

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 615,500 MT were 44 percent below the week earlier and 20 percent under the prior 4-week average. China (260,300 MT, including 55,900 MT late reporting) was the major buyer, with smaller quantities to Mexico (89,200 MT), Indonesia (73,900 MT), Thailand (64,500 MT), Belgium (56,200 MT, all switched from unknown destinations), Morocco (54,000 MT, including 55,000 MT switched from unknown destinations and decreases of

1,000 MT), and Japan (52,200 MT). Decreases were reported for unknown destinations (60,000 MT). Exports of 629,900 MT were 28 percent below the previous week and 14 percent under the prior 4-week average. The primary destination was China (247,300 MT, including 55,900 MT late reporting), followed by Indonesia (65,500 MT), Thailand (64,500 MT), Japan (58,200 MT), and Belgium (56,200 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 34,400 MT--a marketing-year low--were 85 percent below the previous week and 73 percent under the prior 4-week average. Increases for Japan (25,800 MT, including 24,000 MT switched from unknown destinations), Ecuador (20,000 MT), and the Dominican Republic (18,000 MT), were partially offset by decreases for unknown destinations (25,800 MT), Canada (12,200 MT), and

Mexico (9,400 MT). Exports of 123,200 MT were 22 percent below the previous week's marketing-year high and 11 percent under the prior 4-week average. The primary destinations were Japan (33,400 MT), Mexico (27,200 MT), Canada (23,500 MT), and the Philippines (15,000 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 2,300 MT resulted as increases for Jamaica (3,300 MT), Guatemala (1,500 MT), and Canada (500 MT), were partially offset by decreases for Mexico (3,100 MT).

Exports of 10,100 MT were mainly to Guatemala (3,900 MT), El Salvador (2,100 MT), Nicaragua (1,700 MT), and Mexico (1,500 MT). Source: USDA

Government Reduces Import oil Duty

In order to curb inflation, Government has reduced duty on CPO, RBD Palmolein and Sunflower oil. Import duty on crude palmolein has been reduced by 10 percentage points to 60%, similarly duty on RBD Palmolein has been reduced

to 67.5% from 80% and in Refined Sunflower Oil it has been reduced to 65% from 75%, The base import prices are kept unchanged.

Palm Oil Exports Fall by 7.7%: SGS Release

SGS has released Malaysian palm oil exports sales estimation on Monday, highlighted exports fell by 7.7% at 604,423 metric tons during January 1-20 against 654,990 metric tons corresponding period last month while exports

to India declined by 40% at 34,200 metric tons against 57,000 metric tons during corresponding period under review.

Merchandiser Purchased Half of Maharashtra Cotton Crop

According to estimation of Maharashtra Federation, the state will produce 27.5 million quintals or 2,750,000 tons of seed cotton in 2006/07. Over 1,500,000 tons of cotton has been purchased by Merchandisers. Private ginners purchased 1,000,000 tons of seed cotton, the Cotton

Corporation of India bought 250,000 tons and the Maharashtra Federation acquired 270,000 tons. Strong demand from the domestic mills like southern mills has been noted for the Maharashtra crop.

World Cotton Output Estimated Slightly Lower

According to sources, Cotlook Limited estimated global cotton production marginally down by a net 30,000 metric tons (MMt) in January to total 25.1 MMt. China's crop production was increased slightly by 29,000 tons to 6.729 million tons, while downward adjustments were made to

other countries' production. The cotton consumption in India increased by 177,000 tons to 7.113 MMt. Global consumption rose by a net 127,000 tons to 26.062 MMt, Cotlook reported. Global cotton stocks were adjusted down by 962,000 tons in January.

Inquiries for Indian Cotton from Italian Market

According to sources, Indian cotton had essentially been banned from the Italian market for years as because fears of contamination and disputes over payment terms. However the contamination issue has significantly improved during the last few years. Indian Shankar-6 variety is now available from modern gins and HVI classing. But the issue with payment terms still remains a problem. Italian mills do not open letters of credit; instead, they pay

cash upon arrival at mills. The price advantage of Indian cotton has again stimulated some interest; but for now, no offtake can be confirmed. Over the past few weeks, Italian mills' offtake has been confined to West African top grades at 60 cents and below for nearby shipment and 61 to 62 cents for deferred shipment. Central Asian top grades have sold for January/March at the same price levels.

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 Monday for the period of January 1-20, 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

import of Malaysia's palm oil to China increased by merely 0.16%, on marginally improved demand compared to the corresponding period under review while EU, USA and India registered declined by 16.98%, 20.06% and 40% respectively.

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

Countries/Continents	January 1-20	December 1-20	(Unit: MT) Change %
European Union	134,102	161,530	-16.98
China	202,270	201,940	+0.16
United States	45,760	57,212	-20.02
India	34,200	57,000	-40.00

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Spot prices of palm oil remained weak during the week started from January 22 amidst sluggish demand, weak crude palm oil CIF and FOB prices coupled with reduction of import duty on crude palm oil to 60% from 70%, similarly duty on RBD Palmolein has been reduced to 67.5% from 80%. CIF prices remained in range of \$ 580-585/tonne for February shipment during the week. A cargo surveyor SGS (Malaysia) Bhd. released export sales estimates on for the period of January 1-20, 2007 totaled 604,423 metric tons, down 7.7% against 654,990 metric tons during corresponding period under review. Export of palm group

oil i.e. RBD Palm Olein and crude palm oil declined by 6.91% and 49.21% respectively, while RBD palm oil and RBD Palm stearin exports sales increased by 14.77% and 85.04% respectively during period under consideration. Import of Malaysia's palm oil to China increased merely by 0.16% while to EU, USA and India declined by 16.98%, 20.02% and 40% respectively. Improving weather conditions in Malaysia and float of new import orders for palm oil likely to had bearish impact in the domestic market in days ahead.

Weekly Crude Palm Oil CIF prices of CPO**(Rs/ 10 kg)**

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Kandla& Mumbai	585	585	NA	580	MC	NA

Weekly prices for CPO**(Rs/ 10 kg)**

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Kandla	416	416	414	402	MC	398

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Kandla +VAT	435	438	435	425	MC	423
Mumbai +VAT	456	455	451	446	MC	445
Chennai +VAT	455	455	455	450	MC	445
Kakinada +VAT	445	445	440	435	MC	428
Hyderabad +VAT	468	468	468	455	MC	450
Delhi	465	465	465	NA	MC	450

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
CPO	540	NA	537	535	MC	540
RBD Palmolein	570	NA	567	565	MC	567

MC: Market Closed**Refined Soy Oil**

Government reduction of duty on imported oil (Import duty on crude palm oil has been reduced by 10 percentage points to 60%, similarly duty on RBD Palmolein has been reduced to 67.5% from 80% and in Refined Sunflower Oil it has been reduced to 65% from 75%, The base import prices are kept unchanged) and poor demand with more release from solvent extractors processor end depressed

refined soy oil prices across domestic market despite increased crude soy oil CIF prices and improving meal demand. The CIF rates for crude soy oil for February shipment stood in the range of \$693-\$702 per tonne during the week. Improving crushing conditions to meet rising meal demand would add more soy oil in the market reflect underlying bearishness in following days.

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Mumbai +VAT	453	453	449	448	MC	452
Indore +VAT	434	435	434	430	MC	428
Kota +VAT	445	445	441	437	MC	436
Jaipur +VAT	455	455	NA	452	MC	455
Hyderabad +VAT	465	463	460	460	MC	455
Chennai +VAT	485	483	488	475	MC	475
Rajkot +VAT	455	455	NA	452	MC	455

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Mumbai	440	448	437	435	MC	435

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Kandla & Mumbai	694	696	702	693	MC	677

Rape/Mustard Oil

Mustard oil prices remained mixed during the week started from January 22. Mustard oil prices declined in Mumbai and Delhi market on steady supply over poor demand while in Rajasthan region prices improved on rising demand from Northern and Eastern part of country. Nafed revised mustard seeds prices and remained in range of Rs. 1670-

1700/1735-1745 per qtl during the period under review with stock position of 9.5-10 lakh tonnes aids bearish impact. However, meals sentiments remained unchanged under existing steady meal demand. Prevailing aggressive mood of Nafed to sold more seeds would enhance bearish mood of mustard oil in near-terms.

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Mumbai + VAT	455	455	453	453	MC	450
Kota +VAT	413	413	414	412	MC	412
Jaipur +VAT	418	418	419	418	MC	418
Delhi	448	447	440	440	MC	440
Neewai +VAT	413	NA	NA	408	MC	408

Groundnut oil

Spot market prices of refined groundnut oil confined in steady tone across most of market amidst steady demand/supply. In Mumbai price improved on emerging retailers demand with steady supply. Crushing for groundnut seeds improved slightly had underlying bullish impact. However, gains are limited by cheap availability of

refined cotton oil. In Rajkot market, shelled groundnut remained in range of Rs. 440-442 per 20kg (bag) with arrivals in range of 25,000-50,000 bags during the period under review. Groundnut oil prices likely to remains bullish on declining seeds stocks and assembly polls ahead.

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Mumbai +VAT	608	620	610	610	MC	610
Rajkot +VAT	590	595	NA	605	MC	610
Andhra Region	675	675	675	670	MC	670
Chennai +VAT	630	630	630	640	MC	645
Delhi	610	610	610	NA	MC	610

Sunflower Oil

Despite government reduction of import duty on sunflower oil to 65% from earlier 75%, spot prices of refined sunflower oil increased to end of weak on declined seeds arrivals and improved arrivals. To the weekend, sunflower oil CIF prices

declined sharply during the week by \$14 also had bullish impact. Traders are expecting reduction in duty would have bearish impact on sunflower oil in coming days.

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Mumbai +VAT	570	575	575	575	MC	575
Chennai +VAT	575	575	580	585	MC	580
Hyderabad +VAT	580	590	600	580	MC	585

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

Center	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Kandla & Mumbai	688	NA	694	689	MC	674

Cotton Refine Oil

Poor demand and reduction of duty on imported oil had strong bearish impact on cotton oil. Seeds arrivals improved with sluggish demand supported bearishness.

Still farmers seem to less interest in selling, as prices are not lucrative. Movement in others vegetable oils and seeds arrivals status would determine its prices in coming days.

Prices for Refined Cotton Oil during this week

Markets	22.01.07	23.01.07	24.01.07	25.01.07	26.01.07	27.01.07
Mumbai +VAT	455	460	454	443	MC	443
Hyderabad +VAT	465	465	455	450	MC	450
Rajkot +VAT	436	437	NA	433	MC	439
Delhi	435	435	434	NA	MC	425

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Crude Palm oil Futures Firm Up at BMD

The most active contract of crude palm oil futures ended MYR24 up at MYR1,880/tonne at Bursa Malaysia Derivatives on Thursday amidst profit taking and for anticipation of India's fresh buying on recent cut in import

duty on crude palm oil to 60 % from earlier 70 % and on RBD palmolein oil to 67.5% from 80 %. Weak SGS exports sales estimation for palm oil also added bearishness coupled with lack of bullish development.

Soy Futures Finish Mixed at CBOT

Soy remained mixed at CBOT. March Soybeans finished 12.25 cents down at \$7.15/bushel. May Soybeans settled 11.5 cents down at \$7.305/bushel. March Soybean meal closed \$1.9 down at \$208.4/short ton. March Soybean oil ended 0.7 down at 29.23 cents/pound. March Soybean oil ended 0.7 down at 29.23 cents/pound. Lack of fundement news and weakness in corn had spill over impact on soy futures on Wednesday. Rain in last couple of days in Argentina stood supportive for soybeans aided bearishness. Spread

of bird flu in Asian countries pressured meal demand had underlying bearish impact. Inspection over monthly crushing report, December crush came near 156 million bushels, oil stock stood at 2.998 billion pounds and meals stocks stood near 350,000 tonnes. However, inspection over weekly export sales report, soybeans sales expected between 450,000-650,000 tonnes, meal sales stood at 75,000-150,000 tonnes and oil sales remained between 0-10,000 tonnes.

WEEKLY WEATHER WATCH

FORECAST FOR NEXT 5 DAYS

Presently a western disturbance is moving across J&K and adjoining area. Model predictions suggest that isolate to scattered snowfall/rain is likely over hilly regions of NW India during next 48 Hrs. Model predictions suggest that another western disturbance is likely to affect hilly regions and parts of adjoining plains during 30 -31Jan07. Ongoing scenario of night temperatures (normal or above) is likely to continue during next 2-3 days. Thereafter, sharp fall by about 3-4 degrees C is expected to occur over NW India.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Isolated to scattered snowfall/rain is likely over J&K H.P. and Uttaranchal during next 2 days then again during 30-31 January, 07. Night

temperatures over northwest India are likely rise during 2-3 days and fall subsequently.

EAST AND NE INDIA: Mainly dry weather is likely over the rest region. Night temperatures are likely to rise during next 2 days and fall thereafter.

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

SOUTH INDIA: Isolated shower is likely over Tamilnadu, Kerala and Nicobar islands during next 2 days. 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 rise over Rajasthan and Gujarat during next 2 days and decrease thereafter.

PORT WATCH

Port updates of edible oils in India (Jan. 22-Jan.27 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CDSBO	7,000	-	7,000
Palm oil	36,600	7,700	44,300
CPO	-	34,152	34,152
CFA	2,000	-	2,000
Total	45,600	41,852	87,452

Source: ANAS

Forex Rates:**(January 27, 2007)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.15
European Union	Euro	56.99
Japan	100 Yen	36.32
United Kingdom	Pound Sterling	86.51

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