

## MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: Malaysian Palm oil Exports During July 1-10 dropped by 9.7%
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean

Net sales of 144,900 MT were 25 percent below the previous week and 43 percent under the prior 4-week average. Increases for China (59,700 MT, including 55,000 MT switched from unknown destinations), Japan (51,300 MT), Indonesia (31,600 MT, including 24,000 MT switched from unknown destinations), Mexico (30,100 MT), and Taiwan (17,200 MT), were partially offset by decreases for unknown destinations (79,000 MT) and Guatemala (7,000

MT). Net sales of 39,100 MT for delivery in 2007/08 were primarily for Mexico (19,100 MT) and Turkey (10,000 MT). Exports of 187,500 MT were 34 percent below the week earlier and 38 percent under the prior 4-week average. The primary destinations were China (59,700 MT), Mexico (38,300 MT), Indonesia (37,100 MT), and Taiwan (21,500 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 41,100 MT were 59 percent below the previous week and 42 percent under the prior 4-week average. The major buyers were Colombia (10,700 MT), Bulgaria (10,000 MT), Japan (7,500 MT), El Salvador (6,700 MT, including 6,600 MT switched from Guatemala), and Honduras (5,700 MT). Decreases were reported for Algeria (14,000 MT). Net sales of 32,000 MT for delivery in 2007/08 were for

Guatemala (26,200 MT) and Canada (5,800 MT). Exports of 71,500 MT were 52 percent below the prior week and 42 percent under the previous 4-week average. The primary destinations were Canada (24,200 MT), Mexico (8,200 MT), Colombia (8,200 MT), Guatemala (7,900 MT), and El Salvador (6,700 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 9,300 MT resulted as increases for Algeria (11,500 MT--all switched from unknown destinations), Mexico (3,400 MT), Nicaragua (2,800 MT), and Guatemala (2,200 MT), were partially offset by decreases for unknown

destinations (11,500 MT). Exports of 11,000 MT were primarily for Taiwan (9,000 MT), Mexico (1,400 MT), and Canada (500 MT). Source: USDA

### USDA World Demand and Supply Estimation for Oil Seeds

U.S. oilseed ending stocks for 2007/08 are projected at 7.6 million tons, down 2.1 million tons from last month. Oilseed production is projected at 80.2 million tons, down 3.8 million tons. Reduced soybean, cottonseed, peanut, and canola production account for the reduction. Soybean production is projected at 2,625 million bushels, down 120 million bushels because harvested area reported in the June 29 Acreage report is 2.8 million acres below last month's

projection. Lower production and reduced carryin leave 2007/08 soybean stocks at 245 million bushels, down 75 million from last month. Prices for soybeans and soybean products are raised this month. The U.S. season-average soybean price for 2007/08 is projected at \$7.25 to \$8.25 per bushel, up 60 cents on both ends of the range reflecting the impact of the lower production estimate and forward pricing opportunities for new crop soybeans. Soybean meal prices

are projected at \$200 to \$230 per short ton, up 15 dollars on both ends. Soybean oil prices are projected at 32 to 36 cents per pound, up 1.5 cents on both ends of the range. Global oilseed production for 2007/08 is reduced 3.2 million tons to 395.7 million tons. Foreign production is projected up 0.6 million tons to 315.5 million tons. Rapeseed production is reduced for China based on lower harvested area. Rapeseed production is raised for the EU-27 due to increased harvested area. Other changes include increased cottonseed production for China. Global oilseed production for 2006/07 is increased mainly due to a 0.7-

million-ton increase in the Argentina soybean crop. The crop is estimated at a record 47.2 million tons based on higher yield indications. U.S. soybean crush for 2006/07 is projected at 1,780 million bushels, up 10 million bushels. Increased crush reflects stronger-than-expected domestic soybean meal disappearance through May. Soybean exports are raised 10 million bushels to 1,090 million. Combined seed and residual are reduced 10 million this month. Ending stocks for 2006/07 are projected at 600 million bushels, down 10 million bushels from last month.

### Palm oil Exports Down 18% in June: MPOB

Malaysian Palm Oil Board (MPOB) released palm oil exports sales estimation for June, exports dropped by 18% at 943,521 tonne as compared to 1.15 million tonnes in May. Crude palm oil production in June increased by drop

marginally by 2.9% at 1.17 million tonnes against 1.2 million tonne a month ago while stock in June increased by 7.5% at 1.2 million tonnes against 1.12 million tonnes last month.

### Malaysian Palm Oil Exports Down 9.7% During July 1-10: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports for the period of July 1-10 highlighted exports fell by 9.7% at 312,144 tonnes against 345,849 tonnes same

period in June. To India, palm oil exports increased more than 13 times at 32,472 tonnes in July 1-10 against 2,250 tonnes same period a month ago

### India: Monsoon Rain Damaged Cotton Crop in Gujarat

Monsoon rain has again turned violent in India's largest cotton-producing state of Gujarat. The recent heavy rains in the Saurashtra region has considerable damaged the cotton crop as the cotton remained under water for almost four days in districts such as Junagadh, Amreli, Rajkot, Jamanagar and Surendranagar. Rainfall exceeded 30 centimeters (11.8 inches) in five of the areas, while 40 centimeters (15.74 inches) fell in two locations. The sowing of cotton in the region was completed across the Saurashtra region around June 20 and though water

receded in most of the areas, the farms remained waterlogged for almost four to five days. However, government claimed that crops have not been affected in these regions, but will take some more time to understand the impact of rains on the agricultural sector in Saurashtra. Monsoon rain was moderate across the remainder of the country, with more heavy rain forecast for the next 48 hours over eastern Rajasthan, Gujarat, Madhya Pradesh and Coastal Karnataka. Flooding of crop areas is now a major concern in Gujarat.

### Punjab: Mealy Bug Infestation Damaged Cotton Crop

According to sources, owing to pest attack, around 2000 acres of cotton crop has been destroyed in Punjab. Therefore the farmers are now in front of the huge losses. Mealy bug has led to the major damage of cotton crop in Muktsar District of Punjab. Farmers have failed to protect their crops despite use of various insecticides. The farmers now want the State Government to do some damage control and compensate them for their losses. However, the

agriculture department has conducted a survey in the damaged fields and suggested measures for prevention of further damage. According to the Agriculture Officer at Muktsar, around 2,374 acres of cotton crop has affected by the Mealy bug. Out of this, 174 acre was almost wasted crop that farmers rooted out. The farmers are now ploughing their fields to uproot the infested crop and prepare the field for some other crop.

**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 USA and India increased by 123.97% and more than 13 times on improved demand compared to the corresponding period under review while EU and China registered drop in imports by 88.06% and 46.55% respectively.

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

(Unit: MT)

Countries/Continents	July 1-10	June 1-10	Change %
European Union	10,400	87,130	-88.06
China	59,854	111,980	-46.55
United States	63,545	28,372	+123.97
India	32,472	2,250	+1343.20

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

To remains in sync with others edible oil coupled with soaring up BMD and CBOT strengthened palm oil domestically whereas demands remain steady. Considering continuous rise in groundnut oil, Gujarat government is planning to import 10,000 tonnes of palm oil to meet the state need of edible oil. Low crude palm oil production in Jan-June (2007) by 9% and renewed buying interest supported BMD CPO futures. Due to currently higher prices, reduced margins and limited palm oil stocks, Indonesia state own firm is planning to dropped the blending of biodiesel to diesel to 2.5% from earlier 5%. The most active September crude palm oil futures contract traded between MYR2,509-2,623 per tonne In current

week, crude palm oil CIF prices for July shipment traded between \$790-820 per tonne. As per SGS exports figures, Malaysian palm oil exports during July 1-10 declined by 9.7% at 312,144 tonnes against 345,849 tonnes same period in June. Malaysian Palm Oil Board (MPOB) released palm oil exports sales estimates for June that dipped by 18% at 943,521 tonnes as compared to 1.15 million tonnes in May. Crude palm oil production in June declined by 2.9% at 1.17 million tonnes against 1.2 million tonnes a month ago while stock in June end increased by 7.5% at 1.2 million metric tons against 1.12 million metric tons last month.

### Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Kandla& Mumbai	NA	790	NA	820	805	817

### Weekly prices for CPO

(Rs/ 10 kg)

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Kandla	419	418	423	423	425	426

**Weekly prices for RBD Palmolein****(Rs/ 10 kg)**

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Kandla +VAT	451	451	454	456	458	460
Mumbai +VAT	457	457	460	465	465	465
Chennai +VAT	458	458	465	470	465	465
Kakinada +VAT	446	445	450	452	452	453
Hyderabad +VAT	470	465	470	472	472	472
Delhi	495	495	500	500	500	500

**MC: Market Closed****Weekly prices for FOB (Kandla)****(US \$ / MT)**

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
CPO	747	752	762	767	777	780
RBD Palmolein	792	797	800	815	822	822

**MC: Market Closed****Soybean Complex**

"A greater-than-expected decline in soybean acreage to accommodate the increased corn acreage will result in substantial deficit for the first time in 4 years," says Goldman. For the July-June S&D estimate by USDA, the US soybean production stood at 71.44 // 74.71 MMT with ending stock for soybean at 16.33 // 16.60 MMT. Similarly, soy oil production stood at 71.44 // 74.71 MMT with ending stocks at 51.87 // 54 MMT. The global oil seed production stood at 395.73 // 398.97 MMT with ending stocks at 58.44 // 60.76 MMT. The week started off on a dull note with arrivals witnessing a sharp decline on account of heavy rains however it managed to improve by weekend to around 40,000 to 50,000 bags on good domestic demand and global cues. The main features during the week were

uneven rainfall distribution, apprehension over crop damage in Maharashtra, resowing demand for soybean, good demand for domestic soymeal, consolidation in prices of edible oils during midweek, drier outlook for US soybean crop by July end, bullish outlook for US soybean, soymeal and soy oil production and ending stocks and subdued weekly export sales report for US soybean and soymeal. During the week, prices of soybean across spot markets and plants firmed up to Rs 1520-1650/qrtl and Rs 1600-1720/qrtl respectively. The CIF prices for crude soy oil for July shipment rose by \$ 15-17 /MT to \$ 855-877/MT. The soy oil prices in Indore market followed the suit and firmed up by Rs 5-6 /10 Kg to Rs 473-480/10 Kg.

**Prices for Soy (Ref) during the week****(Rs/ 10 kg)**

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Mumbai +VAT	480	480	480	485	486	484
Indore +VAT	473	473	475	475	478	478
Kota +VAT	484	484	485	485	486	486
Jaipur +VAT	490	490	492	492	492	492
Hyderabad +VAT	490	490	495	497	497	497
Chennai +VAT	490	490	495	495	493	493
Rajkot +VAT	478	478	478	476	479	477

**MC: Market Closed****Prices for Soy Degum (Mumbai) during the week****(Rs/ 10 kg)**

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Mumbai	453	450	452	452	458	460

**Rise in Crude Soy oil CIF during the week****(US \$/ MT)**

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Kandla & Mumbai	855	860	872	872	877	877

**Mustard Complex**

Around declined from 40,000 bags on Tuesday to 25,000-30,000 bags on Thursday, for other weekdays arrivals were either absent or negligible. Prices of mustard expeller oil in Kota firmed up to Rs 472-476/10 Kg from previous weeks Rs 472-474/10 Kg. Prices of Condition and Non- Condition seeds firmed up to Rs 2190-2350/qtl and Rs 1875-1960/qtl from previous weeks Rs 2100-2325/qtl and Rs 1875-1920/qtl respectively. Moving in tandem with soy complex, prices of mustard seeds across spot markets and domestic exchanges continued to hold firm on fears of supply

shortages coupled with stockists hoarding seeds in anticipation of further rise in prices of seeds across spot markets. Festive demand for edible oil during August is expected to push up prices of seeds and oil in short to medium term. However, correction in prices of edible oils may cast in temporary weakness in prices of seed and oil. As stock levels dwindle, mustard prices will soar and NAFED could unload a part of its stocks at higher levels. Global markets too are supporting uptrend.

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

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Mumbai + VAT	498	496	496	500	502	505
Kota +VAT	472	472	472	475	476	475
Jaipur +VAT	482	482	480	483	485	485
Delhi	500	497	505	505	515	515
Neewai +VAT	470	470	472	473	475	475

**Groundnut Oil**

Spot prices of groundnut oil maintained the firmness and touched all time highs of Rs. 800/10kg in Gujarat during the week started from July 9th amidst stocks concerns and steady demand. Stockists are taking advance of the current situation by holding back stocks strengthened spot prices. According to trade sources, the Gujarat enforcement wing of Civil supplies department has raided the hoarders to verify the status of stocks and recovered significantly quantity of groundnut oil there but figures were not obtained. Healthy competition from Bt. cotton crop in profit is likely to engulf groundnut acreage by nearly 2 lakh

hectares in Gujarat in current year (2006-07) at 17.5 lakh ha. In Tamil Nadu groundnut acreage is expecting near 24.6 lakh ha as compared to 32 lakh ha last year while in Andhra Pradesh, acreage seen down at 10.6 lakh ha as compared to 16.5 lakh ha last year is supporting market to remains firm. As per government latest figures, groundnut sowing has been speed up and on July 12th sowing is covered in 9.51 million hectares as compared to 8.74 million hectares last year. In Rajkot market groundnut oil prices traded between Rs. 790-800 per 10 kg during the week.

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

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Mumbai +VAT	740	740	740	750	750	750
Rajkot +VAT	790	790	800	790	790	790
Andhra Region	765	755	760	760	760	760
Chennai +VAT	680	685	680	690	690	690
Delhi	755	760	780	780	785	785

**Sunflower Oil**

Refined sunflower oil prices remained in bullish tone on costlier crude oil prices with steady demand whereas trade activities remained dull. As per trade sources, the summer

sunflower harvesting is completed in Tamil Nadu and Maharashtra while Kharif sunflower seeds sowing in progress in Maharashtra, Karnataka and Uttar Pradesh

supported the bulls. 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. The underlying bullish cues are likely to support refined sunflower oil prices in near-terms.

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

(Rs/10Kg)

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Mumbai +VAT	590	590	580	580	580	585
Chennai +VAT	585	585	587	588	585	587
Hyderabad +VAT	595	595	600	600	600	600

#### Prices for CIF Sunflower during the week

(US \$/ MT)

Center	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Kandla & Mumbai	926	926	929	954	971	971

#### Refined Cottonseeds Oil

Poor trade activities at higher prices and steadiness in groundnut oil prices supported the bears of refined cottonseeds oil prices in domestic markets. The good demand of cotton seeds in recent past engulfed the total available stocks for crushing and extended the bullish support to oil prices. . As per trade sources, severe cotton

crop is damaged in Punjab in over 2,000 acres due to infestation with Mealy bug. The poor demand of cottonseeds meals in domestic market is forcing expellers to stay away for fresh crushing that in turn support oil prices further up in near-term.

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

Markets	09.07.07	10.07.07	11.07.07	12.07.07	13.07.07	14.07.07
Mumbai +VAT	507	507	506	508	510	510
Hyderabad +VAT	495	495	500	500	500	500
Rajkot +VAT	520	518	514	513	515	515
Delhi	500	500	505	505	505	506

### INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

#### CBOT Soy Futures Finish Up

November Soybeans finished up 7.25 cents at \$ 348.92 per MT. August Soybeans closed up at 7.25 cents at \$ 338.37 per MT. December Soybean Oil finished down at 0.07 at \$ 860.02/MT. Despite sell off in the mid session and good deliveries for previous contracts, the soy futures surged up

on follow through technical buying support and outlook for dry weather by month end. For the NOPA crush report on Monday morning, traders are looking for June soybeans crushed at near 136.8 million bushels as compared with the May crush of 143.4 million bushels. Oil stocks are expected near 2.825-2.88 billion pounds.

#### BMD CPO Futures Moves up

The crude palm oil futures on Bursa Malaysian Derivatives moved up despite absence of fresh fundamentals news of demand and supply combined with subdued trade activities on Friday. The most active September contract moved up

MYR8 at MYR2,623 per tonne. Market lent some bullish support from overnight firmed up CBOT soy futures. Traders are expecting the palm oil exports figures for July 1-15 would help to guide the market to certain extent.

## WEEKLY WEATHER WATCH

At present, an upper air cyclonic circulation extending upto mid-tropospheric level lies over north Bay of Bengal & neighbourhood. Under its influence, rainfall activity is likely to increase over Gangetic West Bengal, Orissa and Jharkhand during next 2 days and likely to extend westward thereafter. The axis of the monsoon trough passes through Ferozepur, Muzaffarnagar, Bareilly, Gorakhpur, Asansol, Digha and thence southeastwards to central Bay of Bengal. Model prediction suggests that a westerly trough is likely to move across hilly regions of NW India during next 2 days. Scattered to fairly widespread rainfalls are likely hilly regions of NW India, foot hills of Himalaya and scattered rains over plains of NW India during next 2-3 days. Rainfall is likely to be subdued over west central and Peninsula except west coast during next 3 days.

### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Scattered to fairly widespread rainfall is likely over J&K, H.P. and Uttaranchal

during next 3 days. Isolated to scattered showers are likely over rest of region during the period.

**EAST AND NE INDIA:** Scattered rainfall is likely over Bihar and East U.P during next 24 Hrs. Thereafter, it is expected to enhance. Fairly widespread rainfall with isolated heavy fall is likely over NE States during next 2-3 days.

**CENTRAL INDIA:** Scattered rainfall is likely over region during next 3 days then increase thereafter.

**SOUTH INDIA:** Fairly widespread to widespread rainfall is likely over Andaman & Nicobar, Coastal Karnataka and Kerala during next 3 days. Scattered rainfall is likely over Interior Karnataka and north Andhra Pradesh. Isolated rainfall is likely over rest of region during next 3-4 days.

**WEST INDIA:** Fairly widespread rainfall is likely over East Rajasthan and Konkan & Goa. Scattered rainfall is likely Madhya Maharashtra, Marathwara and Gujarat during next 3 days. **Source: NCMRWF**

## PORT WATCH

Port updates of edible oils in India (July 09-14, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	40,446	40,886	81,332
Palm oil	10,000	-	10,000
CDSBO	42,000	32,960	74,960
CFA	-	2000	2,000
PFAD&CPO	-	4,170	4,170
Total	92,446	80,016	172,462

Source: ANAS

Forex Rates:

(July 14 2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.47
European Union	Euro	55.78
Japan	100 Yen	33.19
United Kingdom	Pound Sterling	82.34

## 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>

