

### MAJOR WEEKLY HIGHLIGHTS

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### DOMESTIC & INTERNATIONAL NEWS

#### USDA Weekly Export Sales Highlights for Soybean:

Net sales of 729,400 MT were 9 percent below the previous week, but equal to the prior 4-week average. China (350,900 MT, including 58,000 MT switched from unknown destinations) was the major buyer, with smaller quantities to Indonesia (60,000 MT), the Netherlands (55,400 MT, including 43,000 MT switched from unknown destinations), Germany (53,800 MT, including 42,500 MT switched from unknown destinations), Turkey (47,700 MT), and Mexico

(43,500 MT). Decreases were reported for unknown destinations (114,300 MT). Sales of 60,000 MT for delivery in 2007/08 were for unknown destinations. Exports of 670,600 MT were 10 percent above the previous week, but 34 percent below the prior 4-week average. The primary destinations were China (232,400 MT), Japan (74,800 MT), Mexico (56,600 MT), the Netherlands (55,400 MT), and Germany (53,800 MT). Source: USDA

#### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 214,100 MT were 13 percent below the previous week, but 22 percent over the prior 4-week average. Major increases were reported for Mexico (88,700 MT), unknown destinations (24,000 MT), Guatemala (20,100 MT), the Dominican Republic (18,800 MT), and

Canada (17,400 MT). Exports of 129,900 MT were 5 percent above the previous week and the prior 4-week average. The primary destinations were Canada (29,900 MT), Mexico (29,200 MT), the Dominican Republic (16,900 MT), and Colombia (15,400 MT). Source: USDA

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

Net sales of 31,500 MT improved from the previous week's low level. Major increases were reported for unknown destinations (15,000 MT) and Morocco (10,500 MT).

Exports of 1,600 MT were primarily for Mexico (800 MT) and Canada (400 MT). Source: USDA

#### Base Import Prices Remains Unchanged

As per finance ministry notification on Friday, base import prices of crude palm oil and crude soy oil will continue to

remain at prevailing prices of \$ 447 and \$ 580 per metric ton respectively.

#### SGS Cargo Export Sales Estimation

SGS cargo surveyor estimated palm oil exports sales data down 7.4% for the period of Nov. 1-25 to 1,091,585 metric

tons against 1,178,379 tons during Oct 1-25. Export to India declined by 14.65% during the same period.

#### Export Sales Data: SGS Release

SGS (Malaysia) a cargo surveyor released export sales data on Thursday highlighted palm group oil export fell by 5% 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.

#### Vanaspatti Industry Opposes Import Norms

The recent move by Directorate General of Foreign Trade (DGFT) to de-canalise vanaspatti and duty free import up to 2.5 lakh tonnes from Sri Lanka faced strong opposition from Indian Vanaspatti Producer's Association (IVPA), as some Indian firms having units in Sri Lanka stand to gain unduly

under this arrangement. Hence they are making a strong case to reduce the duty free limit to 1 lakh tonnes (as in the case of Nepal) and also reintroduce canalisation of imports through NAFED for more equitable distribution of imported vanaspatti.

### Oilseed Sowing Area: A Highlight

Ministry of Agriculture Monday release, highlighted sowing of major oilseeds progress during Oct 1-Nov 24, rapeseed reflected 5.7 million hectares against 6.2 million hectares

### 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	-

for corresponding period last year. Rabi oilseed crops planted from October-December.

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.

### Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Thursday i.e. November 30 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 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%.

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

(Unit: MT)

Countries/Continents	November	October	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.

### DOMESTIC MARKET ANALYSIS

#### Palm Oil

Spot prices of palm oil remained steady to weak during the week started from Nov 27 due to low trade activities on spiraling spot prices under influence of solid gains at BMD palm oil futures. A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Thursday (November 30) for month of November 2006, fell 5% to 1,359,790 tons against 9,41,070 tons in October month. Export of RBD Palm Oil, RBD Palm stearin and crude palm oil declined by 35.21%, 12% and 13.73% respectively while, RBD Palm

olein increased by 7.54%, during November month while import of Malaysia's palm oil to EU, USA and India declined by 1.99%, 38.61% and 19.25% respectively while China recorded an increase by 10.21%. Marginally weakness of crude palm oil FOB prices added some bearish tone in the domestic market. Palm oil prices much more depend on development in overseas market and Government's movement over revision of tariff duty on imported oils.

#### Weekly prices for CPO

(Rs/ 10 kg)

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Kandla	418	415	412	410	412	412

**Weekly prices for RBD Palmolein****(Rs/ 10 kg)**

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Kandla +VAT	432	430	428	428	428	428
Mumbai +VAT	453	452	449	445	447	447
Chennai +VAT	460	457	450	450	450	450
Kakinada +VAT	430	438	430	430	430	430
Hyderabad +VAT	463	468	468	463	468	467
Delhi	470	475	475	475	475	473

**MC: Market Closed****Weekly prices for FOB (Kandla)****(US \$ / MT)**

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
CPO	525	527	515	520	522	522
RBD Palmolein	560	557	547	550	550	550

**MC: Market Closed****Refined Soy Oil**

Spot market prices of refined soy oil remained weak during the week on exceeding supply over demand. In expectation of further fall in prices, sufficient oil released by stockists to cover short gains added bearishness in the market. More weakness borrowed from decline of soybeans seed prices during the week. Improvement in CIF prices by \$5 and

firmness in overseas market cushioned further all of prices. The CIF prices of refined soy oil remained in range of \$ 714-\$719 for December shipment during the week. The strong influence of overseas market will likely guiding force to domestic market in near terms.

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

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Mumbai +VAT	474	470	468	468	468	468
Indore +VAT	452	454	448	446	451	447
Kota +VAT	470	NA	463	463	460	457
Jaipur +VAT	475	NA	467	467	465	462
Hyderabad +VAT	470	465	465	460	460	455
Chennai +VAT	490	490	485	480	480	485
Rajkot +VAT	480	475	470	470	470	470

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

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Mumbai	485	485	478	480	478	480

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

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Kandla & Mumbai	714	712	714	719	718	728

**Rape/Mustard Oil**

Prevailing high spot market prices of mustard oil and bearishness in other vegetable oils results in low trade activities in the domestic market during the week and witnessed weak prices. Previous heavy crushing led to abound oil stocks coupled with decline in mustard seed prices kept bears high in the market. Against other

stockists, Nafed having above par stock of mustard seed and sold mustard seed in the range of Rs. 1870-1890 per quintal for last year stock during the week strengthen market not to fall further. Crushing conditions and demand from retail and stockist will be guiding force for mustard oil prices in near terms.

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

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Mumbai + VAT	472	472	468	465	465	465
Kota +VAT	460	460	460	448	442	442
Jaipur +VAT	468	465	465	452	452	452
Delhi	490	480	480	475	475	478
Neewai +VAT	457	460	455	446	450	450

**Groundnut oil**

Groundnut refined oil prices remains steady to weak in the spot market on mixed demand during the week started from Nov 27. Lack of fresh fundament development, follow-through trends of other vegetable oils had strong bearish impact in the domestic market. The continuous fall of prices made buyers to wait for further weakness regains trade

activities. The significant release of groundnut seed from producers to fetch good returns added bearishness in the market. A couple of factors like buyers interest, groundnut seed arrival status and millers movement will be determining the groundnut refined oil futures in coming days.

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

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Mumbai +VAT	580	580	570	565	565	565
Rajkot +VAT	547	540	535	530	530	538
Andhra Region	630	620	610	620	620	600
Chennai +VAT	575	580	580	575	575	575
Delhi	570	570	580	570	560	560

**Sunflower Oil**

Sunflower refined oil prices declined in domestic spot market on suspension of trade activities coupled with lower CIF prices. CIF prices decline to \$10 during the week. Its

price likely to follows the development in overseas market especially soy oil in coming week and arrival pressure.

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

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Mumbai +VAT	602	595	595	595	595	595
Chennai +VAT	600	602	600	602	605	602
Hyderabad +VAT	610	610	600	600	610	610

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

Center	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Kandla & Mumbai	745	728	740	743	740	735

**Cotton Refine Oil**

Refined cotton oil remained weak during the week in the domestic market on weakness in other vegetable oil and higher prices. Arrivals are also remains steady had some

bearish impact in the market. Groundnut refined oil prices will much more demand upon crushing status and development in overseas market.

**Prices for Refined Cotton Oil during this week**

Markets	27.11.06	28.11.06	29.11.06	30.11.06	01.12.06	02.12.06
Mumbai +VAT	460	460	460	450	455	453
Hyderabad +VAT	460	460	455	450	450	445
Rajkot +VAT	460	452	450	447	448	448
Delhi	440	440	440	438	440	438

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### Crude Palm oil Futures at BMD Finish Weak

Last two weeks rally reached market to overbought conditions on long-terms demand from China and India and with partial support from biodiesel demand. Weak technical indicators and profit-taking witnessed weakness to

overbought condition of crude palm oil and most active February contract down MYR 52 at MYR 1, 888 per metric ton on Friday.

### Soy Futures Finish Mixed at Chicago Board of Trades

Soy futures finished mixed at Chicago Board of Trades. January Soybeans settled down 8.5 cents at \$6.77/bushel, 10.5 cents off the high and 1.5 cents up from the low. March Soybeans settled down 8.25 cents at \$6.92/bushel. This was 2.75 cents up from the low and 9 cents off the high. March Soymeal settled down \$5.1 at \$194.3/ton. This was \$ 0.3 up from the low and \$ 5.0 off the high. March Soybean Oil finished up 0.08 cents at 30.15 cents/pound, 0.01 cents off the high and 0.35 cents up from the low. . A

combination of factors accounted for soybean futures to close down and thus expected that start of week could see technical selling. Weakness in grains, news of good crop of soybean in Brazil, weak trade in China amidst sell off for Malaysian palm oil triggered beans to follow the suit. Decline in meal deliveries and weak USD due to lower crude oil prices couldn't provide much needed support to prevent any downfall.

## WEEKLY WEATHER WATCH

### WEATHER FORECAST FOR NEXT 5 DAY

Model prediction suggest that a western disturbance is likely to approach over Jammu & Kashmir and adjoining area around 3rd Decemehr2006. Under its influence scattered to fairly widespread snowfall/rainfall is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during 3-5 December, 06. Scattered shower is expected over Punjab, Haryana (including Delhi) and west U.P. during 4-6 December, 2006. Day temperature is likely to fall by 2-3°C and night temperature may rise by 2-3°C over northwest India during 3-5 December, 06. Night temperature are likely to fall by 4-5 °C over northwest India and Central India after 5th December, 2006 A low pressure area is likely to form over Andman Sea around 7th December, 2006.

### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** J&K, H.P. and Uttaranchal are likely to receive scattered snowfall/rainfall during 3-5 December,06. Adjoining Punjab, Haryana (including Delhi) and west U.P. are likely to receive scattered showers during 4-6 December 2006.

**EAST AND NE INDIA:** Isolated shower is expected over Arunachal Pradesh. Mainly dry weather is expected over rest of the region.

**CENTRAL INDIA:** Mainly dry weather is likely over the region.

**SOUTH INDIA:** Scattered to fairly widespread rainfall is likely over south Tamilnadu during next 48 Hrs. Isolated rainfall is likely over Nicobar Islands, north Tamilnadu, Kerala and Lakshadweep. Mainly dry weather is expected over rest of the region.

**WEST INDIA:** Mainly dry weather conditions are expected over the region.

## PORT WATCH

Port updates of edible oils in India (Nov 27-Dec 02 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
Sunflower Oil	-	-	-
Palm oil	55,011	27,232	82,243
CPO	8,500	36,600	45,100
<b>Total</b>	<b>63,511</b>	<b>63,832</b>	<b>1,27,343</b>

Source: ANAS

### Forex Rates:

(December 02, 2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.67
European Union	Euro	59.57
Japan	100 Yen	38.69
United Kingdom	Pound Sterling	88.50

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