

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

Net sales of 270,100 MT--a marketing-year low--were 48 percent below the week earlier and 45 percent under the prior 4-week average. Increases were reported for Indonesia (79,000 MT), China (76,100 MT, including 30,000 MT switched from unknown destinations), Mexico (44,300 MT), Syria (18,000 MT), and unknown destinations

(17,000 MT). Exports of 556,500 MT were 10 percent above the previous week, but 28 percent under the prior 4-week average. The primary destinations were China (153,800 MT), Indonesia (117,300 MT), Mexico (70,600 MT), Japan (49,500 MT), and South Korea (47,700 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 105,200 MT improved from the previous week's low level and were 17 percent above the prior 4-week average. Increases for Chile (23,400 MT), unknown destinations (22,000 MT), Cuba (20,000 MT), Guatemala (17,300 MT), the Dominican Republic (14,800 MT), and Canada (13,600 MT), were partially offset by decreases for

Mexico (15,300 MT) and Jamaica (3,900 MT). Exports of 134,700 MT were 46 percent above the prior week and 3 percent over the previous 4-week average. The primary destinations were Mexico (32,400 MT), Canada (23,400 MT), Chile (23,400 MT), the Dominican Republic (23,200 MT), and Guatemala (14,800 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales reductions of 7,800 MT resulted as increases for Canada (500 MT) and Guatemala (300 MT) were more than offset by decreases for Mexico (8,800 MT). Exports of

3,400 MT were mainly to Mexico (2,600 MT), Canada (600 MT), and Saudi Arabia (200 MT). Source: USDA

### Malaysian Palm Oil Exports Drop by 3.1% During March 1-25: SGS

SGS estimated Malaysian palm oil exports for March 1-25 highlighted palm oil exports sales down by 3.1% at 714,124 metric tons (MT) against 737,015 MT during same period in

February month while to India, palm oil exports sales totaled at 12,400 MT during March 1-25 against 14,350 MT during corresponding period in last month.

### India Expected to Overtake U.S. in Cotton Production

According to the new analysis by Texas Tech University's Cotton Economics Research Institute, the global demand for cotton is estimated to grow by about 20 million bales or 16% during the next decade. The experts forecast that China will remain on top in terms of production, while the United States slips to number three as India is going to grab the second spot on the heels of recent technological breakthroughs in seed and production practices. Not only will more cotton be grown in the Far East, almost all on it will be processed there. Besides, mill use is estimated to continue to concentrate in Asia. By 2016, the nations that

lead the world in cotton mill use are projected to be China at 45%; India with 16%; and Pakistan at 11%. However, mill use in the United States is decreasing, which makes these overseas export markets all the more important for U.S. producers. According to him, China will remain the world's largest cotton producer with a quarter of the market in 2016. There will be a minor shift as India moves to second place with 19%, and the United States slips to third at 17%. Currently, the United States has 19% share of the world cotton production.

## India: Cotton Yarn Output Rose in January

According to sources, the monthly cotton yarn output in India is continuing to gain momentum as new spindles expand. Cotton yarn production increased in January 2007, reaching 245,000 tons, according to the Textile Commissioner's Office. It was the second highest monthly production level on record and reflected 23.4% year-on-

year growth. This growth was accompanied by a 19.7% expansion in cotton-blend yarn output that reached 52,000 tons. Cumulative cotton yarn output surged 14.5% to 2,349,960 tons in April 2006 through January 2007. This has been accompanied by 10.8% growth in blend cotton yarn output, which reached 531,270 tons.

## India: Cotton Arrivals Remained Steady

The cotton arrivals in the country totaled 485,000 170-kilogram bales during week ending March 24, down by 6.7% as compared to last year's same period. Around 300,000 bales of cotton arrived from Gujarat. Total arrivals

have reached 23,050,000 170-kilogram bales, which represent a 15.3% year-on-year expansion. The daily average arrivals remained at around 40,000-44,000 bales in the country.

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 March 1-25, 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 EU, China and India increased by 9.92%, 17.02% and 2.49%, respectively on improved demand compared to the corresponding period under review while USA registered declined by 54.42% respectively

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

(Unit: MT)

Countries/Continents	March 1-25	February 1-25	Change %
European Union	194,849	177,269	+9.92
China	223,235	190,768	+17.02
United States	50,245	110,240	-54.42
India	27,200	26,540	+2.49

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Spot prices of palm oil traded bullish across domestic markets on improved demand. Firmed up crude oil prices in global markets raised BMD with similar reflection domestically. Reports of low production of palm oil in

Indonesia on erratic weather conditions added support to palm oil in physical markets. Crude palm oil CIF prices rose sharply towards end of week by \$23 and traded between \$622-645 per metric tonne (MT) for April shipment. A cargo

surveyor SGS (Malaysia) Bhd. released export sales estimates of palm oil for the period of March 1-25, 2007 totaled at 714,124 MT, down by 3.1% as compared to 737,015 MT for same period in February month. Malaysian palm oil exports to India increased marginally by 2.49% at

27,200 MT against 26,540 MT during period under consideration. Currently upsurge in crude oil prices globally with improving domestic demand would push palm oil prices ahead.

#### Weekly Crude Palm Oil CIF prices of CPO

(Rs/ 10 kg)

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Kandla& Mumbai	NA	622	630	640	645	NA

#### Weekly prices for CPO

(Rs/ 10 kg)

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Kandla	401	401	NA	405	408	408

#### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Kandla +VAT	422	422	420	427	427	430
Mumbai +VAT	441	441	443	444	445	446
Chennai +VAT	440	440	440	440	447	NA
Kakinada +VAT	427	427	426	432	435	435
Hyderabad +VAT	445	445	445	447	449	451
Delhi	465	460	460	465	465	465

MC: Market Closed

#### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
CPO	585	577	NA	592	602	600
RBD Palmolein	615	610	NA	622	632	632

MC: Market Closed

#### Refined Soy Oil

Overall firmness in soy complex in domestic market kept soybean oil prices firm. Rise in mustard oil prices on strong buying had spill over impact on soy oil in the physical markets. Increased demand for soy oil from stockists for upcoming marriage and lean season also reflected firmness. Firmness in global markets helped soybean oil prices. In Indore market refined soy oil rose sharply and

traded between Rs. 432-442/10kg. The CIF prices of crude soybean oil rose sharply towards weekend by \$20 and stood between \$687- \$707 per tonne for April shipment. The recent rainfall and flood conditions in parts of Argentina with forecast of bad weather might hamper matured soybeans there with underlying bullish support to soy oil futures at CBOT and domestically.

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

(Rs/ 10 kg)

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Mumbai +VAT	447	447	448	449	450	452
Indore +VAT	432	432	437	442	442	447
Kota +VAT	445	445	460	NA	465	465
Jaipur +VAT	449	449	463	NA	468	468
Hyderabad +VAT	460	460	460	460	465	465
Chennai +VAT	475	470	470	477	478	MC
Rajkot +VAT	437	437	437	437	437	437

MC: Market Closed

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

(Rs/ 10 kg)

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Mumbai	432	430	NA	432	432	435

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

(US \$/ MT)

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Kandla & Mumbai	687	680	690	690	707	709

### Rape/Mustard Oil

Increased demand of mustard oil from Northeastern parts of country favored firmness domestically. Amidst currents mustard seeds prices are quite high to MSP that restricted Nafed procured around 19,000-20,000 metric tonne (as per official sources) so far. Aggressive buying of mustard seeds from stockists and expellers provide bullish support to

mustard oil. In Kota market mustard oil rose sharply towards weekend by Rs. 20 and stood in range of Rs. 420-440 per 10kg during the week. Mustard oil would generate bullish support from buying pressure of mustard seeds by Nafed and other stockists.

### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Mumbai + VAT	428	435	438	438	444	450
Kota +VAT	420	420	430	440	440	442
Jaipur +VAT	423	423	436	445	445	452
Delhi	446	448	456	470	472	467
Neewai +VAT	412	412	425	440	440	440

### Groundnut oil

Improved edible oil demand domestically mirrored similar sentiments on groundnut oil during the week started from 26th March. Increased groundnut meals demand in both domestic markets and ports pushed up crushing margin for groundnut oil. Expellers/crushers were reported to maintain their regular offtake of groundnut seeds. Dwindle quality seeds for crushing strengthened Rajkot market. In Rajkot

market, shelled groundnut sold in range of Rs. 475-490 per 20 kg (bag) with arrivals in range of 6,000-8,000 bags while gn oil prices stood at Rs. 635-650 per 10 kg during the week. The supportive weather conditions for Rabi groundnut harvesting in Maharashtra, Tamil Nadu, Karnataka and Andhra Pradesh is likely to pressure groundnut oil in near-terms.

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

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Mumbai +VAT	585	582	580	578	578	580
Rajkot +VAT	635	640	640	645	650	655
Andhra Region	650	650	650	665	665	670
Chennai +VAT	580	590	590	600	610	NA
Delhi	660	660	660	670	670	670

**Sunflower Oil**

Spot prices of refined sunflower oil traded on higher side during the week amidst bullish global markets and good demand. The declining crushing margin for sunflower oil aided bullish sentiments. Although, arrivals for sunflower seeds remained steady during the week. The CIF prices of

sunflower oil escalated towards weekend. Traders are looking closely over movement global and domestic markets and expecting some bullish movement in coming days.

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

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Mumbai +VAT	520	535	525	520	522	525
Chennai +VAT	530	525	530	530	530	NA
Hyderabad +VAT	510	510	525	527	525	530

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

Center	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Kandla & Mumbai	710	695	NA	700	718	720

**Refined Cotton Oil**

Refined cotton oil trade in bullish tone across domestic markets on good demand. Arrivals of cottonseeds remained steady. The poor demand for cotton meal on increased prices was capped the gains to certain extent. Crushing

margin for cotton oil remained weak during the week. Currently upsurge in edible oil is likely to supports bullishness for cotton oil prices in coming days.

**Prices for Refined Cotton Oil during this week**

Markets	26.03.07	27.03.07	28.03.07	29.03.07	30.03.07	31.03.07
Mumbai +VAT	446	446	450	452	454	456
Hyderabad +VAT	450	450	452	455	455	457
Rajkot +VAT	437	438	439	439	442	446
Delhi	445	445	450	460	462	462

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### CBOT Soy Futures Finish Weak

Soy futures finished weak at Chicago Board of Trades on Friday. May Soybeans close 17 cents down at \$279.6833 per metric tonne (MT). July Soybeans settled 15.25 cents down at \$285.8372 per MT. May Soy meal finish \$6.8 down at \$233.4671 per MT. May Soybean oil finished 0.49 up at 715.8592 \$ per MT. Weakness in corn propelled soy meal to the lowest level of January 12th forced long liquidation

selling for soybeans. Increase USDA soybean stocks at 48.519 million tonne against last year 45.063 million tonne pressured soy futures. Talk of soybeans production is likely to remain at 67.14 million acres against 75.522 million acres last year cushion from further weakness. Heavy rain in Argentina with expectation for same in Brazil favors bullishness on delay harvest to soy futures.

### BMD Crude Palm oil Futures Upsurge

Increased soy oil futures at CBOT coupled with upsurge in crude oil prices raised crude palm oil futures on Friday at Bursa Malaysian Derivatives. The most active June contract of CPO futures touched March month high since 1999 and finished MYR25 high at MYR2,070 per tonne.

Talk of roaring crude oil futures would boost biodiesel demand globally and supported palm oil demand. However, market is lacking fresh fundamentals but anticipation for bullish crude oil and soy oil ahead supported market.

## WEEKLY WEATHER WATCH

### FORECAST FOR NEXT 5 DAYS

Hot and dry weather conditions are prevailing over parts of northwest and central India. Heat wave conditions prevailed over parts of Gujarat and Rajasthan where day temperatures are 5-6°C above normal. The ongoing heat wave conditions are likely to continue over these regions and may also extend into adjoining areas of West Madhya Pradesh and north Maharashtra during next 24-48 Hrs. Models predictions suggest that a Western Disturbance (W.D.) is likely to affect J&K and adjoining hilly region from tonight and move slowly in an eastward direction. Under its influence J&K, H.P. and Uttaranchal is likely to receive scattered snowfall/rainfall during 31March-2nd April 07. Isolated thundershowers/rain is also expected over Panjab and Haryana during this period. Both the day and night temperatures may further rise by about 2-3 degree C during next 24-48 Hrs. and fall thereafter by same magnitude with passage of W.D. over NW India.

### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Scattered snowfall/rainfall is likely over J&K, H.P. and Uttaranchal during 31 March - 2nd April, 07. Isolated to scattered rainfall is likely over Panjab and Haryana during 31 March & 2nd April, 07. Day and night temperatures are likely to increase by 2-3 °C over northwest India during next 24-48 hrs.

**EAST AND NE INDIA:** Mainly dry weather is likely over the rest of the region during next 4 days. Day and night temperatures are likely to rise by 2-3°C.

**CENTRAL INDIA:** Mainly dry weather is likely over the region during next 4-5 days. Day and night temperatures are likely to rise by 2-3°C.

**SOUTH INDIA:** Isolated rain/thundershowers are likely over Coastal Karnataka, Kerala and Nicobar Islands during next 48 Hrs. Mainly dry weather is likely over the rest region.

**WEST INDIA:** Mainly dry weather is likely over the region. Day and night temperatures are likely to rise by 2-3°C. It may cause heat wave over some more parts of Gujarat and Rajasthan.

## PORT WATCH

Port updates of edible oils in India (March 26-31, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	11,000	37,952	48952
Palm oil	35,111	-	35111
CFA	2,000	2,000	4000
<b>Total</b>	<b>48,111</b>	<b>37952</b>	<b>88063</b>

Source: ANAS

**Forex Rates:****(March 31, 2007)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.59
European Union	Euro	58.21
Japan	100 Yen	36.99
United Kingdom	Pound Sterling	85.80

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