

## MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Revision of Tariff Value
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: November Month Malaysian Palm Oil Exports Down by 5.0%
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

Net sales of 667,000 MT were 9 percent below the previous week and 11 percent under the prior 4-week average. Major increases were reported for Japan (130,000 MT), China (126,700 MT, including 55,000 MT switched from unknown destinations), the United Arab Emirates (124,100 MT, including 120,000 MT switched from unknown destinations), Mexico (87,700 MT), unknown destinations (73,500 MT), and Thailand (66,700 MT). Optional origin

### USDA Weekly Export Sales Highlights for Soy meal

Soybean Cake and Meal: Net sales of 116,500 MT were 46 percent below the previous week and the prior 4-week average. Major increases for Mexico (69,600 MT), Japan (27,600 MT), the Philippines (17,900 MT), the Dominican Republic (17,800 MT), and Canada (14,000 MT) were partially offset by decreases for unknown destinations (25,700 MT), Honduras (6,300 MT), and Jamaica (6,000

sales of 115,000 MT to China were canceled. Exports of 930,100 MT were 39 percent above the previous week and 6 percent over the prior 4-week average. The primary destinations were China (401,000 MT), the United Arab Emirates (124,100 MT), Thailand (66,700 MT, including 60,000 MT switched from unknown destinations), Mexico (65,500 MT), South Korea (57,300 MT), and Japan (56,300 MT). Source: - USDA.

MT). Sales of 50,000 MT for delivery in 2007/08 were for Canada. Exports of 134,600 MT were 4 percent above the previous week and 6 percent over the prior 4-week average. The primary destinations were the Philippines (31,100 MT), Japan (29,400 MT), Canada (25,700 MT), and Mexico (21,300 MT). Source: - USDA.

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 48,400 MT--a marketing-year high--resulted as major increases for China (30,000 MT), Singapore (15,000 MT), Tunisia (12,000 MT), and Italy (3,000 MT--the first activity since the program began) were partially offset by

decreases for unknown destinations (15,000 MT). Exports of 8,100 MT were primarily for Jamaica (3,000 MT), Mexico (2,200 MT), and the Dominican Republic (2,000 MT). Source: - USDA.

### El Nino May Affect Palm oil Production

El Nino weather forecast for coming year predicts impact on major palm oil producing countries like Indonesia and Malaysia while demand is expected to be excellent from consuming countries likely India and China. In India palm

oil import is expected to improve sharply on low oilseed production in 2006-07. Currently Indian edible oil consumption is nearly 11 million tonne and palm oil accounts for 40 percent share.

### Export Sales Data: SGS Release

SGS (Malaysia) a cargo surveyor released export sales data highlighted palm group oil export fell by 5% during November month at 1,359,790 tons against October 1,43

million tons roughly on line as per earlier expectations. Export to India fell by 19.25% to 52,550 against 65,075 in October.

### 1Biodiesel Export Up to 1 Million Ton: MPOA

According to Ministry of Plantation Industries and Commodities, Malaysian Government has approved 72 biodiesel manufacturing licenses up to November to enhance biodiesel export to nearly 1 million tons in 2007 from palm oil, as per Malaysian Palm oil Association

(MPOA). The expected production of crude palm oil is 16 million tonnes in 2006 and up to 6 million tonnes to be used for energy related products. This movement would boost up crude palm oil prices in producing country and in sympathy it will also impact prices in India and China.

### NAFED to Arrange Disposal of 4 to 5 Lakh Tonnes of

The production of Rapeseed and Mustard was 75.93 lakh tonnes in 2004-05. It was estimated at 78.87 lakh tonnes for 2005-06 (4th advance estimates). As per National Agricultural Cooperative Marketing Federation of India Limited (NAFED), the quantity of mustard seeds procured during Rabi Marketing Season 2006 was 22.05 lakh tonnes out of which 6.21 lakh tonnes was sold leaving a balance of 15.84 lakh tonnes. The Government has issued a

### Quantum Jump in Cotton Exports During 2005-06

There has been quantum jump in cotton exports from the country during 2005-06 to 47.00 lakh bales from the level of 9.14 lakh bales during 2004-05. During the current year 2006-07 also there is good scope for cotton exports from the country since the cotton production in the country is expected to be much more than the domestic consumption resulting into surplus supply situation. However, cotton exports from the country would mainly depend on price parity i.e. Indian cotton prices vis-à-vis international cotton prices.

The details of value and quantity exported during the last three years and current year are :-

(Figures in tones/Value in Rs. Crores)

### GOI: Revise Tariff Value on Edible Oils

Government of India continued current base import released on December 2 mentioned no change in base import duty of import oil and it will follow last changed made since October 1<sup>st</sup>. In a decision Central Government on Friday notified revision of tariff value on imported Oil with a

**Table A: GOI: Revised Base Import Prices Unit (US \$/Ton)**

| Commodities       | Current Tariff Rate (w.e.f. 31.10.06) | 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                             | -                  |

### Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS for the month of November 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

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

| Countries/Continents | November | October | (Unit: MT)<br>Change % |
|----------------------|----------|---------|------------------------|
| European Union       | 361,463  | 368,792 | -1.99                  |
| China                | 330,903  | 300,253 | +10.41                 |
| United States        | 91,302   | 148,725 | -38.61                 |
| India                | 52,550   | 65,075  | -19.25                 |

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

### Mustard Seeds/Month

notification for compulsory use of 20% mustard oil in the manufacture of Vanaspati.

The disposal of mustard seed procured by NAFED is under review on a regular basis by the Government. NAFED has been advised to arrange disposal of 4 to 5 lakh tonnes of mustard seed every month on market rate for minimizing the inventory. This information was given in Lok Sabha today by Shri Kanti Lal Bhuria, Minister of State for Agriculture in a written reply. Source: - PIB.

### Year Export Value

2003-04 179612 942.37

2004-05 86635 422.58

2005-06(Prov.) 595881 2791.87

2006.07

(Prov. April-June) 213566 1101.94

Source: DGCIS, Kolkata

This information was given by the Minister of State for Textiles Shri E.V.K.S. Elangovan in a written reply in Lok Sabha today.

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.

|                    |     |     |   |
|--------------------|-----|-----|---|
| RBD Palmolein      | 484 | 484 | - |
| Others - Palmolein | 483 | 483 | - |
| Crude Soybean Oil  | 580 | 580 | - |

Source: CBEC, Dept of Revenue, GOI.

palm oil to EU, USA and India declined with overall 1.99%, 38.61% and 19.25 respectively on low demand compared to the corresponding period. Only China registered rise in import of the Malaysian palm oil by 10.21%.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Palm oil spot market prices stood weak during the week started from Dec. 04 on poor domestic demand, higher prices and cheap availability of other vegetable oil. The poor demand mainly accounted on palm oil property to solidify at low temperature. Malaysia target to export 1 million tonnes biodiesel from palm oil in 2007 limited the fall of crude palm oil futures at BMD during the week but still had bearish impact in the domestic market. The export

sales released by SGS cargo surveyor in last of November month highlighted Malaysian palm oil export fell by 5% and to India it declined by 19.25% on poor demand. Apart from BMD, fall in crude palm oil FOB price added additional weakness to domestic market. In prevailing conditions, palm oil prices looking for favor from domestic demand, development in international market and Government's movement over revision of base prices of imported oils.

### Weekly prices for CPO

(Rs/ 10 kg)

| Center | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|--------|----------|----------|----------|----------|----------|----------|
| Kandla | 410      | 406      | 406      | 408      | 407      | 407      |

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

| Center         | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Kandla +VAT    | 427      | 425      | 427      | 425      | 427      | 427      |
| Mumbai +VAT    | 443      | 442      | 442      | 442      | 444      | 446      |
| Chennai +VAT   | 450      | 445      | 448      | 448      | 450      | 450      |
| Kakinada +VAT  | 430      | 430      | 430      | 428      | 428      | 426      |
| Hyderabad +VAT | 463      | 465      | 465      | 460      | 460      | 464      |
| Delhi          | 478      | 470      | 462      | 470      | 470      | 470      |

MC: Market Closed

### Weekly prices for FOB (Kandla)

(US \$ / MT)

| Center        | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|---------------|----------|----------|----------|----------|----------|----------|
| CPO           | 520      | 515      | 517      | 515      | 522      | 522      |
| RBD Palmolein | 552      | 547      | 550      | 550      | 560      | 552      |

MC: Market Closed

### Refined Soy Oil

Refined soy oil spot market prices remained weak on low demand, improved arrival and more crushing for meal during the week. In order to get short-gains stockists released significant quantity of soy oil leading to excess of supply over demand inducing bearish impact coupled with down CBOT soy oil and BMD crude palm oil futures.

Weakness in crude soy oil CIF prices and soy Degum kept bears high in the market. CIF prices declined by \$3 and remained in range of \$722-\$725 for January shipment during the week. Veg oil traders are keeping a close watch on latest developments domestically and overseas.

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

(Rs/ 10 kg)

| Center         | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT    | 459      | 460      | 455      | 452      | 454      | 454      |
| Indore +VAT    | 443      | 442      | 443      | 436      | 438      | 436      |
| Kota +VAT      | 452      | NA       | 450      | 450      | 452      | 452      |
| Jaipur +VAT    | 457      | NA       | 453      | 455      | 455      | 455      |
| Hyderabad +VAT | 455      | 448      | 448      | 445      | 445      | 445      |
| Chennai +VAT   | 485      | 480      | 480      | 480      | 480      | 481      |
| Rajkot +VAT    | 465      | 465      | 460      | 455      | 455      | 455      |

MC: Market Closed

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

| Center | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|--------|----------|----------|----------|----------|----------|----------|
| Mumbai | 443      | 438      | 440      | 435      | 435      | 438      |

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

| Center          | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | 725      | 724      | 726      | 722      | 716      | 717      |

**Rape/Mustard Oil**

Spot market price of mustard oil stood weak during the week amidst low demand, weak mustard seed prices and enervated prices of other vegetable oils. Under Open General License (OGL), Government permitted mustard oil in list of import oil had little bearish impact in domestic market. In initial of week, Nafed reduced its mustard seed

prices on floored demand and remained in range of Rs. 1840-50 during the week. Still Nafed having stock of mustard seed about 15.84 lakh tonnes dominates among other stockists. Crushing status and dormant winter demand would determine mustard oil prices in the coming days.

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

| Center       | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|--------------|----------|----------|----------|----------|----------|----------|
| Mumbai + VAT | 460      | 460      | 455      | 455      | 458      | 455      |
| Kota +VAT    | 432      | 438      | 440      | 432      | 432      | 432      |
| Jaipur +VAT  | 435      | 445      | 448      | 437      | 442      | 440      |
| Delhi        | 475      | 465      | 465      | 470      | 465      | 465      |
| Neewai +VAT  | 438      | 437      | 437      | 432      | 430      | 430      |

**Groundnut oil**

Spot market prices of refined groundnut oil remained weak during the week started from Dec. 4 due to increased supply, steady retail and low millers demand. Groundnut seed arrival remains steady amidst follow-through market sentiments. During November month oil meal export increased by 81% against same period last year results in

huge oil stock in the market curbed expected price movement. In Rajkot, shelled groundnut remained in range of Rs. 396-410 per 20 kg during the period under consideration. Reduce acreage and underlying bullish impact of overseas market expected to determine its prices in near terms.

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

| Center        | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|---------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT   | 560      | 560      | 560      | 558      | 552      | 550      |
| Rajkot +VAT   | 535      | 530      | 535      | 530      | 532      | 530      |
| Andhra Region | 610      | 610      | 610      | 600      | 600      | 590      |
| Chennai +VAT  | 575      | 570      | 570      | 575      | 575      | 565      |
| Delhi         | 560      | 560      | 540      | 540      | 540      | 540      |

**Sunflower Oil**

Spot market prices of sunflower refined oil prices declined in domestic spot market on weakness in physical demand coupled with low CIF prices. CIF prices increased to \$3 during the week remains ineffective to produce on poor

domestic demand. Its price likely to follows the dormant bullish impact in overseas market especially soy oil in coming days.

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

| Center         | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT    | 595      | 592      | 590      | 585      | 580      | 580      |
| Chennai +VAT   | 602      | 602      | 602      | 600      | 600      | 592      |
| Hyderabad +VAT | 610      | 600      | 600      | 590      | 590      | 590      |

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

| Center          | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | 735      | 740      | 745      | 740      | 733      | 738      |

### Cotton Refine Oil

Spot market prices of refined cotton oil stood weak on in the physical market on weakness in other vegetable oil and arrival pressure and short gains by stockists. Groundnut

refined oil prices will much more demand upon crushing and movement in other vegetable oil.

### Prices for Refined Cotton Oil during this week

| Markets        | 04.12.06 | 05.12.06 | 06.12.06 | 07.12.06 | 08.12.06 | 09.12.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT    | 448      | 445      | 442      | 440      | 445      | 440      |
| Hyderabad +VAT | 445      | 438      | 438      | 435      | 435      | 440      |
| Rajkot +VAT    | 446      | 445      | 445      | 438      | 445      | 432      |
| Delhi          | 435      | 435      | 435      | 435      | 430      | 430      |

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### BMD Crude Palm oil Futures Finish High

Crude palm oil futures at Bursa Malaysian Derivatives ended up on Friday on devoid of new development and expectation of bullish export sales estimation by a cargo surveyor, SGS for the period of Dec. 1-10. The Most active

February contract finished high MYR 15 at MYR 1,865 per metric ton. There are bullish prices ahead forecast by Dorab Mistry, a prominent analyst coupled with low supply days in coming month kept bulls high in the market.

### CBOT Soy Futures Settle Weak

Soy futures finished down at Chicago Board of Trade. January soybeans futures finished 6 cents down at \$6.56 per bushel. March soymeal settled weak \$1.7 at \$191.2 per short tonne and March soybean oil ended 0.13 down at 29.08 cents per pound. Soy futures ended weak on Chicago Board of Trades on Saturday on poor support from corn and expectation of comfortable availability in the near

term pushed market slightly down. Unsupported weather condition in Brazil helped in recovering. USDA Export sales update to be released on Monday and trade estimations are unlikely to impact in any big way. Higher demand from China and Europe for US soy oil might lead to adjustment in soy oil.

## WEEKLY WEATHER WATCH

### WEATHER FORECAST FOR NEXT 5 DAY

Model predictions suggest that that another western disturbance is likely to approach J&K and adjoining hilly region by 10th December. Under its influence hilly regions of NW India may experience scattered to fairly wide spread snowfall/rains during 10-11 December. Plains of NW India viz. parts of Punjab, Haryana (including Delhi) and west U.P may receive isolated light showers around during 11-12 December. Under the influence of W.D. rise in night temperatures are expected over plains of NW India again during 10-11 December and fall significantly thereafter. Model predictions suggest that south peninsular India viz. south coastal Tamilnadu and Kerala may receive enhanced rain during 10-11 December due to strong easterly wave expected to pass across the region.

### ZONE-WISE WEATHER FORECAST

**North & North-West India:** J&K, H.P. and Uttaranchal are likely to receive scattered with isolated heavy snowfall/rainfall during 10-11 December. Punjab, Haryana (including Delhi) and West U.P. are likely to receive isolated showers during 11-12 December. Significantly fall in temperatures are likely after 11th December.

**East And Ne India:** Mainly dry weather is expected over the region.

**Central India:** Mainly dry weather is likely over the region.

**South India:** Scattered to fairly widespread showers may occur over the region during Dec. 10-11. Andaman & Nicobar Islands may continue to receive enhanced rain during next 24 Hrs.

**West India:** Isolated shower are likely over north Rajasthan during 10-11 December. Mainly dry weather conditions are expected over rest of the region

## PORT WATCH

### Port updates of edible oils in India (Dec 04-Dec.09 2006)

(Unit: Metric Tonnes)

| Particulars   | Expected      | Arrived       | Total           |
|---------------|---------------|---------------|-----------------|
| Sunflower Oil | -             | -             | -               |
| Palm oil      | 35,811        | 15,264        | 51,075          |
| CPO           | 49,284        | 14,454        | 63,738          |
| <b>Total</b>  | <b>85,095</b> | <b>29,718</b> | <b>1,14,813</b> |

Source: ANAS

**Forex Rates:****(December 09, 2006)**

| Country/ Continent | Currency       | Value in Rupees |
|--------------------|----------------|-----------------|
| USA                | Dollar         | 44.69           |
| European Union     | Euro           | 59.00           |
| Japan              | 100 Yen        | 38.41           |
| United Kingdom     | Pound Sterling | 87.33           |

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