

MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Revision of Tariff Value
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: Malaysian Palm oil Export Sales Increases 3.3% in the October 1-25
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 463,400 MT were 38 percent below the previous week and 32 percent under the prior 4-week average. Increases were reported for Indonesia (74,600 MT, including 65,600 MT switched from unknown destinations), China (71,700 MT), Belgium (68,300 MT), Egypt (67,200 MT), and Mexico (41,300 MT). Optional

origin sales for China (55,000 MT) were declared U.S. origin. Exports of 866,600 MT were 12 percent below the previous week, but 52 percent above the prior 4-week average. The primary destinations were China (397,900 MT), Indonesia (91,200 MT), Mexico (85,800 MT), Japan (68,900 MT), and Belgium (68,300 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 244,400 MT were two and two-fifths times the prior week. Increases were reported for Canada (50,400 MT), Venezuela (48,000 MT), South Korea (45,000 MT), the Philippines (29,000 MT), and the Dominican Republic (20,000 MT). Exports of 116,500 MT were 11 percent

above the previous week, but 9 percent under the prior 4-week average. The primary destinations were Canada (33,200 MT), Mexico (20,100 MT), Japan (19,300 MT), and the Dominican Republic (11,000 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 24,300 MT were primarily for China (20,000 MT), Nicaragua (1,700 MT), and El Salvador (1,500 MT). Optional origin sales were reported for the United Kingdom

(2,000 MT). Exports of 14,100 MT were mainly to Venezuela (6,000 MT), Mexico (5,400 MT), and Haiti (1,600 MT). Source: USDA

Malaysian Palm Oil Exports Rise 0.8% in the October 1-20: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports for the period of October 1-10 highlighted exports rose 0.8% to 871,068 tonnes up from 864,299 tonnes same

period in September. While, exports to India declined more than 6 times to 4,500 tonnes down from 34,260 tonnes in the September 1-20.

Indonesia Will Revise Export Taxes on CPO on Thursday

To be in line with international markets, Indonesia will announce expected hike in export taxes on crude palm oil on Thursday after calculating the average CPO prices in

Rotterdam for the September 20 to October 19th period. According to officials, if the average prices remain around \$850/tonne or higher, then hike will be 10%.

Indonesia Hiked the Exports Tax on Palm oil to 10%

As the average crude palm oil prices reached \$854 per tonne in the international markets during September 20-October 19th, the export taxes were hiked to 10% in Indonesia. The new taxes will be effective November 1st

onwards. Last month Indonesia imposed a new progressive tax system on palm oils. Under the new system, if the international prices of CPO and RBD olein stood above \$850/tonne, then the exports taxes will be 10% on both,

taxes will be 7.5%, if the prices stood between \$750-849/tonne and 5%, if the prices remained within

\$650/749/tonne.

Argentina Soybean Exports Up 153% in August

As per Agriculture Secretariat data, Argentina the world's number third soybean producer and exporter after US and Brazil has exported 1,477,044 MT of soybean in August'07, up 153 per cent from 584,401 MT exported in August'06. China was the leading buyer of Argentine soybean. It

exported 2,275,581 tonnes of soymeal and pellets in August down from 2,314,122 tonnes shipped in corresponding period last year. European countries were the leading buyers of soymeal and pellets.

Bull Run Likely in Soya Spot and Futures

With near month soybean crossing Rs.1700 per qtl and continuing demand for Soymeal in the export market at US\$ 355-356 pmt FAS, it now appears that we are witnessing a renewed bull run. Strong oil prices adding to

the margin of plants is a Diwali bonus. Overseas futures markets too are supportive. Thus soybean prices could touch historic high in the current year in India.

75% US Harvest Completed

The US soybean harvest is completed around 75 per cent and weather looks favourable for advancing harvest in the Iowa, Nebraska and Minnesota regions. Also sowing has gain momentum in Brazil on the back of improving weather

condition. Both the advancing US harvest and improving weather in Brazil may pressurize the soybean futures at CBOT.

Argentina Sept Sun Seeds Crush Down 26%

According to the Agriculture Secretariat of Argentina, September sunflower seeds crushing down 22% to 192,318 tonnes vs 246,494 tonnes corresponding period last year.

September sunflower oil production dropped 25.51% to 78,485 tonnes from 105,364 tonnes a year ago.

Argentina Sunflower Seeds stocks Down 21.54% on October 1

Latest data released by Agriculture Secretariat's of Argentina highlighted, sunflower seeds stocks dropped 21.54% to 161,542 tonnes on October 1st from 205,886

tonnes last year. Sunflower oil stock fell 40.84% to 79,985 tonnes from 135,206 a year ago.

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 on Monday for the period of October 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 to EU, USA and India increased by 28.41%, 43.42% and 33.87%, respectively on improved demand compared to the corresponding period under review while China registered declined by 3.81% on sluggish demand.

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

(Unit: MT)

Countries/Continents	October 1-25	September 1-25	Change %
European Union	198,968	142,435	+28.41
China	387,974	402,743	-3.81
United States	148,120	83,792	+43.42
India	51,810	34,260	+33.87

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Shortage in ports, tight import and steady demand pushed up prices of palm oil across domestic markets. To quell the uptrend in edible oil, government announced to import 86,500 tonnes more edible oil through govt run agencies like STC, MMTTC and PEC in addition to 38,500 MT that already contracted so far by these agencies. STC floated bids to import 12,000 tonnes of palm oil products at different ports in November deliveries. The 6,000 tonnes of crude palm oil will be delivery on Kandla port, 3000 tonnes of CPO on Chennai port. Beside this STC also seek RBD palm olein between 2,000 tonnes and 3,000 tonnes for deliveries at Mumbai port. In the meanwhile, Indonesia raised export taxes on crude palm oil to 10% from 7.5% earlier. This is

due to average prices of CPO reached to \$854 per tonne in the international market. Last month, Indonesia imposed a new progressive tax system on palm oils. Under the new system, if the international prices of CPO and RBD olein stood above \$850/tonne, then the exports taxes will be 10% on both, taxes will be 7.5%, if the prices stood between \$750-849/tonne and 5%, if the prices remained within \$650-749/tonne. The most active January 08 contract of crude palm oil futures traded between MYR2,704-2,800/tonne (MYR2,714-2,767/tonne last week). In current week, crude palm oil CIF prices for November shipment traded between \$880-910/tonne (\$880-890/tonne last week).

Weekly Crude Palm Oil CIF prices of CPO

(Rs/ 10 kg)

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Kandla& Mumbai	885	897	897	880	910	NA

Weekly prices for CPO

(Rs/ 10 kg)

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Kandla	422	425	425	426	432	440

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Kandla +VAT	454	454	454	454	474	477
Mumbai +VAT	456	458	480	484	487	497
Chennai +VAT	495	495	495	495	505	505
Kakinada +VAT	475	478	480	480	482	490
Hyderabad +VAT	500	500	501	501	505	505
Delhi	500	500	500	500	510	515

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
CPO	835	838	840	845	857	NA
RBD Palmolein	885	885	887	895	902	NA

MC: Market Closed

Refined Soy Oil

Despite of huge arrival pressure of fresh beans, the prices soybean ruling firm across the cash markets on good physical demand ahead of festivities as well as earlier export commitments of soymeal. Continuing meal demand in the export market, firmness in edible oil following supportive overseas market (CBOT) and attractive parities have led to active participation of millers / crushers, with stockists also jumping in the fray, which led to good demand at higher price levels also. Soymeal in the export market is fetching at US \$355-357/MT FAS. De-oiled cake (DOC) prices are soaring upwards by 55-60 per cent in last couple of months. Spot prices (Indore mandi) increased to Rs 1620-30/qrtl from 1500-1560/qrtl last week. Plant delivery prices stood at Rs 1650-60/qrtl from 1600/qrtl last week. Arrivals in MP, Maharashtra and Rajasthan increased significantly to over 14 lakh bags after Dushera holiday from 11-12 lakh bags last week. Meanwhile, sharp increase in global vegoil prices might lead to demand compression

for imported oils and stronger demand for domestic oils, pushing up seed prices in the spot markets. Internationally, the US soybean harvest is completed around 75 per cent and weather looks favourable for advancing harvest in major soybean growing regions (Iowa, Nebraska and Minnesota). Also sowing has gain momentum in Brazil on the back of improving weather condition. Both the advancing US harvest and improving weather in Brazil may pressurize the soybean and meal futures at CBOT. However, soaring energy prices is seen supporting the edible oil prices globally making imports costlier, which may boost the domestic edible oil prices and consequently the seeds prices. The CIF prices of crude soy oil for October shipment increased in the week to \$957-977/MT from 942-951/MT, last week. The prices of soy oil prices in Indore traded firm to Rs.468-475/10 Kg from 457-461/10 kg, last week on good demand for festive consumption.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Mumbai +VAT	478	480	482	485	487	493
Indore +VAT	466	468	470	472	475	483
Kota +VAT	481	480	481	481	490	492
Hyderabad +VAT	505	505	505	505	505	507
Rajkot +VAT	475	475	475	475	478	485
Jaipur +VAT	487	487	487	487	495	497
Chennai +VAT	505	510	515	515	518	520

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Mumbai	460	460	462	465	471	476

Rise in Crude Soy oil CIF during the week

(US \$/ MT)

Center						
Kandla & Mumbai	957	957	961	965	977	989

Rape/Mustard Oil

Mustard seed cash market ruled firm on good physical demand against lower inventories in the market. Expectation to lower acreage / production this year further aiding bullishness besides lower stocks with NAFED and stockists due lower production in past year. Sources revealed that farmers may shift from mustard to wheat and pulses cultivation due to lucrative prices for wheat and pulses announced by govt. The MSP of mustard only increased by 4.96% while wheat MSP increased by 33.33% and pulses by 10.73%, which is attracting the farmers. Also sowing is slack in Rajasthan due to lack of soil moisture in non-irrigated areas following deficient rains during

monsoon. Further, reportedly good demand from West Bengal ahead of festivities is also seen supporting the sentiment. However, considering the shortage of edible oils during festivities govt. directed NAFED to sell 200,000 tonnes of mustard seed from its last year's stockpile of 400,000 tonnes, which is seen restricting the upside to some extent. Spot prices [Condition and Non-condition seeds] increased by Rs 40 and Rs 35 at Rs 2310/qrtl and Rs 1965-70/qrtl respectively. Prices of mustard expeller oil in Kota region increased from Rs 461-466/10 Kg to Rs 490-495/10 Kg. Overall arrivals reported in the range of 17000-20,000 bags during the period.

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

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Mumbai + VAT	492	492	493	497	497	509
Kota +VAT	480	481	481	481	490	492
Jaipur +VAT	485	485	485	485	498	502
Delhi	510	508	507	505	510	515
Neewai +VAT	480	480	480	480	490	492

Groundnut oil

With the arrivals of new groundnut oil as nearly 150 mills are currently crushing, groundnut oil prices traded weak across domestic markets but recovered toward weekend on consolidation. As Kharif groundnut crop is in mostly maturity/harvesting stage, its arrivals are like to improve significantly from 80,000-125,000 bags to 1.5-2 lakh bags from November 1st week onward. So, further weakness in

seeds and oil prices is inevitable in approaching week. The prices of groundnut seeds for different qualities traded between Rs. 410-475/20kg (Rs. 410-465/20 kg last week) in different markets in Gujarat during the week with arrivals ranging from 80,000-125,000 bags. In Rajkot market groundnut oil traded between Rs. 600-625/10 kg (last week it was Rs. 610-660/10 kg).

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

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Mumbai +VAT	645	645	650	640	650	650
Rajkot +VAT	610	610	600	600	615	625
Andhra Region	640	640	640	610	620	615
Chennai +VAT	585	585	585	600	620	620
Delhi	700	700	700	700	700	700

Refined Sunflower Oil

Physical prices of refined sunflower oil maintained bullish trends and remained range bound on steady demand and supply. The surge in crude oil and others related commodities also lent some support. As well as prices also found support from declining arrivals of sunflower seeds in

major trading centers. The CIF prices of sunflower oil for November shipment traded in range of \$1445-1313 per tonne on in last week. Till Diwali prices may improve further because of underlying firmness in others edible oil and overseas markets in short-term.

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

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Mumbai +VAT	645	645	645	645	615	630
Chennai +VAT	605	605	605	605	605	610
Hyderabad +VAT	620	620	620	620	625	640

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

Center	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Kandla & Mumbai	1445	1405	1383	1395	1328	1313

Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil maintained the last week's bearish-trends and improved in the last week. This year fall in US cotton production is expecting to boost

Indian cotton exports by 20% and rise in prices by 10% strengthened the markets. Indian cotton exports rose 27% to 6 million bales from 4.7 million bales last year. Demand

remained steady. In prevailing conditions, stockists have learnt to hold up their stocks on expectation of further improvement in prices in short-term. However, further

improvement in oil prices from current level cannot be deny on underlying firmness in other edible oil in very short-term.

Prices for Refined Cotton Oil during this week

Markets	22.10.07	23.10.07	24.10.07	25. 10.07	26. 10.07	27. 10.07
Mumbai +VAT	492	492	493	493	495	495
Hyderabad +VAT	505	505	510	505	510	511
Rajkot +VAT	480	482	485	485	492	495
Delhi	475	475	475	475	480	485

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

BMD CPO Futures Rise on Indonesia Tax Hike

To remain in sync with others related commodities like crude oil and overnight firmness on soy futures on CBOT strengthened crude palm oil futures on Bursa Malaysian Derivatives. As well as market also found support from Indonesian's hike in export tariff from 7.5% to 10% on crude palm oil to remain in line with the international market. he most active January futures contract of crude palm oil

futures finished up sharply MYR 93 at MYR2,800 per tonne. Palm oil prices would stay firm unless there was downward correction in crude oil. Trading volume jumped sharply higher to 22,229 lots from 9,908 lots on Thursday and open interest increased to 47,076 lots from 45,648 lots on Thursday.

CBOT Soy Futures Finish Mixed

November soybeans closed 0.75 cents up to \$365.75 per MT. January soybeans settled up 0.75 cents to \$372.27 per MT. December soy meal closed \$1.7 down to \$306.22 per MT. December soybean oil ended 0.46 up at \$912.02 per MT. The historical high in crude oil and news low in US dollar were the factor that supported market to reach the highest since end of September. Besides, market also

found support from hike in 10% export taxes on palm oil from 7.5% earlier and relaxation in import taxes in palm and soybean oil by China. Hot and dry weather remain supportive for soybean harvest in US while with interfere with sowing in Brazil added mixed advice to soybean futures.

WEEKLY WEATHER WATCH

FORECAST FOR NEXT 5 DAYS

An anti-cyclonic circulation persist over northwest and central India. Under its influence fair weather is likely to continue over northwest and central parts of India and Indo-Gangtic plains during next week. A Low pressure area lies over southeast Arabian Sea. The system is likely to become more marked during next 48 hours. It is likely to cause fairly widespread rainfall with isolated heavy to very heavy fall over Lakshadweep during next 2-3 days. Model prediction suggests fairly widespread rainfall with isolated heavy to very heavy falls over Andaman & Nicobar Islands and parts of south peninsula during next 2-3 days. Model predictions suggest that a cyclonic circulation is likely to develop over southeast Bay of Bengal during 27-28 October07. Subsequently, the cyclonic circulation is expected to intensify into a low pressure area and progress in a west-north-west direction. Under its influence south peninsular India is likely to experience enhanced rainfall from 29th October.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Mainly dry weather over the region except J&K, where isolated shower is likely during next 24 Hrs.

EAST AND NE INDIA: Isolated rainfall is likely over NE States. Mainly dry weather is expected over rest of the region.

CENTRAL INDIA: Mainly dry weather is likely over the region.

SOUTH INDIA: Fairly Widespread rainfall with isolated heavy falls are likely over Andaman & Nicobar Islands, south Coastal Andhra Pradesh, Tamil Nadu & Pondicherry, Rayalseema, Kerala and Lakshdweep. Scattered rainfall is expected over South Interior Karnataka. Isolated rainfall is expected over rest of the region.

WEST INDIA: Mainly dry weather is expected over the region.

PORT WATCH

Port updates of edible oils in India (Oct 22-27 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	25,030	26,600	51,630
Palm oil	24,580	4,750	29,330
Palm oil Product	-	10,000	10,000
Soy oil	6,000	-	6,000
Total	55,610	41,350	96,960

Source: ANAS

Forex Rates:

(October 27, 2007)

Country/ Continent	Currency	Value in Rupees	
		27.10.07	22.10.07
USA	Dollar	39.30	39.79
European Union	Euro	56.56	56.98
Japan	100 Yen	34.40	34.84
United Kingdom	Pound Sterling	80.62	81.62

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>

© 2005 Indian Agribusiness Systems Pvt Ltd.