

## MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: Malaysian Palm oil Exports Dropped 15% during in June
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean

Net sales of 192,100 MT were 20 percent below the previous week and 25 percent under the prior 4-week average. Increases for Mexico (91,500 MT), Taiwan (33,600 MT), Japan (22,500 MT), Colombia (13,300 MT), and Costa Rica (10,000 MT, including 9,500 MT switched from Guatemala), were partially offset by decreases for Guatemala (6,900 MT). Sales of 136,300 MT for delivery in

2007/08 were primarily for China (120,000 MT). Exports of 284,400 MT were 31 percent below the week earlier, but 6 percent over the prior 4-week average. The primary destinations were Japan (111,600 MT), Mexico (56,100 MT), South Korea (43,200 MT), Taiwan (29,000 MT), and Indonesia (12,000 MT).

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 99,800 MT were 79 percent above the previous week and 29 percent over the prior 4-week average. The major buyers were Mexico (29,800 MT), Japan (26,700 MT, including 24,000 MT switched from unknown destinations), Canada (22,700 MT), Venezuela (11,600 MT), and Jamaica (8,900 MT). Decreases were

reported for unknown destinations (24,000 MT) and Guatemala (5,300 MT). Exports of 149,200 MT were 80 percent above the prior week and 28 percent over the previous 4-week average. The primary destinations were Mexico (41,000 MT), Canada (31,800 MT), Japan (29,800 MT), Venezuela (11,600 MT), and Peru (8,800 MT).

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 13,600 MT were mainly for Taiwan (11,000 MT), Trinidad (1,300 MT), and Canada (1,300 MT).

Exports of 1,800 MT were primarily for Mexico (1,000 MT), Canada (500 MT), and Trinidad (200 MT).

### Malaysian Palm Oil Exports Down by 15% in June: SGS

As per SGS (a cargo surveyor) estimation, Malaysian palm oil exports sales during June dropped by 15% at 1,007,424 tonnes against 1,184,606 tonnes in May. To India, palm oil

exports fell significantly by 63.87% at 14,994 MT in June as compared to 41,500 MT during corresponding period last month.

### Argentina Sunflower Seeds Stocks Drop by Nearly 36.47%

As per trade sources, Argentina's sunflower seeds stocks on June 1st declined by 36.47% at 368,139 tonnes as compared to 579,472 tonne in same period a year ago

while sunflower seeds oil stock increased by 3.74% at 90,243 tonnes, against 86,987 tonnes same period a year ago.

## Argentina Soybeans Stocks Drop by 3.2%

As per trade sources, Argentina's soybeans stocks as on June 1st declined by merely 3.2% at 3,334,353 tonnes as compared to 3,456,088 tonne same time last year whereas

soy oil stocks increased by 100.62% at 415,445 tonnes, against 207,083 tonnes same period a year ago.

## Indonesian Govt. Raises Base Prices and Export Taxes on Palm oil Product

To remain in sync with international prices, Indonesia government has increased the base prices palm oil product. Base prices on crude palm oil increased by 8.7% at \$676/tonne, crude palm olein gained by \$71 at \$740/tonne, RBD palm olein hiked by \$70 at \$746/tonne, RBD palm oil increased by \$85 at \$737/tonne, palm kernel increased by \$12 at \$134/tonne. The palm oil exports taxes will be calculate using base prices. To maintain the proper

supplies in local market, government also hiked the exports taxes, crude palm oil seen up by 6.5% from 1.5%, palm oil products increased at 6.5% from 0.3%. Palm karnel also hiked at 10% from 3% while on crude stearin, RBD stearin, palm kernel oil and RBD palm kernel, exports taxes is subjected at 6.5% from nil earlier. The new base prices will be effective during July 10th-August 9th.

## India: Cotton Acreage Increased to 5.96 Mln Ha

The cotton sowing during the Kharif season picked up in the week ending Friday, according to the latest government data. Cotton was sown in around 5.96 million hectares of land, including 2.33 million ha under BT cotton, as against 3.7 million sown during the same period last year. The acreage is increasing due to Southwest monsoon covered

the whole country. The progress of the Southwest monsoon is crucial for the country's agriculture sector as more than 60% of agricultural land does not have irrigation facilities. According to the Indian Meteorological Department, the Southwest has covered the whole of India after the reaching the mainland in June.

**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 by 36.35%, 10.83% and 38.74% respectively.

are as follows: Table 2 shows that import of Malaysia's palm oil to EU increased by 16.88% on improved demand compared to the corresponding period under review while China, USA and India registered drop in imports

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

(Unit: MT)

Countries/Continents	June	May	Change %
European Union	259,650	222,154	+16.88
China	229,130	359,974	-36.35
United States	103,737	116,340	-10.83
India	58,500	95,500	-38.74

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

As per trade sources, the plenty stock of palm oil at ports and in domestic markets combined with continuous docking of vessels at ports carrying palm oil has shattered palm oil prices domestically despite firmed BMD CPO futures most of week. To remain in sync with international prices, Indonesia government has increased the base prices palm oil product. Base prices on crude palm oil increased by 8.7% at \$676/tonne, crude palm olein gained by \$71 at \$740/tonne, RBD palm olein hiked by \$70 at \$746/tonne, RBD palm oil increased by \$85 at \$737/tonne. The palm oil exports taxes will be calculate using base prices. To

maintain the proper supplies in local market, government also hiked the exports taxes, crude palm oil seen up by 6.5% from 1.5%, palm oil products increased at 6.5% from 0.3%. The new base prices will be effective during July 10th-August 9th. The most active September crude palm oil futures contract traded between MYR2,468-2,520 per tonne. In current week, crude palm oil CIF prices for July shipment traded between \$780-792 per tonne. As per SGS data, Malaysian palm oil exports during June dropped by 15% at 1,007,424 tonnes against 1,184,606 tonne same period a month ago.

#### Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Kandla& Mumbai	792	790	785	785	780	NA

#### Weekly prices for CPO

(Rs/ 10 kg)

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Kandla	419	418	418	418	419	420

#### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Kandla +VAT	454	452	453	451	452	451
Mumbai +VAT	455	452	457	454	456	457
Chennai +VAT	465	460	460	460	459	460
Kakinada +VAT	448	448	445	444	443	442
Hyderabad +VAT	468	468	468	468	465	465
Delhi	505	505	505	495	495	495

MC: Market Closed

#### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
CPO	474	760	NA	755	760	747
RBD Palmolein	785	782	NA	785	790	792

MC: Market Closed

### Soybean Complex

"Oilseed prices are expected to rise to \$311.7 a metric ton by 2008-09 due to increased demand for biodiesel production and its need to compete with corn for arable land, the Organization for Economic Cooperation and Development and Food and Agriculture Organization of the United Nations said Wednesday in their Agricultural

Outlook for 2007-16". Additionally, because of rising corn prices there will be increased demand for oilseed-derived protein meal as a feedstock, and the report predicts oilseed meal prices to hit \$217/ton by 2008-09 before dropping to \$196.3/ton by 2014-15. Vegetable oil prices will also increase in the near-term due to biofuel demand combined

with food use demand, the OECD and FAO said. For first week of July, soybean sowing across Chhattisgarh was reported across 530 ha of land out of proposed 1.2 lakh ha of land. In MP, soybean crop has covered around 65-70% of total cultivable land. Since MP contributes around 66% of total soybean production in India, focus on sowing progress is vital as sowing after 15th of July incurs potential yield loss. Despite competition from pulses and cotton for cultivable land, threat of locust swarms across Rajasthan, Gujarat and Punjab and IMD's forecast for rain distribution for 93% of LPA, soybean cultivation has picked up fairly well across states and is likely to end by 20th of July.

Mostly steady to weak sentiments for palm oil at BMD capped any gains for soy oil despite firm cues from CBOT. During the week, prices of soybean across spot markets and plants firmed up to Rs 1490-1650/qrt and Rs 1560-1700/qrt from previous weeks Rs1475-1610/qrt and Rs 1520-1645/qrt respectively. Following up, the daily soybean arrivals improved by 20,000 bags to 35,000 to 65,000 bags. The CIF prices for crude soy oil for July shipment remained on correction mode and trade between \$ 841-860/MT from previous week's \$ 820-855 /MT. The soy oil prices in Indore market firmed up marginally to Rs 468-474/10 Kg from previous weeks Rs 465 to 468 /10 Kg.

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

(Rs/ 10 kg)

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Mumbai +VAT	488	481	478	478	478	480
Indore +VAT	474	468	468	468	468	471
Kota +VAT	485	483	483	483	483	484
Jaipur +VAT	490	489	489	489	489	490
Hyderabad +VAT	495	495	495	495	495	495
Chennai +VAT	495	495	495	490	490	490
Rajkot +VAT	478	477	477	477	477	478

MC: Market Closed

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

(Rs/ 10 kg)

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Mumbai	453	455	450	450	450	452

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

(US \$/ MT)

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Kandla & Mumbai	860	855	841	841	849	855

#### Mustard Complex

Previous week, mustard complex stood immune to global cues and soared up on good buying support. Mustard seed and meal demand now seems to be back on track and moved in tandem with soy complex. Declining stocks of expeller oil at stockists end against steady demand prevented expeller oil prices from reacting to global cues. Prices of mustard expeller oil in Kota firmed up to Rs 472-474/10 Kg from previous weeks Rs 460-472/10 Kg. Good rains over Rajasthan didn't affect daily arrivals initially but on excessive rains by weekend the daily arrivals declined

steeply from 45,000 bags on Monday to mere 30,000 bags on Friday. Prices of Condition and Non- Condition seeds firmed up to Rs 2100-2325/qrt and Rs 1875-1920.qrt respectively. Traders are hoarding stocks on anticipation of good demand for seeds and oil by end of Kharif season. With imports of edible oils already on cards, increasing consumptive demand for mustard rapeseed oil at retail end indicate demand likely to outstrip supply in short to medium term.

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

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Mumbai + VAT	497	497	500	500	500	498
Kota +VAT	474	472	472	472	472	472
Jaipur +VAT	484	482	482	482	482	482
Delhi	502	505	502	500	500	500
Neewai +VAT	473	470	470	468	470	470

**Groundnut Oil**

Spot prices of groundnut oil is continuous to rise and touched afresh in the week started from July 2nd breaching the last week record high but the trade activities remained low as higher prices are failed to lure demand. Groundnut oil also received pressure from refined cottonseeds oil as both shares same market and with prices difference of Rs. 150-170 per 10 kg with groundnut oil. As per government latest figures, groundnut sowing has been speed up with arrivals of monsoon showers and on July 6th sowing is

covered in 19.4 lakh hectares land as compared to 5.95 lakh hectares on June 29 and 16.14 lakh hectares last year. Poor demand of groundnut meals at ports and domestically forced expellers to slow down groundnut crushing results Just 4,775 tonne meals exports recorded in June as compared to 43,100 tonne same month last year. In Rajkot market groundnut oil prices traded between Rs. 765-775 per 10 kg during the week.

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

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Mumbai +VAT	750	750	755	750	750	740
Rajkot +VAT	770	765	772	775	775	780
Andhra Region	750	750	750	750	750	750
Chennai +VAT	710	710	710	700	700	700
Delhi	750	750	750	750	750	750

**Sunflower Oil**

Refined sunflower oil prices remained in tight position on firm support of costlier crude oil prices and tight supplies. As per trade sources, Argentina's sunflower seeds stocks on June 1st declined by 36.47% at 368,139 tonnes as compared to 579,472 tonne in same period a year ago while sunflower seeds oil stock increased by 3.74% at 90,243 tonnes, against 86,987 tonnes same period a year

ago. Assuming prices will maintain the up trends, stockists preferred to hold back their stocks which aided bullish support sun oil prices. 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	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Mumbai +VAT	590	600	605	605	600	590
Chennai +VAT	600	600	600	600	600	595
Hyderabad +VAT	630	630	620	620	605	605

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

Center	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Kandla & Mumbai	919	NA	915	921	921	926

## Refined Cottonseeds Oil

Refined cottonseeds prices traded on higher side on prevailing limited stocks concerns. Good sowing progress of Kharif cotton aids the bullish support on improved demand for quality seeds engulfed from crushing stocks in major trading centers. As per trade sources, In 2007-08, world cotton production is expected to drop marginally to 25.3 million tonnes from 25.7 million tonnes last year. Although, sentiments are bullish for cotton production in Kharif season, but cottonseeds prices are seen not to dip significantly as cotton prices have been risen by 6-8% in last one year. As per trade sources, sowing is nearly over in

Gujarat (one of the major producing area) and total cultivation is expecting in 23 lakh hectares land out of nearly 14 lakh hectares is being planted with Bt cotton. As per government latest release cotton sowing is completed in nearly 5.96 million hectares of land, including 2.33 million ha under BT cotton, as against 3.7 million ha sown during the same period last year. 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	02.07.07	03.07.07	04.07.07	05.07.07	06.07.07	07.07.07
Mumbai +VAT	500	502	505	506	505	507
Hyderabad +VAT	505	505	500	500	500	500
Rajkot +VAT	520	520	520	522	518	520
Delhi	500	498	500	505	505	505

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### CBOT Soy Futures Finish Up

November Soybeans finished up 9.5 cents at \$ 329.19 per MT. August Soybeans closed up at 9.25 cents at \$ 319.27 per MT. December Soybean closed up at \$ 0.7 at \$ 268.52 per MT. December Soybean Oil finished up at 0.39 at \$ 843.92/MT. Good export sales report for soybean. Soy futures are likely to keep pace with concern over weather until views of anticipated rains by mid of next week are actually witnessed. Good export sales report for soybean

came in as positive factor to keep soy futures on the bounce. The weekly US export sales for beans coming in at 328,400 metric tones, above the trade expectations of 125,000 to 275,000 tons. Weekly US export sales for bean meal came in at 100,600 metric tonnes as compared to trade expectations between 50,000-150,000. Weekly US export sales for bean oil came in at 13,600 metric tonnes as compared to trade expectations between 5,000 and 15,000.

### BMD CPO Futures Surge Following CBOT Soy oil Futures

The crude palm oil futures on Bursa Malaysian Derivatives settled high tracked gains in crude oil prices results most active contract breached the psychological barrier of MYR2,500 per tonne on Friday. The most active September

contract of CPO futures increased by MYR38 at MYR2,520 per tonne. Market also generated bullish momentum from overnight firmed up CBOT soy futures and improving prospects of exports demand from biodiesel sector.

## WEEKLY WEATHER WATCH

A Deep Depression lies over Gangetic West Bengal centered near Bakura. The system is likely to move slowly in a west-northwesterly direction. Under its influence widespread rainfall with scattered heavy to very heavy falls and isolated extremely heavy fall are likely over North Orissa, Chhattisgarh and Jharkhand during next 48 hrs and decrease thereafter. Subsequently heavy rainfall activities may shift towards Madhya Pradesh and adjoining Maharashtra and Gujarat after 48 hrs. A cyclonic circulation lies over Rajasthan. It may cause, widespread rainfall with isolated heavy to very heavy rainfall over Rajasthan during

next 24 hrs. Rainfall activities reduced thereafter. Model prediction suggest that a mid latitude westerly trough is likely to approach over northwest India during 8-10 July. It may interact with monsoon easterly flow and cause fairly widespread rainfall activities over northwest India during 8-10 July. 2007.

### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** On going rainfall activity over J&K, H.P. and Uttaranchal is likely to increase from 8th July. Fairly widespread rainfall is likely over Panjab, Haryana, Delhi and West U.P. during 8-10 July.

**EAST AND NE INDIA:** Widespread with scattered very heavy rainfall is likely over West Bengal , Orissa, Jharkhand and Bihar during next 2-3 days. Fairly widespread rainfall is likely NE States during next 3-4 days. Rainfall activities is likely to increase over East U.P. after 24 hrs.

**CENTRAL INDIA:** Fairly widespread isolated very heavy rainfall is likely over Chhattisgarh and East Madhya Pradesh during next 3 days. Scattered rainfall is likely over Vidharbha during next 2 days then increase thereafter .

**SOUTH INDIA:** Widespread rainfall is likely over Andman& Nicobar, Coastal Karnataka , Kerala and Lakshdweep

during next 4-5 days. Scattered rainfall is likely over Interior Karnataka and Costal A.P. Isolated rainfall is likely over rest of the region.

**WEST INDIA:** Fairly widespread rainfall is likely over Rajasthan during 24 hrs then reduce thereafter Fairly widespread rainfall is likely over Konkan & Goa and increase after 24 hrs. Scattered rainfall is likely over Madhya Maharastra , Marathawara and Gujarat during next 2 days then increase thereafter.

**Source:**NCMRWF

## PORT WATCH

Port updates of edible oils in India (July 02-07, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	49,216	27,546	76,762
Palm oil	-	3,000	3,000
CDSBO	63,000	41,500	104,500
CFA	2,000	-	2,000
PFAD	-	3,059	3,059
<b>Total</b>	<b>114,216</b>	<b>75,105</b>	<b>189,321</b>

Source: ANAS

Forex Rates:

(July 02 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.46
European Union	Euro	55.14
Japan	100 Yen	32.80
United Kingdom	Pound Sterling	81.36

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