

## MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- WASDE Month Supply and Demand Estimation
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: Malaysian Palm oil Export Sales Down by 10.3% During February month
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

Net sales of 415,500 MT were 38 percent below the week earlier and 33 percent under the prior 4-week average. Increases reported for China (244,600 MT, including 170,000 MT switched from unknown destinations and 43,000 MT switched from Japan), Mexico (123,900 MT), Germany (69,900 MT, including 60,000 MT switched from unknown destinations), the Netherlands (56,600 MT, including 60,000 MT switched from unknown destinations and decreases of 4,500 MT), and South Korea (46,000

MT), were partially offset by decreases for unknown destinations (222,000 MT). Sales of 101,000 MT for delivery in 2007/08 were for Japan. Exports of 934,100 MT were 18 percent above the previous week, but 3 percent under the prior 4-week average. The primary destinations were China (432,000 MT), Japan (124,000 MT), Mexico (119,400 MT), Germany (69,900 MT), and Turkey (66,900 MT). Note: Accumulated exports were adjusted down 7,300 MT for Egypt. Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 800 MT--a marketing-year low--resulted as increases for Turkey (16,500 MT, including 18,000 MT switched from unknown destinations and decreases of 1,500 MT), Morocco (13,000 MT), the Dominican Republic (11,200 MT), and Syria (8,300 MT), were partially offset by decreases for Mexico (38,000 MT), unknown destinations (20,000 MT), and Canada (10,400 MT). Exports of 108,500

MT were 60 percent below the previous week and 33 percent under the prior 4-week average. The primary destinations were Mexico (25,800 MT), Canada (17,100 MT), Turkey (16,500 MT), the Dominican Republic (10,300 MT), and Syria (8,300 MT). Note: Accumulated exports were adjusted down 8,300 MT for Egypt. Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales reductions of 8,900 MT resulted as increases for Canada (1,400 MT) were more than offset by decreases for

Mexico (10,300 MT). Exports of 2,500 MT were mainly to Canada (1,500 MT) and Mexico (800 MT). Source: USDA

### Malaysian Palm Oil Exports Increase by 0.4%: SGS

SGS has released Malaysian palm oil exports sales estimation for February 1-25 on Monday highlighted exports rose by 0.4% at 737,015 metric tons against 733,918 metric tons during corresponding period last month

while to India, palm oil exports declined by 58.04% for February 1-25 at 14,350 metric tons against 34,200 metric tonne during corresponding period a month ago.

### Government Reduces Import oil Duty on Sunflower oil and SAD on All Edible Oil

In order to curb inflation, Government has reduced duty on Sunflower oil. Duty on refined Sunflower Oil has been reduced to 50% from 65% earlier while base import prices

are kept unchanged. In addition Government has removed SAD on all edible oil (which was earlier 4%).

## Malaysian Palm Oil Exports Drop by 10.3% in February: SGS

SGS has released Malaysian palm oil exports sales estimation for February month highlighted exports dropped by 10.3% at 858,485 metric tons against 957,228 metric tons during corresponding period last month while to India,

palm oil exports declined by 30.69% for February month at 26,685 metric tons against 38,500 metric tonne during corresponding period a month ago.

## Bio-diesel Exempt from Excise Duty

To promote bio-diesel sector in Country, Government fully exempted excise duty on bio-diesel.

## ICAC: Cotton Output Estimated Record at 1.7 MMt in South America

According to the International Cotton Advisory Council (ICAC), South American cotton production is likely to make a record of around 1.7 million metric tons (MMt) in 2006-07, which would 28% increase, with the bulk coming from Brazil and Argentina. They reported that world cotton production should remain steady at 25.4 MMt in 2007-08. World cotton consumption, however, is forecasted at 26.6 MMt in 2007-08, a result of continued but slower growth. Both mill use and imports in 2007-08 will be determined by China's consumption, as per the ICAC survey. Global cotton

imports are estimated to rise by 7% to 9.2 MMt in 2007-08, the second largest following a record 9.8 MMt in 2005-06. The production should raise 33% to 1.4 MMt in Brazil and should rise 35% to 177,000 tons in Argentina. Production is forecasted as stable or down in most other South American countries. World cotton ending stocks are forecasted down by 3% to 11.6 MMt in 2006-07 and down by 7% to 10.7 MMt in 2007-08. They reported that stocks are likely to decrease more significantly in China than in the rest of the world in 2007-08.

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 February 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 USA increased by 142.96%, on improved demand compared to the corresponding period under review while EU, China and registered drop by 4.65%, 27.4% and 30.69% respectively.

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

(Unit: MT)

| Countries/Continents | February | January | Change % |
|----------------------|----------|---------|----------|
| European Union       | 212,834  | 223,207 | -4.65    |
| China                | 229,468  | 316,075 | -27.40   |
| United States        | 134,340  | 55,294  | +142.96  |
| India                | 26,685   | 38,500  | -30.69   |

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Spot market of palm oil traded on softer side during the week started from February 26 on sluggish demand and declined BMD crude palm oil futures. Crude palm oil FOB prices of crude palm oil and RBD palmolein stood in range of \$547-557/tonne and \$585-592/tonne respectively during the week. A cargo surveyor SGS (Malaysia) Bhd. released export sales estimates on for the period of February 2007 totaled at 858,485 metric tons, dropped by 10.3% against 957,228 metric tons for January month. Exports of RBD

Palm oil increased by 7.51%, while RBD Palm Olein, RBD Stearin and crude palm oil exports declined by 23.16%, 12.52% and 28.88% respectively during period under review. Imports of Malaysia's palm oil to USA increase by 142.96% while to EU, China and India declined by 4.65%, 27.4% and 30.69% respectively. Palm oil prices likely to trade steady to bearish on underlying weakness at BMD and pressure from cheaper edible oils.

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

(Rs/ 10 kg)

| Center         | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Kandla& Mumbai | 595      | 620      | 585      | 595      | 590      | 595      |

#### Weekly prices for CPO

(Rs/ 10 kg)

| Center | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|--------|----------|----------|----------|----------|----------|----------|
| Kandla | 397      | 398      | 392      | 394      | 392      | NA       |

#### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

| Center         | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Kandla +VAT    | 414      | 416      | 412      | 417      | 415      | 414      |
| Mumbai +VAT    | 428      | 428      | 426      | 431      | 429      | 430      |
| Chennai +VAT   | 435      | 435      | 430      | 431      | 430      | 431      |
| Kakinada +VAT  | 418      | 420      | 420      | 420      | 420      | 418      |
| Hyderabad +VAT | 443      | 443      | 443      | 440      | 440      | 440      |
| Delhi          | 450      | 450      | 450      | 450      | 450      | 450      |

MC: Market Closed

#### Weekly prices for FOB (Kandla)

(US \$ / MT)

| Center        | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|---------------|----------|----------|----------|----------|----------|----------|
| CPO           | 552      | 555      | 547      | 557      | 547      | NA       |
| RBD Palmolein | 592      | 592      | 585      | 587      | 582      | NA       |

MC: Market Closed

### Refined Soy Oil

Despite mostly weak CBOT in current week, refined soy oil improved across domestic market on improved demand. Government decision to remove Special Additional Duty (SAD), which was 4% earlier on all edible oil remains a bullish factor while revision on imported oil tariff duty was remain unchanged. Solvent plants were reported to unload soy oil at cheaper prices limited the gained for soy oil. Madhya Pradesh Government removed Value Added Tax (VAT) on oilseeds in State budget for 2007/08 also

considered a bearish blow. Demand to soymeal remained firmed during the week. In Indore market refined soy oil traded in range of Rs. 410-417/10kg. There was news of Brazil's soybeans crop harvest stood at 17% on Feb 27. The CIF prices of crude soy oil declined and remained in range of \$673- \$680 per tonne for March shipment during the week Soy oil prices are likely to trade steady to bearish ahead on pressure from new mustard seeds arrivals in Madhya Pradesh and Rajasthan.

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

| Center         | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT    | 433      | 433      | 431      | 436      | 436      | 433      |
| Indore +VAT    | 410      | 412      | 417      | 417      | 418      | 418      |
| Kota +VAT      | 420      | 422      | 424      | 428      | 428      | 428      |
| Jaipur +VAT    | 424      | 426      | 428      | 432      | 432      | 432      |
| Hyderabad +VAT | 440      | 445      | 445      | 445      | 445      | 450      |
| Chennai +VAT   | 470      | 470      | 462      | NA       | 460      | 460      |
| Rajkot +VAT    | 432      | 432      | 432      | 432      | 432      | 432      |

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

| Center | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|--------|----------|----------|----------|----------|----------|----------|
| Mumbai | 422      | 422      | 420      | 415      | 415      | NA       |

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

| Center          | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | 680      | 678      | 673      | 674      | 665      | 670      |

**Rape/Mustard Oil**

Improved demand strengthens mustard oil prices domestically. Recent rainfall and hailstorm in Rajasthan was reported to damage standing crop of mustard had bullish impact. Arrivals of new mustard seeds declined in Rajasthan region as compared to last week, helped gains for mustard oil. Drop in temperature in north part of country was reported to remain supportive for fresh demand.

Crushers/expellers maintained their regular offtake to replenish their buffer stocks. Few markets touched new lows for mustard oil in the week. In Kota market mustard oil remained in range of Rs. 395-405/10kg during the week. Mustard oil prices likely to trade steady to bullish ahead on delay harvest of new mustard seeds in Rajasthan.

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

| Center       | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|--------------|----------|----------|----------|----------|----------|----------|
| Mumbai + VAT | 427      | 427      | 427      | 431      | 434      | 431      |
| Kota +VAT    | 395      | 400      | 402      | 405      | 400      | 404      |
| Jaipur +VAT  | 404      | 408      | 410      | 412      | 410      | 414      |
| Delhi        | 424      | 424      | 424      | 432      | 438      | 438      |
| Neewai +VAT  | 400      | 398      | 400      | 402      | 402      | 405      |

**Groundnut oil**

Groundnut oil traded in bullish tone domestically during the week. Cheap availability of cotton oil and palm oil however, limited the gains for groundnut oil. Crushing for groundnut was reported to remained weak was considered a bullish factor. In Mumbai gnut oil price traded range bound on steady demand. Arrivals of fresh Rabi groundnut were reported in parts of Karnataka and Andhra Pradesh restricted the gains there. Parity for groundnut oil remained

low during the week. In Rajkot market, gnut oil remained in range 640-645/10kg while shelled groundnut remained at Rs. 480-490 per 20kg (bag) with seeds arrivals around 15-20,000 bags during the period under review. Groundnut oil prices are likely to remains steady to bullish on depleting quality seeds stocks and low crushing for groundnut oil due to crushing margin.

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

| Center        | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|---------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT   | 600      | 600      | 600      | 600      | 600      | 600      |
| Rajkot +VAT   | 640      | 642      | 640      | 645      | 642      | 645      |
| Andhra Region | 680      | 685      | 685      | 700      | 700      | 700      |
| Chennai +VAT  | 670      | 660      | 664      | NA       | 660      | 640      |
| Delhi         | 665      | 665      | 665      | 650      | 650      | 650      |

**Sunflower Oil**

Spot prices of refined sunflower oil remained weak during the week. Government reduced import duty structure on sunflower oil by 15% to 50% (earlier 65%) was remained a strong bearish factors. During end of week CIF prices of

sunflower oil increased by \$11 and remained in range of \$688/tonne to \$699/tonne for March shipment during the week. In coming days sunflower oil prices likely to trade bearish on spill over impact on reduction in improved duty.

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

| Center         | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT    | 540      | 535      | 535      | 528      | 528      | 525      |
| Chennai +VAT   | 570      | 560      | 550      | NA       | 545      | 545      |
| Hyderabad +VAT | 545      | 535      | 530      | 540      | 540      | 540      |

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

| Center          | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | 688      | 688      | 692      | 695      | 699      | NA       |

**Refined Cotton Oil**

Spot prices of refined cotton oil traded in bullish tone across domestic market on improved demand and groundnut oil prices. Crushing for cotton oil remained steady during the week. Solvent plants unloaded cotton oil at competitive

price for palm oil. Farmers were reported to hold back hefty seed stock, as current prices are not lucrative. 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        | 26.02.07 | 27.02.07 | 28.02.07 | 01.03.07 | 02.03.07 | 03.03.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT    | 428      | 429      | 429      | 429      | 436      | 433      |
| Hyderabad +VAT | 425      | 428      | 428      | 435      | 435      | 435      |
| Rajkot +VAT    | 428      | 429      | 432      | 435      | 433      | 433      |
| Delhi          | 424      | 424      | 424      | 424      | 424      | 424      |

**INTERNATIONAL MARKET WEEKLY HIGHLIGHTS****BMD Crude Palm oil Futures Settle Weak**

Tracking soy oil at CBOT, crude palm oil futures finished weak on second consecutive day across the board at Bursa Malaysian Derivatives and most active May contract of crude palm oil dropped by MYR10 at MYR1,940/metric ton.

However, improved crude oil futures limited the losses. Crude palm oil and soy oil usually move in tandem as both compete for same market. Still trader's anticipation for long-term demand remained less supportive.

## CBOT Soy Futures Finish Mixed

Soy futures settled mixed at Chicago Board of Trades on Friday. May Soybeans close 8.5 cents down at \$276.7441/tonne. July Soybeans settled 7.5 cents down at \$282.4388/tonne. May Soymeal close \$4.7 down at \$243.4981/tonne. May Soybean oil finished 0.07 down at 30.08 cents/pound. Friday soybeans futures hit low since February 2nd. Ideas of short-term oversold conditions for Soy futures had underlying bullish impact. The ending stock

for soybeans for 2007/08 stood around 370 million bushels, which below to current year stocks at 595 million bushels while ending stock for soy oil for 2007/08 stood at 2.035 billion pounds remained low from 2.689 billion pound in current year. Continues liquidation in the market coupled with progressing harvest conditions in South America depressed soy futures from further advancing.

## WEEKLY WEATHER WATCH

### FORECAST FOR NEXT 5 DAYS

Yesterday's western disturbance over western Himalayan region has moved away in eastward direction. At present it lies over Bihar and adjoining area. Model prediction suggest that scattered to fairly widespread thundershowers are likely over Bihar, Jharkhand, West Bengal, Orissa and NE states during next 24-36 Hrs. and reduce thereafter. Model prediction suggest that another western disturbance is likely to affect J&K and H.P. region during 3-4 March. It is likely to cause fairly widespread snowfall/rain over hilly regions of NW India and cloudy over parts adjoining plains during 3-4 March. Predictions suggest that it is likely to be mainly fair weather over entire country from tomorrow for next 4-5 days except over NE states and hilly regions of NW India where fairly widespread thundershowers and scattered to fairly widespread snow/rain respectively are expected during 3-4 March. Coastal Karnataka and Kerala

are also likely to receive isolated to scattered rain during next 24-36 Hrs. Model prediction suggest, that it is likely to be fair weather over most parts of the country on occasion of HOLI the 4th March 07.

### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Scattered to fairly widespread snowfall/rain is likely over J&K, H.P. and Uttranchal during 3-5 March.

**EAST AND NE INDIA:** Scattered to fairly widespread thundershowers/rain is likely over West Bengal, Orissa and NE states during next 2 days and reduce thereafter. Scattered thundershowers are likely over Bihar and Jharkhand during next 24 Hrs.

**CENTRAL INDIA:** Mainly dry weather is likely.

**SOUTH INDIA:** Mainly clear weather is likely.

**WEST INDIA:** Mainly dry weather is likely.

## PORT WATCH

Port updates of edible oils in India (Feb. 26-March 03 2007)

(Unit: Metric Tonnes)

| Particulars    | Expected      | Arrived       | Total         |
|----------------|---------------|---------------|---------------|
| Crude Palm oil | 8,500         | 32,548        | 41,048        |
| CDSBO          | -             | 13,000        | 13,000        |
| Palm oil       | 24,100        | 4,100         | 28,200        |
| CFA            | -             | 2,000         | 2,000         |
| <b>Total</b>   | <b>32,600</b> | <b>51,648</b> | <b>84,248</b> |

Source: ANAS

Forex Rates:

(March 03, 2007)

| Country/ Continent | Currency       | Value in Rupees |
|--------------------|----------------|-----------------|
| USA                | Dollar         | 44.28           |
| European Union     | Euro           | 58.37           |
| Japan              | 100 Yen        | 37.63           |
| United Kingdom     | Pound Sterling | 86.01           |

## 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.