

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean

Net sales of 359,300 MT were 62 percent above the previous week and 69 percent over the prior 4-week average. The major buyers were Mexico (107,700 MT), Japan (77,500 MT), China (50,600 MT), and Taiwan (36,500 MT). Sales of 31,500 MT for delivery in 2007/08 were for Mexico (31,000 MT) and Japan (500 MT). Exports

of 167,400 MT were 52 percent below the week earlier and 36 percent under the prior 4-week average. The primary destinations were Mexico (66,300 MT), Japan (30,300 MT), Taiwan (23,000 MT), Cuba (19,800 MT), and Indonesia (10,200 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 57,700 MT were 16 percent below the previous week and 42 percent under the prior 4-week average. Increases for Mexico (36,400 MT), Canada (10,600 MT), and Morocco (8,000 MT, all switched from unknown destinations), were partially offset by decreases for unknown destinations (8,000 MT) and Guatemala (2,900

MT). Exports of 161,500 MT were 58 percent above the prior week and 41 percent over the previous 4-week average. The primary destinations were Mexico (35,800 MT), Canada (28,800 MT), the Dominican Republic (20,500 MT), Saudi Arabia (19,600 MT), and Cuba (13,800 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 20,600 MT were mainly for unknown destinations (11,000 MT), Mexico (4,100 MT), Jamaica (2,800 MT), and Thailand (1,700 MT). Exports of 5,300 MT

were primarily for Mexico (2,300 MT), Thailand (1,700 MT), and Canada (1,100 MT). Source: USDA

### Malaysian Palm Oil Exports Down by 15.5% During June 1-20: SGS

According to SGS estimation, Malaysia palm oil exports dropped by 15.5% at 675,424 tonnes during June 1-20 against 799,579 tonnes same period a month ago. To India,

palm oil exports fell significantly by 82% at 2,250 tonnes MT during June 1-20 as compared to 12,500 tonnes during corresponding period a month ago.

### Argentina Soybeans Crush Increase by 0.6% in April: Agriculture Secretariat

In latest report, Agricultural Secretariat highlighted Argentina soybeans crush in April has increased by 6% at 2,979,279 tonnes against 2,961,181 tonnes same period

last year. In April soy oil production totaled at 579,063 tonnes, increased by 3.57% against 559,083 tonnes same period a year ago.

## Argentina Soybeans Crop Production Output Increased

The Agricultural Secretariat of Argentina increased production output for 2006-07 soybeans crop by 2 million tonnes at 47.2 million tonnes as compared to last month

estimation. While harvesting is slow and only 94% has been completed so far on June 20 as compared to 99% same period last year.

## GMO Soy oil Finally Pave Way to India

The Genetic Engineering Approval Committee (GEAC) has finally allowed import of genetically modified soybeans oil to country.

## Cotton: India Expecting 10% Increase in Acreage in 2007-08

According to sources, India is expecting a 10% acreage increase in plantings of Kharif-sown cotton. The industry estimates Indian cotton production in the year ending

September 2007 at 25 million to 27 million bales. Output in 2005-06 was around 24.2 million bales. Even higher output is expected in 2007-08.

## Pakistan Allows Import of Cotton by Road from India

Pakistan has allowed the import of long staple cotton through land route from India, said a commerce ministry notification on Monday. The notification did not specify any quantity of cotton to be imported by the private sector through land route. Pakistan's has overall demand for cotton is more than 15 million bales a year against the domestic production of around 13.5 million bales in 2006-07. Therefore the country is offsetting the additional demand by importing cotton from Egypt, Central Asia, the

U.S., Australia and Brazil, among others. On Tuesday, Pakistan's Commerce Ministry has permitted the import of 3 million bales of cotton from India via road. It would reduce the cost of import and help the local textile industry to enhance its production. Earlier, the Pakistan Government had allowed the import of cotton and cotton yarns from India through sea or air route, which made them expensive for the local industry.

**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 June 1-20, 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 EU increased by 13.77% on improved demand compared to the corresponding period under review while China, USA and India registered drop in imports by 32.18%, 5.9% and 82% respectively.

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

(Unit: MT)

Countries/Continents	June 1-20	May -120	Change %
European Union	176,095	154,782	+13.77
China	177,860	262,263	-32.18
United States	60,467	64,260	-5.90
India	2,250	12,500	-82.00

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Bearish BMD CPO futures, sluggish demand and pressure from other vegetable oil continue to push palm oil to softer side in domestic market in current week started from June 18. Indonesian government has projected crude palm oil production to be raised by 7.8% at 17.44 million tonnes in current year, which is able to feed domestic need (4.35 million tonnes) and rest is for importing nations. During the week, BMD CPO futures traded mostly bearish following losses on CBOT, lack of bullish news combined with fears of improve palm oil production to demand. The most active

September crude palm oil futures contract traded between MYR2,380-2,457 per tonne In current week, crude palm oil CIF prices for July shipment traded between \$750-775 per metric ton. A cargo surveyor SGS ( Malaysia) Bhd. released estimation of Malaysian palm oil exports sales during June 1-20 that dropped by 15.5% at 675,424 tonnes against 799,579 tonne same period a month ago while to India palm oil exports during June 1-20 dropped significantly by 82% at 2,250 tonne against 12,500 tonne same period last month.

### Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Kandla& Mumbai	NA	NA	775	NA	NA	NA

### Weekly prices for CPO

(Rs/ 10 kg)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Kandla	425	423	420	417	418	418

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Kandla +VAT	450	450	450	443	445	445
Mumbai +VAT	458	456	455	452	450	450
Chennai +VAT	465	465	464	465	462	460
Kakinada +VAT	455	455	447	447	447	443
Hyderabad +VAT	474	474	472	472	472	472
Delhi	505	505	505	505	505	505

MC: Market Closed

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
CPO	767	757	750	740	737	737
RBD Palmolein	797	790	785	772	767	767

## MC: Market Closed

### Soybean Complex

As per USDA's recent Oil Crop Outlook Report: "Based on average yields, the 2007 soybean output is forecast at 7.9 million tons, versus 7.7 million in 2006. Even with a growing demand in India for soybean meal in poultry and dairy feeds, additional production could steady the volume of meal exports near 3.5 million tonnes". With a marked depression in Bay of Bengal advancing to Central and Western India regions, sowing of soybean was reported from Maharashtra and Jharkhand state. However on forecast of monsoon to hit MP after 26th of June, sowing in MP is likely to pick up by month end. Better price incentives from the Centre for sowing oilseeds [Rs 1050/qlt for yellow soybean and Rs 910/qlt for black soybean] coupled with assumption of normal rainfalls [10-15 cm for germination] could see increase in sowing demand for soybean and eventually good planting progress, even if rainfalls remains

sporadic till month end. During the week, the daily soybean arrivals declined by 10,000 bags to 30,000 to 35,000 bags. For the same time period, the CIF prices for crude soy oil for July shipment declined to \$ 811-822 /MT. The soy oil prices in Indore market varied from Rs 461 to 468 /10 Kg. Good domestic demand for soymeal kept the soybean prices almost firm. [Spot: - Rs-1460-1610/qlt and Plant: -Rs 1530-1660/qlt]. 'Oil World' indicated that the surge higher in palm oil prices during May sparked sharply higher world exports of the soyoil for the month of May. At CBOT, soy futures continued to track palm oil at BMD and reciprocate on weather concerns over Eastern Corn Belt in US. Lower stock of beans, improved demand for soymeal and consolidating prices of edible oils are likely to keep soy and palm oil competitive to gain market share. Prices of soybean and soymeal are likely to stay steady to firm.

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

(Rs/ 10 kg)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Mumbai +VAT	465	465	464	460	462	462
Indore +VAT	464	462	461	463	468	468
Kota +VAT	467	468	467	468	468	468
Jaipur +VAT	472	473	472	474	474	474
Hyderabad +VAT	485	485	482	485	485	485
Chennai +VAT	485	485	485	485	485	485
Rajkot +VAT	460	460	460	462	457	457

MC: Market Closed

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

(Rs/ 10 kg)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Mumbai	443	442	442	437	438	441

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

(US \$/ MT)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Kandla & Mumbai	822	820	818	811	814	820

## Mustard Complex

Restricted selling by stockists and good demand from vanaspati units and millers are holding the prices of seeds and oils almost firm. The major share of the Rabi seasons mustard seeds harvest is with strong hands thereby creating a paucity of seeds across spot markets. The daily arrivals declined to 40,000 to 60,000 bags. Prices of

Condition and Non-Condition seeds firmed up to Rs 2035-2175/qlt & Rs 1915-1980/qlt respectively. Notably, the mustard seed prices across Jaipur soared up to its highest levels on Friday. Prices soared up from Rs 1740-1750/qlt in June 2006 to Rs 2175/qlt in June 2007, an appreciation of Rs 425/qlt. Prices of mustard expeller oil in Kota stood too firmed up in tandem with seeds and stood at Rs 445-460/10

Kg from previous weeks Rs 442-445/10 Kg. As per orders from VOP Directorate, now it is not compulsory to use mustard oil in manufacture of Vanaspati, though manufacturers can make use of expeller mustard oil in Vanaspati upto 30% by weight on monthly basis. With forecast of rains over South and South East Rajasthan by

end of this month, the daily arrivals from Bhilwara, Pali, Jaisalmer and Kota districts are likely to be affected. The lean season for mustard seed coupled with good demand and lower stocks with trader's promises seed and oil prices to remain buoyant despite pressure of imported oils at ports.

#### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Mumbai + VAT	478	480	480	484	490	490
Kota +VAT	447	445	NA	458	460	460
Jaipur +VAT	457	455	NA	467	468	468
Delhi	490	490	490	502	510	512
Neewai +VAT	446	444	445	NA	458	458

#### Groundnut Oil

In current week, groundnut oil has crossed the Rs.700/10kg mark in most of trading centers on hold backing of stocks with stockists and steady demand. Due to poor demand of groundnut meals from exporting nations, higher prices of groundnuts coupled with low realization for oil, expellers remained disinterest for pace up crushing. Pressure from cotton and slow progress of monsoon in major groundnut growing regions (delay by 10 days in Gujarat provinces)

that hampered Kharif groundnut sowing sentiments and just 76,000 hectares land has been planted in country as on June 15 against 94,000 hectares last year in latest government estimation. As per trade sources, HPS groundnut seeds demand remained good from Southeast countries has taken away quality seeds for crushing added bullishness. In Rajkot market groundnut oil prices traded between Rs. 715-730 per 10 kg during the week.

#### Prices for groundnut oil during the week

(Rs/10 kg)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Mumbai +VAT	685	690	700	700	700	715
Rajkot +VAT	715	715	715	715	725	730
Andhra Region	710	710	720	725	725	725
Chennai +VAT	650	660	665	680	680	680
Delhi	700	700	710	705	705	705

#### Sunflower Oil

Steady demand, slow harvest and underlying firmness in other edible oil helped supported refined sunflower oil in domestic markets, while the sunflower sowing has been started in Karnataka region. In latest report, Agricultural Secretariat highlighted Argentina sunflower seeds crush in April has dropped by 20.52% at 338,681 tonnes against 426,113 tonnes same period last year. In April, sunflower seeds oil productions down by 18.74% at 138,049 tonnes,

against 169,876 tonnes same period a year ago. The CIF prices of sunflower oil for July shipment remained in correction mode during the week traded in range of \$890-904 per tonne. The fall in supplies of sunflower oil from major producing countries are likely to keep overseas markets of related commodity firm with spill over impact in domestic markets.

#### Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Mumbai +VAT	565	565	565	565	570	580
Chennai +VAT	567	567	567	570	570	582
Hyderabad +VAT	580	580	580	595	595	595

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

Center	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Kandla & Mumbai	904	904	NA	894	890	890

**Refined Cottonseeds Oil**

Improved demand, surge in groundnut oil and tight supplies strengthens refined cottonseeds prices in major trading centers during the week. In latest government estimation cotton sowing during May1-June 22 remained unchanged to previous estimation during May 1 and June 15 at 1.52 million hectares as compared to 1.47 million hectares same period a year ago. Transgenic Bt cotton has covered in 868,000 hectares land. As per trade sources, nearly 10% increase in cotton acreage could be seen this year as

farmers are willing to sowing more high yielding Bt varieties. Andhra Pradesh government has been enacted a law to control prices irregularities of cottonseeds in state and ordinance will issue in approaching days. Central Government removed cottonseeds oil from essential commodities list in February. 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	18.06.07	19.06.07	20.06.07	21.06.07	22.06.07	23.06.07
Mumbai +VAT	477	477	478	477	480	480
Hyderabad +VAT	482	482	480	482	482	482
Rajkot +VAT	480	482	482	486	488	492
Delhi	472	472	474	475	475	475

**INTERNATIONAL MARKET WEEKLY HIGHLIGHTS****CBOT Soy Futures Finish Bearish**

July Soybeans finished down 21.5 cents at \$ 292.81 per MT. November Soybeans closed down at 21 cents at \$ 304.94 per MT. July Soymeal closed down at \$ 8.8 at \$ 239.64 per MT. July Soybean Oil finished down at 0.31 at \$ 765.66/MT. Positive weather for corn in eastern Corn Belt

dragged down corn and eventually soybeans. Follow-through technical selling from the weak close yesterday and ideas that funds are holding a large (and near record) net long position and could increase selling pressure on weakness added to the bearish tone.

**BMD CPO Futures Settled Down**

In absence of supportive news, overnight weak CBOT soy futures sparked bearishness to crude palm oil futures on Bursa Malaysian Derivatives on Friday. The trade activities remained dull and most of traders were stayed away from market. The most active September contract of CPO

futures finished MYR8 down at MYR2,380 per tonne. Market also generated bullish momentum as Indonesian government is planning to reduce the exports taxes in next month.

**WEEKLY WEATHER WATCH****FORECAST FOR NEXT 5 DAYS**

Presently a deep depression lies near Gannavaram in coastal Andhra Pradesh. It is likely to move towards west-northwest direction. Under its influence, widespread rains with scattered heavy to very heavy falls are likely over Andhra Pradesh, north coastal Tamil Nadu & Puducherry during next 36 hours. Isolated extremely heavy rains are also likely over central districts of Coastal Andhra Pradesh and Telangana during the same period. Subsequently, with the likely west-northwestward movement of the system, the

enhanced rainfall belt is likely to shift to Maharashtra, Goa, Karnataka, south Madhya Pradesh, Gujarat and southeast Rajasthan during 23 to 26 June. South west monsoon is likely to cover remaining parts of Orissa, Chhattisgarh & Maharashtra, entire Gujarat, most parts of Madhya Pradesh and parts of Rajasthan during next 4-5 days. Models predictions suggest that there is a possibility of formation of another low pressure area over west central Bay of Bengal around 27th June. Models predictions indicate that

interaction is likely between mid-latitudinal westerly and monsoonal easterly winds over NW India. Under its influence, rainfall activity is likely over H.P., Uttarakhand, Punjab, Haryana and Delhi during 25-26 June07.

#### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Isolated to Scattered rainfall is likely over J&K, H.P., Uttarakhand, Haryana, Punjab and west U.P., during 24-26 June.

**EAST AND NE INDIA:** Ongoing rainfall is likely to reduce over NE states after 24 Hrs. Rainfall over Orissa and Jharkhand is likely to enhance during next 2-3 days.

**CENTRAL INDIA:** Fairly widespread rainfall is likely over Visharbhha , Chhattisgarh and Madhya Pradesh during next 3- 4 days.

**SOUTH INDIA:** Widespread rainfall with scattered heavy to very heavy falls is likely to occur over Coastal Andhra Pradesh and Telangana. Widespread rainfall is likely over Kerala, Karnataka and Lakshadweep.

**WEST INDIA:** Widespread with isolated heavy to very heavy rainfall is likely over Konkan and Goa during next 5 days. Fairly widespread rainfall is likely over Madhya Maharastra, Marathwara and Gujarat during 3-4 days.

**Source:NCMRWF**

## PORT WATCH

Port updates of edible oils in India (June 18-23, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CDSBO	36,255	54,993	91,248
CPO	7,994	5,854	13,848
CPO+PFAD	-	2,700	2,700
Palm oil Product	-	14,000	14,000
CFA	2,000	-	2,000
Palm oil	16,500	-	16,500
<b>Total</b>	<b>62,749</b>	<b>77,547</b>	<b>140,296</b>

Source: ANAS

Forex Rates:

(June 23 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.71
European Union	Euro	54.71
Japan	100 Yen	32.86
United Kingdom	Pound Sterling	81.31s

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