

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean

Net sales of 222,900 MT were 9 percent above the previous week and 6 percent over the prior 4-week average. Increases for Malaysia (60,000 MT), unknown destinations (55,000 MT), Taiwan (42,300 MT), Mexico (35,300 MT), and Japan (19,100 MT), were partially offset by decreases for Guatemala (10,000 MT). Sales of 136,000 MT for delivery in 2007/08 were for Japan (76,000

MT) and China (60,000 MT). Exports of 244,000 MT were 38 percent below the previous week and 45 percent under the prior 4-week average. The primary destinations were China (66,000 MT), Mexico (65,200 MT), Japan (29,800 MT), Taiwan (26,300 MT), and Morocco (24,900 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 86,900 MT were 27 percent above the previous week, but 22 percent under the prior 4-week average. Increases for Canada (29,200 MT), Saudi Arabia (17,000 MT), Colombia (14,400 MT), Israel (12,500 MT, including 5,500 MT switched from unknown destinations), and Mexico (7,000 MT), were partially offset by decreases for unknown destinations (5,500 MT) and Jamaica (3,300

MT). Exports of 114,700 MT were 3 percent below the prior week and 10 percent under the previous 4-week average. The primary destinations were Canada (31,900 MT), Mexico (21,000 MT), Ecuador (20,000 MT), Honduras (12,700 MT), and the Dominican Republic (10,200 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 3,500 MT were mainly for Mexico (1,200 MT), El Salvador (1,000 MT), Canada (700 MT), and Nicaragua

(500 MT). Exports of 2,700 MT were primarily for Mexico (1,900 MT) and Canada (600 MT). Source: USDA

Malaysian Palm Oil Exports Down by 1.5% During May 1-15: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports for the period of May 1-15 highlighted exports dropped marginally by 1.5% at 632,736 metric tons (MT) as compared to 642,492 MT during April 1-15. To India, palm

oil exports dropped significantly by 83.71% at 9,000 MT during May 1-15 against 55,265 MT during corresponding period a month ago.

China soy oil Import increase by 15.6% During Jan-April

China soy oil imports increased by 15.6% during first quarter of this year at 790,000 metric tons against 683,391 during same period in 2007.

MSPS FOR KHARIF CROPS OF 2007-08 The Cabinet Committee on Economic Affairs today gave its approval for the MSPs for 2007-08 kharif crops, as under:

Price per quintal Commodity Variety MSP for 2007-08
Increase in MSP over previous year's MSP Paddy Common
645 65 Grade A 675 65 Jowar Hybrid 600 60 Maldandi 620
65 Bajra - 600 60 Ragi - 600 60 Maize - 620 80 Tur (Arhar)
- 1590 180 Moong - 1740 220 Urad - 1740 220 Groundnut-

in-shell - 1550 30 Soyabean Yellow 1050 30 Black 910 10
Sunflower Seed - 1510 10 Sesamum - 1580 20 Niger Seed
- 1240 20 Cotton Medium Staple Length 1800 30 Long
Staple Length 2030 40.

China's Cotton Imports Slipped 56% in April

According to the National Development and Reform Commission, the cotton imports by China tumbled 56% to 215,000 metric tons in April, 2007 as the price of imports became less competitive than domestic cotton. They also said that China's cotton imports slipped 55% on year to 723,000 tons during the month of January to April, 2007.

Adjusted tariff rates and the revised implementation formula for cotton tariff-rate quotas made the price of imports became less competitive than domestic cotton. Effective Jan. 1 this year, China adjusted the variable tariff rates for cotton imports under additional TRQs to 6%-40% from 5%-40%.

Cotton Sowing in Northern Zone Initiated

Farmers in the Northern Zone of the country have started the cotton sowing in this Kharif season. Traders said, sowing has been slightly delayed due to a late wheat harvest in the states of Punjab, Haryana and Rajasthan. At present, around 35%-40% of the crop has been sown in

Punjab, 20%-25% in Haryana and 10%-15% in Rajasthan. The acreage is expected to increase by 10-15% as compared to last year in Punjab and Haryana due to good prices in 2006-07 marketing year. Water supplies appear adequate.

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 May 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 import of Malaysia's

palm oil to China increased by 72.98% on improved demand compared to the corresponding period under review while EU, USA and India registered drop by 28.17%, 37.39% and 83.71% respectively.

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

(Unit: MT)

| Countries/Continents | May 1-15 | April 1-15 | Change % |
|----------------------|----------|------------|----------|
| European Union | 90,034 | 125,346 | -28.17 |
| China | 211,463 | 122,246 | +72.98 |
| United States | 63,260 | 101,037 | -37.39 |
| India | 9,000 | 55,265 | -83.71 |

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Domestic palm oil prices continue to fall from last week bearish trend across domestic markets on dull trade activities with low demand. Fall in mustard oil prices aids the bearishness. Indonesian government is pondering to raise exports taxes to increase the palm oil stocks in the country. At Kandla ports palm oil traded between Rs. 415-420 per 10 kg. Prospects of tight supply and firmed CBOT raised BMD CPO futures that traded between MYR2,325 to MYR2,370 per metric ton. In current week, crude palm oil CIF prices traded between \$750-765 per metric tonne for

June shipment. A cargo surveyor SGS (Malaysia) Bhd. released estimation exports sales of palm oil for the period of May 1-15, 2007 totaled at 632,736 metric tons dropped marginally by 1.5% against 642,492 metric tons same period in April. Malaysian palm oil exports to India went up 22.28% at 73,000 metric tons during May 1-15 against 59,700 metric tons during same period last month. Currently strengthening rupees value v/s dollar with fears on cheaper landed cost of imported oil by next week would tend to depress palm oil ahead.

Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Kandla& Mumbai | 760 | 765 | 750 | 765 | NA | 770 |

Weekly prices for CPO

(Rs/ 10 kg)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|--------|----------|----------|----------|----------|----------|----------|
| Kandla | 420 | 416 | 417 | 415 | 417 | 420 |

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Kandla +VAT | 444 | 446 | 444 | 442 | 443 | 443 |
| Mumbai +VAT | 465 | 453 | 458 | 456 | 452 | 452 |
| Chennai +VAT | 460 | 460 | 461 | 458 | 460 | 461 |
| Kakinada +VAT | 447 | 444 | 446 | 446 | 447 | 444 |
| Hyderabad +VAT | 468 | 465 | 463 | 465 | 465 | 465 |
| Delhi | 495 | 490 | 490 | 490 | 490 | 490 |

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|---------------|----------|----------|----------|----------|----------|----------|
| CPO | 722 | 725 | 720 | 732 | 740 | 740 |
| RBD Palmolein | 755 | 760 | 765 | 765 | 775 | 780 |

MC: Market Closed

Soybean oil

Refined soy oil prices continue to fall during the week on exceeding supplies to demand. Fears of low landed cost of imported oil against domestic produced results gust of arrivals from stockists, who intended to limit their losses. Solvent units remain disinterest to pace up crushing amidst poor availability of quality beans and low crushing margins.

In Indore market refined soy oil traded between Rs. 462-472 per 10kg. Crude soy oil CIF price traded between \$775-780 per tonne for June shipment. Soy oil is overseas market is likely to gather bullishness momentum amidst restricted soybeans exports from Brazil on weak dollar and fading fear of switching corn acreage to soybeans.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | 477 | 465 | 462 | 461 | 460 | 460 |
| Indore +VAT | 472 | 468 | 468 | 464 | 462 | 462 |
| Kota +VAT | 465 | 460 | 460 | 460 | 460 | 460 |
| Jaipur +VAT | 470 | 465 | 465 | 465 | 465 | 465 |
| Hyderabad +VAT | 485 | 480 | 480 | 485 | 485 | 485 |
| Chennai +VAT | 487 | 486 | 485 | 485 | 480 | 480 |
| Rajkot +VAT | 465 | 455 | 455 | 455 | 455 | 455 |

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|--------|----------|----------|----------|----------|----------|----------|
| Mumbai | 440 | 440 | 440 | 436 | 434 | 435 |

Rise in Crude Soy oil CIF during the week

(US \$/ MT)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | 775 | 775 | 775 | 778 | 780 | 786 |

Mustard Complex

Amidst pressure of imported oils coupled with decline in daily arrivals, millers have reduced regular offtake of seeds from stockists simultaneously reducing the pace of crushing. With persistent selling pressure for expeller oil, the prices of mustard oil in Kota market declined marginally to Rs.430 to 435/10 Kg. Rates for condition and non-condition seeds varied from Rs 1900 to 2170 / quintal and

Rs 1700 to 1830 / quintal respectively across spot markets. The daily arrivals declined from 1.35 lakh bags on Monday to 1.1 lakh bags on Friday. NAFED normally commences seed selling by mid of June, but traders estimate that this years monthly sales would decline in volumes as seed stock with NAFED is bound to fall short of previous years stock of 35-36 lakh tonnes as on end of May 2006.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|--------------|----------|----------|----------|----------|----------|----------|
| Mumbai + VAT | 470 | 467 | 466 | 461 | 460 | 460 |
| Kota +VAT | 435 | 435 | 435 | 435 | 430 | 430 |
| Jaipur +VAT | 445 | 445 | 445 | 445 | 442 | 442 |
| Delhi | 460 | 460 | 457 | 457 | 458 | 460 |
| Neewai +VAT | 438 | 438 | 438 | 435 | 433 | 433 |

Groundnut Oil

An increase in new groundnut seeds arrivals pressure and sluggish demand cast weakness for groundnut oil in Rajkot market, while prices improved in Mumbai and Chennai markets on tapering groundnut oil stock. Low crushing margin with poor offtake of groundnut oil discouraged expellers for fresh crushing. Groundnut meals demand continues to remain low both at ports and domestically and exporters preferred to hold their meals stocks on appreciating rupees value. Cabinet Committee on Economic Affairs (CCEA) hiked the groundnut seeds MSP

(Minimum Support Price) by Rs. 30 to Rs. 1550 per qtl for Kharif corp. Arrivals of shelled groundnut in Rajkot markets surpass last week arrivals (9-14 thousand bags) by 12-30 thousand bags in current week. In Rajkot market shelled groundnut sold between Rs. 490-510 per 20 kg (bag), while groundnut oil prices stood between Rs. 665-680 per 10 kg during the week. Groundnut oil prices are likely to fall further in Rajkot and other trading centers on low meal demand and groundnuts harvest and arrivals that would speed up in next week.

Prices for groundnut oil during the week

(Rs/10 kg)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|---------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | 640 | 645 | 645 | 645 | 645 | 645 |
| Rajkot +VAT | 680 | 675 | 675 | 670 | 665 | 660 |
| Andhra Region | 685 | 680 | 680 | 680 | 680 | 680 |
| Chennai +VAT | 610 | 610 | 630 | 625 | 630 | 625 |
| Delhi | 690 | 690 | 690 | 690 | 690 | 695 |

Sunflower Oil

Spot prices of refined sunflower oil surge in domestic market by weekend on steady demand. The low demand of sunflower meals aided bearishness. Government rose sunflower seeds MSP by Rs. 10 at 1,510 per quintal. However, meal demand remained weak CIF prices of

sunflower oil traded between \$814-825 per tonne for June shipment during the week. Sluggish demand for meal with underlying bearishness in global markets is likely to pressure sunflower oil prices ahead.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | 525 | 535 | 535 | 535 | 530 | 530 |
| Chennai +VAT | 540 | 540 | 545 | 547 | 547 | 547 |
| Hyderabad +VAT | 535 | 540 | 545 | 545 | 545 | 545 |

Prices for CIF Sunflower during the week

(US \$/ MT)

| Center | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|-----------------|----------|----------|----------|----------|----------|----------|
| Kandla & Mumbai | NA | NA | 814 | 814 | 817 | 825 |

Refined Cotton Oil

Spot prices of cotton oil traded weak in domestic markets on dull demand. Government hiked MSP of cotton by Rs. 30-40 at Rs. 1,800 to 2,030 per quintal for medium and long staple length cotton contributed bullishness domestically. Weakness in groundnut oil pressured cotton oil to trade

bearish in Rajkot market. Weak demand of cotton meals amidst low crushing margin. As prevailing low demand for cotton meal with weak crushing margins in domestic markets, which is likely to pressure cottonseeds oil in near-term.

Prices for Refined Cotton Oil during this week

| Markets | 14.05.07 | 15.05.07 | 16.05.07 | 17.05.07 | 18.05.07 | 19.05.07 |
|----------------|----------|----------|----------|----------|----------|----------|
| Mumbai +VAT | 475 | 473 | 473 | 472 | 473 | 472 |
| Hyderabad +VAT | 480 | 478 | 477 | 475 | 475 | 475 |
| Rajkot +VAT | NA | 466 | 465 | 464 | 464 | 463 |
| Delhi | 455 | 460 | 454 | 454 | 455 | 455 |

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

CBOT Soy Futures Settle Mixed

Soy futures remained mixed on Friday at Chicago Board of Trades. July Soybeans settled 0.25 cents down at \$290.8 per MT. November Soybeans remained unchanged at \$ 301.73 per MT. July Soymeal finished settled down \$ 0.7 at \$233.69 per MT. July Soybean Oil ended up 0.16 at \$ 774.71 per MT. Surge in corn and new contract of

soybeans oil helped support the early session but set back in grains markets coupled with better weather conditions in Midwest limited the upside movement and soybeans remains unchanged in early session. Soybeans oil gather bullishness from overnight firmed up palm oil prices and weakness in dollar.

BMD CPO futures Finish Up on Friday

Rise in crude soy oil and crude oil prices pulled crude palm oil at Bursa Malaysian Derivatives on Friday. The most active August contract for crude palm oil futures rose by MYR37 at MYR2,370 per tonne. However, traders

remained suspicious about bullish exports data that is schedule to release on Monday. While prospect of tight supply in near-futures continues to support the market and palm oil moved in tandem with soy oil.

WEEKLY WEATHER WATCH

FORECAST FOR NEXT 5 DAYS

Model prediction suggests that another western disturbance is likely to affect J&K and adjoining area from tomorrow. Under its influence scattered rainfall/thundershowers is likely over J&K, H.P. and Uttaranchal and dust storm/thunderstorm accompanied with squall/hail is likely over plains of northwest India (Panjab, Haryana and Uttar Pradesh) during next 19 -21 May,07. Model prediction suggests that ongoing scattered rainfall activity is likely to continue over northeastern States and adjoining east India. At present a cyclonic circulation lies over North-Central bay of Bengal. It is likely to move in North-North-Westerly direction. Heat wave conditions are likely to continue over Coastal Andhra Pradesh during next 2 days. As per model predictions IMD predicted for early onset of monsoon over Kerala around 24 May. Models further predict for possibility of same.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Scattered rain/thundershowers are likely over J&K, H.P. and

Uttarakhand during 19-21 May 2007. Isolated dust storm/thunderstorm is likely over Punjab, Haryana, Delhi and West UP during 19 -21 May,07.

EAST AND NE INDIA: Scattered rain/thundershower is likely over Jharkhand, West Bengal and NE states during next 2-3 days. Isolated rain/thundershowers are likely over rest of the region.

CENTRAL INDIA: Isolated dust storm/thunderstorm is likely over West Madhya Pradesh and Chhattisgarh during next 24-48 hrs. Mainly dry weather are likely over the rest of region.

SOUTH INDIA: Scattered rain/thundershowers are likely over Andaman & Nicobar Islands, Kerala and Lakshadweep during next 5-6 days. Mainly dry weather is likely over rest of the region.

WEST INDIA: Isolated duststorm /thunderstorm is likely over north Rajasthan. Mainly dry weather is likely over rest of the region.

Source:NCMRWF

PORT WATCH

Port updates of edible oils in India (May 14-19, 2007)

(Unit: Metric Tonnes)

| Particulars | Expected | Arrived | Total |
|--------------|---------------|---------------|---------------|
| CPO | 30,100 | 8,000 | 38100 |
| Palm oil | 16,300 | 12,300 | 28600 |
| CDSBO | 12,000 | 45,500 | 57500 |
| CFA | 2,000 | - | 2000 |
| PFAD | 4,550 | 4,550 | 9100 |
| Total | 64,950 | 70,350 | 135300 |

Source: ANAS

Forex Rates:

(May 19, 2007)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 40.90 |
| European Union | Euro | 55.06 |
| Japan | 100 Yen | 33.77 |
| United Kingdom | Pound Sterling | 80.79 |

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