

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean

Net sales of 134,600 MT were 72 percent above the 4-week average. Increases for China (73,100 MT), Japan (21,100 MT), Colombia (12,700 MT), and Mexico (12,500 MT), were partially offset by decreases for unknown destinations (9,300 MT). Net sales of 432,000 MT for delivery in 2007/08 (which began September 1) were primarily for China (211,000 MT), Egypt (60,000 MT), Indonesia (50,000

MT), South Korea (45,000 MT), and Japan (32,000 MT). Exports of 390,300 MT were 22 percent above the week earlier and 28 percent over the prior 4-week average. The primary destinations were China (183,100 MT), Mexico (69,200 MT), Japan (44,000 MT), and Taiwan (39,900 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 33,100 MT were 22 percent below the prior 4-week average. Increases for Canada (15,800 MT), Colombia (8,900 MT), Mexico (8,700 MT), and unknown destinations (7,500 MT), were partially offset by decreases for Turkey (16,300 MT) and Guatemala (5,000 MT). Net sales of 48,800 MT for delivery in 2007/08 were primarily for unknown destinations (30,000 MT), the Dominican

Republic (10,000 MT), and Colombia (6,600 MT). Exports of 114,200 MT were 11 percent above the prior week, but 9 percent under the previous 4-week average. The major destinations were Canada (25,500 MT), Mexico (18,200 MT), Cuba (11,900 MT), the Dominican Republic (10,600 MT), and Guatemala (9,000 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 41,900 MT were primarily for unknown destinations (41,000 MT) and Canada (700 MT). Exports of

26,600 MT were mainly to Algeria (14,000 MT), Morocco (10,000 MT), and Mexico (1,600 MT). Source: USDA

### Malaysian Palm Oil August Exports Rise 15.6%: SGS

According to SGS, a cargo surveyor, Malaysian palm oil exports sales for August highlighted rose 15.6% at 1.26

mmt against 1.09 mmt last month. Exports to India declined 18.33% at 34,535 tonnes vs 42,287 tonnes in July.

### Indonesian Government Raise Exports Takes on Palm oil Product

Indonesia government has raised the base prices of palm oil product again (last time hiked in July). Base prices of crude palm oil exports increased at \$733/tonne from \$728/tonne, RBD palm olein is reduced to \$779/tonne from earlier \$801/tonne. The export taxes rates on CPO and

RBD palm olein increased same at 7.5% from 6.5%. The palm oil exports taxes will be calculate using base prices, which are adjusted to monthly basis. The new base prices will be effective during September 3-30.

## Maharashtra Expecting Cotton Production at 388-Lakh Quintals

It is expecting that the cotton production would reach to 388-lakh quintals, which are representing 63 lakh quintals up from 325 lakh quintals of the last year in Maharashtra.

The government's cotton purchase bill too is expected to rise to Rs 1,000 crore this year from Rs 645 crore in the previous year.

## India: Cotton Growers Likely to Get Good Benefit

Cotton growers in India will reap good benefit due to below average production of cotton in America, Australia and Pakistan this year in spite of the mealy bug attack, which caused extensive damages to the cotton crop in Punjab, Haryana and Rajasthan this season, according to the experts. The cotton prices are expected to increase in the country due to low availability of cotton in the international markets. In addition, the exports are also likely to boost up this season. The cotton demand is quite high this season, with addition of about 12 lakh new spindles in the spinning mills of India. So it is expected that cotton growers will fetch not below Rs 2,200/qlt for their produce, against MSP of Rs 1,950/qlt this season, as per the experts. With extensive loss to the cotton crop in Australia and Pakistan, and reduction of about 28% area under cotton cultivation in

USA this year, India has good chances of making fortune from export of about 60-70 lakh bales this season. China will be another big importer of cotton from Pakistan and India this year. The main reason is China has not sufficient cotton stock and reported as low as 10 lakh bales this year as compared to 30 lakh bales earlier. The estimated production of cotton is pegged at 31-32 million bales in India this year while the domestic consumption in the country will be around 24.5 million bales. This targeted consumption is around 15 lakh bales more than the last year. Since introduction of quota-free regime two years back, there is consistent addition in spindles in textile mills in India as all major spinning and cotton mills have increased production capacity to make more import.

## Punjab: Cotton Yield Likely to Reduce by 25% Due to Mealy Bug

The yield of cotton crop in Punjab is likely to decline by 25% due to mealy bug attack. About 80% of the cotton crop in Punjab falls under BT cotton. According to the Punjab agriculture department, even though more area is under the cotton crop this year, production will be approximately 20-

25% less. The districts of Mansa, Bhatinda, Muktsar and Ferozepur are the worst-hit by this dreadful insect, which feeds on plant sap. However, the farmers who haven't planted Bt crop this year are unaffected.

**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 August, 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 China by 56.34% on improved demand compared to the corresponding period under review while EU, USA and India registered a drop in imports by 5.12%, 28.72% and 18.33% on sluggish demand.

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

(Unit: MT)

Countries/Continents	August	July	Change %
European Union	177,983	187,597	-5.12
China	474,635	303,585	+56.34
United States	99,031	138,932	-28.72
India	34,535	42,287	-18.33

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Outpaced supplies to demand, fears of hefty supplies in short-terms as reflected by current vessel positions at different ports slowed down trade activities across domestic markets. BMD CPO future gained on strong buying by Indonesian exports and refineries to meet the export commitments and expectation of fall in production in August at 1.25 mmt against 1.36 mmt a month ago. To maintain the adequate palm oil supplies domestically, Indonesia has revised base prices of palm oil product again, the new base prices of crude palm oil exports increased at \$733/tonne from \$728/tonne, whereas RBD palm olein is reduced to \$779/tonne from earlier \$801/tonne. The palm oil exports taxes will be calculate using base prices. The new base

prices will be effective during September 3-30. In current year, Indonesian palm oil production estimates pointing towards 17 mmt, which is higher to last year production (16.1 mmt) while Malaysia palm oil production is expecting below to 16 mmt in current year vs 15.9 mmt a year ago. According to SGS, a cargo surveyor, August Malaysian palm oil exports sales rose 15.6% at 1.26 mmt against 1.09 mmt last month. The most active November contract of crude palm oil futures traded between MYR2,459-2,470/tonne (MYR2,378-2,412/tonne last week). In current week, crude palm oil CIF prices for September shipment traded between \$875-880/tonne (\$767-782/tonne last week).

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

(US\$ / MT)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Kandla& Mumbai	792	NA	765	780	782	782

#### Weekly prices for CPO

(Rs/ 10 kg)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Kandla	420	421	419	419	417	415

#### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Kandla +VAT	454	MC	454	453	450	450
Mumbai +VAT	450	452	452	450	448	446
Chennai +VAT	460	462	465	465	465	455
Kakinada +VAT	445	445	445	443	441	441
Hyderabad +VAT	464	464	464	465	465	465
Delhi	485	MC	485	485	485	490

MC: Market Closed

#### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
CPO	767	767	757	755	752	747
RBD Palmolein	787	787	782	782	782	782

MC: Market Closed

### Soybean Complex

CBOT remained closed on Monday on account of Labour holiday while domestic markets remained closed on Tuesday on festive celebration of Janamasthmi. However, festive buying of edible oils, good export contracts of Indian soymeal and firm cues from CBOT helped soy-complex stay buoyant till midweek. With reports of premature harvest of US soybean, consolidation in prices of palm and soy oil and supportive weather for domestic soybean crop

pressured the prices during later half. As per recent data from Dept of Agriculture and Cooperation, the wholesale arrivals for soybean for August stood at 22,706 MT, a decline of 35,470 MT over the preceding month and are expected to taper down further. Around 1, 55,000 bags arrived during the week, with daily average arrivals declining from 43,000 bags on Monday to 34,000 bags by weekend. Spot prices and plant delivery rates firmed up by

Rs 90 per qtl and Rs 70 per qtl to Rs 1410-1610/ctl and Rs 1480-1650/ctl respectively. Fresh soybean arrivals from Sangli region were quoted at Rs 1450-1540/ctl while old stocks were sold at Rs 1530-1560/ctl. The CIF prices for crude soy oil for September shipment firmed up to \$ 875-880/MT from previous week's \$ 867-878/MT. The soy oil prices in Indore firmed up marginally to Rs 455-460 per 10 Kg from last weeks Rs 452-458 per 10 Kg. Traders in US

await fresh cues from USDA's monthly report slated to be released on Wednesday. Subdued sentiments likely to prevail for soybean complex. President of the American Soybean Association, said that production of soybean in 2007 is expected to be 2.7 billion bushels (about 73.4 million tons), which would still be lower than 3.18 billion bushels in 2006, as 13-15% less area was sown with soybean this year in the U.S.

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

(Rs/ 10 kg)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Mumbai +VAT	464	465	467	467	464	462
Indore +VAT	455	460	460	460	458	456
Kota +VAT	463	464	464	463	462	462
Jaipur +VAT	476	476	476	477	477	477
Hyderabad +VAT	482	482	482	480	482	481
Chennai +VAT	477	478	478	475	475	475
Rajkot +VAT	460	460	460	460	460	460

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

(Rs/ 10 kg)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Mumbai	440	447	448	446	446	446

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

(US \$/ MT)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Kandla & Mumbai	877	877	875	875	880	880

MC: Market Closed

#### Mustard Complex

CBOT remained closed on Monday on account of Labour holiday while domestic markets remained closed on Tuesday on festive celebration of Janamasthmi. However, festive buying of edible oils, good export contracts of Indian soymeal and firm cues from CBOT helped soy-complex stay buoyant till midweek. With reports of premature harvest of US soybean, consolidation in prices of palm and soy oil and supportive weather for domestic soybean crop pressured the prices during later half. As per recent data from Dept of Agriculture and Cooperation, the wholesale arrivals for soybean for August stood at 22,706 MT, a decline of 35,470 MT over the preceding month and are expected to taper down further. Around 1, 55,000 bags arrived during the week, with daily average arrivals declining from 43,000 bags on Monday to 34,000 bags by weekend. Spot prices and plant delivery rates firmed up by

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## Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Mumbai + VAT	480	483	483	485	485	482
Kota +VAT	461	462	455	458	460	460
Jaipur +VAT	466	468	465	468	468	468
Delhi	485	MC	485	NA	490	490
Neewai +VAT	460	461	462	460	460	460

## Groundnut Oil

Sluggish demand, improved released from stockists coupled with good crop progress depressed groundnut complex prices. As per trade sources, the fresh arrivals of new groundnut seeds into Gujarat market has started from Madhya Pradesh and Maharashtra. Seeing this, stockists too boosted the groundnut seeds supplies into the markets to enfold losses. As per State Agricultural Department, Vellore district of Tamil Nadu is heading to reap bumper harvest of groundnut due to record sowing boosted by good rainfall. Against 425 mm, the district received 441.5 mm rainfall this year (from January-August). Resulting, district has planted 53,700 hectares land with oilseeds high, a

jump from normal area of 36,270 hectares; groundnut alone is covered in 51,300 hectares vs normal area of 35,000 hectares. Early sown Kharif groundnut is in flowering stages in Gujarat and Maharashtra. Early sown crop in peg formation stage in Andhra Pradesh, Karnataka and Maharashtra while sowing is continuing in Tamil Nadu. As per government latest figures groundnut sowing is completed in 5.28 million hectares on September 7th against 5.16 million hectares last week and 4.69 million hectares a year ago. In Rajkot market groundnut oil traded between Rs. 760-770/10 kg (last week was Rs. 730-765 per 10 kg).

## Prices for groundnut oil during the week

(Rs/10 kg)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Mumbai +VAT	690	690	715	715	710	710
Rajkot +VAT	760	770	770	765	760	765
Andhra Region	700	700	700	690	700	700
Chennai +VAT	660	660	670	670	665	665
Delhi	755	MC	755	730	725	740

MC: Market Closed.

## Sunflower Oil

Steady demand and subdued trade activities forced refined sunflower oil to trade range bound domestically. Currently, the dry weather in Argentina impeded for further sunflower seeds acreage and resulting sowing is lagging 8.7% to last year's 3.62 million hectares. Till date 6.7% sowing is completed of 2.6 million hectares. However, mild incidence of hairy caterpillar is reported in Maharashtra range to

support the bulls. The sunflower oil CIF prices for September shipment traded in range of \$1138-1148 per tonne on during the week. Traders are expecting buoyancy in oil prices would maintain in spot markets in coming days on underlying firmness in overseas market of related commodity.

## Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Mumbai +VAT	545	550	555	555	555	560
Chennai +VAT	555	555	555	555	557	560
Hyderabad +VAT	565	565	565	560	555	555

MC: :Market Closed.

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

Center	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Kandla & Mumbai	1138	1143	1138	1148	1148	1148

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

Weak cottonseeds meals demand and ideas of bumper harvests of cottonseeds in upcoming Kharif season, prices of refined cottonseeds oil declined in major trading centers on steady demand. As per trade estimation, country is heading towards bulky harvest of cotton, which is expecting to be more than 300 bales where as last year, it was at 280 bales (1bale=170 kg). The diversification of Kutch farmers

to cotton from traditional crops is expecting a boon for them. The Kutch area i.e. 65,000 hectares is covered with cotton, which expectation to produced nearly 6.5 lakh bales of cotton as compared to 3 lakh bales last year. Traders are remains optimistic for further weakness in coming days despite short-term gains.

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

Markets	03.09.07	04.09.07	05.09.07	06.09.07	07.09.07	08.09.07
Mumbai +VAT	480	484	484	484	481	482
Hyderabad +VAT	485	485	485	483	485	485
Rajkot +VAT	485	490	490	492	490	483
Delhi	456	MC	456	475	475	475

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

Soy futures settle up on Chicago Board of Trades. November soybeans closed 12.75 cents up at \$332.5 per MT. January soybeans settled up 12.25 cents at \$ 338.1 per MT. December soy meal closed \$5.2 high at \$280.82 per MT. December soybean oil ended 0.17 up at \$835.54 per MT. Weakness in dollar, recovery in wheat, fresh buying interest and diminishing selling pressure triggered firmness. Fresh buying interest of fund traders added the bullish tone into the market. However, gains were limited by

forecast of rainfall on weekend. The USDA weekly exports sales for soybeans totaled at 566,600 tonnes against trade expectation between 400,000-650,000 tonne, soymeals sales stood at 81,900 tonne from trade expectation between 75,000-175,000 tonne. The soy oil sales remained at 41,900 tonne against trade expectation between 5,000-20,000 tonne. Deliveries remain bulky for soybeans with 1,516 contracts.

**BMD CPO Futures Finish Mixed**

Weaker CBOT, lack of supportive news and subdued trade activities pressured crude palm oil futures on Bursa Malaysian Derivatives on Friday. The most active November contract closed merely MYR1 up at MYR 2,471/tonne. Traders are looking nearly 380,000-400,000

tonnes of palm oil export for the September 1-10. CPO trading volume on BMD totaled at 4,173 lots down sharply from yesterday's 5,681 lots. Open interest remained at 53,840 lots from Thursday's 54,648 lots.

**WEEKLY WEATHER WATCH**

At present the axis of the monsoon trough passes through Alwar, Hardoi, Chapra, Ambikapur, Burdwan and thence southeastwards to East-Central Bay of Bengal. A secondary trough runs from East Uttar Pradesh to North-East Assam across Bihar and Sub-Himalayan West Bengal & Sikkim. Yesterday's upper air cyclonic circulation over Jharkhand and adjoining West Bengal & Bihar extending upto mid-tropospheric level now lies over Bihar and adjoining East Uttar Pradesh. Under their influence, widespread rainfall with scattered heavy to very heavy falls

is likely over Bihar, Sub-Himalayan West Bengal & Sikkim, Assam & Meghalaya and Arunachal Pradesh during next 3-4 days. Fairly widespread rainfall with isolated heavy to very heavy falls is also likely over East Uttar Pradesh, Jharkhand, North Orissa, Gangetic West Bengal and Nagaland, Manipur, Mizoram & Tripura during next 2-3 days. At present a westerly trough is moving across hilly region of northwest India. Model predictions suggest that another western disturbance is expected to approach hilly regions of northwest India after 2 days. Under their

influence scattered to fairly widespread rainfall is likely over hilly regions of northwest India with possibility of isolated heavy falls over western Himalayan region during next 24 Hrs. and isolated to scattered over adjoining plains. The region is likely to experience similar weather conditions during 9-10 September. Subsequently, model predictions suggest that northwest India is likely to experience ridge and monsoon is expected to withdraw from parts of west Rajasthan.

#### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** J&K, Himachal Pradesh and Uttaranchal are likely to receive scattered to fairly widespread rainfall during next 24 Hrs. with isolated heavy falls and isolated to scattered over Punjab, Haryana and west U.P. and subsequently during 9-10 Sep.

**EAST AND NE INDIA:** Widespread rainfall with isolated heavy fall is expected over Sub-Himalayan West Bengal,

North Bihar, Arunachal Pradesh, Assam and Meghalaya during next 3-4 days. Fairly widespread rainfall is likely over Orissa, Jharkhand, south Bihar and East U.P. Scattered rainfall is expected over rest of region.

**CENTRAL INDIA:** Fairly widespread rainfall are likely over Chhattisgarh, East M.P. and Vidarbha during next 24 hrs. and reduce thereafter. Scattered rainfall is expected over West M.P. during next 24-36 Hrs. and reduce thereafter.

**SOUTH INDIA:** Fairly widespread to widespread rainfall is likely over north Coastal A.P., Coastal Karnataka, Kerala and Lakshadweep. Scattered rainfall activity is also likely over rest of the region.

**WEST INDIA:** Fairly widespread rainfall with isolated heavy fall is likely over Konkan & Goa and scattered over Madhya Maharashtra and south Gujarat during next 24-48 Hrs. then decrease thereafter. Isolated to scattered rainfall is likely over rest of the region during next 2-3 days and reduce subsequently..Source:NCMRWF

#### PORT WATCH

Port updates of edible oils in India (September 03-08, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	33,749	28,437	62,186
Palm oil Product	74,129	0	74,129
CDSBO	22,000	65,856	87,856
<b>Total</b>	<b>129,878</b>	<b>94,293</b>	<b>224,171</b>

Source: ANAS

#### Forex Rates:

Country/ Continent	Currency	Value in Rupees	
		08.09.07	03.09.07
USA	Dollar	40.49	40.88
European Union	Euro	55.76	55.79
Japan	100 Yen	35.71	35.22
United Kingdom	Pound Sterling	82.12	82.58

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