

### 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 Increases 6.1% During Period of January 1-15
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

### DOMESTIC & INTERNATIONAL NEWS

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

Net sales of 1,095,800 MT were 86 percent above the week earlier and 62 percent over the prior 4-week average. China (454,100 MT) was the major buyer, followed by Germany (141,400 MT, including 120,000 MT switched from unknown destinations), Taiwan (108,400 MT), Mexico (105,400 MT), Indonesia (97,200 MT), Japan (66,400 MT), Thailand (66,000 MT, including 60,000 MT switched from unknown destinations), and the United Arab Emirates (65,000 MT). Decreases were reported for unknown

destinations (101,000 MT) and Belgium (55,000 MT). Exports of 874,900 MT were 57 percent above the previous week and 30 percent over the prior 4-week average. The primary destinations were China (223,100 MT), Germany (141,400 MT, including 76,500 MT late reporting), Taiwan (84,000 MT, including 46,100 MT late reporting), Mexico (74,000 MT), Thailand (66,000 MT), France (57,700 MT), the Netherlands (57,200 MT), and Spain (56,700 MT). Source: USDA

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

Net sales of 221,200 MT were two and one-fifth times the previous week and the prior 4-week average. The major buyers were Canada (50,700 MT), Mexico (39,000 MT), Chile (26,600 MT), Morocco (21,800 MT, including 10,000 MT switched from unknown destinations), Turkey (16,500 MT), and Saudi Arabia (16,000 MT). Decreases were reported for unknown destinations (14,000 MT) and

Guatemala (7,200 MT). Exports of 157,800 MT--a marketing-year high--were 14 percent above the previous week and 19 percent over the prior 4-week average. The primary destinations were Chile (26,600 MT), Mexico (25,800 MT), Panama (22,000 MT), Canada (19,700 MT), El Salvador (15,500 MT), and Guatemala (14,800 MT). Source: USDA

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

Net sales of 15,500 MT resulted as increases for China (25,000 MT--switched from unknown destinations), Hong Kong (12,700 MT), Guatemala (1,500 MT), and Canada (1,300 MT), were partially offset by decreases for unknown

destinations (25,000 MT). Exports of 37,900 MT were mainly for China (25,000 MT) and Morocco (9,300 MT). Source: USDA

#### Palm Oil Exports Fall by 6.1%: SGS Release

SGS has released Malaysian palm oil exports sales estimation on Monday, highlighted exports fell by 6.1% at 472181 metric tons during January 1-15 against 503,097 metric tons corresponding period last month while exports

to India declined by 38.36% at 18,000 metric tons against 29,200 metric tons during corresponding period under review.

#### Edible Oil Import Increase by 66.94% in December Month

The latest release from Solvent Extractors Association highlighted India's edible oil import increased by 66.94% during December month at 367,388 metric tons against 220,068 metric tons during corresponding period a year ago due to low availability of oilseeds for crushing. Crude palm oil imports increased by 124.08% at 310,755 metric

tons against 138,683 metric tons during corresponding period under review. Kharif Oilseed productions estimation in 2006 declined by 6.57% at 12.8 million tons against 13.7 million tons in 2005 on low rainfall and shift of farmer's interest to others lucrative crops.

#### Base Import Price of Imported Oil Remain Unchange

Government retained base prices of imported oil at \$ 447/MT (metric ton) for crude palm oil and \$ 580/MT for

crude soy oil while crude palm olein and RBD palm olein stood at \$ 481/MT and \$ 484/MT respectively.

### Edible oil Imports Increase by 11%

In first two months (November and December) in current oil year started from Nov 06-Oct 07, edible oil import increased by 11% at 6.19 lakh ton (LT) against 5.47 LT corresponding period a year ago. Palm oil imports increased by 84% as compared to 69% same period last year while soy oil

### India: Cotton Output Expected to Reach at least 25 Mll Bales

India is expecting to an all-time high cotton production of at least 25 million bales in the current marketing year to September. In 2005-06 and 2004-05, the cotton production is estimated to have been around 24.2 million and 24.4 million bales, respectively. The main governing factor is

### Bt Cotton Acreage Estimates to 3.8 Mln Hectares in India

According to sources, the acreage of genetically-modified Bt cotton in India is estimated to have surpassed that of China in 2006 for the first time. This due to more varieties of Bt cotton hybrid seeds being approved for commercial cultivation and a larger number of farmers deciding to plant

### Pakistan Cotton Spinners Urge to Allow Imports from India

According to sources, cotton spinners in Pakistan have demanded to their federal government to allow cotton imports from India via the Wagha Border, to enable them to meet the shortage of around three million bales of cotton in the country. The All Pakistan Textiles Mills Association

### India: Cotton Production Likely to Grow 30%

According to sources, the annual cotton production in this year is expected to grow 30% as compared to last year. This year a mark yield of 270 lakh bales has placed India to the second position after China and ahead of US. The western states like Vidharbha and Marathwada have contributed significantly to the total output of the cotton

**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	-

### Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Monday for the period of January 1-15, 2007. 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

declined by 45% at 96,426 tonne against 1.71 LT during period under consideration thanks to cheaper availability in the domestic markets amidst increased soybeans crushing in November and December months.

higher acreage this year as compared to average because farmers have shifted to cotton from groundnut growing. The area under cotton is estimated at 8.87 million hectares this year, up from 8.47 million hectares in 2005-06.

the seeds. The area has increased to 3.8 million hectares for 2006, up from 1.3 million hectares a year earlier. The area under Bt cotton in China is estimated at 3.5 million hectares. The total area under cotton cultivation in India was estimated at 8.87 million hectares in 2006.

(APTMA) said that the Federal Minister for Food, Agriculture and Livestock had already been apprised about the gap between supply and demand of cotton available to the mills. They also reported that import of cotton from India would help in keeping the commodity price under control.

yield. Maharashtra and Gujarat is likely to contribute around 45 lakh and 100 lakh bales respectively. The 9 million acres under Bt cotton which fight the dreaded bollworm is supposed to add more than Rs7,000 crore to rural India's income in 2006.

RBD Palmolein	484	484	-
Others - Palmolein	483	483	-
Crude Soybean Oil	580	580	-

Source: CBEC, Dept of Revenue, GOI.

import of Malaysia's palm oil to China increased by 13.36%, on improved demand compared to the corresponding period under review while EU, China and USA registered declined by 18.27, 33.76 and 38.36%.

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

(Unit: MT)

Countries/Continents	January 1-15	December 1-15	Change %
European Union	78,650	96,230	-18.27
China	173,270	152,847	+13.36
United States	37,900	57,212	-33.76
India	18,000	29,200	-38.36

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Palm oil spot prices remained weak during the week started from January 15 on poor domestic demand, bearish BMD, declined crude palm oil [CPO] CIF and FOB prices. Although, The availability of other cheap edible oil like cotton oil made palm oil less important had underlying bearish impact. CIF prices of CPO remain in range of \$ 580-590/tonne for February shipment during the week. A cargo surveyor SGS (Malaysia) Bhd. released export sales estimates on palm group oil for the period of January 1-15, totaled 472,181 metric tons, down 6.1% against 503,097 metric tons during corresponding period last month. Export

of palm group oil i.e. RBD Palm Olein and CPO declined by 3.2% and 16.06% respectively, while RBD palm oil and RBD Palm stearin exports sales increased by 10.12% and 31.06% respectively during period under consideration. Import of Malaysia's palm oil to China increased by 13.36% while to EU, USA and India declined by 18.44%, 33.76% and 38.76% respectively. On improving weather conditions in major producing areas in Malaysia would reflect steady to bearish impact at BMD and in domestic market in days to follow.

### Weekly Crude Palm Oil CIF prices of CPO

(Rs/ 10 kg)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Kandla& Mumbai	590	590	590	585	580	NA

### Weekly prices for CPO

(Rs/ 10 kg)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Kandla	418	417	417	415	413	416

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Kandla +VAT	438	436	440	436	434	434
Mumbai +VAT	462	460	462	461	458	458
Chennai +VAT	NA	NA	460	460	458	455
Kakinada +VAT	NA	NA	448	447	443	445
Hyderabad +VAT	NA	NA	467	470	468	468
Delhi	465	465	465	465	465	465

MC: Market Closed

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
CPO	555	552	547	545	540	537
RBD Palmolein	582	577	582	577	572	570

MC: Market Closed

### Refined Soy Oil

Spot prices of refined soy oil stood weak amidst improved soybeans arrivals and sluggish demand during the week. Stockists were remain active in releasing soy oil in the market for fall short of bullish expectation ahead results excess of supply for soy oil over low demand had bearish impact. Weakness at CBOT and BMD aided the bearish tone. Subdued crude soy oil CIF prices and soy Degum

during the week kept bears high. The crude soy oil CIF prices decline by \$17 within range of \$678-\$695 for February shipments during the week supported bearish sentiment. Anticipation for improve soybeans crushing to meet good meal demand ahead would had bearish impact on likely increase influx of soy oil in the market.

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

(Rs/ 10 kg)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Mumbai +VAT	462	460	462	461	458	453
Indore +VAT	442	438	442	442	435	437
Kota +VAT	445	445	446	445	443	441
Jaipur +VAT	448	448	449	448	446	445
Hyderabad +VAT	NA	NA	470	470	460	465

Chennai +VAT	NA	NA	490	485	485	485
Rajkot +VAT	460	460	460	460	455	461

**MC: Market Closed**

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

(Rs/ 10 kg)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Mumbai	445	445	440	440	435	440

#### Rise in Crude Soy oil CIF during the week

(US \$/ MT)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Kandla & Mumbai	695	695	689	681	678	694

#### Rape/Mustard Oil

Nafed aggressive selling of mustard seeds along with actively release from other stockists had bearish reflection on mustard oil during the week started from January 15. Steady seeds crushing results excess supply to demand sparked weakness. On weekend Nafed had 11 lakh tons mustard seeds stock had underlying bearish impact.

However, some improvement in winter demand limited the losses in the market. During the week, Nafed sold mustard seeds in range of Rs. 1690-1700/1725-1745 per qtl [seeds stocked during 2005/06]. As Nafed likely to extend mustard seeds selling in February month would have bearish impact on mustard oil prices in near term.

#### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Mumbai + VAT	454	455	456	456	455	453
Kota +VAT	420	415	418	419	415	414
Jaipur +VAT	422	427	428	426	420	422
Delhi	450	452	452	450	448	448
Neewai +VAT	418	418	418	417	415	414

#### Groundnut oil

Despite weakness in other edible oils, refined groundnut oil prices increased across the domestic market on improved demand to last week. Stockist remains active throughout week to pile up their inventories to fetch good returns in off-season had bullish impact. Reports of Rabi groundnut sowing in few regions in Andhra Pradesh and Karnataka had good demand of good quality seeds supported bullish sentiments. In Rajkot market, refined groundnut oil prices

remained range bound on steady demand/supply and shelled groundnut stood in range of Rs. 440-442/20kg [bag] during the week. Seeds arrivals also declined during the week and remained in range of 40,000-60,000 bags aided bullish impact. Steady groundnut crushing and continuous of sowing in few regions in AP and Karnataka likely to have bullish impact in days to come.

#### Prices for groundnut oil during the week

(Rs/10 kg)

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Mumbai +VAT	600	600	610	610	610	608
Rajkot +VAT	590	590	595	595	590	590
Andhra Region	NA	NA	650	665	670	670
Chennai +VAT	NA	NA	610	610	620	630
Delhi	585	585	585	600	610	610

#### Sunflower Oil

Spot prices of refined sunflower oil increased due to improved domestic demand and low seeds arrivals. Improvement in sunflower oil CIF prices had bullish impact and increased by \$3 during the week. Movements in global

markets and seeds arrivals likely to determines oil prices in coming days.

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

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Mumbai +VAT	560	560	580	575	575	570
Chennai +VAT	NA	NA	595	575	572	575
Hyderabad +VAT	NA	NA	560	570	570	575

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

Center	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Kandla & Mumbai	685	691	690	682	682	688

**Cotton Refine Oil**

Refined cotton oil moved up in tandem with groundnut oil. However, cotton crop is bumper this year and slow but steady release from farmers and stockist had bullish

impact. 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	15.01.07	16.01.07	17.01.07	18.01.07	19.01.07	20.01.07
Mumbai +VAT	457	458	461	460	458	455
Hyderabad +VAT	NA	NA	458	455	450	453
Rajkot +VAT	438	440	445	438	435	438
Delhi	432	433	435	435	435	435

**INTERNATIONAL MARKET WEEKLY HIGHLIGHTS****Crude Palm oil Futures End Down at BMD**

The crude palm oil futures remained weak at Bursa Malaysia Derivatives on Friday amidst strong technical pressure and weakness on CBOT crude soy oil futures combined with crude oil prices and most active contract

declined sharply MYR 30 down at MYR 1,875/tonne [below technical support of MYR 1,880/tonne]. Improving weather conditions also had bearish impact on CPO futures.

**Soy Futures Finish Mixed at CBOT**

Soy finished mixed at CBOT on Saturday. March Soybeans finished 1.5 cents up at \$7.1775/bushel. May Soybeans settled 1.25 cents up at \$ 7.325/bushel. March Soy meal finished \$2 down at \$209.3/short ton. March Soybean oil ended 0.48 up at 29.3 cents/pound. A significant drop in US soybeans plantation areas about 4.6 million acre at 70.878 million acres in 2007 against 75.35 million acres in 2006 amidst farmers keen to plant other remunerated crop likely

corn had bullish impact in the market. USDA weekly exports sales for soybean stood at 1.096 million metric ton against trade expectations of 500,000-700,000 metric tons, Meals sales came at 221,200 metric tons as compared to trade expectations of 75,000-125,000 metric tons and soy oil exports sales remained at 15,500 metric tons against trade expectations between 5,000-15,000 metric tons.

**WEEKLY WEATHER WATCH****FORECAST FOR NEXT 5 DAYS**

Yesterday's western disturbance still lies over J&K, H.P. and adjoining region. Model predictions suggest that the W.D. is likely to move away in an eastward direction. Under the influence of its moving away, ongoing snowfall/rains over J&K, H.P. and Uttranchal is likely to reduce within 12-24 Hrs. and northwesterly winds are expected over NW India. Model predictions suggest that night temperatures may start falling after 24 Hrs. Fog is likely to occur over parts of Indogangetic plains, with the passage of western disturbance from tomorrow, in morning & evening hours. Model predictions suggest that another western disturbance is likely to affect NW India on 24th January 2007. With this night temperatures over NW India will be rising from 24th January.

**ZONE-WISE WEATHER FORECAST**

**NORTH & NORTH-WEST INDIA:** Scattered snowfall/rain is likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during next 24Hrs. and 24-25 January.

**EAST AND NE INDIA:** Isolated rain/thundershower is likely over West Bengal, Arunachal Pradesh, and Assam & Meghalaya. Mainly dry weather is likely over the rest region.

**CENTRAL INDIA:** Mainly dry weather is likely over the region during next 5 days. Night temperature is likely to fall over Madhya Pradesh and Chhattisgarh during next 24 Hrs.

**SOUTH INDIA:** Isolated shower is likely over Andaman Nicobar and Lakshdweep during next 48 Hrs. Mainly dry weather conditions are expected over the rest of the region.

**WEST INDIA:** Mainly dry weather conditions are expected over region. Night temperature is likely to fall over Rajasthan and Gujarat from tomorrow. Source: NCMRWF

## PORT WATCH

Port updates of edible oils in India (Jan. 15-Jan.20 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SFO	-	8,500	8,500
SBO	8,970	8,970	17,940
Palm oil	49,100	22, 420	71,520
CPO	-	34,152	34,152
CFA	2,000	2,000	4,000
<b>Total</b>	<b>58,070</b>	<b>76,042</b>	<b>1,34,112</b>

Source: ANAS

## Forex Rates:

(January 20, 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.14
European Union	Euro	57.19
Japan	100 Yen	36.41
United Kingdom	Pound Sterling	87.09

## 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.