

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

This summary is based on reports from exporters for the period September 15-21, 2006. Net sales of 866,600 MT were 15 percent above the previous week. Major increases were reported for China (241,300 MT), South Korea (144,000 MT), Japan (113,700 MT), Mexico (98,200 MT), Taiwan (77,600 MT), Germany (66,000 MT, including 60,000 MT switched from unknown destinations), and

Spain (60,000 MT). Exports of 304,600 MT were 13 percent below the previous week and 2 percent under the prior 4-week average. The primary destinations were Mexico (76,100 MT), Germany (66,000 MT), China (59,700 MT), Taiwan (32,700 MT), and Japan (20,200 MT). Note: 10,500 MT adjusted accumulated exports down for Japan.

### USDA Weekly Export Sales Highlights for Soy meal

This summary is based on reports from exporters for the period September 15-21, 2006. Net sales of 49,700 MT were 47 percent below the previous week and 38 percent under the prior 4-week average. Major increases for Morocco (12,800 MT, switched from unknown destinations), Canada (8,900 MT), Jordan (8,000 MT), the Dominican Republic (8,000 MT), Colombia (7,800 MT), and Panama (6,600 MT) were partially offset by decreases for unknown destinations (15,000 MT). Net sales of 179,000

MT for delivery in 2006/07 (which begins Oct. 1) were mainly for Canada (67,800 MT), South Korea (52,500 MT), and Mexico (24,400 MT). Exports of 144,600 MT were 44 percent above the week earlier and 24 percent over the prior 4-week average. The primary destinations were Canada (26,900 MT), Cuba (22,000 MT), Mexico (19,600 MT), the Dominican Republic (18,900 MT), and Morocco (12,800 MT).

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

This summary is based on reports from exporters for the period September 15-21, 2006. Net sales of 8,200 MT were mainly for Mexico (3,500 MT), Jamaica (2,200 MT), and Hong Kong (2,100 MT). Net sales of 200 MT for delivery in

2006/07 (which begins Oct. 1) were for Saudi Arabia. Exports of 5,700 MT were primarily for Mexico (5,200 MT) and Canada (200 MT).

### Possible Ban of Manure In Soybean Fields

Iowa's Environmental Protection Commission is closer to implementing a ban on the spreading of manure on land planted with soybeans, according to a report from Dow Jones Newswires. The commission has instructed the Iowa Department of Natural Resources (DNR) to craft a notice that begins the rule-making process for the ban. Environmentalists have argued that soybeans don't need the nutrients provided by manure. They say that its application on soybean fields creates nitrate pollution by leaving too much nitrogen in the soil, which then runs off into the waterways - some of the most nitrogen-rich waters in the world. Some scientists say the fecal bacteria that

wind up in rivers and lakes can suck up oxygen, killing fish, and create threats to human health. Randy Clark, an attorney with the Iowa DNR said the ban would go into effect three years after its approval for existing soybean fields. It remains to be seen whether such a ban would cause many farmers to switch their fields from soybeans to corn. Tracy Blackmer, director of research for the Iowa Soybean Association, said scientific studies show that soybeans do use the nutrients in manure. State regulators should focus on proper application techniques, not an outright ban, he said. As long as the producer follows the appropriate guidelines, he said, it is no different than other sound management practices.

### NAFED to Start Kharif Oilseeds Procurement

NAFED will start the procurement of oilseeds and pulses under its price support scheme in Haryana immediately. The kharif crops of oilseeds and pulses would be procured at the minimum support price fixed by the Central

Government for the current financial year. Soybean (yellow) would be procured at Rs 1020 a quintal; soybean (black) at Rs 900; groundnut (in shell) at Rs 1520; sunflower seed at Rs 1,500; sesamum seed at Rs 1,560; Niger seed at

Rs1,220; moong at Rs 1,520; urad at Rs 1,520 and arhar at

Rs 1,410.

### Edible Oil is Bullish on Bio-fuel Demand During 2007

As per Dorab Mistry, director of London-based Godrej International Ltd, palm and soy oil prices are expected to rise in coming months on expected high demand of bio-diesel on the back of rising crude oil prices globally. Biofuel plants are mushrooming in Europe and Asia to cut dependence on crude oil and with a view of clean source of fuel. As per Mistry "We can see quite clearly that there is now a link between the price of crude oil and world vegetable oil prices. I expect a steadily rising market

provided NYMEX crude oil prices remain in the range of \$60-70 per barrel." Analysts closely watching his view as his earlier forecast came true. As per Mistry the edible oil situation remains bullish for the year 2007. The production of soybean in Brazil is expected to fall during 2007 that further boost the scope of palm oil from Malaysia. As per his estimate, Brazilian exportable surplus of soy oil will fall by at least 10 percent in 2006-07 and by a massive 40 percent in 2007-08.

### Mustard Oil Blending with Vanaspati Scrapped

In a latest move the government of India is taking a U-turn from its earlier stand for blending mustard oil with Vanaspati. It was earlier stated that the blending of mustard oil with vanaspati would be mandatory for the vanaspati makers. As per senior food ministry official, the government is finding difficult to enforce the order on July 3rd by

Vegetable Oil Product Commissioner for blending 20 per cent mustard oil with vanaspati in different locations. It was thought that the move results into easy liquidation of hefty stock with the NAFED but recent decision seems to bring strain on NAFED for its swift disposal. Currently NAFED is holding 25.5 lakh tonnes of mustard seeds.

### US Biodiesel Business Update

Bunge is teaming up with Memphis, Tennessee-based Biodiesel Investment Group to build Illinois' largest biodiesel plant. The two firms have created a joint venture, Biofuels Company of America LLC, which will build the 45-million gallon per year biodiesel plant adjacent to Bunge's soybean processing facility in Danville. Construction is underway, with plans for the plant to be operational in the first quarter of 2008. "Bunge will be able to provide 100% of the feedstock for the new plant as well provide risk management and other services to the new facility," said Larry Clarke, general manager of Bunge Oilseed Processing. In other biodiesel business developments,

American Biodiesel broke ground on its 30 million gallon facility in east Toledo, Ohio. The company plans to start production by the middle of next summer. In Ohio, there are two biodiesel plants online with a combined production capacity of 31.5 million gallons and another one, with a production capacity of 5 million gallons, is under construction. Beatrice Biodiesel LLC broke ground on its biodiesel plant in Beatrice, Nebraska. The \$52.5 million plant will have a production capacity of 50 million gallons per year, the company reported. The plant is scheduled to start production by fall 2007.

### 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

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 counter parts. 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**

Commodities	Unit (US \$/Ton)		
	Current Tariff	Rate (w.e.f. 2.09.06)	Change (US \$/Ton)
Crude Palm Oil		481	-
RBD Palm Oil		506	-
Others - Palm Oil		494	-
Crude Palmolein		509	-
RBD Palmolein		512	-
Others - Palmolein		511	-
Crude Soybean Oil		580	+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 Monday i.e. Sep 25, for the period of September 1-25, 2006 totalled 1,097,233 metric tons, down 1.5% from 1,113,624 tons in Aug 1-25. Details of major items, which is estimated by SGS are as follows: Table 1

shows that export of RBD Palm Olein and RBD Palm Oil decline by 7.90% and 3.72% while, RBD Palm Stearin and Crude Palm oil increased by 88.25%, 35.20% and 55.40 % respectively compared to the corresponding period.

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

(Unit: MT)

Items	September 1-25	August 1-25	Change %
RBD Palm Olein	484,096	525,600	-7.90
RBD Palm Oil	78,144	81,163	-3.72
RBD Palm Stearin	145,330	77,199	+88.25
Crude Palm Oil	198,275	127,590	+55.40

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. Sep 25 for the period of September 1-25, 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 and China increased with a gain of 203.59% and 2.85% respectively on high demand compared to the corresponding period. EU and USA registered decline in import of the Malaysian palm oil by 20.93 and 71.09 % respectively.

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

(Unit: MT)

Countries/Continents	September 1-25	August 1-25	Change %
European Union	177,736	224,782	-20.93
China	370,533	360,269	+2.85
United States	32,991	114,128	-71.09
India	110,354	36,350	+203.59

Source: SGS (Malaysia) Bhd.

**DOMESTIC MARKET ANALYSIS****Palm Oil**

Spot market prices for palm oil during the week starting Sep 25 on lack lustre trade on weak demand in the different centers. Initial decline followed by strong gain in the BMD futures provide underlying support to the palm oil prices in spot market. Rising crude oil prices continue to provide support to international prices of palm oil but high inventories in Malaysia and further extension of the production month remain the main concern for its disposal as export is falling with constant pace. A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Monday i.e. Sep 25, for the period of September 1-25, 2006 totalled 1,097,233 metric tons, down 1.5% from 1,113,624 tons in Aug 1-25. Export of RBD Palm Olein and RBD Palm Oil decline by 7.90% and 3.72% while, RBD Palm Stearin and Crude Palm oil increased by 88.25%, 35.20% and

55.40 % respectively compared to the corresponding period. While import of Malaysia's palm oil from India and China increased with a gain of 203.59% and 2.85% respectively on high demand compared to the corresponding period. EU and USA registered decline in import of the Malaysian palm oil by 20.93 and 71.09 % respectively. In domestic market RBD Palmolein in Mumbai and Chennai decline while some improvement could be noticed in FOB prices of CPO during the same time. The prices at other locations remain range bound with mixed sentiments as traders are watching the condition of overseas carefully. The prices of the palm oil will much depends on the crude oil prices in NYMEX and any sharp decline will results into sharp fall in its prices.

**Weekly prices for CPO**

(Rs/ 10 kg)

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Kandla	380	380	380	381	382	382

**Weekly prices for RBD Palmolein**

(Rs/ 10 kg)

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Kandla +VAT	406	405	405	405	407	407
Mumbai +VAT	414	412	408	407	409	412
Chennai +VAT	425	421	419	419	424	423
Kakinada +VAT	405	406	406	408	409	407
Hyderabad +VAT	425	427	427	422	423	421
Delhi	450	450	450	450	450	450

MC: Market Closed

**Weekly prices for FOB (Kandla)****(US \$ / MT)**

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
CPO	417	420	420	425	425	425
RBD Palmolein	445	442	445	450	450	450

**MC: Market Closed****Refined Soy Oil**

Refined soy prices improved in the Indore, Jaipur and Kota Mandi during the week on improved demand during Navaratri festival. Steady buying in the region results into improvement in the spot market price but cheap import and relatively higher supply of refined soy keep the prices at subdued levels in other locations. Firmness in BMD futures and bullish sentiments in eCBOT provided additional support to the refined soy oil at spot market. As per traders the prices will improve in near term in the spot on increased demand on eve of festivals season. Low import volume and low stock position of crude soy oil provided underlying support. Though some arrivals could be seen from Maharashtra but the quality remains poor on high moisture content, as these new soybean seeds are not viable for crushing. The CIF rate for refined soy oil for September shipment remain firm and remain in the range of \$572-\$578

during the week. The prices are expected to follow the developments in overseas market. With sharp decline in refined soy oil futures on NCDEX initially on fresh arrivals of soybean seed into the Mandi the sentiments improved significantly then after on strong speculative buying on approaching festivals. With the gain in Indore spot market the futures continue to raise on high festival demand. The sentiments continue to ride on the back of gain in crude oil prices at NYMEX on anticipation of greater bio-diesel demand. Firmness in BMD futures also provided underlying support to the refined soy oil. The futures market is expected to improve in near term on expected demand of refined soy for coming festivals. The volume varied between 12030 tonnes to 13270 during the week under review while open position increased and remain in the range of 24240 to 27140.

**Prices for Soy (Ref) during the week****(Rs/ 10 kg)**

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Mumbai +VAT	415	414	410	410	414	414
Indore +VAT	405	402	405	407	409	407
Kota +VAT	408	410	410	410	410	410
Jaipur +VAT	410	413	413	413	413	413
Hyderabad +VAT	435	440	438	438	440	440
Chennai +VAT	435	435	432	432	433	435
Rajkot +VAT	413	408	407	406	406	406

**MC: Market Closed****Prices for Soy Degum (Mumbai) during the week****(Rs/ 10 kg)**

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Mumbai	403	400	400	400	400	400

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

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Kandla & Mumbai	574	572	578	572	582	580

**Rape/Mustard Oil**

Mustard oil prices increased in Kota and Jaipur market on increasing demand on approaching festivals. The prices in Mumbai decline however on reduced off takes. The prices at other locations remain range bound. In a latest move the government of India taken a U-turn from its earlier stand for blending mustard oil with Vanaspati. It was earlier stated that the blending of mustard oil with vanaspati would be mandatory for the vanaspati makers. As per senior food ministry official, the government is finding difficult to enforce the order on July 3rd by Vegetable Oil Product Commissioner for blending 20 per cent mustard oil with

vanaspati in different locations. It was thought that the move results into easy liquidation of hefty stock with the NAFED but recent decision seems to bring strain on NAFED for its swift disposal. Currently NAFED is holding 25.5 lakh tonnes of mustard seeds. The NAFED further lowered its selling prices of mustard seed during the week and selling prices at different location of Rajasthan ranged from Rs 1585-1600 for new seeds per quintal, while old stock sold at Rs 1510 per quintal. The mustard oil prices in near terms will much depend on festival demands from the Northern region.

**Prices for Rape Expeller Oil****(Rs/ 10 kg)**

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Mumbai + VAT	415	413	413	413	415	422
Kota +VAT	382	385	385	388	388	388
Jaipur +VAT	387	388	388	391	391	391
Delhi	410	408	410	410	410	412
Neewai +VAT	386	386	385	386	387	387

**Groundnut oil**

Groundnut oil prices increased sharply during the week under review on low stock position; export demand of seeds combined with 43% loss in the groundnut production. Gujarat groundnut production is expected at 16 lakh tonnes while area came down from 18 lakh hectare to 16.5 lakh hectare as per Saurashtra Oil Miller's Association. Slight

decline in Chennai is owing to sluggish demand in the Chennai market compared to Tuesday. The prices will much depend on the upcoming festival demand. Strong improvement witnessed in Mumbai and Rajkot Mandi while prices remain firm in other locations. The price of groundnut is expected to remain firm on approaching festivals.

**Prices for groundnut oil during the week****(Rs/10 kg)**

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Mumbai +VAT	545	546	550	550	560	560
Rajkot +VAT	535	550	550	550	550	550
Andhra Region	600	600	600	600	600	600
Chennai +VAT	570	580	575	575	575	575
Delhi	540	530	530	540	540	540

**Sunflower Oil**

Domestic spot market prices of sunflower remain steady on initial part of the week but improvement could be seen on later part of the week on firmness on other oils. The price in

near term is expected to increase on crop damage concern and reduced stock position. Demand is expected to increase as festivals are approaching.

**Prices for Refined Sunflower Oil during this week****(Rs/10Kg)**

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Chennai +VAT	500	500	500	500	505	505
Mumbai +VAT	517	517	517	517	515	515
Hyderabad +VAT	510	500	505	505	505	505

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

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Kandla & Mumbai	465	465	465	465	465	465

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

Center	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Kandla & Mumbai	636	628	631	628	628	633

**Cotton Refine Oil**

Cotton oil prices on spot remain mixed and remain range bound in most of the centers. 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 depend on its arrivals and governed by the prices of other oils.

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

Markets	25.09.06	26.09.06	27.09.06	28.09.06	29.09.06	30.09.06
Mumbai +VAT	445	440	440	440	440	445



Hyderabad +VAT	440	440	440	450	450	445
Rajkot +VAT	435	435	437	436	437	437
Delhi	420	420	420	425	425	420

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### BMD Futures Spark Up on Flaring Crude Oil

Crude palm oil futures maintained its rally on the BMD on Friday on speculative buying and closely following the footprint of crude though remain sluggish on later part of the trading session. The most active December contract opened at MYR15555, and remain its upper level for most

of the trading session and settle MYR9 higher at MYR1,559 per metric ton. The contract traded in the range of MYR1548 to MYR1562. The futures price at BMD is much dependent on the crude oil prices and any sharp increase will results into sharp gain into the BMD futures.

### CBOT Soy Futures End mixed

Soy futures at Chicago Board of Trade settled mixed on Friday. November soybean settled off 5.25 cents at \$5.475 and January soybean off 4.5 cents at \$5.6225 per bushel. December soy meal finished up \$0.3 at \$163.5 per short ton and December soybean oil off 13 points at 24.24 cents per pound. Mild support came from friendly stock report. United State Department of Agriculture (USDA) estimated the soybean stock as on September 1st at 448.8 million bushels, significantly lower than earlier expectation of 460-

492 million bushels and previous estimate of USDA at 485 million bushels. However, weather forecast calling for favorable situation for fieldwork next week in Western Corn belt weighed on values. Also, traders are expecting bearish numbers further from forthcoming monthly report of USDA. Weak energy markets pressured the oil. However, low deliveries (340 lots versus 1000-2000 lots expected) against October contract on First notice day provided little support.

## WEEKLY WEATHER WATCH

### MONSOON WATCH & WEATHER OUTLOOK

The well marked low pressure area over east central and adjoining northeast Bay of Bengal concentrated into a depression last evening. Moving west-northwestwards, the it lay centred at 0830 hrs IST of today near lat. 19.0° N and long. 86.0° E about 125 km east-southeast of Gopalpur. The system is likely to move in a west northwesterly direction and cross Orissa coast near Gopalpur around noon of today. · Under its influence, widespread rainfall with heavy to very heavy falls at a few places are likely over Orissa, north Coastal Andhra Pradesh and north Telangana. Fairly widespread rainfall with isolated heavy to very heavy falls is also likely over Gangetic West Bengal and Chhattisgarh during next 24 hours. Squally winds with speed reaching 50-60 kmph are also likely along and off West Bengal, Orissa and north Andhra Pradesh coasts during next 24 hours. The sea condition will be rough to very rough along and off West Bengal, Orissa and north Andhra Pradesh coasts. The fishermen are advised not to venture into the sea. · Since 1 October, fairly widespread rainfall is likely over interior Maharashtra & adjoining Madhya Pradesh, and decrease in rainfall activity over east India. Increase in rainfall activity over Kerala and coastal Karnataka.

**NORTH & NORTH-WEST INDIA:** Scattered to fairly widespread rainfall is likely over hilly regions viz. J&K, H.P. and Uttranchal during 1-2 October. Rest of the region is likely to be mainly dry during next week.

**EAST AND NE INDIA:** Widespread rainfall is expected over Orissa, Gangetic West Bengal during next 2 days. Fairly widespread over Jharkhand and scattered rainfall is likely over Nagaland, Manipur, Mizoram & Tripura. Isolated rainfall over the rest region.

**CENTRAL INDIA:** Isolated rainfall is likely over Vidarbha, Chhattisgarh and East MP during next 24 hrs. Increase in rainfall activity over Chhattisgarh & Vidarbha from 30 September.

**SOUTH INDIA:** Widespread rainfall is likely over Andaman & Nicobar Islands, Coastal A.P. and Vidharbha during next 2-3 days. Isolated to scattered rainfall is likely over Karnataka, Rayalseema and Tamilnadu during next 3-4 days. Scattered to fairly widespread rainfall is expected over Kerala during next 2-3 days and subsequently to increase.

**WEST INDIA:** Isolated to scattered rainfall is expected over Konkan & Goa, Madhya Maharashtra. Gujarat and Rajasthan are likely to be dry for next 3 days.

Source: NCMRWF

Zone-wise weather forecast:

## PORT WATCH

Port updates of edible oils in India (Sep 18-Sep 23, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	11600	14000	25600
Palm oil	12550	34058	46608
CPO	12800	86875	99675
<b>Total</b>	<b>36950</b>	<b>134933</b>	<b>171883</b>

Source: ANAS

**Forex Rates:****(September 30, 2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.96
European Union	Euro	58.25
Japan	100 Yen	38.89
United Kingdom	Pound Sterling	86.01

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