

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean

Net sales of 345,300 MT were nearly four and one-fifth times the previous week and three and one-tenth times the prior 4-week average. The major buyers were Mexico (127,700 MT), Indonesia (69,900 MT), and China (68,300 MT). Sales of 530,600 MT for delivery in 2007/08 were

primarily for China (500,000 MT). Exports of 220,700 MT were 33 percent below the previous week and 37 percent under the prior 4-week average. The primary destinations were Mexico (68,600 MT), China (64,000 MT), Japan (31,400 MT), and Taiwan (31,100 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 83,600 MT were 29 percent below the previous week and 15 percent under the prior 4-week average. Increases were reported for Mexico (39,600 MT), unknown destinations (24,000 MT), and Canada (8,900 MT). Net sales decreases of 13,000 MT for delivery in 2007/08 resulted as increases for Canada (2,500 MT), were more

than offset by decreases for Mexico (15,500 MT). Exports of 111,100 MT were 11 percent below the previous week and 14 percent under the prior 4-week average. The primary destinations were Mexico (34,600 MT), Canada (28,000 MT), Japan (16,900 MT), and the Dominican Republic (10,400 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 7,600 MT were mainly for Mexico (2,500 MT), Canada (2,300 MT), Nicaragua (1,300 MT), and El Salvador (1,000 MT). Exports of 6,100 MT were primarily

for Jamaica (3,100 MT), Mexico (1,300 MT), Canada (700 MT), and Barbados (700 MT). Source: USDA

Argentina Soybeans Stock Down by 1.19% on April 1

Latest data released by Agriculture Secretariat's of Argentina highlighted soybeans stock as on April 1 dropped by 1.19% at 1,157,962 metric tons against 1,171,849 metric tons same period a year ago. Soy oil stock rose by 40% at 256,896 metric tons as on April 1 against 182,309 metric

tons same period last year. Agriculture secretariat also highlighted 461,339 metric tons soy oil had been shipped in March went up merely 0.21% against 460,350 metric tons same period a year ago.

Argentina Grains Stocks Rise

The Argentina's National Office for the Control on Agricultural Trade released grains and oilseeds stocks in April that totaled at 27.2 million metric tons as compared to 17.23 million metric tons on March 31. Soybeans stocks rose sharply by 46.167% at 14,296,714 metric tons in April

against 9,781,396 metric tons same period a year ago and sunflower seeds stocks dropped by 11.07% at 1,221,578 metric tons in April as compared to 1,373,709 metric tons same month last year.

Malaysian Palm Oil Exports Surge by 4.7% in May: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports in May and highlighted exports increased by 4.7% at 1,184,606 metric tons (MT) against to 1,131,100 MT same period a month ago. To India, palm oil exports

dropped significantly by 58.71% at 41,500 MT in May as compared to 100,505 MT during corresponding period last month.

Government Keep Freeze Import Duty on Edible oil

Government is not in favor to change import oil duty considering interest of consumers and producers and kept base import prices of palm oil and crude soy oil unchange

on Thursday and continued at \$447/ ton for crude palm oil and \$580 per metric ton for crude soy oil and for RBD palm oil base prices remained at \$476/ton.

ICAC: World Cotton Output Likely to Down in 2007-08

According to the International Cotton Advisory Council (ICAC), it is expected that the world cotton production would decline by 1% to 25.1 million metric tons (MMt) in 2007/08, and world mill use is estimated to raise by 2.6% to 26.8 MMt. China, India Pakistan and other Asian countries is expected contribute 55% of world cotton production in 2007/08, up from 53% in 2006/07, and for 76% of world mill use in 2007/08, up from 74% in 2006/07. World cotton exports are estimated to increase at 8.9 MMt in 2007/08 as compared to 8.3 MMt in 2006/07. China's imports are

expected to increase where as imports by other Asian countries and the rest of the world is likely to decline. U.S. exports are estimated to increase by 25% to 3.6 MMt in 2007/08, owing to heavy stocks and increased demand from China and lower competition from other large exporting countries. In addition to, world cotton ending stocks are projected to decrease by 10% to 11.0 MMt in 2007/08, after a decline of only 1% in 2006/07, the ICAC said.

Punjab: Export of Cotton via Wagah Benefit for Farmers

The Pakistan government has recently permitted to import cotton from India through Wagah border in Punjab. Therefore it is witnessing that it has come as a boon for cotton growers of Punjab. Pakistan is presently importing cotton from India through sea routes, which raised the additional cost of around Rs.500/qlt. Pakistan's requirement stands at 16 million bales of cotton against its production capacity of 13 million bales. According to

sources, Punjab was expected to produce 30 lakh bales of cotton in 2006-07 as against of 26 lakh bales of cotton in 2005-06. However, domestic consumption by the industry is around 20 lakh bales in this state. Therefore, the state would have about 10 lakh surplus bales this year. The Shankar-6 type variety of cotton cultivated in Punjab and it is popular in Pakistan. Punjab will fill the gap of Pakistan by routing cotton exports through Wagah border near Amritsar

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, 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 CBOT and BMD CPO futures coupled with exceeding demand over supplies helped support domestic palm oil market to rise. Market also generated bullish momentum on underlying firmness in other edible oil. BMD CPO rose sharply during the week and most active August contract traded between MYR2,494-2,581 per tonne amidst tight supplies and expectations of strong exports demand ahead. Indonesian government is planning to extend current price control operation to June month to quell price movement. In current week, crude palm oil CIF prices for June shipment traded between \$805-835 per metric ton. A

cargo surveyor SGS (Malaysia) Bhd. released estimation exports sales of Malaysian palm oil for May; highlighted exports increased by 4.7% at 1,184,606 metric tons (MT) as compared to 1,131,100 MT last month. Due to current higher prices, Malaysian government planned to implement a scheme by June 1st that would compensate palm oil manufactures and packer up to 40% to their losses, earlier generated from consumers. This scheme would be funded by a cess that in turn collects from palm plantation and estate companies.

Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Kandla& Mumbai	805	NA	830	NA	835	832

Weekly prices for CPO

(Rs/ 10 kg)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Kandla	425	427	425	425	432	435

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Kandla +VAT	450	454	451	452	457	457
Mumbai +VAT	460	461	456	456	470	468
Chennai +VAT	470	471	470	475	475	475
Kakinada +VAT	454	455	452	456	456	457
Hyderabad +VAT	474	475	475	476	476	476
Delhi	490	490	490	492	490	490

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
CPO	772	792	775	NA	792	812
RBD Palmolein	812	825	812	NA	837	837

MC: Market Closed

Soybean Complex

Arrivals [30,000-35,000 bags], soybean spot markets prices [Rs 1440-1540/qtt] and soybean prices across plants [Rs 1500-1580/qtt] stood steady at previous week's levels. However, refined soy oil prices in Indore market firmed up to Rs 462-464/10 Kg from previous weeks levels of Rs 456-461/10 Kg. Crude soy oil CIF price for June shipments firmed up from \$808/MT on Monday to \$ 838 /MT by Friday. With monsoon expected to hit Central India by June 10-15, sowing for soybeans is likely to pick up this week onwards across MP and Maharashtra and from July onwards in regions of North India. Under assumption of normal to good rainfall distribution, traders expect that acreage for

soybeans during Kharif-2007 would increase marginally over previous years total soybean acreage of 69 lakh ha. Last year soybean occupied around 42 lakh ha of area in MP. Until more vessels carrying imported edible oil reach the ports and rains strike soybean growing regions, soybean prices are likely to rule steady to firm amidst diminishing stocks of quality beans. With USDA reducing its fiscal 2007 forecast for US agricultural trade surplus, grain and oilseed markets in overseas are likely to remain bullish, however speculation over weather forecast encompassing US soybean and Corn still cant be ruled out.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Mumbai +VAT	460	460	460	459	458	462
Indore +VAT	462	464	461	461	463	463
Kota +VAT	456	456	456	456	457	457
Jaipur +VAT	461	461	461	461	461	461
Hyderabad +VAT	475	475	474	474	474	474
Chennai +VAT	485	485	485	485	485	485
Rajkot +VAT	455	455	455	455	455	455

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Mumbai	437	438	438	NA	440	440

Rise in Crude Soy oil CIF during the week

(US \$/ MT)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Kandla & Mumbai	811	821	808	825	838	840

Mustard Complex

Until midweek arrivals have been maintaining steady pace; however it declined steeply during later half on restricted selling from stockists and limited offtake from millers in Rajasthan. Arrivals declined from 90,000 bags on Monday

to 50,000 bags on Friday. Following up prices of expeller oil [Rs 432 to 438/10 kg, Kota], Condition seeds [Rs 1950-2200/qtt] and Non-condition seeds [Rs 1750-1850/qtt] stood firm. For most of the time, expeller oil tracked global cues

and moved in tandem with soy complex. Lower availability of seeds for this season means lower crushing of seeds and hence lower availability of expeller oils for domestic consumption for ensuing months. With around 7 lakh MT of

seeds in stock with NAFED, it stated to import more soy and palm oil on demand basis to meet domestic requirements across different states through state cooperatives.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Mumbai + VAT	466	466	463	463	468	468
Kota +VAT	432	432	438	435	435	435
Jaipur +VAT	442	442	448	445	445	445
Delhi	462	462	460	465	470	470
Neewai +VAT	432	432	437	435	435	435

Groundnut Oil

An increase in new groundnut seeds arrivals pressure and stagnant demand cast weakness for groundnut oil in Rajkot market. Whereas groundnut oil prices dropped in Hyderabad market on poor demand and other cheaper substitutes like palm oil and refined cottonseeds oil. Low crushing margin with poor offtake of groundnut oil discouraged expellers for fresh crushing. Groundnut meals demand also remained sluggish both at ports and domestically. As current groundnut oil prices are high and likely to improve further on limited nuts stocks, traders are expecting nut acreage to improve by 5-6% in upcoming

Kharif season but plantation conditions mostly depends upon cotton plantation status, which is better crop in returns over groundnut and areas is seen up at 5.5 million hectares against 3.8 million hectare last year thanks to smooth availability of cotton seeds, particularly Bt varieties. In Rajkot market groundnut oil prices traded between Rs. 670-685 per 10 kg during the week. Traders are expecting groundnut oil is likely to trade in bullish tone amidst limited oil stocks in physical market with poor realization cost but upside movement would be in control of refined cottonseeds oil.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Mumbai +VAT	665	665	665	660	665	665
Rajkot +VAT	685	680	675	670	680	677
Andhra Region	685	685	670	670	670	670
Chennai +VAT	640	640	650	NA	640	640
Delhi	695	695	695	690	695	695

Sunflower Oil

The refined sunflower oil improved in major trading centres on increased demand and limited supplies. The Argentina's National Office for the Control on Agricultural Trade released grains and oilseeds stocks of April, highlighted sunflower seeds stocks dropped by 11.07% at 1,221,578 metric tons in April as compared to 1,373,709 metric tons same month last year. The sunflower oil CIF prices for

near month shipment have risen 10.52% in May month. The CIF prices of sunflower oil for June shipment improved further during the week traded in range of \$867-872 per tonne. As currently underlying firmness is maintained in overseas markets that may influence sunflower oil prices in coming days.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Mumbai +VAT	535	538	538	538	540	542
Chennai +VAT	550	550	550	550	560	560
Hyderabad +VAT	550	555	550	550	550	550

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Kandla & Mumbai	867	867	872	872	872	NA

Refined Cottonseeds Oil

Refined cottonseeds oil traded bullish across domestic markets on improved demand and limited stocks in domestic markets. Due to cotton is more lucrative crop with forecast of normal monsoon results cotton cultivation in 2007/08 projected at 5.5 million hectares against 3.8 million

hectare last year thanks to smooth availability of cotton seeds at particularly Bt varieties. As per traders cottonseeds oil is likely to trade steady to bullish amidst underlying firmness in other edible oil and in domestic markets.

Prices for Refined Cotton Oil during this week

Markets	28.05.07	29.05.07	30.05.07	31.05.07	01.06.07	02.06.07
Mumbai +VAT	471	472	472	470	474	474
Hyderabad +VAT	475	475	473	478	478	478
Rajkot +VAT	468	468	465	466	466	468
Delhi	455	455	455	460	462	462

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

CBOT Soy futures Settles High

July Soybeans closed up at 11.25 cents at \$ 300.16 per MT. November Soybeans closed up at 11 cents at \$ 311.18 per MT. July Soybean Oil finished up at 0.1 at \$ 789.47/MT. More rains for Corn belts brought in some weakness early in the session. Bullish export sales report for soybeans coupled with support from gains in soybean meal on news of disruption in crushing at Illinois plant provided support to

soy futures at CBOT. Weekly US export sales for soybeans came in at 875,900 metric tonnes as compared to trade expectations between 500,000-800,000 MT. Meal sales came in at 70,600 metric tonnes as compared to trade expectations between 50,000-125,000 MT. Oil sales were 7,600 metric tonnes as compared to trade expectations between 0-5,000.

BMD CPO Futures Settle Down on Choppy Trading and Profit-taking

Despite overnight firmness in soy oil futures at CBOT, crude palm oil futures finished down at Bursa Malaysian Derivatives on profit-taking and dull trading activities. The most active August futures contract settled MYR19 down at

MYR2,562 per tonne. Traders are waiting of Indonesian government decision over hike in export taxes. However, underlying firmness is maintained in the market amidst dwindling palm oil stocks and expectation of strong exports.

WEEKLY WEATHER WATCH

FORECAST FOR NEXT 5 DAYS

An off-shore trough extending from Karnataka coast to Kerala coast persists. An embedded upper air cyclonic circulation lies in southeast Arabian Sea. Under its influence, fairly wide spread rainfall is likely to continue over Kerala, Coastal Karnataka and Lakshadweep during

next 3-4 days. Monsoon is likely to further advance in next 2-3 days. Ongoing rainfall over NE states is likely to continue during next 2-3 days and enhance subsequently. With the western disturbance moved away in eastward direction. Day temperature are likely to increase over

northwest India during 2 days. Another western disturbance is likely to affect J&K and H.P. during 2-3 May. This is likely to cause isolated to scattered rainfall over J&K, H.P. and Uttarakhand during 2-4 May.

Warning : Isolated heavy to very heavy rainfall is likely over south Konkan & Goa, Coastal Karnataka, Kerala and Lakshadweep Islands.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Isolated to scattered rain is likely over J&K, H.P. and Uttarakhand during 2-4 May. Day temperature are likely to increase over northwest India during next 2 days.

EAST AND NE INDIA: Scattered to fairly widespread rainfall/thundershower is likely over NE States during next 2 days and subsequently enhance. Isolated rain/thundershowers are likely over the Orissa and West Bengal.

CENTRAL INDIA: Isolated to Scattered rainfall/thundershower is likely over M.P., Chhattisgarh and Vidharbha during next 24hrs. Mainly dry weather is likely over the region after tomorrow.

SOUTH INDIA: Fairly widespread to widespread rainfall are likely over Coastal Karnataka, Kerala and Lakshadweep during next 3-4 days. Scattered rainfall are likely over South Interior Karnataka and Isolated rainfall over North Interior Karnataka and coastal Tamilnadu during next 3 days.

WEST INDIA: Isolated dust storm/thunderstorm is likely over north Rajasthan during 3-4 May. Fairly widespread rainfall are likely over Konkan & Goa. Isolated rainfall are likely over Madhya Maharastra , Marathwara and south Gujarat . Mainly dry weather is likely over rest of the region.

Source:NCMRWF

PORT WATCH

Port updates of edible oils in India (May 28-June 02, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	31,800	34,367	66,167
CPO+PFAD	-	8,979	8,979
CDSBO	37,340	23,600	60,940
Palm oil	6,000	7780	13,780
SFO	-	12,121	12,121
CPO+C.palmolein	4,500	-	4,500
PFAD	12,000	-	12,000
Palm oil Product	14,000	-	14,000
Total	105,640	86,847	192,487

Source: ANAS

Forex Rates:

(June 02, 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.54
European Union	Euro	54.52
Japan	100 Yen	33.20
United Kingdom	Pound Sterling	80.29

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