

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 338,900 MT--a marketing-year low--resulted as major increases for China (230,500 MT, including 55,000 MT switched from unknown destinations), Germany (157,000 MT, including 143,000 MT switched from unknown destinations), the Netherlands (113,900 MT, including 105,000 MT switched from unknown destinations), and Portugal (57,500 MT), were partially offset by decreases for unknown destinations (271,000 MT). Sales of 10,900 MT for delivery 2007/08 were for

Japan. Exports of 828,400 MT were 23 percent above the previous week and equal to the prior 4-week average. The primary destinations were China (217,600 MT), Germany (157,000 MT), the Netherlands (113,900 MT), Portugal (57,500 MT), and France (55,100 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 71,800 MT were 34 percent under the previous week and 47 percent below the prior 4-week average. The major buyers were Mexico (55,000 MT), Saudi Arabia (33,000 MT), Canada (9,600 MT), and Turkey (7,000 MT). Exports of 143,900 MT were 29 percent above the previous

week and 17 percent over the prior 4-week average. The primary destinations were South Korea (57,200 MT), Mexico (28,300 MT), Canada (18,700 MT), Japan (13,300 MT), and Colombia (10,300 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 4,700 MT resulted as major increases for Colombia (5,000 MT), Italy (200 MT), Spain (200 MT), and Canada (200 MT) were partially offset by decreases for Tunisia (600 MT) and China (300 MT). Exports of 65,700

MT--a marketing-year high--were primarily for China (36,700 MT), Tunisia (11,400 MT), and Morocco (10,500 MT). Source: USDA

Rabi Groundnut Production Likely to Increase by 1 Lakh tonne

Country's groundnut Rabi production is likely to increased by 1 lakh ton to 17-18 lakh tons in 2006/07 tons against 16-17 lakh tons in last year thanks to good weather conditions. The Rabi crops sown begin in October and harvest start in late February. The Kharif groundnut production declined in

2006 amidst shift acreage to others remunerated crops like cotton and unfavorable weather conditions during sowing. In 2006, country groundnut Kharif production stood at 36 lakh tons against 48 lakh tons in 2005.

Edible oil Import During April- November 2006: PIB Release

In the edible oil segment, the imports has increased from Rs.6497 crore last year to Rs 6926 crore for the corresponding period of this year. A significant feature of edible oil import is that import of crude oil has gone up by

14.8% and that of refined oil have gone down by 49.6%. The growth in edible oil import is mainly due to significant increase in import of Crude Palm Oil and its fractions which has gone up by 36%. Source: PIB

Rabi Oilseed Coverage Area: PIB Release

Area under Rabi oilseeds (92.95 lakh ha), however, is less so far, as compared to last year (101.86 lakh ha) but it is higher than the five year average of area under Rabi oilseeds (83.71 lakh ha). The less coverage this season is

attributed to diversion of area of rapeseed and mustard to Bengal gram in Madhya Pradesh and to wheat in Haryana, Rajasthan and Uttar Pradesh. Source: PIB

Palm oil Export Fall by 12.9%: SGS Cargo Surveyor

A cargo surveyor SGS released palm oil export sales estimation for the month of December 2006, it fell by 12.9% to 1,183,780 metric tons against November month

1,359,790 metric tons. Export to India increased by 57.75% at 82,900 metric tons in December month against 52,550 metric tons during November month.

India Reduces Crude Palm oil Import Duty From SAFTA Countries

Recent notification from Central Board of Excise and Customs highlighted, India reduced import duty on refined edible oil to 52.5% against previous 68.75% from Pakistan and Sri Lanka and from Nepal, Bangladesh, Maldives and Bhutan it reduced to 52.5% against earlier 56.67% while import duty on crude palm oil reduced to 50% from South

Asia Free Trade Agreement member nations. Although, India imports negligible crude palm oil from these countries as compare to Indonesia and Malaysia. Earlier South Asia Free Trade Agreement (SAFTA) signed by South Asian Countries like Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

Thailand: Cotton Imports Slipped in November Over October

According to sources, the cotton imports by Thailand reached to 149,424 bales during November, down from 172,162 bales in October, but represented a 19.3% increase year-on-year. The top import origins in November were Australia (38,637 bales), African Franc Zone (37,901 bales), Zimbabwe (19,544 bales), United States (18,323 bales) and Brazil (10,306 bales). Cumulative August

through November cotton imports total 649,153 bales, representing a 5.4% year-on-year increase. Australia is the top individual import origin at 182,048 bales. The second largest origin was the African Franc Zone, with imports of 148,362 bales. Brazilian cotton has lost market share, with imports off 52.6 percent from year ago levels at only 20,906 bales.

Indian Cotton Down on Slowed Down Export

Bearish trend continued in the cotton spot market amidst higher arrival, slowed export demand, feeble millers demand and weak dollar. Prices tumbled at most of the producing states. Traders said that cotton exports slowed down over the previous weeks owing to delay in payments by several exporters to their suppliers in the countryside. At present, the export price of Indian cotton are at around 53-54 U.S. cents a pound, cost and freight, one of the cheapest origins in the world for south-east Asian

destinations and China. Traders estimated around 600,000 bales of cotton exported in the quarter to December. They also reported that there are pending contracts for exports of another 400,000 bales yet to be executed. Furthermore, Government agencies are procuring cotton from the farmers at MSP. However, the farmers complained that government agencies defer payments for several months. Growers say they require immediate payments for their winter crop plantings.

India: Cotton Consumption Increased by 10.2% in 2005/06

According to India's Textile Commissioner's Office, the final estimation of cotton consumption is placed at 15,541,742 480-pound bales or 19,925,308 170-kilogram bales for total October 2005 through September 2006. This estimate, however, represents a 10.2% appreciation over

the previous season and a new all-time record. They also reported that mill stocks at the end of the season are estimated at 2,786,681 480-pound bales or 3,572,642 170-kilogram bales.

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 Wednesday for the period of December month, 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 48.39%, and 57.75% respectively on improved demand

compared to the corresponding period, while EU and China

registered declined by 22.43 and 9.99%.

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

(Unit: MT)

Countries/Continents	December	November	Change %
European Union	280,390	361,463	-22.43
China	297,846	330,903	-9.99
United States	135,486	91,302	+48.39
India	82,900	52,550	+57.75

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Tracking BMD CPO futures palm oil prices stood weak during the week started from January 1st amidst poor retailers demand, declined crude palm oil FOB prices and CIF prices that remain in range of \$ 595-600/tonne for January shipment. A cargo surveyor SGS (Malaysia) Bhd. released export sales estimates on for the period of December month 2006 totaled 1,183,780 metric tons, down 12.9% against 1,359,790 tons during November month. Export of palm group oil i.e. RBD Palm Olein, RBD Palm

Oil, RBD Palm stearin and crude palm oil decline by 12.69%, 23%, 10.76% and 3.09% respectively compared to the corresponding period. Import of Malaysia's palm oil to EU and China declined by 22.43% and 10% respectively while to USA and India gained by 48.39% and 57.75% respectively. There is prediction of heavy rain fall in part of Malaysia likely to interfere with supply would have bullish impact at BMD and domestic market in days to follow.

Weekly Crude Soy Oil CIF prices of CPO

(Rs/ 10 kg)

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Kandla& Mumbai	MC	605	600	595	595	590

Weekly prices for CPO

(Rs/ 10 kg)

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Kandla	MC	420	420	415	416	418

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Kandla +VAT	MC	440	440	435	435	435
Mumbai +VAT	MC	460	460	456	456	456
Chennai +VAT	MC	470	470	465	461	462
Kakinada +VAT	MC	455	450	452	450	449
Hyderabad +VAT	MC	469	457	457	465	468
Delhi	460	465	460	465	465	465

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
CPO	MC	NA	560	552	552	552
RBD Palmolein	MC	NA	597	585	580	582

MC: Market Closed

Refined Soy Oil

Declined CIF prices and poor domestic demand pushed spot prices of refined soy oil down during the week but loses are limited by bullish anticipation of USDA weekly export sales estimation. Low meal demand results poor soybeans crushing depressed soy oil prices too. Reduction of refined edible oil duty 52.5% from SAFTA member

nations coupled with weakness at BMD and CBOT futures had bearish impact. The CIF rates for crude soy oil for January shipment declined and remained in the range of \$706-\$723 during the week. Sankranti festival ahead and confusion over implementations of new shipment rules from January would likely to bullish impact in coming days.

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

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Mumbai +VAT	MC	460	460	457	457	457
Indore +VAT	MC	440	437	434	436	438
Kota +VAT	MC	452	450	450	445	445
Jaipur +VAT	MC	455	453	453	448	448
Hyderabad +VAT	MC	470	465	460	470	470
Chennai +VAT	MC	490	490	490	488	490
Rajkot +VAT	465	465	460	460	460	460

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

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Mumbai	MC	452	452	450	450	450

Rise in Crude Soy oil CIF during the week**(US \$/ MT)**

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Kandla & Mumbai	MC	723	723	713	706	705

Rape/Mustard Oil

Mustard oil prices declined during the week begin from January 1st under weakness in other vegetable oils and poor domestic demand. Nafed revised mustard seeds prices and remained in range of Rs. 1695-1715/1730-1740 per 100 kg during the period under review with stock position of 13.5 lakh tonnes aids bearish impact. Crushers

shown less interest under exist low meal demand pushed market down. Prevailing aggressive mood of Nafed to liquidated remaining 3.5 lakh tons to reach held selling position at 10 lakh tons till January end would support bearishness of mustard oil in near-terms.

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

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Mumbai + VAT	MC	458	454	450	450	452
Kota +VAT	MC	422	418	418	415	420
Jaipur +VAT	MC	425	422	422	420	422
Delhi	462	468	445	445	450	450
Neewai +VAT	428	420	417	420	420	418

Groundnut oil

Weak demand, bullish sentiments over groundnut production at 36 lakh tonnes in 2006 against 48 lakh tonnes in 2005, good demand of seeds reflected mixed prices of refined groundnut oil in domestic market during the week started from January 1st. Slight shortage in Delhi and Hyderabad strengthens groundnut oil prices. Shelled

groundnut arrivals declined during the weak and its prices remained in range of Rs. 428-430 per 20kg during the week had underlying bullish impact. Groundnut oil prices likely to remains bullish on depleting groundnut seeds stocks and assembly polls ahead.

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

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Mumbai +VAT	MC	585	585	580	580	585
Rajkot +VAT	565	565	565	560	560	570
Andhra Region	MC	640	650	650	645	645
Chennai +VAT	MC	615	610	610	600	600
Delhi	560	560	565	565	565	575

Sunflower Oil

Refined sunflower oil declined in the spot market during the week amidst sluggish domestic demand, discharged of

vessel at port carrying sunflower oil and increased seeds arrivals kept bears high in the spot market. Declined CIF

prices to \$4 during corresponding period had bearish impact. Movements in global markets and seeds arrivals

status likely to determines oil prices in coming days.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Mumbai +VAT	MC	555	545	545	535	540
Chennai +VAT	MC	587	590	585	570	570
Hyderabad +VAT	MC	585	550	550	540	540

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Kandla & Mumbai	MC	700	700	698	693	696

Cotton Refine Oil

Following groundnut refined cotton oil decreased in the domestic market as both are arrivals crop and share same market. Arrivals remain steady during the week with less

aggressive buying in hope of further fall in prices aided weakness. Movement in others vegetable oils and seeds arrivals status would provides clear picture in coming days.

Prices for Refined Cotton Oil during this week

Markets	01.01.07	02.01.07	03.01.07	04.01.07	05.01.07	06.01.07
Mumbai +VAT	MC	455	455	450	448	453
Hyderabad +VAT	MC	455	452	450	455	453
Rajkot +VAT	445	445	442	436	438	440
Delhi	440	440	435	433	440	435

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

BMD Crude Palm oil Futures Settles Up

Short-covering and predictions for heavy rains in major growing areas supported rebound crude palm oil futures at Bursa Malaysian Derivatives on Friday despite devoid of fresh fundamental news concerning demand/supply and overnight weakness at CBOT. Bullish anticipations of

exports sales estimations by Malaysian Palm oil Board (MPOB) to be release in coming week had some bullish impact. Most active crude palm oil futures contract at BMD ended MYR42 up at MYR1,961/tonne.

Soy futures Settles Up at CBOT

March soybeans settled 6 cents up at \$6.815 per bushels. March soymeal finished 2.6 cents up at \$195.9 per short ton and March soybeans oil ended 0.15 up at 28.8 cents per pound. Recovery in corn, rallies in the US dollar, Taiwan passed tender to fresh purchase of 27,000-60,000 tonnes of US origin soybeans supported bounce back soy futures from oversold region despite weak energy markets and below trade expectations of USDA weekly exports

sales at Chicago Board of Trades. Overnight firmness at BMD and upsurge in dollar had some bullish impact. Weekly export sales of soybeans stood at 349,800 metric tons against trade expectations between 450,000-650,000 metric tons, meal sales remain at 72,600 metric tons against trade expectations between 50,000-100,000 metric tons and soy oil sales came at 4,700 metric tons against trade expectations between 0-10,000 metric tonnes.

WEEKLY WEATHER WATCH

WEATHER FORECAST FOR NEXT 5 DAY

Cold wave conditions prevailed at some places over Punjab and isolated pockets of Jammu division of Jammu & Kashmir, north Haryana, East Uttar Pradesh and Jharkhand. Night temperatures were 2-3 °C below normal over remaining parts of Gangetic plains. Ground frost was also experienced at some places over Punjab and Haryana. Model predictions suggest night temperatures over NW India may increase by 2-3 degree C during next 48 Hrs . Under its impact cold wave condition may abate in some parts of northwest India. At present a western disturbance lies over north Pakistan and adjoining area. It is likely to move slowly in eastward direction. Under its influence

snowfall/rainfall is J&K, and in may extends to H.P. and Uttranchal. Lowest night temperature in the plains of the country was -2.2°C recorded at Adampur in Punjab. Model predictions suggest for trough in easterly wave over Andaman Sea around 8th January 2007.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Scattered snow/rainfall is likely over J&K , H.P. and Uttaraanchal during next 2 days. Night temperature is likely to rise in next 48 hrs then fall thereafter.

EAST AND NE INDIA: Mainly dry weather is expected. over rest of the region during next 5 days.

CENTRAL INDIA: Mainly dry weather is likely over the region next 5 days.

SOUTH INDIA: Mainly dry weather conditions are expected except scattered showers over Andman & Nicobar Islands around 8th January and isolated showers south coastal Tamilnadu and Kerala during 9-10 January.

WEST INDIA: Mainly dry weather conditions are expected over region. Night temperatures are likely to rise over Rajasthan and Gujarat during next 24-48 Hrs then fall thereafter.

PORT WATCH

Port updates of edible oils in India (Jan. 01-Jan.6 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CDSBO	13,000	-	13,000
SBO	18,000	-	18,000
Palm oil	43,620	33,100	76,720
CPO	5,000	51,300	56,300
Total	79,620	84,400	1,64,020

Source: ANAS

Forex Rates:

(January 06, 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.29
European Union	Euro	57.59
Japan	100 Yen	37.34
United Kingdom	Pound Sterling	85.51

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