

## 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 Down by 4.4%
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

This summary is based on reports from exporters for the period September 22-28, 2006. Net sales of 1,194,800 MT were 38 percent above the previous week. Major increases were reported for China (570,900 MT, including 102,800 MT switched from unknown destinations), unknown destinations (155,200 MT), Egypt (78,000 MT), Mexico (61,700 MT), Thailand (60,000 MT), Indonesia (58,000 MT), and France (55,000 MT). Sales of 60,000 MT for delivery in

2007/08 were for unknown destinations. Exports of 573,500 MT were 88 percent above the previous week and 96 percent over the prior 4-week average. The primary destination was China (287,900 MT), with smaller quantities to Mexico (77,600 MT), South Korea (46,800 MT), Japan (37,200 MT), Turkey (35,800 MT), and Taiwan (31,800 MT).

### USDA Weekly Export Sales Highlights for Soy meal

Soybean Cake and Meal: Net sales of 16,900 MT were 66 percent below the previous week and 74 percent under the prior 4-week average. Major increases for the Dominican Republic (7,500 MT), Canada (5,900 MT), Honduras (5,300 MT), Mexico (5,200 MT), and Syria (5,000 MT) were partially offset by decreases for Colombia (12,700 MT) and Guatemala (3,700 MT). Net sales of 131,100 MT for delivery in 2006/07 (which began Oct. 1) were mainly for

South Korea (61,000 MT), Canada (22,400 MT), Mexico (18,700 MT), and the Dominican Republic (18,500 MT). Exports of 119,900 MT were 17 percent below the week earlier, but 7 percent above the prior 4-week average. The primary destinations were Mexico (30,400 MT), Canada (22,000 MT), the Dominican Republic (9,000 MT), Saudi Arabia (7,400 MT), and Jordan (7,200 MT).

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

This summary is based on reports from exporters for the period September 22-28, 2006. Net sales of 700 MT resulted as major increases for Other Pacific Islands (1,000 MT, switched from Australia), South Korea (600 MT), and Hong Kong (200 MT) were partially offset by decreases for

Australia (1,000 MT). Net sales of 10,600 MT for delivery in 2006/07 (which began Oct. 1) were mainly for South Korea (10,000 MT). Exports of 22,600 MT were primarily for South Korea (12,600 MT) and Hong Kong (7,200 MT).

### Export of Malaysian Palm Oil Decline by 4.4% During September

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Saturday i.e. Sep 30, for the period of September, 2006 totalled 1,307,543 metric tons, down 4.4% from 1,367,456 tons in Aug. The export of RBD Palm Olein and RBD Palm Oil decline by 8.81% and 2.58% while, RBD Palm Stearin and Crude Palm oil increased by

53.37% and 21.83% respectively compared to August shipment. The major importers of Malaysian palm oil were India, China, USA and EU. The data reveal that import of Malaysia's palm oil from India increased with overall gain of 142.78% on high festival demand compared to the last month. EU, China and USA registered decline in import of the Malaysian palm oil by 20.72, 6.06 and 49.44 % respectively.

### Soybean Production and Acreage in India - Comparative Estimates.

As per the Centers directive, procurement of food grains, pulses and oilseeds would start off by first fortnight of this month across the states. As per an estimate released by Soybean Processors Association [SOPA] of India for Kharif season this year's production of the soybean is projected to register a marginal hike in comparison to previous year's estimate of around 6.11 mt from an area of 17.4 million hectares. The estimate has taken into consideration the

distribution of rainfall deviating from normal to erratic in different parts of major soybean producing states. As per SOPA, kharif output for soybean stands 7.15 million tonnes (mt) from an area of 16.4 million hectares. Madhya Pradesh leads the front accounting for 55% of the total share of production followed by Maharashtra accounting for around 33.42%. Similarly Rajasthan, Andhra Pradesh, Karnataka and Chhattisgarh do hold a marginal share of around 7% (approx), 1.4%, 2% and 1.4% respectively all in a decreasing order of magnitude of production. There seems

to exist a paradox for soybean acreage and production which is justified by uneven rainfall distribution, decrease in acreage of groundnut, late sowing of crop due to delayed rains in few parts of the states and many allied factors. This

#### MSP for mustard now stands at 1800 Rs per qt

The state assembly of Rajasthan gave approval for increasing the Minimum Selling Price [MSP] of mustard seeds from an earlier stated estimate of Rs 1715 to a new figure of Rs 1800 per qt. The very measure would encourage farmers to increase acreage for the same. In

#### GOI: Revise Tariff Value on Edible Oils

Government of India revised base import prices on October 1<sup>st</sup> keeping the prices unchanged. In a decision Central Government on Sunday notified revision of tariff value on imported Oil with a view to tone up the prices of imported oil

year the Minimum Support Price [MSP] fixed by the Center for Soybean (yellow) stands at Rs 1020 a quintal and soybean (black) at Rs 900 respectively.

order to ensure timely availability of fertilizers during Rabi season the state assembly stressed for providing railway racks so as to ensure its delivery at right time and right place. The decision seems to be rationale keeping in view the practical realities of the farming community.

compared with the international levels and to make the domestic oil prices more competitive compared to its imported counter parts.

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

Commodities	Unit (US \$/Ton)		
	Current Tariff Rate (w.e.f. 1.10.06)	Previous Tariff Rate (26.09.06)	Change (US \$/Ton)
Crude Palm Oil	447	447	-
RBD Palm Oil	476	476	-
Others - Palm Oil	462	462	-
Crude Palmolein	481	481	-
RBD Palmolein	484	484	-
Others - Palmolein	483	483	-
Crude Soybean Oil	580	580	-

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 Saturday i.e. Sep 30, for the period of September, 2006 totalled 1,307,543 metric tons, down 4.4% from 1,367,456 tons in Aug. 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 8.81% and 2.58% while, RBD Palm Stearin and Crude Palm oil increased by 53.37% and 21.83% respectively compared to the corresponding period.

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

Items	(Unit: MT)		
	September	August	Change %
RBD Palm Olein	560804	614954	-8.81
RBD Palm Oil	97012	99577	-2.58
RBD Palm Stearin	162839	106171	+53.37
Crude Palm Oil	225325	184950	+21.83

Source: SGS (Malaysia) Bhd.

#### Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Saturday i.e. Sep 30 for the period of September 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 with overall gain of 142.78% on high festival demand compared to the last month. EU, China and USA registered decline in import of the Malaysian palm oil by 20.72, 6.06 and 49.44 % respectively.

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

Countries/Continents	(Unit: MT)		
	September	August	Change %
European Union	218165	275197	-20.72
China	395833	421369	-6.06
United States	71536	141488	-49.44
India	114954	47350	+142.78

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Spot market prices for palm oil during the week of festival i.e. October remain range bound with bearish undertone with lack lusture trade on sharp decline in the overseas market that results into cheap import and low landed cost. Sharp decline in the crude oil prices during the week results breakdown in the BMD futures with consecutive sharp break in the domestic market. A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Saturday i.e. Sep 30, for the period of September, 2006 totalled 1,307,543 metric tons, down 4.4% from 1,367,456 tons in Aug. The export of RBD Palm Olein and RBD Palm Oil decline by 8.81% and 2.58% while, RBD Palm Stearin and Crude Palm oil increased by 53.37% and 21.83% respectively compared to August shipment. The major importers of Malaysian palm oil were India, China, USA and

EU. The data reveal that import of Malaysia's palm oil from India increased with overall gain of 142.78% on high festival demand compared to the last month. EU, China and USA registered decline in import of the Malaysian palm oil by 20.72, 6.06 and 49.44 % respectively. In domestic market RBD Palmolein in Kandla, Mumbai and Kakinada decline while the prices at other location remain mixed. The prices at Delhi remain steady on some demand. FOB prices RBD palmolein decline from \$447 to \$442. With rising stock of the palm oil in Malaysia and low export demand with softening crude oil prices may results into softening of prices of palm oil into the domestic market. The decision of keeping the tariff value at constant level would also results into smoothening its prices in the domestic market.

### Weekly prices for CPO

(Rs/ 10 kg)

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Kandla	Closed	381	378	377	377	377

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Kandla +VAT	Closed	407	405	404	404	404
Mumbai +VAT	Closed	414	410	410	410	410
Chennai +VAT	Closed	422	430	NA	420	421
Kakinada +VAT	Closed	Closed	404	403	405	403
Hyderabad +VAT	Closed	Closed	418	418	420	425
Delhi	Closed	450	450	450	445	445

MC: Market Closed

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
CPO	Closed	420	415	417	417	417
RBD Palmolein	Closed	447	442	442	440	440

MC: Market Closed

### Refined Soy Oil

Refined soy prices lack direction during the week under review, as many trading centers remain closed after Navaratri festival and it seems that the demand is over after the Navaratri. Some improvement in the Indore spot market could be seen during initial period of the week on limited stock position and keeping the Dipawali festival in mind. The prices in the overseas market decline sharply, later part of the week on dwindling crude oil prices and traders are waiting for optimum time to place import order. They expect some more declines in the SBO and CPO prices on bearish forecast by USDA on good stock position combined with sharp decline in the crude oil prices during the week. The market is in wait and watch condition and closely following the developments in the international market. Harvesting of soybean combined with huge arrivals into the market further added to its bearish tone. The CIF rate for refined soy oil for September-January shipment remain in the range of \$568-\$573. The prices are expected to follow the developments in overseas market and

movement in the crude oil prices. Later phase of the week saw some improvement triggered by the development in CBOT on bullish export sales data and rising crude. The price in near term is expected to remain range bound with slight decline afterwards. Refined soy oil futures on NCDEX decline through out the week mirroring the decline in BMD futures and break in crude oil prices. There were little support to the futures market from the spot and low demand after Dashehra would further had a bearish impact on the futures. Low CIF charges combined with cheaper landing cost of refined soy oil would results into sharp break down during the week under review. Improvement at later part owing to short covering and speculative buying on the idea of prices prevailing already at life time low of the contract. The futures market is expected to trade range bound with slight decline in near terms in absence of fresh demand. The volume varied between 5860 tonnes to 10270 during the week under review while open position remains in the range of 24220 to 27710.

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

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Mumbai +VAT	Closed	414	412	412	411	412
Indore +VAT	Closed	409	408	406	402	406
Kota +VAT	Closed	Closed	406	403	402	407
Jaipur +VAT	Closed	Closed	408	406	405	410
Hyderabad +VAT	Closed	Closed	435	432	435	435
Chennai +VAT	Closed	435	430	430	430	NA
Rajkot +VAT	Closed	Closed	403	403	401	402

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

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Mumbai	Closed	435	435	433	433	435

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

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Kandla & Mumbai	Closed	573	568	572	580	582

**Rape/Mustard Oil**

Mustard oil prices decline in almost all the centers on low demand after the festivals are over. The weak sentiments in other oils further pressurized the mustard oil down. Spot market prices of mustard oil remain range bound with bearish tinge on weak demand on different centers. Further smoothening of selling prices by NAFED this week results into further declining of the prices of mustard seed, which in

turn lowers the mustard oil prices. Huge inventories of mustard seed with NAFED still pressurizing the market down. The selling prices of old stock of mustard seed ranged at Rs. 1490-1510 while new seeds being sold at Rs 1600 per quintal. The prices of mustard oil will much depend on the selling price of mustard seed by NAFED.

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

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Mumbai + VAT	Closed	418	416	414	414	412
Kota +VAT	Closed	Closed	385	382	383	385
Jaipur +VAT	Closed	Closed	387	385	385	388
Delhi	Closed	412	410	409	409	408
Neewai +VAT	Closed	386	385	382	383	384

**Groundnut oil**

Spot market price of Groundnut showed mixed sentiments at different centers during the week under review. Late crushing in few centers strengthens its price while other centers feels the lower demand. The demand for seeds weaken in the spot market on low export demand and traders are waiting expecting rise suppose to hit the market in near terms. The groundnut seed and oil is expected to

remain range bound as per traders up to Dipawali festival and then prices would decline on arrival pressure of cotton seed oil and refined soy oil. The prices are prevailing at its higher level. The prices of the groundnut oil in Mumbai and Indore increased while slight decline could be noticed in Chennai.

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

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Mumbai +VAT	Closed	560	560	565	565	565
Rajkot +VAT	Closed	Closed	555	560	565	560
Andhra Region	Closed	Closed	595	595	600	595
Chennai +VAT	Closed	580	570	560	565	556
Delhi	Closed	530	540	530	530	530

### Sunflower Oil

Domestic spot market prices of decline almost all the centers on low demand and closely following other oils. The price in near term is expected to increase on crop damage

concern and reduced stock position. Demand is expected to increase on approaching Diwali and may show firmness in near terms.

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

(Rs/10Kg)

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Mumbai +VAT	Closed	510	507	507	507	507
Chennai +VAT	Closed	520	520	515	515	515
Hyderabad +VAT	Closed	Closed	500	500	500	500

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

(US \$/ MT)

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Kandla & Mumbai	Closed	470	465	465	465	465

#### Prices for CIF Sunflower during the week

(US \$/ MT)

Center	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Kandla & Mumbai	628	626	623	623	628	628

### 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	2.10.06	3.10.06	4.10.06	5.10.06	6.10.06	7.10.06
Mumbai +VAT	Closed	442	442	442	442	442
Hyderabad +VAT	Closed	Closed	438	435	438	440
Rajkot +VAT	Closed	Closed	437	440	441	444
Delhi	Closed	425	420	420	420	422

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### BMD Futures Rises On Improved Crude

Crude palm oil futures on the BMD showed choppy trading on Friday. The most active contract ended at MYR 1,542 a metric ton, up MYR5 from previous day. CPO future open high in and oscillating between positive and negative through the day length day. This close oscillate was the concerning factor over this week. Until fresh data over

supply and demand release, the more or less same trends seems to dominating the CPO futures in the next week. RBD palmolein was ended offered with October at \$445.00/ton, November/December at \$447.50/ton and January/February/March at \$457.50/ton.

### CBOT Soy Futures Settle Mixed

Soy futures at Chicago Board of Trade settled mixed on Friday. November soybean futures settled off 1.5 cents at \$5.64 and January off 2.25 cents at \$5.7775 per bushel. December soy meal futures finished off \$1.8 at \$167.8 per short ton. December soybean oil settled up 16 points at 24.22 cents per pound. Markets experienced choppy trend during the day and futures moved both side of unchanged level. Positioning ahead of monthly crop report to be

released by United State Department of Agriculture on October 12 put pressure on prices. Supportive features were fresh inquiries from China and other importing nations, who are switching to United State and reports of higher net short positions taken by speculators. Also, there were no deliveries posted against October meal and oil.

## WEEKLY WEATHER WATCH

### WEATHER FORECAST FOR NEXT 5 DAYS

Yesterday's upper air cyclonic circulation over south Konkan & Goa & neighbourhood persists. It is likely to cause fairly widespread rainfall with isolated heavy falls over south Konkan & Goa and Coastal Karnataka during next 48 hours. A north-south oriented trough persist over

north-eastern states. Under its influence, fairly widespread rainfall with isolated heavy to very heavy falls are likely over northeastern States during next 2-3 days. Chief amounts of rainfall (cm) recorded during past 24 hours are : Car Nicobar-11, Port Blair-9, Maya Bandar & Pardeep-8 each, Bhubaneshwar & Kolkata (Alipore)-6 each, Ongole,

Cuttack, Hubli & Tezpur-5, Mahabaleshwar & Balasore-4 each, Model prediction suggest that a cyclonic circulation is expected to form over Andaman Sea around 7th October. A western disturbance is likely to approach J&K during 6-7 October and move eastward.

#### Heavy Rainfall Warning:

Isolated heavy to very heavy falls are likely over Andaman & Nicobar Islands and northeastern States. Isolated heavy rainfall also likely over south Konkan & Goa and Coastal Karnataka.

#### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Scattered rainfall is likely over hilly regions viz. J&K, H.P. and Uttranchal during 6-7 October. Rest of the region is likely to be mainly dry.

**EAST AND NE INDIA:** Fairly widespread rains is likely over NE States. Scattered rainfall is likely over Orissa and

West Bengal. Isolated rainfall is likely over Jharkhand. East Uttar Pradesh and Bihar are likely to experience mainly dry weather.

**CENTRAL INDIA:** Isolated rainfall is likely over Vidarbha and Chhattisgarh. Madhya Pradesh is likely to be mainly dry.

**SOUTH INDIA:** Fairly widespread rainfall is likely over Andaman & Nicobar Islands, Coastal Karnataka and Kerala during next 2-3 days. Isolated to Scattered rainfall is likely over North Interior Karnataka, coastal A.P., Rayalseema and Tamilnadu.

**WEST INDIA:** Fairly widespread rainfall with isolated heavy falls is expected over Konkan & Goa and Madhya. Maharashtra during next 48 hrs. Isolated rainfall is likely over Marathwara and south Gujarat. Rest of the region is likely to have mainly dry weather conditions.

Source: NCMRWF

#### PORT WATCH

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

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	37500	29,100	66,600
Palm oil	21,700	16058	37,758
CPO	49,500	81851	131,351
<b>Total</b>	<b>108,700</b>	<b>127,009</b>	<b>235,709</b>

Source: ANAS

#### Forex Rates:

(October 7, 2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.61
European Union	Euro	57.47
Japan	100 Yen	38.32
United Kingdom	Pound Sterling	85.34

#### 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.