

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 868,500 MT were 20 percent below the previous week and 11 percent under the prior 4-week average. The major buyers were China 388,400 MT, including 60,000 MT switched from unknown destinations), Mexico (104,100 MT), France (60,000 MT), Thailand (60,000 MT), unknown destinations (52,000 MT), and

Japan (49,400 MT). Exports of 826,800 MT were 14 percent above the previous week and 69 percent over the prior 4-week average. The primary destinations were China (366,400 MT), Mexico (171,700 MT), Japan (72,300 MT), Indonesia (61,100 MT), and Turkey (60,700 MT).

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 151,400 MT were 49 percent below the previous week. The major buyers were Canada (24,100 MT), Colombia (20,200 MT), Guatemala (19,000 MT), Saudi Arabia (17,300 MT), Cuba (14,800 MT), and Mexico (14,000 MT). Exports of 114,100 MT were 30 percent

above the previous week and 1 percent over the prior 4-week average. The primary destinations were Canada (30,700 MT), Mexico (19,500 MT), and Saudi Arabia (17,300 MT).

USDA Weekly Export Sales Highlights for Soy Oil:

Net sales of 6,200 MT were mainly for Saudi Arabia (3,200 MT), Colombia (1,400 MT), and Canada (1,200 MT).

Exports of 13,000 MT were primarily for Mexico (10,200 MT), Colombia (1,400 MT), and Canada (1,100 MT).

Edible Oil Import Down in India by SEAI

The oilseeds production in India is determining factor, to imports edible oil. Data released for the 11 months up to September by Solvent Extractors Association of India (SEAI) showed, India imported 3.78 million tonne of edible

oil, which is 18% down. In September, edible oil import is down by 21% and it approximately 3,63,569 tonne for same period last year.

GEAC Postponed GM Soy Oil Import

The lack of adequate information by importers withdrawn approval to import Genetically Modified Soy oil by Genetic Engineering Approval Committee (GEAC). The importers like to present proper documentation like certificates from origin country, way to disposal of by-products need to

present in proper documentation and its analytical report to access clearance for import but they failed to present in time for same withdrawn approval of GM soy oil import in country by GEAC.

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 Monday i.e. October 16 for the period of October 1-15, 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 from India increased with overall gain of 6.60% on moderate demand compared to the last month. EU and USA registered rise in import of the Malaysian palm oil by 201.32% and 164.24 % respectively while China registered decline by 33.42%.

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

(Unit: MT)

| Countries/Continents | Oct 1-15 | Sep 1-15 | Change % |
|----------------------|----------|----------|----------|
| European Union | 197,996 | 65,710 | +201.32 |
| China | 140,482 | 211,001 | -33.42 |
| United States | 70,131 | 26,541 | +164.24 |
| India | 41,100 | 38,554 | +6.60 |

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Spot market prices for palm oil during the week witnessed mixed scenario. The prices gained in Delhi and Mumbai on festival demand, firmness in palm oil futures on the BMD also lend some support to the prices. The subdued demand in rest of centres resulted in the range bound prices. The prices were pressed hard by the weakness in other vegetable oils especially soyoil. Further, lower landing cost of the imported palm oil also pressured the prices. According to a cargo surveyor SGS (Malaysia) Bhd. export sales for the period of October 1-15 totaled 6,96,108 metric tons, up 25.9% from 5,52,866 tons during the previous fortnight, whereas, export of RBD Palm Olein decline by

12.77%. Export figures for RBD Palm Oil, RBD Palm Stearin and Crude Palm oil increased by 11.31%, 30.6% and 207.94% respectively. According to the report, the import of Malaysia's palm oil to India increased by 6.60% during this period. This influx pressured the prices in the domestic markets. Rise in FOB prices of palmolein initially provided underlying support and cushioned to avoid further decline. Prices are likely to remain on the lower side depending upon the import situation and sentiments in other vegetable oils, which are expected on the weaker side in the coming weeks.

Weekly prices for CPO

(Rs/ 10 kg)

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|--------|----------|----------|----------|----------|----------|----------|
| Kandla | 379 | 379 | 380 | 379 | 381 | - |

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Kandla +VAT | 403 | 403 | 403 | 403 | 405 | - |
| Mumbai +VAT | 411 | 415 | 415 | 415 | 417 | - |
| Chennai +VAT | 437 | 435 | 435 | 435 | 437 | - |
| Kakinada +VAT | 405 | 404 | NA | 407 | 409 | - |
| Hyderabad +VAT | 420 | 418 | NA | 420 | 425 | - |
| Delhi | 435 | 435 | 440 | 435 | 425 | - |

MC: Market Closed

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

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|---------------|----------|----------|----------|----------|----------|----------|
| CPO | 432 | 432 | 432 | 432 | 437 | - |
| RBD Palmolein | 455 | 455 | 450 | 455 | 457 | - |

MC: Market Closed**Refined Soy Oil**

Refined soy prices gained slightly in Mumbai and Chennai towards the end of the week on the back of strong sentiments in CBOT. The prices in CBOT witnessed firm sentiments as bad weather situations interrupted the harvesting pace there. Rise in CIF price provide further support to the prices in Mumbai and Chennai spot markets. The CIF rate for refined soy oil for September-January shipment increased and remains in the higher range of \$592-\$609 during the week. In addition to this, Firmness in

BMD futures also lent some bullish sentiments to the market. However, high influx of refined soy oil nationwide to meet the festive required demand during period attested prices to some extent. The prices will declined in near terms in the spot on back of expectation of heavy arrival pressure after Dipawali. Domestic market will also be keenly eying the development in international market particularly U.S. where harvest is in progress.

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

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | 410 | 412 | 415 | 415 | 416 | - |
| Indore +VAT | 408 | 405 | 405 | 403 | 408 | - |
| Kota +VAT | 407 | 407 | 407 | 407 | 410 | - |
| Jaipur +VAT | 410 | 410 | 410 | 410 | 414 | - |
| Hyderabad +VAT | 430 | 428 | NA | 425 | 425 | - |
| Chennai +VAT | 436 | 437 | 438 | 438 | 440 | - |
| Rajkot +VAT | 400 | 400 | 400 | 403 | 403 | - |

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

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|--------|----------|----------|----------|----------|----------|----------|
| Mumbai | 397 | 397 | 394 | 394 | 395 | - |

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

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | 592 | 590 | 607 | 609 | 617 | - |

Rape/Mustard Oil

Mustard oil prices remained range bound in most of market on steady supply demand situation. NAFED is remains prominent factor in controlling price change. Selling price of mustard by NAFED remains in range bound position though out week. The NAFED selling prices of mustard seed during the week in different location in Rajasthan ranged from Rs 1590-1595 for new seeds per quintal, while old stock sold at Rs 1510-1515 per quintal. The prices of mustard oil in Mumbai increased slightly on improvement in

retail demand. As the acreage of mustard is expected to be lower this year and also the sowing of the crop is delaying due to hot weather situation prevailing in the major growing belts of the country, the prices are likely to get some support from the same. However, expected bearish sentiments in the substitute oils like soy oil might nullify the bullish pressure. The mustard oil prices in near terms will much depend on NAFED's stand and scenario in other vegetable oils.

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

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|--------------|----------|----------|----------|----------|----------|----------|
| Mumbai + VAT | 410 | 410 | 410 | 412 | 417 | - |
| Kota +VAT | 386 | 386 | 386 | 386 | 388 | - |
| Jaipur +VAT | 386 | 386 | 386 | 386 | 388 | - |
| Delhi | 418 | 418 | 418 | 414 | 415 | - |
| Neewai +VAT | 386 | 387 | 387 | NA | 388 | - |

Groundnut oil

Groundnut oil markets ruled by steady to firm sentiments in majority of centres. Its price is up in Delhi on rise of consumer demand on festival days. Lower expected production of groundnut this year and good demand supported the prices during the period. The arrivals in major producing centres are yet to pick up and were not enough to pressure the prices down. However, concerns of demand

shift to other cheaper oils checked the prices to comfortable levels. The old stock of the groundnut seeds are depleting and fresh crop arrivals is likely to pick up after the festival. The prices are likely to see some easing in the coming weeks but extent of fall is likely to be limited on account of lower production this year.

Prices for groundnut oil during the week

(Rs/10 kg)

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|---------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | 550 | 550 | 545 | 540 | 540 | - |
| Rajkot +VAT | 525 | 525 | 520 | 510 | 505 | - |
| Andhra Region | 590 | 590 | NA | 585 | 585 | - |
| Chennai +VAT | 555 | 550 | 550 | 530 | 550 | - |
| Delhi | 500 | 500 | 505 | 525 | 510 | - |

Sunflower Oil

Domestic spot market prices of remain steady to weak in almost all the centers on with fall in demand and closely followed of other oils. The price in near term is expected to

decrease on likely to improve arrival and improve stock position. Market expecting to remain bearish sentiments in near terms.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | 505 | 505 | 505 | 505 | 503 | - |
| Chennai +VAT | 522 | 522 | 522 | 520 | 520 | - |
| Hyderabad +VAT | 515 | 500 | NA | 505 | 505 | - |

Prices for CIF Sunflower during the week

(US \$/ MT)

| Center | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | 632 | 632 | 637 | 637 | 650 | - |

Cotton Refine Oil

Cotton oil prices on spot faced remained mixed on with improvement in arrival pressure at few locations. The cotton oil started to arrive in few locations thereby results into

weak sentiments into the market. Arrival pressures with trends in other oils will remains guiding tools to cotton refined oil at spot market.

Prices for Refined Cotton Oil during this week

| Markets | 16.10.06 | 17.10.06 | 18.10.06 | 19.10.06 | 20.10.06 | 21.10.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | 420 | 420 | 422 | 422 | 422 | - |
| Hyderabad +VAT | 430 | 425 | NA | 420 | 425 | - |
| Rajkot +VAT | 423 | 425 | 420 | 413 | 413 | - |
| Delhi | 410 | 410 | 408 | 400 | 405 | - |

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

BMD Futures Settled High on Friday

The most active contract of Jan. 07 of crude palm oil futures ended high on BMD by MYR13 to MYR1,623. High crude oil futures with bullish expectation of export estimation by a cargo surveyor SGS supported market to end high. Some market news to mandatory use of biodiesel

in futures by some European countries additionally fuelling crude palm oil future prices.

CBOT Soy Futures Settle Mixed

Soy futures at Chicago Board of Trade finished mixed on Thursday. November soybean futures settled up 3.5 cents at \$6.08 and January up 4.5 cents at \$6.225 per bushel.

December soymeal finished off \$0.9 at \$178.7 per short ton and December soybean oil up 6 points at 26.54 cents per pound. Moderate gains were posted on fresh weather

concerns in Indiana and Ohio belts, where extended rains have affected the pace of soybean harvest. Otherwise, export sales of soy and products came in the earlier expected range. United State Department of Agriculture (USDA) estimated the weekly soybean export at 868,500 MT against earlier expectation of 8.50-10.0 lakh ton.

Cumulative sale of soybean has reached to 39.1% of USDA's forecast. Export of soy meal during the week came at 152,000 ton against earlier expectation of 1-3 lakh ton. Export sales came at 6200 MT against earlier expectation of 10000-25000 MT.

WEEKLY WEATHER WATCH

WEATHER FORECAST FOR NEXT 5 DAYS

Presently a western disturbance lies over NW India. Under its influence hilly regions may receive scattered rain and adjoining plains of NW India isolated to scattered showers during next 48 hrs. Night temperature over NW is likely to fall around 3 degree C during next 3-4 days. Model predictions suggest ongoing rainfall over Tamil Nadu, south interior Karnataka, coastal Karnataka and Kerala are likely to continue during next 3-4 days. West Bengal, Coastal A.P. and coastal Orissa are likely to experience rains in next 2 days. Central India is likely to be mainly dry during next 5 days.

Zone-Wise Weather Forecast

NORTH & NORTH-WEST INDIA: Hilly region viz. J&K, H.P. and Utranchal may receive scattered rains. Haryana and West U.P. are likely to receive isolated to scattered showers during next 36 hrs.

EAST AND NE INDIA: Isolated to scattered rainfall is likely over coastal Orissa, West Bengal and NE States during

next 24-36 Hrs. Isolated shower is expected over East Uttar Pradesh and Bihar during 20-21 October. Jharkhand is likely to experience mainly dry weather.

CENTRAL INDIA: Mainly dry weather is expected over the region during next 4-5 days

SOUTH INDIA: Scattered to fairly widespread rainfall is likely over Andaman & Nicobar Islands, Coastal Karnataka and Kerala during next 3-4 days. Tamilnadu and coastal A.P. are likely to experience scattered rains. Isolated to scattered rainfall activity is likely over Coastal Andhra Pradesh and north-interior Karnataka during next 4-5 days.

WEST INDIA: Isolated to scattered rainfall is expected over Konkan & Goa during next 24Hrs. and reduce thereafter. Rajasthan, Gujarat, Madhya Maharastra and Marathawara are likely to be mainly dry weather conditions.

Source: NCMRWF

PORT WATCH

Port updates of edible oils in India (Oct 16-Oct 20, 2006)

(Unit: Metric Tonnes)

| Particulars | Expected | Arrived | Total |
|--------------|-----------------|-----------------|-----------------|
| SBO | - | 46,000 | 46,000 |
| Palm oil | 47,150 | 8,000 | 55,150 |
| CPO | 64,205 | 59,895 | 1,24,100 |
| Total | 1,11,355 | 1,13,895 | 2,25,250 |

Source: ANAS

Forex Rates:

(October 20, 2006)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 45.31 |
| European Union | Euro | 57.18 |
| Japan | 100 Yen | 38.29 |
| United Kingdom | Pound Sterling | 85.01 |

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