

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean

Net sales of 83,100 MT were 63 percent below the previous week and 57 percent under the prior 4-week average. Increases for China (61,700 MT), Taiwan (28,800 MT), Colombia (14,600 MT), and Costa Rica (9,300 MT, switched from Guatemala), were partially offset by decreases for Japan (21,900 MT) and Guatemala (9,500

MT). Sales of 2,258,000 MT for delivery in 2007/08 were primarily for China (2,202,000 MT). Exports of 329,700 MT were 35 percent above the previous week, but 14 percent under the prior 4-week average. The primary destinations were Mexico (135,000 MT) and Japan (118,900 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 117,700 MT were 36 percent above the previous week and 11 percent over the prior 4-week average. Increases for the Philippines (41,400 MT, including 24,000 MT switched from unknown destinations), Mexico (25,800 MT), Indonesia (17,500 MT), the Dominican Republic (9,200 MT), and Canada (8,000 MT), were partially offset by decreases for Egypt (8,000 MT). Net sales of 19,300 MT for delivery in 2007/08 resulted as

increases for Mexico (20,900 MT) were partially offset by decreases for Canada (1,700 MT). Exports of 124,100 MT were 8 percent above the prior week, but 8 percent under the previous 4-week average. The primary destinations were the Philippines (29,100 MT), Canada (24,600 MT), Mexico (23,300 MT), the Dominican Republic (17,200 MT), and Panama (8,200 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 2,600 MT were mainly for Mexico (1,300 MT) and Canada (1,000 MT). Exports of 3,300 MT were

primarily for Mexico (2,000 MT) and Canada (1,000 MT). Source: USDA

### Malaysian Palm Oil Exports Surge by 5% During May 1-25: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports for the period of May 1-25 highlighted exports increased by 5% at 952,648 metric tons (MT) as compared to 907,330 MT same period last month. To India, palm oil

exports dropped significantly by 77.99% at 12,400 MT during May 1-25 against 74,505 MT during corresponding period a month ago.

### India: Cotton Exporters Look for Increase in DEPB Rates

According to sources, the country's textile and apparel exporters are currently urged to the government for an increase in the Duty Entitlement Pass Book (DEPB) rate of 3% across the board on all textile and apparel products. They thought that it would be used to equalize a portion of

the rupee appreciation against the U.S. dollar. The rupee is moving near its nine-year high as compared to the U.S. dollar at Rs.40.80-41.00. Under the DEPB scheme, exporters can apply for credit from the government based on a specified percentage of the FOB value of exports.

## Cotton: Govt Ruled Out the Demand to Increase Import Duty

According to the sources, the Indian Government has ruled out the demand of Maharashtra government to increase the import duty on cotton from the current 10%. Presently, cotton is being imported on a large scale at the nominal levy of 10% due to weak international cotton market and appreciation of Indian rupee against the dollar. Therefore it is affecting the domestic prices and interest of cotton

cultivators. Currently, imports of 5-6 lakh bales are undertaken mainly in the Extra Long Staple (EL) varieties of cotton, which is in short supply in the country. However the Minister said if the import duty is augmented to 60% then the domestic industry would suffer since it would get ELS cotton at enhanced prices.

## ICAC: World Cotton Production Likely to Decline in 2007-08

According to the International Cotton Advisory Committee (ICAC) estimation, in 2007-08, world consumption is estimated around 122.64 million bales; a shortfall of 6.81 million bales, with China at the top consumer with 50.04 million bales, followed by India with 19.24 million bales, Pakistan is likely to consume 12.20 million bales and the USA with 4.50 million bales. The ICAC estimates about top ten producers of cotton in 2007-08. Among top ten global producers of cotton, China is expected to produce 29.96 million bales (each bale 480 pounds) in 2007-08, USA

stands second with 19.66 million bales production, India will produce 21.45 million bales and Pakistan will produce 10.16 million bales. The total world production is expected to reach 115.83 million bales. They also estimated that the world production would face a shortfall around 6.81 million bales, while Pakistan would face a shortfall of around 3 million bales while Pakistan is likely to face a deficit of around 3 million bales.

**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 32.52% on improved demand compared to the corresponding period under review while EU, USA and India registered drop in imports by 2.5%, 0.57% and 77.99% respectively.

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

(Unit: MT)

Countries/Continents	May 1-25	April 1-20	Change %
European Union	175,772	180,281	-2.50
China	306,379	231,192	+32.52
United States	100,460	101,037	-0.57
India	16,400	74,505	-77.99

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Spot prices of palm oil is continue to recover from last year weakness on steady to improve demand coupled with strong bullish influence by BMD CPO futures. Indonesia CPO market cautiously moved up during the week on prospects of tapering palm oil stocks. As per media sources, Indonesian government is likely to lift price control operation on RBD olein that aids bullish support to market. During the week, Malaysian CPO futures rose sharply amidst prospects of tight supply and strong exports resulting the most active August contract trade between

MYR2, 362 to MYR2, 498 per metric ton. In current week, crude palm oil CIF prices for June shipment traded between \$780-810 per metric ton. A cargo surveyor SGS (Malaysia) Bhd. released estimation exports sales of Malaysian palm oil for the period of May 1-25; highlighted exports increased by 5% at 952,648 metric tons (MT) as compared to 907,330 MT same period in April. The current tight supplies scenario in Indonesia and Malaysia with strong exports demand, which is likely to supports palm oil prices in Malaysian with bullish reflection in domestic market.

### Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Kandla& Mumbai	NA	780	780	780	810	805

### Weekly prices for CPO

(Rs/ 10 kg)

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Kandla	418	418	418	420	425	424

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Kandla +VAT	440	441	441	444	447	448
Mumbai +VAT	450	450	450	452	456	460
Chennai +VAT	460	459	460	463	466	468
Kakinada +VAT	448	450	450	451	451	452
Hyderabad +VAT	460	460	460	468	468	470
Delhi	490	490	490	490	490	490

MC: Market Closed

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
CPO	735	735	740	NA	762	767
RBD Palmolein	777	780	780	NA	802	805

MC: Market Closed

### Soybean Complex

Amidst steady arrivals of around 25,000 - 35,000 bags, rates of soybean across spot markets [Rs 1440 -1540/qtt] and plants [Rs 1500-1590/qtt] softened considerably over previous week's prices. Following up, refined soy oil prices

in Indore markets too declined to Rs 456 - 461/10 Kg from previous weeks prices of Rs. 462-472 /10kg. Crude soy oil CIF price for June shipments firmed up from \$780 on Monday to \$ 803 per tonne by Friday. Trade sources state

due to late extension of exemption to import of GM soybean oil, more vessels carrying soy oil are expected to arrive by June. Pressure of imported oils coupled with Centre's proposal to include edible oils for PDS for below BPL peoples continued to mount pressure on prices of soybean and soy oil across domestic markets. Good demand for US soybean from China and South Korea coupled with appreciating value of Yuan and Rupee vis-à-vis US dollar, both India and China are poised to import more soy oil and palm oils in ensuing months; keeping prices of edible oils

almost buoyant in world market, indirectly underpinning oilseed prices in short to medium term. However, uncertain weather and planting progress of soybean needs to be closely watched to prevent undue losses. As per USDA weekly crop progress report, around 92% Corn and 59% soybean has been planted till 20th of May. At CBOT, soy complex continued to gain support on outlook of continued dry spell over Eastern Corn Belt in US. Brazil and Argentina are about to produce 104.3 MMT of soybeans, up by 7% from previous year.

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

(Rs/ 10 kg)

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Mumbai +VAT	460	458	458	455	459	460
Indore +VAT	460	458	458	456	461	462
Kota +VAT	460	460	460	455	457	457
Jaipur +VAT	465	465	465	460	462	462
Hyderabad +VAT	485	485	485	485	485	485
Chennai +VAT	NA	480	480	480	480	480
Rajkot +VAT	455	455	455	455	455	455

MC: Market Closed

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

(Rs/ 10 kg)

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Mumbai	432	435	430	430	435	437

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

(US \$/ MT)

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Kandla & Mumbai	785	785	780	780	803	811

#### Mustard Complex

NAFED has finally stopped its seed procurement drive across MP, Rajasthan and Haryana. It currently holds around 7 lakh MT of seeds. Lower domestic production of mustard during 2006-07 season, pressure of further increase in arrivals of imported oils, lower than expected carry over seed stocks with NAFED coupled with restricted selling by stockists is likely to impact routine trading in mustard complex for the days to come. Good demand for rapeseed meal as additive in livestock feed in domestic and overseas markets is likely to support seed prices in short to medium term. Expeller oil prices in Kota markets [Rs.430 to 432/10 Kg] stood steady for the whole week, except for

slight firmness noticed in Mumbai spot market by weekend. Rates for both condition and non-condition seeds declined down the week by Rs 10 to 20 per quintal but managed to recover by weekend and stood at Rs 1910 to 2175 / quintal and Rs 1705 to 1840 / quintal respectively. In general the demand for edible oils cools down during summers on account of sluggish consumptive demand with no major festive occasions round the corner that would keep demand for edible oils intact. The daily arrivals declined to 90,000 to 1.1 lakh bags from previous weeks 1.25 to 1.35 lakh bags on reduced offtake at millers end.

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

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Mumbai + VAT	460	460	460	460	462	466
Kota +VAT	432	430	430	430	432	432
Jaipur +VAT	440	440	440	440	442	442
Delhi	454	458	NA	456	459	462
Neewai +VAT	NA	433	433	430	432	432

**Groundnut Oil**

Spot prices of groundnut oil improved on good demand. Exporters are hesitating to exports groundnut seeds to overseas markets viz: - South-east Asia, Europe and Central-east countries on account of appreciating rupee value over US dollar coupled with higher prices of Indian groundnut seeds as compared to other exporting countries. However, groundnut oil stock is low in physical market and stockists are still optimists for higher prices in coming days contributed bullishness. Currently cotton demand is rising in domestic as well as overseas markets and cotton is better remunerative crop to groundnut. So, acreage translation from groundnut to cotton by 10-15% is expecting by traders .

in up coming Kharif planting season. Under low realization for groundnut meal and oil, expellers were reluctant to speed up crushing. Arrivals of shelled groundnut in Rajkot markets surpass last week arrivals (12-30 thousand bags) by 35-70 thousand bags in current week. In Rajkot market shelled groundnut traded between Rs. 495-525 per 20 kg (bag), while groundnut oil prices stood between Rs. 660-680 per 10 kg during the week. Groundnut oil prices are likely to trade mixed ahead on an increase in arrivals pressure of groundnut seeds in Gujarat with dwindling stocks in other major producing areas.

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

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Mumbai +VAT	645	645	650	655	655	665
Rajkot +VAT	660	660	660	670	680	685
Andhra Region	675	675	675	680	680	680
Chennai +VAT	NA	625	625	620	630	632
Delhi	695	695	695	690	695	695

**Sunflower Oil**

Spot prices of refined sunflower oil traded in bullish tone across major trading centres on improving sentiments for demand. The CIF prices of sunflower oil for June shipment rose abruptly on Saturday at \$867 per tonne and remained

trade in range of \$830-867 per tonne. As per market observers in overseas markets biodiesel demand is rising which in turn support the edible oil prices in coming days with bullish reflection on refined sunflower oil

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

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Mumbai +VAT	530	530	532	532	535	535
Chennai +VAT	NA	547	547	540	550	550
Hyderabad +VAT	552	552	550	550	550	550

## Prices for CIF Sunflower during the week

(US \$/ MT)

Center	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Kandla & Mumbai	830	830	830	830	832	867

## Refined Cottonseeds Oil

Refined cottonseeds oil showed up trends in prices on limited oil stocks with disinterest of stockists to liquidate the market. As cotton demand is rising in domestic as well as international market, area under cotton cultivation is likely

to improve further, which in turn add cottonseeds in the market ahead. As per traders cottonseeds oil is likely to trade steady to bearish ahead amidst low demand of cotton meals in domestic markets.

## Prices for Refined Cotton Oil during this week

Markets	21.05.07	22.05.07	23.05.07	24.05.07	25.05.07	26.05.07
Mumbai +VAT	470	467	467	467	468	468
Hyderabad +VAT	474	474	472	472	472	473
Rajkot +VAT	463	462	660	463	465	667
Delhi	450	450	450	450	455	455

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### CBOT Soy futures Settles High

Soy futures stood firmed on Friday at Chicago Board of Trades. July Soybeans finished 7.25 cents up at \$298.51 per MT. November Soybeans ended 7.25 cents up at \$309.17 per MT. July Soymeal ended \$1 up at \$240.52 per MT. July Soybean Oil ended up 0.26 at \$789.91 per MT.

Overnight 9-year high in palm oil futures with solid gains in soybeans helped support soy futures on Chicago Board of Trades. Forecast of rainfall in eastern Corn Belt with on Saturday and middle of next week and spell of dry weather is rest of days aids bullish support.

### BMD CPO futures Surge Further on Friday

Fears of tight supplies and bullish exports figures continue to support crude palm oil futures that settled high on Bursa Malaysian Derivatives on Friday. Strong gains in overnight CBOT soy futures aids bullishness in the market. Today the most active August contract touched a high of MYR2,503

per tonne finally gained by MYR53 and settled at MYR2,498 per tonne. SGS estimated Malaysian palm oil exports sales for the period of May 1-25; highlighted exports increased by 5% at 952,648 metric tons (MT) as compared to 907,330 MT same period in April.

## WEEKLY WEATHER WATCH

### FORECAST FOR NEXT 5 DAYS

Model prediction suggests that western disturbance is likely to keep affecting hilly regions of NW India during next 2-3 days. Under its influence, scattered to fairly widespread rain/thundershowers are likely over Jammu & Kashmir during next 3 days. Isolated to scattered duststorm/thunderstorm accompanied with squall is also likely over plains of northwest India, Punjab, north Rajasthan, Haryana, Delhi and west Uttar Pradesh during the same period. Fall in day temperatures by 2-3 degree C is likely over NW India during next 2-3 days. Ongoing rainfall over

Sub Himalayan West Bengal, Sikkim and northeastern States is likely to continue in next 24-48 Hrs. and reduce thereafter.

#### Zone-Wise Weather Forecast

**NORTH & NORTH-WEST INDIA:** Scattered to fairly widespread rainfall is likely over J&K, H.P. and Uttarakhand and isolated to scattered thundershower/rain over Punjab, Haryana, Delhi and west U.P. during next 2-3 days.

**EAST AND NE INDIA:** Isolated to scattered rainfall/thundershower is likely over Jharkhand, West Bengal and NE States during next 2-3 days.

**CENTRAL INDIA:** Mainly dry weather are likely over the rest of region. Day temperature is likely to increase over the region.

**SOUTH INDIA:** Isolated to Scattered rain/thundershowers are likely over Andaman & Nicobar Islands, Kerala and

Lakshadweep, coastal Tamilnadu and coastal Karnataka during next 2-3 days. Mainly dry weather is likely over rest of the region.

**WEST INDIA:** Isolated duststorm/thunderstorm is likely over north Rajasthan during next 48 Hrs. Isolated thundershower is likely over Konkan & Goa. Mainly dry weather is likely over rest of the region. **Source:NCMRWF**

## PORT WATCH

Port updates of edible oils in India (May 21-26, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
Palm oil	13,780	12,300	26,080
CPO	25,150	37,665	62,815
SBO	7,500	-	7,500
CFA	2,000	-	2,000
CDSBO	64,940	-	64,940
PFAD*	12,000	12,300	24,300
CPO/PFAD*	10,500	-	10,500
<b>Total</b>	<b>135,870</b>	<b>62,265</b>	<b>198,135</b>

Source: ANAS

Forex Rates:

(May 26, 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.60
European Union	Euro	54.65
Japan	100 Yen	33.34
United Kingdom	Pound Sterling	80.57

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