

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean

Net sales of 745,600 MT were 45 percent above the previous week. Increases were reported for China (240,200 MT), unknown destinations (151,800 MT), the Netherlands (62,500 MT, including 60,000 MT switched from unknown destinations), Taiwan (55,500 MT), Mexico (55,400 MT), and Egypt (45,900 MT, including 9,000 MT

switched from unknown destinations). Exports of 484,900 MT were 20 percent above the previous week and 55 percent over the prior 4-week average. The primary destinations were Mexico (136,500 MT), China (131,400 MT), the Netherlands (62,500 MT), Japan (54,900 MT), and Taiwan (35,300 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales reductions of 22,900 MT resulted as increases for Canada (18,600 MT), Egypt (15,400 MT), Mexico (14,000 MT), and Morocco (8,800 MT, switched from unknown destinations), were more than offset by decreases for unknown destinations (67,300 MT) and the Dominican Republic (14,600 MT). Net sales of 47,400 MT for delivery in 2007/08 (which begins Oct. 1) were primarily for Saudi Arabia (16,000 MT), the Dominican Republic (8,500 MT),

Canada (8,000 MT), Russia (7,500 MT), and Algeria (5,000 MT). Exports of 130,000 MT were 24 percent above the previous week and the prior 4-week average. The major destinations were Canada (24,200 MT), Cuba (19,300 MT), Mexico (17,500 MT), the Dominican Republic (16,600 MT), Egypt (15,400 MT), and Guatemala (10,500 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 1,500 MT resulted as increases for South Korea (24,000 MT, switched from unknown destinations), Algeria (15,000 MT, switched from unknown destinations), and Guatemala (1,500 MT), were partially offset by decreases for unknown destinations (39,000 MT) and Haiti

(1,700 MT). Sales of 2,700 MT for delivery in 2007/08 (which begins Oct. 1) were for Haiti (1,700 MT) and Mexico (1,000 MT). Exports of 27,200 MT were mainly to South Korea (24,000 MT), Mexico (2,200 MT), and Canada (600 MT). Source: USDA

### Malaysian Palm Oil Exports Surge 11.9% During September 1-25: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports for the period of September 1-25 highlighted exports increased 11.9% at 1.08 million tonnes. During August 1-25, it totaled at 961,807 million tonnes. While,

exports to India totaled at 34,260 per tonne during September 1-25 from 34,535 tonne same period last month.

## Argentina Soybeans Stocks Increase 22% on September 1<sup>st</sup>

Latest data released by Agriculture Secretariat's of Argentina, highlighted soybeans stock on September 1st, rose 22% to 3,902,585 tonnes against same date last year.

Soy oil stock moved up 37.29% to 254,217 tonnes vs 185,168 tonnes a year ago.

## Argentina Sunflower Seeds stocks Rose 1.13% on September 1st

Latest data released by Agriculture Secretariat's of Argentina highlighted, sunflower seeds stocks improved slightly 1.13% to 230,941 tonnes on September 1st from

228,362 tonnes last year. Sunflower oil stocks down 30.17% to 96,441 tonnes from 138,109 a year ago.

## Argentina Soybeans Crush 9% High in August

The Agriculture Secretariat highlighted Argentina August soybeans crush totaled at 3.01 mmt of soybeans, which is 9% high from 2.76 mmt last year. August soy oil production

summed to 578,009 tonnes improved against 518,329 tonnes a year earlier.

## Argentina August Sunflower Seeds Crush Down 26%: Agriculture Secretariat

According to the Agriculture Secretariat of Argentina, August sunflower seeds crushing down 26% to 256,753 tonnes vs 347,549 tonnes corresponding period last year.

August sunflower oil production totaled 103,382 tonnes from 151,760 tonnes a year ago.

## Nafed Has Sign Up for Contract Farming in Tamil Nadu and Orissa

Nafed has taken initiative for contract farming by signing the MoUs with state government of Tamil Nadu and Orissa. In Tamil Nadu, it undertakes 50 villages and the focus on

cultivation of groundnut and a pulse local variety whereas in Orissa it included 20 villages and cultivate groundnut.

## Indonesia Hikes Base Prices for Exports on Palm oil Products

Indonesian government again hiked the base prices for exports to remains in line with international prices. On CPO, it hiked to \$760/tonne from \$733/tonne earlier. While on RBD olein it lowered to \$773/tonne from \$779/tonne.

The revised prices would effective from October 1-31. While the export taxes on RBD olein also remained at 7.5%.

## MMTC Invites Bid for Palm oil Product for October Delivery

To maintain the edible oil availability in domestic markets in peak festive days, state-run trading company, MMTC has invited the bids to import crude palm oil and RBD palm

olein from Indonesia and Malaysia in multiplies of lots, 1 lot size of 3,000 tonnes. The deliveries will be in October end.

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

Estimation of exports sales figure issued by Cargo Surveyor SGS for the period of September 1-25, 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 increased to EU and China by 35.34% and 33.5% respectively on improved demand compared to the corresponding period under review while USA and India registered a drop in exports by 2.04% and 0.8% on sluggish demand.

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

(Unit: MT)

Countries/Continents	September 1-25	August 1-25	Change %
European Union	142,435	105,243	+35.34
China	402,743	301,685	+33.50
United States	83,792	85,536	-2.04
India	34,260	34,535	-0.80

**Source:** SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

BMD remained firmed mostly in last week on firm CBOT and rising crude oil prices coupled with expectation of good export demand but gains were capped by fears of shift of demand to Indonesia as government exempted 10% Value Added Tax on palm oil production. This strengthened NCDEX, MCX and physical prices of palm oil domestically. Firmness in others edible oil also lent some supports. Since Central government allow the nodal agencies to import edible oil. Nafed has imported nearly 40,000 tonnes of edible oil so far, which included 9,000 tonnes crude soy oil and rest is crude palm oil (31,000 tonnes). According to Dorab Mistry, a senior Analyst, country will likely to import around 6 mmt of edible oil in oil year 2007/08 (starting November, 2007), which is higher to his earlier forecast of 5.5 mmt. By the exemption of 10% Value Added Tax on palm oil products, Indonesian government will able to

maintain the cooking oil availability domestically as well as keeps check on upswing on prices. To remains in line with international prices, Indonesian government again hiked the base prices for exports. On CPO, it increased to \$760/tonne from \$733/tonne earlier. While on RBD olein it lowered to \$773/tonne from \$779/tonne. The revised prices would effective from October 1-31. According to SGS (a cargo surveyor) estimation, Malaysian palm oil exports during September 1-25 increased 11.9% at 1.08 million tonnes. During August 1-25, it totaled at 961,807 million tonnes. The most active December contract of crude palm oil futures traded between MYR 2,605-2,675/tonne (MYR 2,569-2,606/tonne last week). In current week, crude palm oil CIF prices for October shipment traded between \$835-850/tonne (\$820-825/tonne last week).

### Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Kandla& Mumbai	420	421	420	419	420	419

### Weekly prices for CPO

(Rs/ 10 kg)

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Kandla	420	421	420	419	420	419

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Kandla +VAT	456	460	455	456	458	456
Mumbai +VAT	452	458	456	452	452	452
Chennai +VAT	465	467	467	467	468	472
Kakinada +VAT	455	456	454	458	458	458
Hyderabad +VAT	469	469	472	480	482	482
Delhi	496	496	490	500	500	500

**MC: Market Closed**

**Weekly prices for FOB (Kandla)****(US \$ / MT)**

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
CPO	785	795	792	792	797	797
RBD Palmolein	835	850	840	837	842	847

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

Fresh arrivals of beans across spot markets rose steadily from 50,000 bags to 1, 20,000 bags by end of week. With fresh arrivals yet to pick up in Rajasthan, soybean prices stood almost firm in the state. Slight delay in harvest of beans on late monsoon rains over Central India and Maharashtra coupled with firm global cues, prevented domestic prices from being quoted lower despite higher levels of moisture in fresh beans [18-20%]. Firm sentiments for soymeal across domestic markets and at ports too supported bean prices. The spot prices rose by Rs 60-70/qtl to Rs 1430-1670/qtl, while plant delivery rates firmed up by Rs 130-180/qtl to Rs 1580-1730/qtl. The CIF prices for crude soy oil [\$ 917-939/MT] for October shipment were quoted higher by \$ 80-100/MT against CIF for CPO [\$ 835-

850/MT]. CIF for CDSBO rose steadily from \$ 930/MT on Monday to \$ 939/MT by weekend. The prices of soy oil prices in Indore firmed up by Rs 6-8/10 Kg to Rs 468-470/10 Kg. Oil World believes that global oilseed output for the year ending October of 2008 will fall near 13 million tonnes to 391 million tonnes on account of lower production in Australia, China, Europe and North America. Fresh arrivals of beans are yet to pick up in Rajasthan. The world's soybean output in 2007/2008 is estimated at 223.6 million tons, down 14.1 million from last season. USDA believes that productivity of US soybean is likely to decline from 41.5 bushels/acre which indicates tight carry over stock positions until South American beans are visible.

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

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Mumbai +VAT	478	480	477	475	476	478
Indore +VAT	470	469	468	468	468	467
Kota +VAT	465	465	470	470	472	474
Jaipur +VAT	485	485	481	481	481	483
Hyderabad +VAT	496	496	500	505	505	505
Chennai +VAT	495	497	500	500	500	500
Rajkot +VAT	462	462	465	465	465	465

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

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Mumbai	458	460	460	460	462	458

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

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Kandla & Mumbai	930	930	917	925	939	930

**MC: Market Closed****Mustard Complex**

Observers believe that good oilseed production this season is unlikely to meet demand for edible oils despite good crushing across mills. NAFED has so far imported around 40,000 MT of edible oils and would import more to meet growing demand only after assessing International prices of

CPO and CBSBO. Late monsoon rains have provided supportive grounds for timely sowing operation for mustard/rapeseed. Sowing of Taramira [type of rapeseed/mustard] is likely to pick up from first week of October followed up by mustard seed from second fortnight

onwards. Non-condition seeds [34-35% oil content] with better oil content [38-39%] are fetching good prices across Kota markets. The daily arrivals of mustard/rapeseed increased marginally from 15,000 bags to 20,000 bags by weekend. Prices of condition and non-condition seeds firmed up by Rs 50-150/mt to Rs 2060-2350/mt and Rs 1840-1960/mt respectively on account of rise in sowing demand and lower carry forward stocks with NAFED and private traders. Mustard expeller oil too rose in tandem to

Rs 462-468/10 Kg against Rs 460-462/10 Kg last week on improving festive and marriage season demand for edible oils and good demand from vanaspati units. Firm global advices supported the firmness across mustard complex. Higher prices of wheat are likely to give stiff competition to mustard/rapeseed in terms of production and acreage. Last year, Chana crop competed with mustard for gaining major share of cultivable land.

#### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Mumbai + VAT	487	487	486	487	488	487
Kota +VAT	462	464	464	468	468	466
Jaipur +VAT	470	472	472	475	475	477
Delhi	502	501	510	495	497	495
Neewai +VAT	462	462	464	466	466	466

#### Groundnut Oil

Good crop conditions weak demand and poor trade activities pushed back groundnut complex in major trading centers. With the withdrawal of southwest monsoon, traders are expecting the bulk of new groundnut arrivals is expecting in the markets in next 8-10 days. Nafed has taken initiative for contract farming by signing the MoUs with state government of Tamil Nadu and Orissa. In Tamil Nadu, it undertakes 50 villages and the focus on cultivation of groundnut and a pulse local variety whereas in Orissa it included 20 villages and cultivate groundnut. Kharif

groundnut crop in flowering/pegging stage in Karnataka where as pegging/pod filling stage in Andhra Pradesh, Maharashtra, Gujarat. Rainfed groundnut sowing is continues in Tamil Nadu. The prices of groundnut seeds for different qualities traded between Rs. 410-552 per 20kg (Rs. 410-545 per 20 kg last week) in different market in Gujarat during the week. In Rajkot market groundnut oil traded between Rs. 780-810 per 10 kg (last week it was Rs. 780-800 per 10 kg).

#### Prices for groundnut oil during the week

(Rs/10 kg)

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Mumbai +VAT	720	720	720	720	715	715
Rajkot +VAT	810	810	810	800	780	790
Andhra Region	685	685	685	685	685	685
Chennai +VAT	680	680	665	665	665	665
Delhi	760	760	760	770	770	770

**MC: Market Closed.**

#### Sunflower Oil

Prices of refined sunflower oil traded mostly range bound on balance in demand and supply coupled with weak trade activities. Recently sharp upwardly movement in CIF was remain unsupportive for in physical markets and prices settled to previous figures. According to the Agriculture Secretariat of Argentina, August sunflower seeds crushing down 26% to 256,753 tonnes vs 347,549 tonnes corresponding period last year. August sunflower oil

production totaled 103,382 tonnes from 151,760 tonnes a year ago. Agriculture Secretariat's, Argentina also added that sunflower seeds stocks improved slightly 1.13% to 230,941 tonnes on September 1st from 228,362 tonnes last year. While, sunflower oil stocks down 30.17% to 96,441 tonnes from 138,109 a year ago. Traders are expecting prices are likely remains steady to slightly firm on tight supplies in near-term.

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

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Mumbai +VAT	585	585	585	580	580	575
Chennai +VAT	600	605	605	605	605	607
Hyderabad +VAT	580	580	585	585	585	585

**MC: :Market Closed.****Prices for CIF Sunflower during the week****(US \$/ MT)**

Center	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Kandla & Mumbai	1348	1338	1388	1368	1368	1368

**MC: Market Closed.****Refined Cottonseeds Oil**

The good harvest progress of cotton and poor demand weakened the physical prices of refined cottonseeds oil in major trading centres. However, losses were restricted by gains in palm oil and soy oil. Firmness in overseas markets also added the support. Traders are expecting the prices of refined cottonseeds oil to loose further on expecting bulky arrivals. In current year, Gujarat cotton plantation seen up

at 9.9 million hectares, which is higher from 9.2 million hectares last year. According to Agriculture ministry of Gujarat, state is likely to produce nearly 90 lakh bales of cotton in upcoming Kharif season. Traders are expecting prices would resist more in near-term prior to witness the fresh huge arrivals.

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

Markets	24.09.07	25.09.07	26.09.07	27.09.07	28.09.07	29.09.07
Mumbai +VAT	488	492	492	492	495	495
Hyderabad +VAT	502	505	505	505	505	505
Rajkot +VAT	492	500	510	505	500	497
Delhi	485	485	510	495	495	495

**INTERNATIONAL MARKET WEEKLY HIGHLIGHTS****Soy Futures Settled Down on CBOT**

November soybean finished down 17.75 cent at \$ 364.09 per MT. January soybeans closed down at 16.75 cent at \$ 370.33 per MT. December Soymeal closed down at \$ 6.8 at \$ 310.84 per MT. December soybean oil finished down 0.35 at 881.84/MT. Good stock position of soybean, vulnerability to overbought conditions and selling pressure of soybean on continued harvest dragged down the soy futures. The USDA pegged September 1st stocks at 572.7 million

bushels against 449 million last year. Soymael couldn't get support on account of weakness in corn market. South Korea bought 71,000 tonnes of meal overnight. As per CBOT, the deliveries against the October soybean oil came in at 3,309 contracts from expectations for 1,000-3,000 and meal came in at 414 contracts from expectations near 200-400.

**BMD CPO Futures Recover on Global Cues**

Surge in crude oil, bulls run in CBOT and expectation of good exports demand strengthened crude palm oil futures to traded thin on Bursa Malaysian Derivatives. Market also gained support from expectation of bullish exports figures by SGS for September. The most active December contract

of CPO recouped MYR 39 to MYR 2,644 per tonne. CPO trading volume on BMD down to 9,338 lots from 15,469 lots yesterday, open interest remained below to 50,000 lots on 4th straight day to 46,707 lots from 48,154 lots on Thursday.

## WEEKLY WEATHER WATCH

Yesterday's upper air cyclonic circulation over north Orissa has further weaken and ongoing rainfall activity over Orissa, Gangetic West Bengal Jharkhand, and Bihar are likely to decrease significantly. Rainfall activity over hilly regions and adjoining parts of plains of northwest India is likely to reduce significantly. Subsequently NW India is likely to experience anti-cyclonic winds and withdrawals of monsoon is expected from most parts of west Rajasthan and parts of NW India during next week. Model predictions suggest that a cyclonic circulation is expected to develop over northwest Bay of Bengal off Orissa coast during 1-2 October. It is likely to cause enhanced rainfall over coastal A.P.

### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Scattered rainfall is likely over J&K, H.P. and Uttarakhand during next 24 Hrs. Isolated thundershowers are likely over rest of the region during next 2 days.

**EAST AND NE INDIA:** Isolated to Scattered rainfall is expected over Orissa and Gangetic West Bengal, Bihar, Jharkhand during next 24 hrs and reduce thereafter. Orissa is likely to experience scattered to fairly wide spread showers during 1-3 October, 07. Isolated rainfall is likely over rest of the region.

**CENTRAL INDIA:** Isolated rainfall is likely during next 2 days.

**SOUTH INDIA:** Scattered rainfall is likely over North Coastal A.P., Coastal Karnataka, Kerala, and Andman & Nicobar Islands during next 24 Hrs and again rainfall activity may enhanced during 1 -3 October, 07. Scattered rainfall activity is also likely over rest of the region.

**WEST INDIA:** Scattered to fairly widespread to widespread rainfall with isolated heavy rain is likely over Konkan & Goa and Madhya Maharashtra. Isolated to scattered rainfall is likely over Marathawara, Gujarat and Saurashtra during next 24 Hrs then reduce further. West Rajasthan is likely to experience mainly dry. **Source:NCMRWF**

## PORT WATCH

Port updates of edible oils in India (September 24-29, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CDSBO	41,704	23,990	65,694
Palm oil	23,888	11,600	35,488
CPO	10,979	7,000	17,979
Palm oil Product	24,000	12,000	36,000
RBD Olein	4,000	-	4,000
<b>Total</b>	<b>104,571</b>	<b>54,590</b>	<b>159,161</b>

Source: ANAS

### Forex Rates:

Country/ Continent	Currency	Value in Rupees	
		29.09.07	24.09.07
USA	Dollar	39.74	39.82
European Union	Euro	56.67	56.22
Japan	100 Yen	34.62	34.64
United Kingdom	Pound Sterling	81.02	80.85

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