	86.77

**Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.