

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 1,037,400 MT were 40 percent above the previous week and 36 percent over the prior 4-week average. Major increases were reported for China (458,800 MT), unknown destinations (197,500 MT), Japan (81,200 MT), Thailand (73,400 MT), Spain (60,000 MT, including 60,000 MT switched from unknown destinations), and Belgium (55,000 MT). Decreases were reported for Syria (10,000 MT). Exports of 672,300 MT were 7 percent

above the previous week, but 19 percent under the prior 4-week average. The primary destination was China (380,000 MT), with smaller quantities to Thailand (73,400 MT), Spain (60,000 MT), Mexico (47,000 MT), Morocco (26,300 MT), and Egypt (23,600 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 108,700 MT were 6 percent under the previous week and 33 percent below the prior 4-week average. The major buyers were Mexico (32,200 MT), Canada (26,600 MT), Panama (18,100 MT), Saudi Arabia (10,000 MT), and Colombia (8,500 MT). Exports of 111,400 MT were 18 percent below the previous week and 12 percent under the

prior 4-week average. The primary destinations were France (30,700 MT), Canada (29,500 MT), Mexico (16,100 MT), and Guatemala (10,100 MT). Note: Accumulated exports for El Salvador were adjusted down by 2,000 MT. Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 61,000 MT--a marketing-year high--were mainly for unknown destinations (34,500 MT), China (18,000 MT), Hong Kong (3,000 MT), and Jamaica (3,000

MT). Exports of 1,700 MT were primarily for Mexico (1,300 MT). Source: USDA

G'nut Oil: Steps Likely to Arrest Upsurge Ahead of Assembly Polls

State Government of Gujarat is likely to take serious action to check upwardly movement of groundnut oil prior to state assembly polls in 2007. Groundnut oil prices rising under

good local demand amidst poor crushing as many mills had been shut and excessive cultivation land had taken by other remunerative crop like cotton from groundnut.

Malaysian Exports Sales Fall: SGS Estimation

On Tuesday, SGS a cargo surveyor released Malaysian palm oil exports sales data for the period of Dec. 1-25; highlighted export sells fell by 16% to 914,312 metric tons against corresponding period last month. Export to India

increased by 34.35% at 71,900 metric tonnes during Dec. 1-25 against 47,200 metric tonnes during same period in November month.

GOI: Revise Tariff Value on Edible Oils

Government of India continued current base import released on December 15 highlighted no change in base import duty of import oil and it will follow last changed made since October 1st. In a decision Central Government on Friday 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. 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 | - |

| | | | |
|--------------------|-----|-----|---|
| 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 Friday for the period of Dec. 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 USA and India increased by 9.85%, and 34.35% respectively on improved demand compared to the corresponding period, while EU and China registered declined by 12.54 and 26.18%.

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

| Countries/Continents | December 1-25 | November 1-25 | Change % |
|----------------------|---------------|---------------|----------|
| European Union | 252,710 | 284,392 | -12.54 |
| China | 226,490 | 285,791 | -26.18 |
| United States | 78,924 | 71,151 | +9.85 |
| India | 71,900 | 47,200 | +34.35 |

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Firmness at BMD, crude palm oil FOB prices and good demand supported gain in the domestic palm oil market despite current vessels position on strengthen INR against Dollar, during the week started from Dec. 26. A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Tuesday (Dec. 26) for period of Dec. 1-25, 2006, fell 16% at 914,312 tonnes against 1,091,585 tonnes during corresponding period last month. Export of RBD Palm olein, RBD Palm oil and RBD palm stearin declined

by 13.77%, 14.72% and 76.05% respectively while crude palm oil witnessed an increased by 5.62% during same period. Import of Malaysia's palm oil to EU and China declined by 12.54% and 26.18% respectively while USA and India registered an increase by 9.85% and 34.35% respectively. Underlying bullish sentiments for tight supply in near-term due to flood conditions in Indonesia and Malaysia would have same reflection in the spot market.

Weekly prices for CPO

(Rs/ 10 kg)

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|--------|----------|----------|----------|----------|----------|----------|
| Kandla | MC | 419 | 417 | 418 | 422 | 421 |

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Kandla +VAT | MC | 435 | 427 | NA | 440 | 440 |
| Mumbai +VAT | MC | 458 | 460 | 459 | 464 | 460 |
| Chennai +VAT | MC | 466 | 466 | 466 | 470 | 470 |
| Kakinada +VAT | MC | 450 | 448 | 455 | 460 | 460 |
| Hyderabad +VAT | MC | 468 | 466 | 468 | 471 | 478 |
| Delhi | MC | 465 | 465 | 465 | 475 | 465 |

MC: Market Closed

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

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|---------------|----------|----------|----------|----------|----------|----------|
| CPO | MC | 555 | 557 | NA | 565 | 565 |
| RBD Palmolein | MC | 587 | 592 | NA | 602 | 597 |

MC: Market Closed**Refined Soy Oil**

Spot market prices of refined soy oil increased during the week on firm demand and stockist interest to pile up their inventories. Spiraling CIF prices, firmness at CBOT and anticipation for bullish USDA export sales also aids bullish impact in the spot market coupled with declined oilseed sowing up to December 22nd by 9.39% at 8.94 million

hectares. During the week CIF prices stood in range of \$712-722 per ton for January shipment during corresponding period. Shooting crushing cost for soy oil coupled with underlying firmness in the overseas market likely to have bullish impact in days ahead.

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

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | MC | 458 | 462 | 459 | 464 | 458 |
| Indore +VAT | MC | 445 | 444 | 445 | 445 | 440 |
| Kota +VAT | MC | 455 | 455 | 450 | 452 | 450 |
| Jaipur +VAT | MC | 493 | 490 | 490 | 490 | 490 |
| Hyderabad +VAT | MC | 470 | 470 | 470 | 475 | 475 |
| Chennai +VAT | MC | 493 | 490 | 490 | 490 | 490 |
| Rajkot +VAT | MC | 460 | 460 | 460 | 460 | 460 |

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

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|--------|----------|----------|----------|----------|----------|----------|
| Mumbai | MC | 445 | 450 | NA | 452 | 452 |

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

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | MC | 712 | 715 | 722 | 723 | 723 |

Rape/Mustard Oil

Low trade activities, sluggish demand of retailers and low crushing margin of mustard oil kept bears high in the domestic market during the week started from December 26th, despite ministry of Agriculture released, highlighted rapeseed coverage area declined more than 9 percent to 65.43 lakh hectares against 71.8 lakh hectares last year up to December 22. Nafed still having nearly 13.5 lakh ton

mustard seed and liquidated nearly 2.5 lakh ton during December month up to 26th had underlying bearish impact. Nafed sold its mustard seed in the range of Rs. 1750-1775 per 100 kg for stock during 2005/06. In prevailing Nafed's aggressive mood, further decline in mustard oil prices is expecting in coming days.

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

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|--------------|----------|----------|----------|----------|----------|----------|
| Mumbai + VAT | MC | 465 | 474 | 475 | 463 | 465 |
| Kota +VAT | MC | 438 | 438 | 437 | 437 | 430 |
| Jaipur +VAT | MC | 442 | 442 | 440 | 440 | 433 |
| Delhi | MC | 470 | 475 | 460 | 465 | 465 |
| Neewai +VAT | MC | 433 | 440 | 436 | 432 | 430 |

Groundnut oil

Groundnut refined oil spot prices improved during the week started from December 26 amidst upsurge in other vegetable oils, exceeding demand over supply as many

mills had closed and ongoing Rabi sowing in Andhra Pradesh, Karnataka etc. had good demand for groundnut from Gujarat. State Government of Gujarat is likely to taking

serious steps to check upwardly prices movement under consideration of assembly polls ahead had mixed reaction in the market. Arrivals declined as producers and stockists are waiting for good return aids bullish impact. In Rajkot

market, shelled groundnut prices revolved around Rs. 422-425 per 20kg during the week. Under Government movement and depleting seed stock under prevailing Rabi sowing likely to produce mixed reaction in coming days.

Prices for groundnut oil during the week

(Rs/10 kg)

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|---------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | MC | 585 | 585 | 585 | 585 | 580 |
| Rajkot +VAT | MC | 560 | 550 | 552 | 555 | 560 |
| Andhra Region | MC | 640 | 650 | 660 | 660 | 660 |
| Chennai +VAT | MC | 630 | 630 | 620 | 625 | 625 |
| Delhi | MC | 540 | 555 | 555 | 565 | 560 |

Sunflower Oil

Arrival of new vessel carrying sunflower oil and marginally increased seeds arrivals depressed refined sunflower oil in the spot market during the week despite increased CIF

prices, which improved \$12 during same period. Seeds arrivals pressure and movement in CIF rates likely to influence refined sunflower oil prices in coming days.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | MC | 585 | 588 | 580 | 570 | 570 |
| Chennai +VAT | MC | 595 | 595 | 592 | 595 | 595 |
| Hyderabad +VAT | MC | 610 | 610 | 590 | 585 | 585 |

Prices for CIF Sunflower during the week

(US \$/ MT)

| Center | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | MC | 688 | 693 | NA | NA | 700 |

Cotton Refine Oil

Refined cotton oil decreased in the domestic market on weakness in groundnut oil as both are arrivals crop and share same market. Arrivals improved during the week with less aggressive buying in hope of further fall in prices aided

weakness. Groundnut refined oil prices much more depend other vegetable oil movement and seed arrival status in near terms.

Prices for Refined Cotton Oil during this week

| Markets | 25.12.06 | 26.12.06 | 27.12.06 | 28.12.06 | 29.12.06 | 30.12.06 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | MC | 456 | 460 | 456 | 462 | 458 |
| Hyderabad +VAT | MC | 465 | 465 | 465 | 468 | 465 |
| Rajkot +VAT | MC | 448 | 445 | 448 | 446 | 445 |
| Delhi | MC | 450 | 450 | 438 | 440 | 440 |

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

BMD Crude Palm oil Futures Finish Up

Poor interest for rallies on holiday cheers ahead of year-end and profit taking weakens crude palm oil futures at Bursa Malaysian Derivatives on Friday. Lack of fresh fundamental news and low excitement over SGS cargo

surveyor estimation for December month aids bearish tone to the market and kept market below psychological barrier of MYR 2,000 per ton. The crude palm oil March contract finished MYR37 down at MYR1,995 per ton.

CBOT Soy Futures Settle Mixed

Soy futures finished mixed at Chicago board of trades. January soybeans futures ended 7.75 cents up at \$6.835 per bushel. March soybean meal finished \$2.5 up at \$196.9 per short tonne and March soybean oil settled 0.01 down at 29.70 cents per pound. CBOT Soy futures settled mixed at Chicago Board of Trades on Friday amidst technical selling, lack of fund buyers despite USDA bullish export sale, which helped meals recovery. Weakness at overnight BMD and

good weather conditions in Argentina pushed market down. USDA weekly export sales for soybeans came at 1.037 million metric tonnes against trade expectations between 555,000-750,000 metric tonnes. Meals sales stood at 108,900 metric tonnes against trade expectations between 75,000-125,000 metric tonnes and soy oil remained at 61,000 metric tonnes against 25,000-45,000 metric tonnes.

WEEKLY WEATHER WATCH

WEATHER FORECAST FOR NEXT 5 DAY

At present, NW India is experiencing fair weather but below normal night temperatures. Many parts of plains of NW India are experiencing fog in morning and evening hours. Such a situation is likely to continue during next 2-3 days. Another western disturbance is likely to affect hilly region of J&K and H.P. from 31 December 06 for 48 Hrs. Under its influence, beginning of the new year 2007 is likely to be with isolated to scattered snowfall/rainfall over hilly regions of J&K and H.P.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Night temperature are likely to fall by about 1-2 °C over most parts of northwest India during next 3 days then rise from 31 December. Isolated to scattered snow/rainfall is likely over J&K, H.P. and Uttaranchal during 1-2 January, 07.

EAST AND NE INDIA: Isolated rain/thundershower is expected over Arunachal Pradesh and Assam during next 24hrs only. Mainly dry weather is expected over rest of the region during next 5 days. Night temperatures are expected to fall over East U.P and Bihar during 3 days.

CENTRAL INDIA: Mainly dry weather is likely over the region next 5 days. Night temperatures are expected to fall by about 1-2 degree C over Madhya Pradesh and Chhattisgarh during next 3 days.

SOUTH INDIA: Isolated rainfall are likely to occur over Nicobar Islands. Mainly dry weather conditions are expected over rest of the region.

WEST INDIA: Mainly dry weather conditions are expected over region. Night temperatures are likely to fall over Rajasthan and Gujarat during next 3 days.

Source: NCMRWF

PORT WATCH

Port updates of edible oils in India (Dec 26-Dec.30 2006)

(Unit: Metric Tonnes)

| Particulars | Expected | Arrived | Total |
|--------------|---------------|---------------|-----------------|
| Fatty Acid | - | 2,000 | 2,000 |
| Palm oil | 42,400 | 3,000 | 45,400 |
| CPO | 51,500 | 67,581 | 1,19,081 |
| Total | 93,900 | 72,581 | 1,66,481 |

Source: ANAS

Forex Rates:

(December 30, 2006)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 44.25 |
| European Union | Euro | 58.40 |
| Japan | 100 Yen | 37.18 |
| United Kingdom | Pound Sterling | 86.68 |

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