

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean

Net sales of 204,200 MT improved from the previous week's marketing-year low and were 6 percent above the prior 4-week average. Increases for China (116,100 MT, including 45,000 MT switched from unknown destinations), Taiwan (47,400 MT), South Korea (26,900 MT, including 25,000 MT switched from unknown destinations), Indonesia (21,000 MT), Mexico (18,400 MT), and Egypt (18,000 MT),

were partially offset by decreases for unknown destinations (97,400 MT) and Guatemala (8,500 MT). Exports of 396,100 MT were 8 percent below the previous week and 16 percent under the prior 4-week average. The primary destinations were China (171,100 MT), Mexico (55,500 MT), Japan (44,700 MT), Taiwan (30,100 MT), South Korea (26,900 MT), and Indonesia (22,700 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 68,600 MT were 42 percent below the previous week and 50 percent under the prior 4-week average. Increases for Egypt (16,000 MT), Canada (14,500 MT), Algeria (14,000 MT), Mexico (12,000 MT), and Colombia (9,100 MT, including 8,000 MT switched from unknown destinations), were partially offset by decreases for unknown destinations (8,000 MT) and Guatemala (2,900

MT). Sales of 16,100 MT for delivery in 2007/08 were for Canada. Exports of 118,200 MT were 27 percent below the prior week and 12 percent under the previous 4-week average. The primary destinations were Guatemala (28,600 MT), Canada (24,100 MT), Mexico (17,200 MT), Morocco (13,100 MT), and the Dominican Republic (10,600 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales reductions of 5,900 MT resulted as increases for Nicaragua (1,200 MT), El Salvador (1,000 MT), Mexico (1,000 MT), and Canada (700 MT), were more than offset

by decreases for unknown destinations (10,000 MT). Exports of 2,000 MT were mainly to Mexico (900 MT), Canada (700 MT), and Trinidad (200 MT). Source: USDA

## WASDE Monthly Reports of Oilseeds

U.S. oilseed production for 2007/08 is projected at 84.1 million tons, down 13 percent from 2006/07. Lower soybean production, mainly due to sharply lower planted area, accounts for most of the reduction. Cottonseed production is also projected lower, while production of sunflowerseed, canola, and peanuts are each projected to increase from 2006/07 levels. Soybean production is projected at 72.9 MMT, down 11.96 MMT from the 2005/06 record. Soybean supplies are projected to reach 91.8 MMT, down 8 percent from 2006/07 despite sharply higher beginning stocks. Soybean crush is projected to increase 1 percent to 48.6 MMT, reflecting limited growth prospects for domestic soybean meal use and soybean meal exports. In contrast, rapidly expanding production of biodiesel from

soybean oil is contributing to a projected 6 percent increase in domestic soybean oil disappearance. Biodiesel production is projected to use 19 percent of total soybean oil production for 2007/08 compared with 13 percent in 2006/07. Soybean exports are projected at 29.7 MMT for 2007/08, unchanged from 2006/07. Lower U.S. soybean supplies and sharply higher soybean stocks in South America are expected to limit export growth prospects. Ending stocks for 2007/08 are projected at 8.64 MMT, down from a record 16.47 MMT for 2006/07. The U.S. season-average soybean price for 2007/08 is projected at \$238.81 per MT to \$275.55 per MT, compared with \$231.462 per MT in 2006/07. U.S. prices are expected to remain firm due to relatively strong corn and soybean oil

prices. Soybean meal prices are forecast at \$203.9255 to \$237 per MT, compared with \$215 per MT for 2006/07. Soybean oil prices are projected at 650.18 per MT to 738.34 per MT compared with 650.18 per MT for 2006/07. Global oilseed production for 2007/08 is projected at 399 million tons, down 3.8 million tons from 2006/07. If realized, this will be the first year-to-year decline in global oilseed production since 1995/96. Lower production in the U.S. will be partly offset by increased foreign production. Total foreign supplies are projected to increase by nearly 3

percent from 2006/07. Global oilseed ending stocks for 2006/07 are projected at 68.3 million tons, up 0.9 million tons from last month. Most of the increase is due to higher projected soybean stocks in South America resulting from reduced export prospects for Brazil and Argentina. Soybean stocks for Brazil and Argentina are projected at a record 38.4 million tons, up 4.2 million from 2005/06. China soybean imports for 2006/07 are projected at 30 million tons, down 1 million from last month. Sources: WASDE

### Malaysian Palm Oil Exports Surge by 4.8% During May 1-10: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports for the period of May 1-10 highlighted exports increased by 4.8% at 451,816 metric tons (MT) as compared to 431,121 MT during April 1-10. To India, palm

oil exports dropped significantly by 77.65% at 9,000 MT during May 1-10 against 40,265 MT during corresponding period last month.

### Palm oil Exports Gain by 5.9% in April: MPOB

Malaysian Palm Oil Board (MPOB) released palm oil exports sales estimation for April month highlighted palm oil exports surged by 5.9% at 1.12 million metric tonne as compared to 1.06 metric tons in March. Crude palm oil

production in April rose by 4.1% at 1.13 million metric tonne against 1.08 metric tonne in last month while stock by the end of April dropped by 11.7% at 1.18 million metric tons against 1.34 million metric tons a month ago.

**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 1-10, 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 108.07% on improved demand compared to the corresponding period under review while EU, USA and India registered drop by 23.56%, 14.8% and 77.65% respectively.

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

(Unit: MT)

Countries/Continents	May 1-10	April 1-10	Change %
European Union	74,534	97,501	-23.56
China	146,913	70,606	+108.07
United States	52,090	61,137	-14.80
India	9,000	40,265	-77.65

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Despite mostly bullish BMD CPO futures, domestic palm oil spot prices continue to trades bearish amidst sluggish demand and plenty palm oil stock in domestic market. Under government prices control operation and strengthening rupiah, Indonesia crude palm oil prices continue to trade in bearish tone. In current week, crude palm oil CIF prices traded between \$732-750 per metric tonne for May shipment. A cargo surveyor SGS (Malaysia) Bhd. released export sales estimates of palm oil for the period of May 1-10, 2007 totaled at 451,816 metric tons, increased by 4.8% against 431,121 metric tons same period in April. Malaysian palm oil exports to India also fell sharply by 77.65% at 9,000 metric tons during May 1-10

against 40,265 metric tons during same period a month ago. Malaysian Palm Oil Board (MPOB) highlighted palm oil exports surged by 5.9% at 1.12 million metric tons (MMT) in April as compared to 1.06 MMT in March. Crude palm oil production in April rose by 4.1% at 1.13 MMT against 1.08 MMT in last month while stock by the end of April dropped by 11.7% at 1.18 MMT against 1.34 MMT a month ago. Current strengthening rupees with lineup vessels carrying palm oil and CPO at ports is likely to pressure palm oil prices in physicals but downside would be limit on underlying firmness at BMD on prospects of tight supply.

### Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Kandla& Mumbai	735	732	750	NA	NA	740

### Weekly prices for CPO

(Rs/ 10 kg)

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Kandla	418	417	415	415	417	418

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Kandla +VAT	447	445	445	445	445	445
Mumbai +VAT	458	455	455	452	457	457
Chennai +VAT	461	458	458	458	458	459
Kakinada +VAT	441	442	442	442	444	446
Hyderabad +VAT	455	454	454	457	457	461
Delhi	490	490	490	490	490	495

MC: Market Closed

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
CPO	712	715	720	722	725	NA
RBD Palmolein	732	732	740	750	762	NA

MC: Market Closed

## Soybean oil

Spot prices of refined soy oil fell in middle and continue to recover later in the week, however demand remains weak. Resellers actively released soy oil in the market on apprehensions of cheap availability of import oil after mid May. As per media sources, the imported soy degum oil contract for May 20-25 shipments stood nearly at Rs. 432 per 10 kg. Solvent plants are facing the shortage on soy oil and remained disinterest to pace crushing amidst poor

availability of quality beans in open market with hoarding activities of stockists. In Indore market refined soy oil traded between Rs. 465-469 per 10kg. Crude soy oil CIF price traded between \$745-758 per tonne for May 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 coupled with underlying bullishness at BMD.

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

(Rs/ 10 kg)

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Mumbai +VAT	475	475	474	472	475	NA
Indore +VAT	468	469	467	465	468	470
Kota +VAT	468	468	468	NA	468	468
Jaipur +VAT	471	471	471	472	472	472
Hyderabad +VAT	485	485	485	485	485	485
Chennai +VAT	487	487	483	483	483	487
Rajkot +VAT	460	460	460	460	460	457

MC: Market Closed

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

(Rs/ 10 kg)

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Mumbai	446	445	440	440	440	NA

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

(US \$/ MT)

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Kandla & Mumbai	750	745	750	753	758	759

## Mustard Complex

Trade activity in UP remained slightly dull for final phase of polling for assembly elections during midweek. As per market observers, NAFED is actively procuring seeds from Kota and Ganganagar regions on account of its good availability. Alwar and Bharatpur belt suffered a loss in production this year and hence sourcing seeds from Kota and Ganganagar regions, elsewhere the available seeds are consumed by local processing units. Extending weakness in edible oil sentiments amidst selling pressure at stockists end, the prices of mustard oil in Kota market declined to Rs.431 to 437/10 Kg. Rates for condition and non-condition seeds varied from Rs 1900 to 2100 / quintal and Rs 1730 to 1820 / quintal respectively across spot

markets. The daily arrivals during second week of May declined to 1.25 to 1.5 lakh bags from 3 to 3.5 lakh bags for the same time period during previous month as stockists restricted selling seeds in bulk. The cumulative stock of seeds procured by NAFED rose to around 60,000 MT by end of this week from 48,650 MT as on 1st of May. Out of total seeds procured, around 20,000 MT of seeds were procured at MSP and the remaining 40,000 MT at open market prices. Overall veg-oil complex is under pressure of imported oil arrivals, however, bullish report of WASDE would provide underlying strength to mustard complex as well.

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

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Mumbai + VAT	466	464	461	461	462	NA
Kota +VAT	437	434	434	431	431	435
Jaipur +VAT	447	444	444	441	441	445
Delhi	450	450	450	450	455	462
Neewai +VAT	433	431	430	428	428	434

**Groundnut Oil**

Spot prices of groundnut oil continued to trade bearish on sluggish demand, lackluster trade activities and pressure from weakness in other edible oil mainly palm oil and cottonseeds oil. Weak demand of groundnut meals both at ports and domestically added the bearishness. Stockists maintained the daily arrivals of 9,000-10,000 bags on apprehensions of arrival pressure in Gujarat in next week. The state government of Andhra Pradesh announced to supply 5.5 lakh quintals of groundnut seeds to farmers infor upcoming kharif season. Under low crushing margins and

weak demand for groundnut oil, expeller remained disinterest for raise crushing. Arrivals of groundnut seeds in Rajkot markets stood between 9,000-14,000 bags. In Rajkot market shelled groundnut sold between Rs. 490-505 per 20 kg (bag), while groundnut oil prices stood between Rs. 665-670 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 that would pick up in next week in other parts of Gujarat.

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

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Mumbai +VAT	630	630	625	625	630	NA
Rajkot +VAT	670	670	665	665	670	675
Andhra Region	685	685	685	685	685	685
Chennai +VAT	600	595	585	590	600	590
Delhi	680	680	680	680	680	700

**Sunflower Oil**

Spot prices of refined sunflower oil surge in domestic market on improved demand. As per market sources, costlier crude sunflower oil supported the prices. However, meal demand remained weak while sunflower seeds arrivals remained steady. CIF prices of sunflower oil

dropped a tad by weekend and traded between \$777-785 per tonne for May 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	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Mumbai +VAT	525	525	520	520	525	525
Chennai +VAT	535	535	535	535	540	530
Hyderabad +VAT	535	535	535	545	545	540

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

Center	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Kandla & Mumbai	780	785	780	777	779	NA

## Refined Cotton Oil

Spot prices of cotton oil traded mixed across domestic markets on erratic demand. Weakness in groundnut oil pressured cotton oil to trade bearish in Rajkot market. Weak demand of cotton meals amidst low crushing margin.

Weakness in palm oil market aided the bearishness. 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	07.05.07	08.05.07	09.05.07	10.05.07	11.05.07	12.05.07
Mumbai +VAT	478	475	474	472	475	NA
Hyderabad +VAT	472	475	475	478	478	480
Rajkot +VAT	464	464	462	462	464	470
Delhi	460	460	460	453	453	462

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### CBOT Soy Futures Settle High on Friday

July Soybeans finished up at 15.5 cents at \$279.59 per MT. November Soybeans closed up at 15.25 cents at \$ 290.24 per MT. July Soymeal closed up at \$ 2.9 at \$222.44 per MT. July Soybean Oil finished up 0.67 at \$ 758.16/MT. Soybean settled up on account of bullish USDA report on supply -demand for soybean. The USDA pegged ending

stocks for 2007/08 at 320 million bushels, which was below the average trade estimate of 366 million bushels (range 255-463) and down from 610 million for 2006/07. The USDA will begin reporting 2007/08 world soybean supply/demand statistics in next month's report.

### BMD Crude Palm oil Futures Establish Firm on Friday

Despite dull trades activities crude palm oil futures remained bullish on Friday on Bursa Malaysian Derivatives amidst recent bullish exports data by SGS and Malaysian palm oil Board. The most active July contract of CPO

futures finished marginally MYR5 up at MYR2,325 per tonne. However, market lack fresh fundamentals and most of the players were stayed away but anticipation for tight supply in nearby futures supported the prices.

## WEEKLY WEATHER WATCH

### FORECAST FOR NEXT 5 DAYS

Southwest monsoon has further advanced into some parts of southeast Bay of Bengal and Andaman Sea. The northern limit of monsoon passes through Lat. 5.0° N /Long. 86.0° E, Lat. 11.0° N /Long. 90.0° E, Maya Bandar, Lat. 14.0° N /Long. 97.0° E.. Conditions are favorable for further advancement of southwest monsoon over some more parts of Andaman Sea and southeast Bay of Bengal during next 24 hrs. A low pressure area has formed over east central Bay of Bengal and neighbourhood. Model predictions suggest that the system is likely to intensify and concentrate into a depression by 13 May with possibility of its slight movement in westward direction. A trough in westerlies is also likely to affect hilly regions of NW India in next 24-36 Hrs. It may cause scattered rain/thundershowers over hilly regions of NW India. Scattered rain/thundershowers are likely over WB, Sikkim and Orissa during next 24 hrs. and decrease thereafter. Model predictions indicate the likely enhancement of

rain/thundershower over northeastern States during next 4 days. Yesterday highest day temperature of 45.5° C was recorded at Shivpuri in Madhya Pradesh.

#### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Scattered rain/thundershowers are likely over HP and Uttarakhand during 12-13 May and isolated over J&K and decrease thereafter. Isolated dust storm/thunderstorm is likely over Haryana, Delhi and west UP during next 24 hours and mainly dry weather thereafter. Mainly dry weather is likely over Punjab.

**EAST AND NE INDIA:** Isolated to scattered rain/thundershowers are likely over north WB & Sikkim and Orissa during next 24-48 hours. Isolated rain/thundershowers is likely over Bihar, Jharkhand and East UP. Scattered to fairly widespread rain/thundershower is likely over NE states during next 4days and decrease thereafter.

**CENTRAL INDIA:** Isolated rain/thundershowers are likely over east MP and Chhattisgarh.

**SOUTH INDIA:** Fairly widespread rain/thundershowers are likely over Andaman & Nicobar Islands, Kerala and Lakshadweep. Isolated to scattered rain/thundershowers are likely over Tamil Nadu & Pondicherry, south Karnataka,

Rayalaseema and Coastal AP, and Isolated over rest regions.

**WEST INDIA:** Isolated dust storm /thunderstorm is likely over Rajasthan. Mainly dry weather is likely over rest of the region.

**Source:**NCMRWF

## PORT WATCH

Port updates of edible oils in India (May 05-12, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	72,290	45,700	1,17,990
Palm oil	20,800	12,300	33,100
CDSBO	-	27,000	27,000
CFA	2,000	-	2,000
CPO/CPS/PFA	11,059	-	11,059
<b>Total</b>	<b>106,149</b>	<b>85,000</b>	<b>1,91,149</b>

Source: ANAS

Forex Rates:

(May 12, 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.74
European Union	Euro	55.07
Japan	100 Yen	33.89
United Kingdom	Pound Sterling	80.76

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