

MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: Malaysian Palm oil Exports Increased by 4.7% in May
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean

Net sales of 200,200 MT were 42 percent below the previous week and 6 percent under the prior 4-week average. Increases for Cuba (72,000 MT), Japan (29,700 MT), unknown destinations (24,000 MT), Indonesia (20,900 MT), and Turkey (18,000 MT), were partially offset by decreases for Morocco (18,000 MT). Sales of 25,000 MT

for delivery in 2007/08 were for South Korea. Exports of 140,000 MT--a marketing-year low--were 37 percent below the previous week and 53 percent under the prior 4-week average. The primary destinations were Japan (41,900 MT), Mexico (35,600 MT), Taiwan (22,900 MT), and the Netherlands (10,300 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 127,300 MT were 52 percent above the previous week and 43 percent over the prior 4-week average. The major buyers were Cuba (50,500 MT), Guatemala (35,600 MT), the Philippines (15,500 MT), and Mexico (10,800 MT). Exports of 119,900 MT were 8 percent

above the prior week and 3 percent over the previous 4-week average. The primary destinations were Guatemala (28,000 MT), Canada (26,700 MT), Mexico (20,900 MT), and Cuba (10,200 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 2,500 MT were mainly for Guatemala (1,500 MT), Mexico (500 MT), and Canada (200 MT). Exports of

3,100 MT were primarily for Mexico (2,500 MT) and Canada (300 MT). Source: USDA

Indonesia Government Raised Base Prices for Exports

In order to maintain adequate supplies of palm oil in domestic market, Indonesia government hiked the base prices for exports. The base prices of crude palm oil hiked by \$104 at \$662 per tonne, RBD palm olein increased by

\$91 at \$676 per tonne, crude palm olein rise by \$ 98 at \$669 per tonne and for palm kernel olein increase by \$9 at \$122 per tonne. The new base prices would be implement from June 10th to July 9th.

India: Cotton Output May Touch to 30 Mln Bales in 2007-08

According to sources, the cotton production in the country is expected to go up to 30 million bales in 2007-08 as compared to the production of 27-28 million bales in 2006-07 with indications of more area coming under the crop in the North India and use of genetically modified (GM) seeds. Local cotton prices were 5-9% high in 2006-07 as compared to last year. "Exports have slowed down but

domestic demand has kept prices firm this year and chances are prices will improve next year," Textile Commissioner JN Singh told Economic Times. The substantial demand would be coming from the spinning sector due to rapid expansion of this sector. In the financial year ended March 31, production of cotton yarn rose 13.4%, reflecting an increase in demand, according to him.

On the other hand, cotton yields have also increased this year from 478 kg/Ha to 501 Kg/Ha. Besides, according to the president of East India Cotton Association, cotton prices

may increase by 7-8% in 2007-08. The acreage in 2006-2007 was 9.158 million hectares.

India: Cotton Sowing Progressing Well

The cotton sowing in Northern States like Punjab, Haryana and Rajasthan have already started and in the next one month it will start in Gujarat, Maharashtra and Madhya Pradesh followed by Southern States like Andhra Pradesh, Karnataka and Tamil Nadu. As of May 23, nearly 80% of sowing had been finished in Northern region, while the remaining parts are likely to be completed by June 1. The acreage in 2006-2007 was 9.158 million hectares in the country and 1.47 million hectares in the Northern regions. More area is likely to be covered under Bt cotton seeds in 2007-08 across all the regions. According to the president

of East India Cotton Association, the area under Bt cotton seed is expected to increase to 50% of the total acreage in next season from the current 38%. The area under cotton would increase in the north, while it would remain the same in other regions. Bt cotton seeds enhance the production as it cuts down the losses that could happen with the attack of boll worms, a common pest affecting the crop. In addition, all the state governments have reduced the prices of transgenic cotton seeds, farmers are switching from oilseeds to cotton for better yield and more profit.

Cotton: Over 95% of Expected Acreage Completed in North India

The cotton crop sowing is progressing well in the Northern India during 2007-08 crop years. Over 95% of the expected acreage is now planted. The Rajasthan Department of

Agriculture reported that farmers will raise sowing area 18% to 287,600 hectares. The increase is coming in both J-34 and Desi styles.

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, 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 44.64% on improved demand compared to the corresponding period under review while EU, USA and India registered drop in imports by 7.58%, 8.97% and 58.71% respectively.

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

(Unit: MT)

Countries/Continents	May	April	Change %
European Union	222,154	240,387	-7.58
China	359,974	248,880	+44.64
United States	116,340	127,807	-8.97
India	41,500	100,505	-58.71

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Bullish BMD CPO futures, tapering palm oil stocks coupled with steady demand sparked firmness in domestic markets. Retailers preferred to stay away from market on apprehensions of fall in prices as current vessels position indicates huge palm oil arrivals on different port in approaching days. In current week, crude palm oil CIF prices for July shipment traded between \$840-890 per metric ton. As per trade sources, Malaysian palm oil stocks in May is expecting at 1-1.1 million tonnes against 1.18 million tonnes in April end in official release by Malaysian Palm oil Board (MPOB) on Monday (June 11th). BMD crude palm oil futures showed erratic movement during the week and reacted well on declining palm oil stocks coupled with expectation of strong exports demand led crude palm

oil most active August contract traded between MYR2,471-2,701 per tonne. During May month CPO August contract escalated by 13.1% at MYR2,581 per tonne on May end against \$2,282 per tonne on 3rd May. BMD CPO futures fell quick on Friday by MYR174 at MYR2,471 per tonne amidst strong profit-taking and weakness in crude oil. Indonesian government is pondering to hike in exports taxes on palm oil product at 6.5% against prevailing 1.5%, if current CPO prices stayed above rupiah7,000/kg till June end and revised the base prices of crude palm oil by \$104 at \$662 per tonne, RBD palm olein increased by \$91at \$676 per tonne, crude palm olein rise by \$ 98 at \$669 per tonne and for palm kernel olein increase by \$9 at \$122 per tonne. The new base prices to be place from June 10th to July 9th.

Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Kandla& Mumbai	840	860	890	NA	840	NA

Weekly prices for CPO

(Rs/ 10 kg)

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Kandla	433	437	443	438	437	431

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Kandla +VAT	460	NA	460	460	466	462
Mumbai +VAT	470	470	478	470	471	465
Chennai +VAT	477	485	485	485	480	475
Kakinada +VAT	457	470	472	467	465	457
Hyderabad +VAT	477	485	485	481	485	485
Delhi	490	495	490	490	500	500

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
CPO	805	815	837	810	807	NA
RBD Palmolein	842	842	865	860	860	815

MC: Market Closed

Soybean Complex

With Centres' proposal to import edible oils through state trading bodies [MMTC, STC & NAFED], delay in advance of South West monsoon towards Central India and supply disruptions in and across Rajasthan borders on initial unrest coupled with mostly bullish edible oils and oilseed sentiments across BMD and CBOT continued to fuel speculation on domestic oilseed production for Kharif 2007 and underpinned prices of soybean [Spot: -1440-1550/qrtl & Plants: -1520-1600qrtl] and refined soy oil [Indore: - Rs 464-470/10 Kg] across spot markets. Arrivals improved to

35,000-40,000 bags. Crude soy oil CIF price for July shipments stood firm at \$ 841 to \$ 863/MT. Soybean farmers can breathe in a sigh of relief, as IMD's recently forecasted that monsoon would hit Central India this week. At domestic front, soaring prices of edible oils in overseas markets have made importers apprehensive on parity concern. At overseas front, traders in US look forward for a modest decline in US soybean ending stock [2006-07] for the monthly USDA supply demand report. The estimates ranged from 580 million to 620 million bushels.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Mumbai +VAT	465	467	475	NA	468	465
Indore +VAT	464	465	469	470	470	466
Kota +VAT	MC	465	467	467	467	465
Jaipur +VAT	MC	470	472	472	472	470
Hyderabad +VAT	474	485	485	485	482	485
Chennai +VAT	485	505	500	500	500	495
Rajkot +VAT	455	465	465	465	465	465

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Mumbai	443	443	450	440	443	438

Rise in Crude Soy oil CIF during the week

(US \$/ MT)

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Kandla & Mumbai	842	841	863	851	855	843

Mustard Complex

After days of protests, unrest and supply disruptions, normal trading started across major markets in Rajasthan after protestors strike peace deal with the government on Wednesday. Tracking soy complex and overseas firmness in edible oils, mustard complex reacted swiftly. Along with improvement in prices of Condition and Non-Condition seeds [Rs 1975-2200/qrtl & Rs 1810-1900/qrtl], the daily arrivals just doubled from 35,000 bags on Monday to around 70,000 bags on Friday. Following up, prices of

mustard expeller oil in Kota firmed up to Rs 435-445/10 Kg from previous weeks Rs 432 to 438/10 kg. With Centre proposing to import soy and palm oil through state trading bodies [MMTC, NAFED], the time lag in importing and processing it further would keep sentiments almost buoyant unless prices of edible oil in overseas market see some corrections. However, lean season for mustard coupled with dearth of oil and mustard seed stocks would continue to underpin seed prices in short to medium term.

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

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Mumbai + VAT	470	470	474	470	470	470
Kota +VAT	435	440	443	442	445	442
Jaipur +VAT	445	452	455	455	455	452
Delhi	472	475	475	475	475	477
Neewai +VAT	435	440	442	442	445	443

Groundnut Oil

Firmness in rival edible oil and steady demand helped support to groundnut oil in most of trading centers. According to trade sources, due to sluggish demand of groundnut meals nil exports have been reported in May against 4,500 metric tonne last month. Amidst poor demand of groundnut meals domestically and ports with poor realization of groundnut oil, expellers were reluctant to speed up crushing. Under quality norms, Russia has

banned import of HPS groundnut seeds of Indian origin. In Rajkot market shelled groundnut sold between Rs. 400-540 per 20 kg (as per quality), while groundnut oil prices traded between Rs. 675-690 per 10 kg during the week. As current trends indicate, groundnut oil is not sustainable at higher level, hence market may take correction for restore trade activities.

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

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Mumbai +VAT	665	665	665	670	665	665
Rajkot +VAT	675	680	685	685	690	690
Andhra Region	670	670	670	670	670	670
Chennai +VAT	645	645	645	645	650	645
Delhi	695	700	700	700	700	700

Sunflower Oil

Refined sunflower oil improved during the week in domestic markets on tight supply of crude sunflower oil and steady demand. Harvesting of sunflower is completed in Karnataka while harvesting in operating in Maharashtra and Tamil Nadu. The CIF prices of sunflower oil for July shipment

improved further during the week traded in range of \$895-925 per tonne. As per trade sources, refined sunflower oil is likely to gather bullishness ahead on underlying firmness in overseas markets of related commodities.

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

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Mumbai +VAT	545	545	550	550	550	555
Chennai +VAT	555	555	NA	560	560	565
Hyderabad +VAT	550	560	560	560	560	560

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

Center	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Kandla & Mumbai	895	897	914	918	925	915

Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil traded mixed last week on erratic demand. Cottonseeds oil gathered bullish momentum from firmness in other vegetable oil. Cotton sowing is in progress in Karnataka. Retrieval of monsoon with expected of rainfall in Maharashtra in approaching

days cotton sowing would remain in sync with rainfall. As per traders refined cottonseeds oil prices are likely to trade steady to bullish on underlying firmness in rival edible oil and overseas market of related commodities.

Prices for Refined Cotton Oil during this week

Markets	04.06.07	05.06.07	06.06.07	07.06.07	08.06.07	09.06.07
Mumbai +VAT	474	475	478	475	474	472
Hyderabad +VAT	478	485	485	482	480	475
Rajkot +VAT	467	468	470	472	470	468
Delhi	465	465	465	465	470	468

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

CBOT Soy Futures Finish in Bearish Tone

Soy futures finished in bearish tone on Friday at Chicago Board of Trades. July Soybeans settled 10.5 cents down at \$301.82 per MT. November Soybeans settled 10 cents down at \$ 314 per MT. July Soymeal closed unchanged at \$249.34 per MT. July Soybean Oil ended 0.99 down at \$779.55 per MT. Ideas of market are in overbought condition, technical selling on apprehensions of USDA World supply and demand estimations that to be release on

Monday pushed down the market. Market borrowed bearishness from unclear weather conditions for next week in eastern Corn Belt. Overnight tumbled palm oil futures, weakness in crude oil contributed the bearishness. Inspection over USDA world supply and demand estimation new soybeans ending stock expected at 8.56 million metric tons as compared to 8.64 million metric tons in May.

BMD CPO Futures Tumble on Strong Profit-taking

Despite overnight firmed CBOT soy futures, crude palm oil futures fell quickly on Bursa Malaysian Derivatives on Friday. Traders preferred profit-taking resulting the most active August contract of CPO futures tumbled by MYR174 at MYR2,471 per tonne on Friday. As well disappointment

from Indonesia to hike in export duty, weakness in crude oil amplified the bearishness. Market is awaiting for May CPO exports and stocks position that to be release by Malaysian Palm oil Board (MPOB) on Monday.

WEEKLY WEATHER WATCH

FORECAST FOR NEXT 5 DAYS

Models predictions suggest that with the increased mean sea level pressure gradient along west coast, monsoon is likely to progress over Konkan & Goa, parts of Madhya Maharashtra and some more parts of Peninsular India during next 4-5 days. Monsoon is likely to cover entire NE states, Sikkim and parts of West Bengal during 2-3 days. An off-shore trough lies extending from Karnataka coast to Kerala Under the influence of coast enhanced rainfall activity is likely over Kerala, coastal Karnataka, Lakshadweep during next 3 days. The ongoing rainfall

activity over remaining parts of Peninsula, adjoining Maharashtra and Goa is likely to increase during same period. Model predictions suggest that both the day and night temperatures are likely to increase over plains of northwest India and central India during next 2days. Heat wave conditions over the many parts of these regions is likely to continue during next 2 days. Thereafter fall in temperatures is likely due to possibility of dust storm/thunderstorm for 2 days. Subsequently increase in temperature shall be realized.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Mainly clear sky conditions are likely. Isolated dust storm/thunderstorm is likely over the Haryana, Delhi and west U.P. during 10-11 June.

EAST AND NE INDIA: Scattered rainfall/thundershower is likely over West Bengal. Fairly widespread to widespread rainfall is likely over NE states. Isolated rainfall is likely over Orissa.

CENTRAL INDIA: Isolated thundershowers are likely over the region.

SOUTH INDIA: Fairly widespread to widespread rainfall is likely over Coastal and south interior Karnataka, Kerala and Lakshadweep. Isolated rain/thundershowers are likely over the rest region.

WEST INDIA: Scattered rainfall is likely over Konkan & Goa and Madhya Maharashtra with possibility of increase towards end of the week. Mainly dry weather is likely over rest of the region. **Source:NCMRWF**

PORT WATCH

Port updates of edible oils in India (June 02-09, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
C. Palmolein	1,150	-	1,150
CPO	26,500	34,460	60,960
SFO	-	12,121	12,121
CSB/SFO	8,500	-	8,500
SBO	-	7,500	7,500
Palm oil Product	14,000	-	14,000
CDSBO	12,000	-	12,000
Palm oil	38,100	-	38,100
PFAD	1,500	-	1,500
Total	101,750	54,081	155831

Source: ANAS

Forex Rates:

(June 09 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.70
European Union	Euro	54.43
Japan	100 Yen	33.43
United Kingdom	Pound Sterling	80.00

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.