

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

Net sales of 903,300 MT were 35 percent above the previous week and 22 percent over the prior 4-week average. Major increases reported for China (469,800 MT, including 155,000 MT switched from unknown destinations), the Netherlands (150,300 MT, including 140,000 MT switched from unknown destinations), Indonesia (82,300 MT, including 62,000 MT switched from unknown destinations), Thailand (60,000 MT), Cuba (60,000 MT), and Japan (58,100 MT), were partially offset

by decreases for unknown destinations (124,600 MT). Exports of 1,073,800 MT were 15 percent above the previous week and 27 percent over the prior 4-week average. The primary destinations were China (396,200 MT), the Netherlands (150,300 MT), Japan (101,600 MT), Mexico (76,200 MT), Indonesia (70,400 MT), Egypt (63,200 MT), and Belgium (62,300 MT).

Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 205,500 MT were 76 percent over the previous week and 16 percent above the prior 4-week average. Major increases were reported for Jamaica (55,000 MT), El Salvador (27,100 MT, including 7,200 switched from Guatemala), Turkey (17,500 MT), the Dominican Republic (15,200 MT), Guatemala (14,700 MT), and Canada (13,600 MT). Sales of 15,500 MT for delivery in 2007/08 were mainly for Jamaica (15,000 MT). Exports of 108,900 MT

were 19 percent below the previous week and 17 percent under the prior 4-week average. The primary destinations were Mexico (31,000 MT), Canada (27,500 MT), Guatemala (16,900 MT), and the Dominican Republic (11,600 MT).

Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 15,600 MT resulted as major increases for China (15,000 MT, switched from Singapore) and Mexico (14,100 MT), were partially offset by decreases for Singapore (15,000 MT). Sales of 6,500 MT for delivery in 2007/2008 were for Mexico. Exports of 17,200 MT were

primarily for South Korea (12,600 MT) and Hong Kong (3,000 MT).

Source: USDA

### Base Import Prices Keep Unchanged

Government kept base import prices of palm oil and crude soy oil unchanged on Friday and continued at \$447/ ton for

crude palm oil and \$580 per metric ton for crude soy oil and for RBD palm oil base prices remained at \$476/ton.

### Palm oil Export Fell 35% :SGS Export Sales Data

A cargo surveyor SGS released Malaysian palm oil export sales data for the period of Dec. 1-10 highlighted exports remain at 2,95,168 metric tonnes fell by 35% from 4,51,440

metric tonnes during corresponding period last month. Export to India drop 88.37% at 3,500 metric tonnes against 30,100 metric tonnes during the period of Nov. 1-10.

### Palm oil Export Down: MPOB

Malaysian palm oil Board (MPOB) released palm oil export for the month of November highlighted exports down 9.3% at 1,298,635 metric tonnes against 1,432,285 metric tonnes in October month. However, palm oil production in November month increased 10.8% to 1,551,683 metric

tonnes as compare to 1,400,136 metric tonnes in October month and stock improved by 5% at 1,673,531 metric tonnes in November against 1,593,435 metric tonnes last month.

### Global Oilseeds Estimation: WASDE Highlight

Total U.S. oilseed production is projected at 97.0 million tons, down fractionally due to a slight reduction in cottonseed. Soybean supply and use projections for 2006/07 are unchanged from last month. Soybean ending stocks for 2006/07 are projected at a record 565 million bushels, up 26 percent from 2005/06. Soybean oil supply, use, and ending stocks for 2006/07 are all raised this month. Despite unchanged soybean crush, soybean oil production is increased due to a higher projected extraction rate. U.S. season-average soybean prices for 2006/07 are projected at \$5.70 to \$6.50 compared with \$5.40 to \$6.40 last month. Soybean meal prices are unchanged at \$165 to \$190 per short ton. Soybean oil prices are projected at 26 to 29 cents per pound compared with 24 to 28 cents last month. Global oilseed production for 2006/07 is projected at 395.5 million tons, up 3 million tons from last month. Foreign oilseed production accounts for most of the change with increases for soybeans, rapeseed, and sunflowerseed more than offsetting reductions for cottonseed. Argentina soybean production is increased 0.7 million tons to a record

42 million tons based on increased area as producers respond to higher prices. Canadian rapeseed production is raised 0.6 million tons to a record 9.1 million tons, based on the latest survey results from Statistics Canada. Canada's soybean crop is also increased this month based on the survey. Ukraine sunflower seed production is increased to 5.0 million tons due to higher yields. Other changes include increased soybean production for India, increased cottonseed production for China, reduced cottonseed production for Australia, and increased palm kernel production for Indonesia. Global oilseed crush is increased this month to reflect higher soybean meal consumption, mainly in Brazil and Vietnam. Additionally, vegetable oil production, consumption, and stocks are increased due to gains in Malaysia and Indonesia palm oil production. Global oilseed stocks are increased 1 million tons as production gains are only partly offset by increased crush.

Source: WASDE

### 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 1<sup>st</sup>. 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. 1-15, 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 to China and USA increased by 73.48% and 74.96% respectively on high demand compared to the corresponding period, while EU and India registered declined of import of the Malaysian palm oil by 14.34 and 2.99%.

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

(Unit: MT)

Countries/Continents	December 1-15	November 1-15	Change %
European Union	96,230	1,12,341	-14.34
China	1,52,847	88,106	+73.48
United States	57,212	32,700	+74.96
India	29,200	30,100	-2.99

Source: SGS (Malaysia) Bhd.

### DOMESTIC MARKET ANALYSIS

#### Palm Oil

Spot market prices of palm oil saw upwardly on emergence on new demand from the domestic market in spiraling of crude palm oil FOB prices. The early purchase of palm oil

at higher prices ignored weakness in CBOT and BMD futures during most part of week and hefty stock position of Vanaspati. A cargo surveyor SGS (Malaysia) Bhd. released

export sales estimation for the period of Dec. 1-10, 2006, highlighted export fell 35% to 2,95,168 tons against 4,51,440 tons during corresponding period last month. Export of RBD Palm Olein, RBD Palm stearin and crude palm oil declined by 30.19%, 59.62% and 45.67% respectively while, RBD Palm oil increased merely by

0.26% during period of Dec. 1-10 while import of Malaysia's palm oil to EU, China and India declined by 38.21%, 32.17% and 88.37% respectively while only in USA import rose by 68.84%. The underlying bullish sentiments at BMD crude palm oil futures likely to guide the palm oil futures in near terms.

#### Weekly prices for CPO

(Rs/ 10 kg)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Kandla	405	405	406	405	404	403

#### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Kandla +VAT	426	426	428	428	428	428
Mumbai +VAT	443	443	448	448	442	444
Chennai +VAT	450	453	453	453	453	453
Kakinada +VAT	427	430	430	437	436	435
Hyderabad +VAT	448	450	454	458	454	457
Delhi	470	470	470	470	470	470

MC: Market Closed

#### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
CPO	517	532	532	525	527	525
RBD Palmolein	557	562	567	560	557	555

MC: Market Closed

#### Refined Soy Oil

Spot market prices of refined soy oil remains weak during the week started from Dec. 11 amidst poor demand and huge stock position of soybeans and weak advice of overseas market. Soybean meal exported sales during Nov. month rose 108.40% at 457,450 metric tonnes against 219,500 metric tonnes in October month had bearish

impact coupled with weakness in crude soy oil CIF prices, which remained in range of \$715-\$721 for January shipment during week under consideration. Report of third outbreak of bird flu in South Korea also had bearish impact. Meal demand from exporters and impact of bird flu are the forces likely to determine soy oil market in coming days.

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

(Rs/ 10 kg)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Mumbai +VAT	452	445	445	447	446	443
Indore +VAT	435	435	432	432	429	426
Kota +VAT	447	448	NA	445	440	442
Jaipur +VAT	450	452	NA	NA	450	445
Hyderabad +VAT	445	445	445	460	460	465
Chennai +VAT	481	483	482	482	482	482
Rajkot +VAT	458	458	455	455	455	455

MC: Market Closed

#### Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Mumbai	438	438	438	438	436	435

#### Rise in CIF Soya during the week

(US \$/ MT)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Kandla & Mumbai	717	721	715	715	712	709

## Rape/Mustard Oil

Follow-through domestic demand, low interest of millers to procure mustard seed on low oil and meal demand coupled with poor realization cost results weak mustard oil prices in the spot market during the week started from Dec. 11. During the week, Nafed reduced its mustard seed prices to support its sell and remained in range of Rs. 1775-1850 per

quintal for stock during 2005/06. The prevailing cold waves and frost conditions in major growing areas likely to affect mustard seed productivity of next year crop. Toria crop's arrival status combined with crushing status likely to influence mustard oil prices in coming days.

### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Mumbai + VAT	455	455	455	455	445	446
Kota +VAT	430	430	430	428	425	423
Jaipur +VAT	433	435	438	437	434	432
Delhi	465	460	460	458	455	455
Neewai +VAT	428	425	420	420	420	420

## Groundnut oil

Pressure from weakness in other vegetable oils remained ignored on expectation of edible oil import likely to high during oil year 2006/07 strengthen stockist's sentiments to build up their inventories firmed spot market prices of groundnut refined oil in Mumbai and Hyderabad while balance in demand/supply kept its prices steady in Rajkot

and Delhi. In Rajkot market, shelled groundnut sold in range of Rs. 395-400 per 20 kg during the week started from Dec. 11. Groundnut arrivals declined during the week added the bullish impact. In coming days groundnut refined oil prices likely to modulate by cottonseed arrival as both share same market.

### Prices for groundnut oil during the week

(Rs/10 kg)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Mumbai +VAT	548	548	552	553	550	552
Rajkot +VAT	530	535	532	530	530	530
Andhra Region	600	600	600	605	605	600
Chennai +VAT	570	565	565	560	580	585
Delhi	540	540	540	540	540	540

## Sunflower Oil

Sunflower refined oil spot market prices remained weak during the week on poor physical demand and low CIF prices, which declined \$20 during the week. Sunflower seed arrival remains inconsistent coupled with 9,000 metric ton imported sunflower oil during November month had

some bearish impact in the market. Its price likely to declined further on likely increase in arrival pressuring in coming week and dormant bullish impact in overseas market.

### Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Mumbai +VAT	580	580	580	580	580	575
Chennai +VAT	585	590	590	590	590	590
Hyderabad +VAT	590	600	600	600	600	600

### Prices for CIF Sunflower during the week

(US \$/ MT)

Center	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Kandla & Mumbai	738	740	731	724	728	718

## Cotton Refine Oil

Spot market prices of refined cotton oil increased in the spot market on decline arrivals and stockist interest to build up their inventories. Groundnut refined oil prices likely to

influence by other arrival crop in the market crushing status in near terms.

### Prices for Refined Cotton Oil during this week

Markets	11.12.06	12.12.06	13.12.06	14.12.06	15.12.06	16.12.06
Mumbai +VAT	438	442	444	445	438	445
Hyderabad +VAT	440	440	440	447	447	450
Rajkot +VAT	427	432	431	430	430	430
Delhi	430	426	428	428	428	425

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### BMD Crude Palm oil Futures Finish Mixed

The most active February contract ended MYR6 up at MYR1,860 per metric ton at Bursa Malaysian Derivatives on Friday on poor excitement during most of trade-session. Lack of fundamental news, overnight weakness at CBOT crude soy oil futures and weak palm oil export sales by

SGS restricted market upwardly movement. SGS cargo surveyor export sales for the period of Dec. 1-15 came at 503,097 tons against 661,932 tons during corresponding period last month.

### CBOT Soy oil Futures End Down

Soy futures settled weak at Chicago Board of Trade. January soybeans futures ended 5.25 cents down at \$6.5725 per bushel. March soymeal finished \$2.3 down at \$190.7 per short tonne and March soybean oil settled 0.2 weak at 28.59 cents per pound. Soy futures ended weak on Chicago Board of Trades on Friday on low excitement over

long-terms supply, good weather condition in South America for next year crop season, anticipation for rainfall in coming weeks in Brazil and weak technicals. Weak demand from gulf and lower freight rates pressured the soy futures market.

## WEEKLY WEATHER WATCH

### WEATHER FORECAST FOR NEXT 5 DAY

No significant change was occurred in night temperature during past 24 hours over plains of northwest India, East India and Gangetic plains. Model predictions suggest a weak W.D. is likely to affect upper reaches of western Himalayas in next 48 Hrs. Night temperature are expected to slight rise over northwest India, then fall after 3 days. Models prediction also suggest that another W.D. is likely to affect hilly regions and parts of adjoining plains during 20-21 December, 06. Scattered snowfall/rainfall is expected over Hilly region of western Himalaya.

### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Scattered snowfall and rains are likely over hilly regions during 20-21 December. Night temperature are likely rise by about 2-3 Deg C over most parts of northwest India during next 2 days then fall by 3-4 deg. C during 17-20 December.

**EAST AND NE INDIA:** Mainly dry weather is expected over rest of the region. Not much change in temperature is expected over eastern parts of country during next 3-4 days.

**CENTRAL INDIA:** Mainly dry weather is likely over the region. Not much change in day and night temperatures are expected over Madhya Pradesh, Chattisgarh and Vidharbha.

**SOUTH INDIA:** Isolated showers are likely to occur over the region of south Tamilnadu and Kerala during next 2-3 days. Mainly dry weather conditions are expected over rest of the region.

**WEST INDIA:** Mainly dry weather conditions are expected over region. Not much change is likely in night temperatures over Rajasthan, Gujarat and Maharastra during next 3-4 days.

Source: NCMRWF

## PORT WATCH

### Port updates of edible oils in India (Dec 11-Dec.16 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CFA	2,000	-	2,000
Palm oil	41,996	17,746	59,742
CPO	74,234	36,600	1,10,834
<b>Total</b>	<b>1,18,230</b>	<b>54,346</b>	<b>1,72,576</b>

Source: ANAS

**Forex Rates:****(December 16, 2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.54
European Union	Euro	58.26
Japan	100 Yen	38.67
United Kingdom	Pound Sterling	86.95

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