



Commodities Weekly

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VEGOIL

Feb 05-Feb 10, 2007

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 803,200 MT were 19 percent above the week earlier and 8 percent over the prior 4-week average. The major buyers were China (333,100 MT), Mexico (213,700 MT), Turkey (100,000 MT), and Taiwan (46,900 MT). Exports of 895,500 MT were 13 percent below the previous

week, but 16 percent over the prior 4-week average. The primary destinations were China (470,800 MT), Japan (105,300 MT), Mexico (96,400 MT), Indonesia (67,900 MT), and Spain (58,300 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 135,300 MT were 16 percent below the previous week, but 5 percent above the prior 4-week average. Increases were reported for Mexico (42,800 MT), Guatemala (33,700 MT), unknown destinations (18,000 MT), Turkey (16,000 MT), and Colombia (12,500 MT). Decreases of 19,100 MT were reported for Jamaica.

Exports of 120,600 MT were 5 percent above the previous week, but 10 percent below the prior 4-week average. The primary destinations were Mexico (28,700 MT), Canada (20,000 MT), Saudi Arabia (17,300 MT), Honduras (11,700 MT), the Dominican Republic (11,100 MT), and Morocco (11,000 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 2,900 MT were primarily for El Salvador (1,000 MT), Mexico (900 MT), and Barbados (500 MT). Decreases of 200 MT were reported for Saudi Arabia.

Exports of 6,200 MT were mainly to Mexico (5,300 MT) and Canada (900 MT). Source: USDA

World Oilseed Supply and Demand: WASDE

U.S. soybean exports for 2006/07 are projected at 1.1 billion bushels, down 20 million from last month, but still record high. This month's reduction is based on increased South America supply prospects and reduced global import demand. China projected soybean imports are reduced to 31 million tons, reflecting a slow start to the 2006/07 marketing year. With soybean crush unchanged, projected ending stocks for 2006/07 are increased to a record 595 million bushels. U.S. soybean and soybean product price projections for 2006/07 are raised this month. The U.S. season- average soybean price range is projected at \$5.90 to \$6.50 per bushel, compared with \$5.75 to \$6.45 per bushel last month. Soybean meal prices are projected at \$180 to \$195 per short ton, up \$10 on both ends of the range. Soybean oil prices are projected at 27.5 to 29.5 cents per pound, up 1 cent on both ends of the range. Soybean oil prices remain relatively high despite U.S. soybean oil stocks approaching record levels in November

and December. Global oilseed production for 2006/07 is projected at 397.2 million tons, up 1.8 million tons from last month. Global soybean production is projected at a record 228.4 million tons, up 1.6 million tons from last month. The Argentina crop is raised 1.5 million tons to 44 million tons based on slightly higher harvested area and improved yield prospects. Yields are projected at 2.79 tons per hectare, just below the record set in 2003. Soybean production is also raised for Russia and Ukraine. Other oilseed production changes include increased sunflowerseed production for Ukraine, higher cottonseed production for China, and reduced cottonseed production for several African countries. Global oilseed stocks are projected at a record 63.8 million tons, up 0.9 million tons from last month. Increased soybean stocks in South America account for most of the change. Global vegetable oil stocks are also increased slightly, but remain near 30-year lows relative to use. Source: USDA

Gujarat: Cotton Exporters Hoarding Stocks

Gujarat, which is the most preferred cotton hubs in India that regularly supplies fine quality cotton to the Chinese textile industry. However the Chinese government yet to be released quota to increase cotton exports and therefore many cotton producers in the northern part of the State and Saurashtra are now sitting on their stocks. In the last cotton season, China imported 30 lakh bales of cotton from

Gujarat out of totaled import of 43 lakh bales. This year, out of 65 lakh bales that will be imported to China, the State's contribution will be a whopping 45 lakh. At present, State's cotton exporters are sitting on an estimated stock of 4 lakh bales for the last three months, waiting for the government to release the quota.

India: Acreage Under Bt Cotton Increased by 38%

During this cotton season, the acreage under Bt cotton has increased by 38% at 34.61 lakh hectares across India, which started from October. According to the report of Directorate of Cotton Development, Maharashtra is on the top with Bt cotton cultivation in 16.55 lakh hectares. Andhra Pradesh is in the second position in terms of Bt cotton

acreage in 6.57 lakh hectares, which is around 69.3% of the total area of the state. Lower prices of Bt cotton seed helped growers to go for Bt cotton cultivation. According to the report, Bt cotton seed packet sufficient to cover one acre cost Rs.750 during 2006-07 in most states as against Rs.1,600 during last year.

Palm Oil Exports Fall by 19.1% for January Month: SGS Release

SGS has released Malaysian palm oil exports sales estimation for January month on Monday; highlighted exports fell by 19.1% at 957,228 metric tons against

1,183,780 metric tons in December month while exports to India drop by 53.56% at 38,500 metric tons against 82,900 metric tons during corresponding period under review.

Mustard Selling Till Month End

The Cabinet Committee on Economic Affairs today gave its approval for disposal of surplus mustard in seed form and through processing in mustard oil form in domestic market at prevailing market prices as below:

- (i) In whole form (from 1.12.06 to 28.2.07)
10 lakh MT
- (ii) Through processing
2 lakh MT

CCEA also gave its approval of Rs.1909.66 crore for meeting losses due to procurement of mustard for paying to banks before 31.03.2007 and additional fund of Rs.289.86 crore for 2007-08.

The approval not only would enable NAFED to dispose remaining stock and settle the accounts with banks but also the procurement of mustard seed to ensure minimum support price to the farmers. **Source: PIB**

Mustard oil Reflect Bearish Trends

Mustard oil prices are continuously declining in the spot markets domestically during the last few days amidst selling pressure of mustard seeds from Nafed and start of new crop in parts of Rajasthan and Madhya Pradesh.

Today, in Mumbai it declined by Rs.7 at Rs.433/10 kg to yesterday prices. The sentiments were further depressed following government authorization to Nafed to liquidate their stocks of Mustard seed by end of February 2007.

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 for the period of January month, 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 6.12%, on marginally improved demand compared to the corresponding period under review while EU, USA and India registered declined by 20.39%, 59.19% and 53.56% respectively.

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

(Unit: MT)

Countries/Continents	January	December	Change %
European Union	223,207	280,390	-20.39
China	316,075	297,846	+6.12
United States	55,294	135,486	-59.19
India	38,500	82,900	-53.56

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Spot prices of palm oil traded on softer side on poor demand and pressure from other edible oil. Vanaspati markers showed less interests amidst cheaper availability of cotton oil and enough stocks of vanaspati in the market. Stockists remained less active for fresh buying on fall short of strong demand ahead. Lack of firm advice from overseas market had bearish impact. Fall of Malaysia crude palm oil export sales estimates on for the period of January month, 2007 down by 19.1% as compared December month had

spill over impact. Crude palm oil and palmolein FOB prices declined and remained in range of \$550-542 per tonne, \$577-580 per tonne respectively during the week. Crude palm oil CIF remained in range of \$585-595 per tonne for February shipment. Palm oil prices likely to trade steady to bearish on lack of fresh fundamentals and underlying bearishness at CBOT on good projection for Brazil's soy crop.

Weekly Crude Palm Oil CIF prices of CPO

(Rs/ 10 kg)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Kandla& Mumbai	595	585	585	585	585	NA

Weekly prices for CPO

(Rs/ 10 kg)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Kandla	404	403	397	396	395	397

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Kandla +VAT	420	420	416	414	415	415
Mumbai +VAT	442	442	442	442	440	440
Chennai +VAT	442	442	442	442	442	442
Kakinada +VAT	NA	422	425	424	424	420
Hyderabad +VAT	NA	450	450	448	446	445
Delhi	455	455	458	455	455	455

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
CPO	550	547	545	542	542	545
RBD Palmolein	580	577	577	577	577	580

MC: Market Closed

Refined Soy Oil

Refined soy oil declined across domestic market during the week. In Rajkot and Hyderabad market soy oil prices remained range bound on steady demand/supply. Arrivals of new mustard crop in parts of Rajasthan and Madhya Pradesh pressured soy oil in same market. Steady to bearish sentiments for soymeal at ports and domestically had underlying bearishness. Steady to low crushing was reported during the period. Processors hesitated for fresh

buying of soybeans as current prices are below parity margins. The CIF prices of crude soy oil declined and remained in range of \$673- \$685 per tonne for February shipment during the week. Soy oil price likely to trades on bearish tone ahead amidst low parity for soy oil and pressure from new mustard seeds in Rajasthan in Madhya Pradesh.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Mumbai +VAT	446	446	444	443	442	442
Indore +VAT	429	428	425	421	421	421
Kota +VAT	436	436	NA	427	425	425
Jaipur +VAT	439	439	NA	430	428	428
Hyderabad +VAT	NA	450	450	450	450	450
Chennai +VAT	475	475	470	475	480	480
Rajkot +VAT	450	450	450	450	450	NA

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Mumbai	435	435	435	435	432	432

Rise in Crude Soy oil CIF during the week

(US \$/ MT)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Kandla & Mumbai	685	682	678	673	670	667

Rape/Mustard Oil

Arrivals of news mustard seeds in parts of Rajasthan and Madhya had strong bearish impact on mustard oil domestically during week started from February 05. Nafed continued aggressive selling of mustard seeds. Discouraged stockists also released in good quantity along with Nafed. Crushers/millers kept steady their offtake on

steady meal demand. Nafed revised down mustard seeds prices and remained in in range of Rs. 1700-1715/1750-1760 per 100 kg during the period under review. Mustard oil prices likely to trade bearish on pressure from new mustard seeds in parts in Rajasthan and Nafed to continue to sell till month ends.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Mumbai + VAT	450	450	444	440	433	433
Kota +VAT	414	414	412	407	405	405
Jaipur +VAT	417	417	416	410	408	408
Delhi	450	450	445	440	440	440
Neewai +VAT	414	412	409	406	406	407

Groundnut oil

Heavy buying of groundnut oil by stockists and resellers from last couple of months prevented fresh buying and prices dropped during the week. Weakness in other vegetable oil had bearish impact. Cheap availability of

cotton oil had strong bearish impact as both share same market preference shift. Little shortage in Delhi market supported price improvement. In Rajkot market, shelled groundnut sold in range of Rs. 430-470 per 20 kg (bag) with

arrivals in range of 20,000-30,000 bags while oil prices stood at Rs. 605-625 per 10 kg during the week. Groundnut

oil prices likely to trade steady on dwindling quality seeds stock.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Mumbai +VAT	645	645	640	NA	605	605
Rajkot +VAT	625	620	610	605	615	NA
Andhra Region	NA	675	675	670	670	670
Chennai +VAT	650	650	650	640	640	640
Delhi	660	660	660	660	660	660

Sunflower Oil

Refined sunflower oil prices remained steady to bearish during the week on sluggish domestic demand and slight improved seeds arrivals to last week. During end of week CIF prices of sunflower oil improved marginally by \$1 and

remained in range of \$678/tonne to \$680/tonne. In coming days sunflower oil prices likely to trade on steady to bearish side on lack of fresh fundamental news and pressure underlying bearishness at BMD.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Mumbai +VAT	580	580	580	575	575	575
Chennai +VAT	590	585	590	585	587	587
Hyderabad +VAT	NA	580	575	570	570	575

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Kandla & Mumbai	678	680	680	680	679	685

Refined Cotton Oil

Refined cotton oil traded on weaker side on poor demand and pressure from groundnut oil. However arrivals remained steady reflected last week figures. Weakness in other vegetable oil had spill over impact. Still farmers

retained hefty stocks of cottonseeds to get better premium in off-season. Movement in others vegetable oils (mainly groundnut) and seeds arrivals status would determine its prices in coming days.

Prices for Refined Cotton Oil during this week

Markets	05.02.07	06.02.07	07.02.07	08.02.07	09.02.07	10.02.07
Mumbai +VAT	448	445	445	442	438	438
Hyderabad +VAT	NA	442	442	440	438	440
Rajkot +VAT	435	435	425	423	422	NA
Delhi	430	430	430	428	425	425

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Crude Palm oil Futures Finish up at BMD

Overnight firmed CBOT and improve crude oil futures forced crude palm oil futures to finish high across the board at Bursa Malaysian Derivatives on Friday despite lack of strong fundamental news for demand/supply. The most active April contract ended MYR26 up at MYR1,917/tonne.

Anticipation for bullish exports sales figures for the period of February 1-10 by SGS and awaits for demand and support data by Malaysian Palm oil Board to be release on Monday had underlying bullish impact.

CBOT Soy Futures Remain Mixed

Soy ended mixed at CBOT on Friday. March Soybeans closed 5.5 cent up at \$7.4925/bushel. May Soybeans settled 5.25 cents down at \$7.655/bushel. March Soy meal closed \$2.6 up at \$217.9/short ton. March Soybean oil ended 0.09 down at 30.34 cents/pound. Post of new

contract triggered moderate gains to March soybeans while high ending stock figures for soybeans by USDA were considered bearish. World ending stocks for 2006/07 stood at 57.4 million tons against 52.23 million tons last year. Rallies in crude oil had underlying bullish impact.

WEEKLY WEATHER WATCH

FORECAST FOR NEXT 5 DAYS

At present, a western disturbance lies over northwest India and an induced cyclonic circulation lies over south Pakistan and adjoining Rajasthan area. Model predictions suggest that both system are likely to move eastwards direction. Under its influence widespread with isolated heavy snowfall/rainfall are likely over J&K, H.P and Uttaranchal during next 2-3 days. Fairly widespread to widespread rainfall are also expected over Punjab, Rajasthan, Uttar Pradesh, Bihar, Madhya Pradesh, Chhattisgarh, Jharkhand, West Bengal and NE States during next 3-4 days. Night temperatures over NW India and Indo-Gangetic plains are likely to rise during next 2 days then it may fall subsequently. Light to moderate fog is likely to develop after passing of the present Western disturbance over Indo-Gangetic plains.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Widespread snowfall/rain is expected during 9-11 Feb07. Fairly widespread to

widespread rainfall are likely over Punjab, Haryana, Delhi and west U.P. are during 9-11 Feb07. Night temperature is likely to fall after 48 Hrs.

EAST AND NE INDIA: Fairlywide rainfall/thundershower is expected over East U.P., Bihar, Jharkhand, West Bengal and NE States during 10-12 Feb,07. Scattered rainfall is also expected over Orissa during 11-12 Feb. Fog may develop after 12 February over East U.P and Bihar.

CENTRAL INDIA: Scattered to fairly widespread rainfall is likely over M.P. and Chhattisgarh and isolated shower over Vidharbha during 10-11 February.

SOUTH INDIA: Mainly dry weather conditions are likely over the region except isolated showers over south Tamilndau during 10-11 Feb07.

WEST INDIA: Fairly widespread rainfall/thundershower over Rajasthan and scattered rain/thundershowers over Gujarat are likely during next 2 days, Mainly dry weather conditions are expected over region.

PORT WATCH

Port updates of edible oils in India (Feb. 05-Feb 10 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
Soy oil	-	14,500	14,500
Crude Palm oil	21,243	29,243	50,486
Total	21,243	43,743	64,986

Source: ANAS

Forex Rates:

(February 10, 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.92
European Union	Euro	57.14
Japan	100 Yen	36.09
United Kingdom	Pound Sterling	85.70

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