

MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Revision of Tariff Value
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: Malaysian Palm oil Export Sales During Period of December 1-20
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 742,000 MT were 18 percent below the previous week and 4 percent under the prior 4-week average. The major buyers were China (235,200 MT, including 55,000 MT switched from unknown destinations) and Spain (121,600 MT, including 54,600 MT switched from unknown destinations), with smaller quantities to Taiwan (99,800 MT), Egypt (60,000 MT), and the United Arab

USDA Weekly Export Sales Highlights for Soy meal

Soybean meal: Net sales of 117,400 MT were 43 percent under the previous week and 40 percent below the prior 4-week average. Major increases for the Philippines (33,500 MT, including 25,000 MT switched from unknown destinations), Canada (21,000 MT), Israel (14,500 MT), the Dominican Republic (14,500 MT), and Mexico (12,200 MT),

USDA Weekly Export Sales Highlights for Soy Oil

Soybean Oil: Net sales of 6,400 MT were mainly for Mexico (4,000 MT) and Canada (1,400 MT). Exports of 17,100 MT

Emirates (50,000 MT). Exports of 629,000 MT were 41 percent below the previous week and 23 percent under the prior 4-week average. The primary destinations were China (279,200 MT), Japan (115,100 MT), Taiwan (103,500 MT), Spain (54,600 MT), and Mexico (43,000 MT). Source: - USDA

were partially offset by decreases for unknown destinations (25,000 MT). Exports of 137,300 MT were 26 percent above the previous week and 11 percent over the prior 4-week average. The primary destinations were Canada (32,300 MT), Mexico (29,900 MT), the Philippines (28,200 MT), and El Salvador (9,800 MT). Source: USDA

were primarily for China (15,300 MT) and Mexico (1,300 MT). Source: -USDA.

Outbreak of Bird Flu In Vietnam

As per ministry of Agriculture and Rural Development in Vietnam, the South Mekong delta had witnessed outbreak of bird flu. The prevailing weather conditions were found to be favourable for further spread of this disease. Waterfowls

namely ducks were reported to be infected to large extent. Since Vietnam happens to be leading importer of oilmeals, the news is likely to create trade imbalance across major exporters of oilmeals to Vietnam.

Import Duty on Palm oil Extended for Indefinite Period

In order to keep check on inflationary tendency for edible oils, Centre has extended import duty on palm group oil for indefinite period i.e. base import prices of crude palm oil will

remain at \$447 per ton to stay in favor of consumers and oilseed producers. On Aug. 11 government announced 10% duty concession on imported oil.

Veg oil Industry Demand Restoration of Higher Palm oil Duty

The continuous weakness in vegetable oil prices nationwide is prompting oil industries demand revert to previous duty structure i.e. 90% and 80% on refined palm oil and crude palm oil, respectively to limit further fall in

edible oil prices. Government refused to any such change in duty that might hamper farmer's interest and also push up the prices against the interest of consumers.

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. 1-20, 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 China and India increased by 5.46% and 89.37% respectively on improved demand compared to the corresponding period, while EU and USA registered declined of imported Malaysian palm oil by 35.24 and 8.61%.

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

(Unit: MT)

Countries/Continents	December 1-20	November 1-20	Change %
European Union	161,530	249,447	-35.24
China	201,940	191,486	+5.46
United States	57,212	62,604	-8.61
India	57,000	30,100	+89.37

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Palm oil spot market prices increased during the week amidst firmness in overseas markets, rising retailers demand and increased crude palm oil FOB prices ignored weakness in CPO CIF prices, which remained in range of \$565-570 per ton during the week under consideration. A cargo surveyor SGS (Malaysia) Bhd. palm oil export sales estimation for the period of Dec. 1-20, highlighted export fell 23.50% to 654,990 tons against 856,664 tons during period of November 1-20. Export of RBD palm olein, RBD palm oil,

RBD palm stearin and crude palm oil declined by 16.81%, 24.51%, 39.92% and 13.62% respectively while import of Malaysia's palm oil to EU and USA declined by 35.24% and 8.61% respectively while export to China and India increased by 5.46% and 89.37%. The flood conditions in parts of Malaysia coupled with vessels positions likely to have bullish impact over palm oil supply would influence domestic market accordingly in near-terms.

Weekly prices for CPO

(Rs/ 10 kg)

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Kandla	402	401	402	NA	407	407

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Kandla +VAT	428	426	427	429	430	432
Mumbai +VAT	443	442	444	447	452	453
Chennai +VAT	453	453	455	458	460	463
Kakinada +VAT	434	431	435	431	438	442
Hyderabad +VAT	454	452	457	457	458	460
Delhi	470	465	460	465	465	465

MC: Market Closed

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

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
CPO	525	520	525	NA	535	535
RBD Palmolein	557	552	555	NA	565	565

MC: Market Closed**Refined Soy Oil**

Despite of outbreak of bird flu in Vietnam, Indonesia and new case report South Korea, domestic market of refined soy oil remained bullish during the week started from Dec. 18 amidst rising stockists demand and millers interest as dearer crushing margin. Steady beans arrivals pressure, firmness in overseas market and within range USDA

exports sales estimation of soy complex added bullish impact. The CIF prices of crude soy oil revolved around \$698-709 per ton for January shipment during the period under consideration. The celebration moods ahead of Christmas and year-end likely to bullish impact on soy oil in near-term.

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

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Mumbai +VAT	443	443	445	447	450	452
Indore +VAT	426	423	425	432	438	436
Kota +VAT	438	438	440	445	448	453
Jaipur +VAT	442	442	445	448	451	455
Hyderabad +VAT	455	450	455	458	460	465
Chennai +VAT	481	482	483	487	487	488
Rajkot +VAT	452	450	455	455	460	460

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

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Mumbai	435	435	438	NA	442	442

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

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Kandla & Mumbai	718	718	706	NA	678	678

Rape/Mustard Oil

Mustard oil experienced the lowest prices in midst of week started from Dec. 18 on poor demand but Nafed sudden drop of mustard seed prices amidst emergence of fresh buying from millers as crushing margin dearer had some bullish impact on oil market and helped in marginally recovery from recent losses. During the week, Nafed sold

mustard seeds prices in range of Rs. 1690-1775 per quintal for the stocks of 2005/06. Nafed likely to halt seeds selling priors inventories reach to 10 lakh ton would increased liquidation is expected to influence mustard oil prices in near term.

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

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Mumbai + VAT	445	446	442	445	452	455
Kota +VAT	415	410	418	422	428	435
Jaipur +VAT	418	415	420	425	431	433
Delhi	453	450	452	455	458	460
Neewai +VAT	418	415	413	415	430	432

Groundnut oil

Spot market prices of groundnut refined oil dearer in the domestic market during the weak started from Dec. 18

amidst depleting stock, low crushing and emergence of fresh demand. The groundnut seed demand from producing

states to southern part of India for rabi sowing added some bullish impact to the domestic market. Delhi and Chennai market remained balance in demand and supply, kept oil prices range bound. In Rajkot market, shelled groundnut

remained in range of Rs. 394-405 per 20 kg during the period under consideration. Sowing status in southern parts and meal demand from exporters will guide direction to domestic market in coming days.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Mumbai +VAT	552	555	555	560	570	575
Rajkot +VAT	528	530	540	545	550	550
Andhra Region	595	595	620	620	605	650
Chennai +VAT	585	585	585	585	590	600
Delhi	520	520	520	520	520	540

Sunflower Oil

Sunflower refined oil spot market prices remained mixed during the week on lack of firmness in the physical demand and steep drop in CIF prices, which declined \$40 during the week. Sunflower seed arrival remained weak unable to

provide firm advice to the market. Its prices much more depend upon likely increase in arrival pressuring in coming week with bullish impact in overseas market.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Mumbai +VAT	580	575	572	572	575	575
Chennai +VAT	587	590	590	590	590	590
Hyderabad +VAT	590	590	600	600	600	610

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Kandla & Mumbai	718	718	706	NA	678	678

Cotton Refine Oil

Spot market prices of refined cotton oil increased in the spot market amidst steady arrivals and low crushing results stocks depletion in the market added some bullish impact.

Groundnut refined oil prices likely to influence by other arrival crop in the market and crushing status in near terms.

Prices for Refined Cotton Oil during this week

Markets	18.12.06	19.12.06	20.12.06	21.12.06	22.12.06	23.12.06
Mumbai +VAT	446	442	442	445	452	452
Hyderabad +VAT	445	441	450	450	450	455
Rajkot +VAT	428	425	430	432	440	445
Delhi	422	420	424	425	435	435

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Crude Palm oil Futures Finish Up

Flood conditions in parts of Malaysia hampered palm oil supply stood firmness at crude palm oil futures at Bursa Malaysian Derivatives along with escalated overnight CBOT soy oil futures and slow trade activities. The

cumulative effect of above factors supported the most active March contract of crude palm oil futures up MYR 19 at MYR1,901 per ton on Friday.

CBOT Soy Futures Ends Up

Soy futures finished high at Chicago board of trades. January soybeans futures ended 9.25 cents up at \$6.595 per bushel. March soymeal finished \$1.5 up at \$190.9 per short tonne and March soybean oil settled 0.26 up at 28.84 cents per pound. The last week losses somehow recovered in current week and soy futures ended firm on Chicago

Board of Trades on Friday. Gains in corn prices and technical buying raised soy futures but gains limited by forecast of good rain in southern Brazil in next week. Anticipation for fund buying in early 2007 had underlying bullishness in the market.

WEEKLY WEATHER WATCH

WEATHER FORECAST FOR NEXT 5 DAY

Under the influence of eastwards moving western disturbance across western Himalayas, scattered snowfall/rainfall is expected over H.P. and Uttranchal during 24 hrs only. The night temperatures are likely to fall over northwest India, Gangetic plains and adjoining Central India during next 2 days. Model prediction suggest that another western disturbance is likely to approach J&K and adjoining area around 25th December. Under its influence scattered snowfall/rainfall is likely over J&K, H.P., Uttarakhand during 25-27 December, 06. Under the influence of an easterly wave over southern peninsular region, scattered rainfall is likely over extreme south peninsula during next 24 hours.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Scattered snowfall /rainfall are likely over H.P. and Uttranchal during next 24

hrs. Night temperature is likely fall by about 2-3 °C most parts of northwest India during next 2 days rise thereafter.

EAST AND NE INDIA: Mainly dry weather is expected over region during next 5 days. Night temperatures are expected to fall over East U.P and Bihar during next 2 days then rise thereafter.

CENTRAL INDIA: Mainly dry weather is likely over the region next 5 days. Night temperatures are expected to fall over Madhya Pradesh and Chhattisgarh during next 2 days.

SOUTH INDIA: Scattered rainfall are likely to occur over Tamilnadu & Pondichery, Kerala and Lakshdweep. Isolated rainfall is likely to occur over south coastal A.P. Rayalseema and South Interior Karnataka. 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 2 days then rise thereafter.

Source: NCMRWF

PORT WATCH

Port updates of edible oils in India (Dec 18-Dec.23 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CFA	2,000	-	2,000
Fatty Acid		2,000	2,000
Palm oil	57,500	15,746	73,246
CPO	1,08,067	60,567	1,68,634
Total	1,67,567	78,313	2,45,880

Source: ANAS

Forex Rates:

(December 23, 2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.37
European Union	Euro	58.25
Japan	100 Yen	37.33
United Kingdom	Pound Sterling	86.88

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.