

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:

Net sales of 627,000 MT were 28 percent below the previous week and 38 percent under the prior 4-week average. The major buyers were China (297,800 MT, including 55,000 MT switched from unknown destinations), Germany (118,100 MT, including new sales of 2,000 MT, 120,000 MT switched from unknown destinations, and cancellations of 3,900 MT), Taiwan (62,400 MT), Spain (58,000 MT), the Netherlands (48,000 MT), and Mexico

(43,700 MT). Decreases were reported for unknown destinations (39,000 MT). Exports of 1,184,200 MT were 43 percent above the previous week and 95 percent over the prior 4-week average. The primary destinations were China (553,600 MT), Mexico (123,200 MT), Germany (118,100 MT), Japan (92,000 MT), Egypt (83,900 MT), and Indonesia (62,000 MT).

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 101,000 MT were 33 percent below the previous week. The major buyers were Mexico (38,400 MT), Canada (22,100 MT), the Dominican Republic (17,300 MT), and Japan (9,100 MT). Exports of 138,200 MT were 21 percent above the previous week and 19 percent over

the prior 4-week average. The primary destinations were Canada (28,700 MT), the Dominican Republic (25,600 MT), Mexico (20,600 MT), Turkey (15,500 MT), and Cuba (12,100 MT).

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 2,100 MT were mainly for Guatemala (1,000 MT) and Canada (1,000 MT). Exports of 4,200 MT

were primarily for Mexico (1,300 MT) and Trinidad (1,100 MT).

Rapeseed Plantation Area Low to Last Year

The Government estimation for area for rapeseed plantation up to Oct. 19 decreased to last year at 8,42,000 hectares from 2.31 hectares. Government did not provide any reason for lower plantation area but from trade

sources, it was due to high temperature slowed down germination process for rapeseed but the sudden change in weather accelerated the process.

Custom Duty Unchange Till Dec 31 on Palm Group Oil

To curb the inflation in palm oil, a decision was taken to extend the previous custom duty on palm oil till December 31. The latest revision on import duty was taken in August, wherein import duties on crude palm oil and palmolein was reduced from 80% to 70%, while in RBD palm oil and

palmolein it was reduced from 90% to 80% respectively. This will result in cheap landing of palm oil and extend period would be helpful in curbing competitive soy oil prices too.

GOI: Revise Tariff Value on Edible Oils

Government of India revised base import prices on October 1st 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

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
Unit (US \$/Ton)

Commodities	Current Tariff Rate (w.e.f. 16.10.06)	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.

Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Thursday i.e. October 26 for the period of October 1-25, 2006. The major importers of Malaysian palm oil were as follows: 1. EU 2. China 3.USA, and 4. India. Country wise brief highlights of imports are as follows: Table 2

shows that import of Malaysia's palm oil to India declined with overall 7.30% on low demand compared to the last month. EU and USA registered rise in import of the Malaysian palm oil by 70.74% and 266.33 % respectively while China registered decline by 31.63%.

Table 2: Shows the major import destination of Malaysian palm oil: (Unit: MT)

Countries/Continents	Oct 1-25	Sep 1-25	Change %
European Union	3,03,474	1,77,736	+70.74
China	2,53,342	3,70,533	-31.63
United States	1,20,855	32,991	+266.33
India	81,850	88,300	-7.30

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Weak sentiments observed at spot market prices during the week for palm oil. The prices gained in Delhi, Hyderabad and Mumbai by firm support of revision custom duty. After long festival holidays, high palm oil futures on the BMD helped in gained in prices. The weak demand in rest of centres result in range bound prices. Some underlying support also came from gained in other vegetable oils. High landing cost of imported palm oil provided additional support to prices. According to a cargo surveyor SGS (Malaysia) Bhd. export sales for the period of October 1-25 totaled 1,178,379 metric tons, up 7.4% from 1,097,233 tons during the September 1-25 whereas, export of RBD Palm

Olein and RBD Palm Stearin decline by 12.77% and 23.26% respectively. Export figures for RBD Palm Oil and Crude Palm oil increased by 62.98% and 20.64% respectively. As per report, the import of Malaysia's palm oil to China and India declined by 31.63% and 49.89% respectively during this period. Export to EU and United States increased by 70.74% and 266.33% respectively. Rise in FOB prices of palmolein and crude palm oil also provide underlying support to gain in prices. Prices are likely to follows the steady trends depending upon the import situation and sentiments in other vegetable oils, which likely to decline in near terms.

Weekly prices for CPO

(Rs/ 10 kg)

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Kandla	NA	Closed	Closed	384	390	388

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Kandla +VAT	NA	Closed	Closed	405	406	407
Mumbai +VAT	NA	Closed	415	416	418	418
Chennai +VAT	435	Closed	425	428	434	440
Kakinada +VAT	408	Closed	408	409	410	418
Hyderabad +VAT	420	Closed	421	427	429	445
Delhi	420	Closed	420	425	428	445

MC: Market Closed

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

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
CPO	NA	Closed	Closed	442	450	452
RBD Palmolein	NA	Closed	Closed	465	470	475

MC: Market Closed**Refined Soy Oil**

Refined soy prices gained slightly in Kota and Mumbai towards the end of the week on the back of firmness in CBOT. The prices in CBOT witnessed strong sentiments on support of slow harvest interspersed with bad weather situations interrupted the harvesting pace. Slight gained in CIF boosted up its prices in Mumbai spot markets. The CIF rate for refined soy oil for September-January shipment

remained in range of \$ 614-\$ 615 during the week. Some additional support also came for firmness in BMD futures to remain in bullish sentiments in the market. However, high soybean buying also reported in major producing areas in end of week. Its prices likely to decline in coming days as heavy arrival is expected as well as development in overseas market will support domestic market.

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

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Mumbai +VAT	NA	Closed	415	416	417	417
Indore +VAT	NA	Closed	403	406	405	408
Kota +VAT	407	Closed	407	410	411	413
Jaipur +VAT	410	Closed	410	414	415	417
Hyderabad +VAT	423	Closed	423	430	427	437
Chennai +VAT	438	Closed	438	436	438	NA
Rajkot +VAT	403	Closed	403	Closed	407	411

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

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Mumbai	NA	Closed	394	393	398	399

Rise in CIF Soya during the week**(US \$/ MT)**

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Kandla & Mumbai	NA	Closed	614	615	618	628

Rape/Mustard Oil

Mustard oil prices gained in Jaipur and Delhi on firm demand with interrupted supply during the week. NAFED still ruled the market to check to big jump in prices. Selling price of mustard by NAFED rose as week progressed. The NAFED selling prices of mustard seed during the week in different location in Rajasthan ranged from Rs 1590-1620 per quintal for last year seed stock, while old stock sold at

Rs 1515-1525 per quintal. The prices of mustard oil in Mumbai increased slightly on improvement in retail demand. The low acreage is expected for mustard this year as well as delaying sowing provide some underlying support to gain in prices. The mustard oil prices in near terms will much depend on NAFED stand and scenario in other vegetable oils.

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

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Mumbai + VAT	NA	Closed	416	418	418	420
Kota +VAT	388	Closed	388	388	395	395
Jaipur +VAT	388	Closed	390	394	397	398
Delhi	414	Closed	413	416	420	420
Neewai +VAT	NA	Closed	390	394	396	400

Groundnut oil

Groundnut oil markets witnessed by weak to steady sentiments in majority of centres. Firm sentiments seen in Hyderabad where is strongly influenced by gained in soy oil prices. There is improved arrival with steady demand supported the prices during the week. In major produce

areas arrival likely to pick-up in coming days and present condition not supportive to gain in its prices. After festive mood, millers will see more crushing to fills their depleting stock. The prices are likely to fall in coming weeks on expecting heavy arrival pressure.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Mumbai +VAT	NA	Closed	540	535	535	535
Rajkot +VAT	505	Closed	505	Closed	505	510
Andhra Region	581	Closed	580	585	590	585
Chennai +VAT	540	Closed	540	540	560	560
Delhi	500	Closed	500	500	505	507

Sunflower Oil

Domestic spot market prices of faced increasing trends in almost all the centers on with emergence of new demand and with support of other vegetable oils. Inconsistent arrivals observed in many places. The price in near term is

expected to decrease on likely to improve arrival and improve stock position. Market is expecting to remains steady to bearish in near terms.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Mumbai +VAT	NA	Closed	503	500	505	505
Chennai +VAT	522	Closed	515	525	522	530
Hyderabad +VAT	505	Closed	505	515	515	525

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Kandla & Mumbai	NA	Closed	655	658	653	643

Cotton Refine Oil

Sentiments remained mixed in refined cotton oil demand in spot market. Improvement in arrival noticed at few locations. Less mills in crushing operation added additional

support. Arrival pressures along with in other vegetable oils will synchronize with cotton refined oil at spot market.

Prices for Refined Cotton Oil during this week

Markets	23.10.06	24.10.06	25.10.06	26.10.06	27.10.06	28.10.06
Mumbai +VAT	NA	Closed	420	423	424	425
Hyderabad +VAT	421	Closed	420	430	430	440
Rajkot +VAT	413	Closed	413	Closed	416	420
Delhi	405	Closed	405	405	410	412

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

BMD futures End Up on Friday

Crude palm oil futures settled sharply higher on speculative buying. The most active contract of January 07 ended up MYR30 at MYR1,680 per ton. Overnight firm closing of soy futures at Chicago Board of Trade triggered fresh buying. Soy and palm oil are considered traditional rival and gains

in soy would lead to switching of importers to palm oil. Export report released by SGS on Thursday revealed 7% rise in palm oil export on month basis. Slight downward correction is likely after big gains posted on Friday.

Soy Futures End High at CBOT

Soy futures at Chicago Board of Trade settle high on Friday. January soybeans settled up 7.25 cents at \$6.49/bushel, 4.5 cents off the high and 9.25 cents up from

the low. March soybeans finished up 8 cents at \$6.58/bushel. This was 10 cents up from the low and 4.25 cents off the high. December Soymeal settled up \$1.6 at

\$187.7/ton. This was \$ 1.1 up from the low and \$ 1.5 off the high. December Soybean Oil settled up 0.46 at 27.50 cents/pound, 0.08 cents off the high and 0.25 cents up from the low. High buying support from wheat and corn helped in gained in soybean in the early-session. The fundamental idea to avoid gained in acreage in other grains provided

underlying support to gain in soy futures. The high number of contracts provides additional support in the mid-session combining with the ideas with crop estimation for Australian canola crop far below to last year. The technical indicators also indicated that soy market in overbought condition but kept the pace along with gained in other grains crops.

WEEKLY WEATHER WATCH

WEATHER FORECAST FOR NEXT 5 DAYS

Presently a weak western disturbance is affecting hilly region of northwest India. Under its influence scattered rain/snowfall is expected over J&K, H.P. and Uttranchal during next 2 days. Under its influence of cyclonic circulation, ongoing rainfall activity over south Peninsular India is likely to increase during next 3-4 days. Night temperatures over plains of NW India and Central India are likely to fall by about 2 degree C during next 3 days.

HEAVY RAINFALL WARNING: Isolated heavy to very heavy rain falls likely over Tamil Nadu & Pondicherry, Kerala, Lakshadweep and Nicobar Islands.

Zone-Wise Weather Forecast

NORTH & NORTH-WEST INDIA: Hilly region viz. J&K, H.P. and Uttranchal is likely to receive scattered to fairly widespread rains/snowfall during next 48 Hrs. Punjab, Haryana and West U.P. are also likely to be mainly dry.

EAST AND NE INDIA: Isolated rainfall is likely over West Bengal, Orissa and NE States. Mainly dry weather is likely over East U.P., Bihar, Jharkhand during next 4-5 days.

CENTRAL INDIA: Isolated thundershower is expected over Madhya Pradesh. Vidarbha and Chhattisgarh are likely to experience mainly dry weather condition during next 4-5 days.

SOUTH INDIA: Fairly widespread rainfall are likely over Andaman & Nicobar Islands, Tamil Nadu and Pondicherry, Kerala, south coastal Andhra Pradesh and Lakshadweep during next 3-4 days. Scattered rainfall is expected over Karnataka and Rayalseem during next 3 days. Isolated rainfall is expected over rest of the region.

WEST INDIA: Rajasthan, Gujarat, Madhya Maharashtra and Marathawara are likely to experience mainly dry weather conditions.

Source: NCMRWF

PORT WATCH

Port updates of edible oils in India (Oct 23-Oct 28, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	-	-	-
Palm oil	57,357	5,300	62,657
CPO	55,000	62,339	1,17,339
Total	1,12,357	67,639	1,79,996

Source: ANAS

Forex Rates:

(October 28, 2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.08
European Union	Euro	57.44
Japan	100 Yen	38.33
United Kingdom	Pound Sterling	85.49

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.