

MAJOR WEEKLY HIGHLIGHTS

- Domestic News
- USDA Weekly Export Sales Highlights
- Major Importing Countries of Malaysia's Palm Oil
- SGS estimates: Malaysian Palm oil Exports increase by 13% during October 1-15
- Weekly Weather Report
- Port Wise: Weekly Import of Vegoil

DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean

Net sales of 750,600 MT were 36 percent above the previous week and 21 percent over the prior 4-week average. Increases reported for China (192,100 MT), Mexico (122,400 MT), Japan (92,100 MT), the Netherlands (68,100 MT, including 60,000 MT switched from unknown destinations), and Thailand (60,000 MT), were partially offset by decreases for Guatemala (10,700 MT) and

unknown destinations (6,800 MT). Sales of 19,500 MT for delivery in 2008/09 were for Japan. Exports of 986,000 MT were 86 percent above the previous week and two and one-third times the prior 4-week average. The primary destinations were China (538,000 MT), Japan (119,100 MT), the Netherlands (68,100 MT), Germany (53,700 MT), and South Korea (45,800 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 100,400 MT were down 62 percent from the prior week. Increases reported for Jamaica (14,400 MT), Mexico (13,400 MT), Indonesia (12,000 MT), and Morocco (10,000 MT), were partially offset by decreases for Colombia (6,200 MT) and the Dominican Republic (5,500 MT). Exports of 104,800 MT were 3 percent below the

previous week and 18 percent under the prior 4-week average. The primary destinations were Mexico (32,100 MT), Canada (19,400 MT), the Dominican Republic (10,900 MT), Colombia (10,300 MT), and Guatemala (8,200 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 26,400 MT resulted as increases for Morocco (10,000 MT), South Korea (10,000 MT), Hong Kong (5,000 MT), and Mexico (3,100 MT), were partially offset by

decreases for Algeria (3,000 MT). Exports of 15,500 MT were mainly to Algeria (12,000 MT), Mexico (2,400 MT), and Canada (900 MT). Source: USDA

Edible oil Imports Increase 23% in September

During first 11 months (Nov-September) of current oil year (Nov-Oct), India edible oil import rose 11% to 4.21 mmt of edible oil vs 3.79 mmt same period last year due to fall in oilseed's output at 22.67 mmt in 2006/07 (in crop year, July-June) as compared to 23.97 mmt a year ago. During Nov-September, crude palm oil imports jumped 32.32% to 2.62 mmt from 1.98 mmt last year. September, CPO import

declined 7.52% to 246,400 tonnes from 266,433 tonnes a year ago. In the Nov-Sep, crude soy oil import declined 16.89% to 1.23 mmt against 1.48 mmt a year ago while in July rose more than double to 179,366 tonnes from 74,990 tonnes a year ago.

Malaysian Palm Oil Exports Rise 13% in the October 1-15: SGS

SGS (a cargo surveyor) estimated Malaysian palm oil exports for the period of October 1-15 highlighted exports

rose 13% to 679,512 tonnes up from 601,562 tonne same period in September.

NAFED Nod to Import 15,000 tonnes of Crude palm oil

After STC and MMTC, NAFED (National Agricultural Cooperative and Marketing Federation) has come with big plans to import more edible oil and planning to import another 15,000 tonnes of crude palm oil for November 3rd

week deliveries. So far, NAFED has imported 31,000 tonnes of crude palm oil and 9,000 tonnes of degummed soy oil.

Ban on Import of Palm oil Product Through Kochi

The pressure from coconut growers and Kerala government has forced centre to ban the import of palm oil product (crude palm oil, RBD palm oil, RBD palm olein and other such oil) to Kochi port. Since the prices of coconut oil dropped sharply to prevailing prices of Rs. 44/kg from Rs. 73/kg in 2005 compared to prevailing prices of RBD palm olein to Rs. 54/kg from Rs. 38/kg in 2005. To cash the lucrative margin between two oils, vanaspati makers have

replaced coconut oil for palm oil for their production process. However, the release by Directorate General of Foreign Trade (DGFT) did not provided any detail about commencement and time period of the ban. During first 11 months of current oil year (Nov-Oct), highlighted out of total 2.78 mmt import though all ports, Kochi port comprises only 64,099 tonnes.

India: Cotton Production Likely to Below 31 Mln Bales

The cotton production in 2007/08 in the country is expected to slip below the estimates of 31 million bales as key growing states have been hit by pest attacks and crop disease, according to the government and trade officials. The Cotton Advisory Board (CAB) had earlier estimated cotton production to hit a record 31 million bales in 2007/08, up almost 11% from 28 million bales from last year. Excess rainfall in key cotton growing states like Punjab, Maharashtra and Haryana have created a conducive climate for pests like mealy bug, grey mildew disease and reddening, a physiological disorder, sources said. According to the chairman of Cotton Advisory Board and

textile commissioner, production may decrease by 10-15% in Punjab. It was earlier expected that Punjab would produce 4 million bales in 2007/08, they said. In Maharashtra, the largest grower, production may be affected by over 5%. But it may go up to 10% if favorable conditions remain for pests and diseases. In 2006/07, Maharashtra produced 5.2 million bales of cotton. Humid climate is favorable for crop diseases while dry, sunny weather helps prevent the spread of pests. Other major producing states like Gujarat, Andhra Pradesh and Rajasthan have also reported minor pest attacks in some pockets.

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.

DOMESTIC MARKET ANALYSIS

Palm Oil

Thinning stocks both at ports and domestically, rising prices of others edible oil and improving festive demand has strengthened prices of palm oil across the domestic markets. Following STC and MMTC, now NAFED is planning to import 15,000 tonnes of crude palm oil in 3rd week of November. So far, NAFED has imported 40,000 tonnes of edible oil (31,000 tonnes of crude palm oil and 9,000 tonnes degummed soy oil. The pressure from coconut growers and Kerala government has forced centre

to ban the import of palm oil product (crude palm oil, RBD palm oil, RBD palm olein and other such oil) to Kochi port. Since the prices of coconut oil dropped sharply to prevailing prices of Rs. 44/kg from Rs. 73/kg in 2005 compared to prevailing prices of RBD palm olein to Rs. 54/kg from Rs. 38/kg in 2005. To cash the lucrative margin between two oils, vanaspati makers have replaced coconut oil for palm oil for their production process. However, the release by Directorate General of Foreign Trade (DGFT) did not

provided any detail about commencement and time period of the ban. During first 11 months of current oil year (Nov-Oct), highlighted out of total 2.78 mmt import through all ports, Kochi port comprises only 64,099 tonnes. SGS estimated palm oil exports rose 13% to 679,512 tonnes up from 601,562 tonne same period in September. The most

active January 08 contract of crude palm oil futures traded between MYR2,714-2,767/tonne (MYR2,526-2,718/tonne last week). In current week, crude palm oil CIF prices for November shipment traded between \$880-890/tonne (\$830-840/tonne last week).

Weekly Crude Palm Oil CIF prices of CPO

(US\$ / MT)

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Kandla& Mumbai	NA	885	885	890	897	NA

Weekly prices for CPO

(Rs/ 10 kg)

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Kandla	419	422	424	422	425	425

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Kandla +VAT	454	455	454	454	454	456
Mumbai +VAT	462	466	470	472	477	482
Chennai +VAT	480	488	488	480	505	505
Kakinada +VAT	475	480	475	475	480	480
Hyderabad +VAT	500	505	505	505	505	505
Delhi	500	505	500	500	500	500

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
CPO	Closed	852	852	837	852	852
RBD Palmolein	Closed	897	887	877	892	892

MC: Market Closed

Soybean Complex

Soybean prices firmed up across the cash markets despite the ongoing harvest and huge arrival pressure on a good demand and export obligations. Spot prices improved from the previous week's level of Rs 1480-1540/qrtl to Rs 1500-1560/qrtl. Plant delivery prices stood at Rs 1560-1620/qrtl against Rs 1560-1600/qrtl last week. Good demand from millers and crushers reported during the period to build up their buffer stock for 15-30 days crushing ahead of festivities and also to meet export obligation of 6,00,000 tonnes of soymeal by December,07. Expectations of higher soymeal export during 2007-08 due worldwide shortage in oilmeal since the crop in US and China is estimated to be lower this year is also seen supporting the sentiment of soybean domestically. On other hand, significant increase in arrivals of bean is seen restricting the upside. Overall arrivals increased from the previous week's level of 4.5 - 5

lakh bags to 11.5 - 12 lakh bags. Internationally, NOPA pegged Sept. soybean crush rate at 139.8 mln bu, up from the August level of 137.6 mln bu and trade estimation of 136.7 mln bu as well as compared to 137.3 mln bu in corresponding period last year. In Brazil, due to unfavorable weather condition and diversification of fields for corn and sugarcane, soybean acreage is expected to decline by 1% to 22.5 mln ha in 2007-08 compared to 22.8 mln ha in last month. In Argentina, soybean acreage is expected to increase by 4.3 per cent over the last year to 16.8 mln ha this season due to favourable price incentives to farmers. The CIF prices of crude soy oil for October shipment increased in the week to \$942-951/MT from \$922-937/MT, last week. The prices of soy oil prices in Indore increased to Rs.462-470/10 kg from Rs. 457-461/10 Kg, last week on good demand for festive consumption.

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

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Mumbai +VAT	472	478	482	482	482	482
Indore +VAT	462	466	470	467	468	470
Kota +VAT	475	480	480	480	482	482
Jaipur +VAT	487	485	485	485	487	487
Hyderabad +VAT	500	502	502	502	502	502
Chennai +VAT	492	500	500	500	505	505
Rajkot +VAT	472	472	472	472	475	475

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

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Mumbai	458	458	460	460	464	467

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

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Kandla & Mumbai	941	950	956	951	971	961

MC: Market Closed
Mustard Complex

Mustard spot prices traded firm on good physical demand and lower arrivals. Spot prices [Condition and Non-condition seeds] improved from the previous week's level of Rs 2170-2245/qrtl to 2170-2275/qrtl and Rs 1850-1920/qrtl to 1915-1935/qrtl respectively. Prices of mustard expeller oil in Kota region firmed up from Rs 466/10 Kg to Rs 480/10 Kg during the period. Good demand from millers / expellers reported during the period ahead of festival besides the sowing demand which imparted bullishness. Expectations of lower production this Rabi season also aided to the bullishness. Sources revealed that farmers with irrigation facility may shift for wheat cultivation despite of Mustard as MSP of mustard only increased by 4.96% while wheat MSP increased by 33.33%. Also in Rajasthan due to insufficient monsoon rains and soil moisture the acreage is expected to

go down this year. However, the State Agriculture Minister of Rajasthan hoping that the acreage of Mustard seed in Rajasthan is expected to shot up by 3.2 million ha against targeted 3 million ha earlier. Meanwhile, lower arrivals during the period further aided to the bullishness. Overall arrivals declined from the previous week's level of 15,000-20,000 bags to 15,000-17,000 bags. Sources reported that a leading oil company has a obligation to supply 50,000 MT mustard oil for military requirement and to fulfill the commitment the company needs around 1,25,000 seed of 40% condition. It also reported that the company already has a stock of around 60,000 MT and rest it has to purchase from the market as right now NAFED is having very low stocks, which propelled the sentiment.

Prices for Rape Expeller Oil
(Rs/ 10 kg)

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Mumbai + VAT	490	492	495	493	493	496
Kota +VAT	475	477	480	481	483	NA
Jaipur +VAT	484	485	485	486	488	NA
Delhi	512	516	515	510	515	515
Neewai +VAT	473	476	478	480	481	481

Groundnut Oil

Improve arrivals of new groundnut, sluggish demand pushed down groundnut oil prices in most of trading centres. Despite sharp increase in groundnut production, oil prices is not expecting to sell at cheaper prices approaching months as exporters are eyeing the exports of groundnut oil to America, Brazil and China due to crop failure in these countries. Since last two years, groundnut could not exported to these nations, as crop production was good. Despite some crop damage, groundnut production in Saurashtra is expecting at 20 lakh tonnes, which is 6 lakh tonnes higher to last year. Although, Russia has lifted the ban on groundnut imports from India on the basis of conditions that the groundnut exported should carry the quality and safety certification of recognized agency. Also a Russian delegation is scheduled to visit India on Oct. 22nd

for a week to visit the number of certifying labs and processing system in India for future business opportunities. It also likely to study the handling and shipment processes of sesame and groundnut seed. However, the confirmation of arrival from Russian authority is yet awaited. Kharif groundnuts crop in pod filling stage in Andhra Pradesh whereas in pod filling/maturity stage in Karnataka and Maharashtra. Groundnut crop is in maturity/harvesting stage in Gujarat. The prices of groundnut seeds for different qualities traded between Rs. 410-465/20kg (Rs. 410-500/20 kg last week) in different markets in Gujarat during the week with arrivals ranging from 80,000-100,000 bags. In Rajkot market groundnut oil traded between Rs. 610-660/10 kg (last week it was Rs. 725-680/10 kg).

Prices for groundnut oil during the week

(Rs/10 kg)

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Mumbai +VAT	700	650	650	660	660	670
Rajkot +VAT	660	610	610	620	620	630
Andhra Region	680	640	640	640	640	640
Chennai +VAT	585	610	600	585	590	590
Delhi	700	725	705	700	700	700

MC: Market Closed.

Sunflower Oil

The surge in crude oil and others related commodities strengthened refined sunflower oil across domestic markets. The firmness in overseas markets and bullish undertone in others edible oil supported prices. The harvesting pace of sunflower seeds is continues in Ukraine and South Russia but the recent light rainfall might cause brief interruption. As per market sources, sunflower seeds harvesting in advancing in Ukraine and on October 11, 89%

of total area has been completed. As per recent reports, September sunflower oil imports rose quickly to 10,000 tonnes from 1,000 tonnes last year. 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 \$1425-1445 per tonne. Traders declined the sharp drop in oil and as trends are high in global markets.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Mumbai +VAT	590	600	605	610	610	610
Chennai +VAT	605	620	620	620	620	620
Hyderabad +VAT	590	600	605	605	605	605

MC: Market Closed.

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Kandla & Mumbai	1425	1430	1425	1425	1445	1445

MC: Market Closed.

Refined Cottonseeds Oil

With the recovery on groundnut oil, refined cottonseeds oil found support and firmed up. The conflict between traders and farmers over support prices of cotton turned trades activities to a standstill in Rajkot markets, which is added the firm tone to oil prices. According to Centre for Monitoring Indian Economy (CMIE), in financial year 2008, cotton production estimated, cotton production is expecting at 22.7 million bales from 22.7 million bales last year. 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. 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	15.10.07	16.10.07	17.10.07	18.10.07	19.10.07	20.10.07
Mumbai +VAT	490	490	497	490	490	492
Hyderabad +VAT	510	515	514	512	510	510
Rajkot +VAT	485	488	490	485	490	496
Delhi	470	475	470	470	472	472

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

CBOT Soy Futures Settled Up

Soy futures settle up on Chicago Board of Trades. November soybeans closed 17.25 cents up at \$364.09 per MT. January soybeans settled up 17.25 cents at \$371.07 per MT. December soybean meal closed \$3.3 up at \$316.58 per MT. December soybean oil ended 0.84 up at \$903.42 per MT. Amidst 23 year high for soybean oil and sharp rally in energy and another push lower in the US dollar imparted bullishness in soybean besides surge in export sales for oil and sales of soybean and meal. Slow down harvest progress in US also lent support to the prices. Meanwhile, weekly export sales for soybean came at 7,70,100 MT compared to trade expectations of 7,00,000-9,00,000 MT.

Meal sales was 1,00,900 MT compared to trade expectation of 75,000-1,50,000 MT and oil sales was a whopping 26,400 MT compared to trade expectations of 5,000-15,000 MT. However, the weekly oil sales did not include the 20,000 tonnes sold to China this week and will shown in next week's report. The Chief Economist for the USDA presented projections to the House Agriculture Committee today and indicated that the acreage for soybean for the 2008-09 season at 70 million acres from 63.7 million this year. Ending stocks were pegged at 210 million bushels from 215 million this season.

BMD CPO Futures Settle Up on Crude oil

Rising crude oil and soy oil prices remained supportive for follow-through buying interest for crude palm oil futures on Bursa Malaysian Derivatives. The most active January contract of CPO rose sharply to record level at MYR2,795 per tonne after gaining MYR 30. However, traders are expecting the downward correction as the growth achieve

recently may slow down in next week and palm oil exports is expecting between 880,000 tonnes and 895,000 tonnes in the October 1-20. Trading volume declined on Friday at 10,646 lots against 13,692 lots previous day and moved up at 51,369 lots from 50,451 lots on Thursday.

WEEKLY WEATHER WATCH

An anti-cyclonic circulation lies over plains of northwest and central India. Under its influence fair weather is likely over plains of northwest and central India during next week. Scattered rainfall is likely over North-eastern States during next 36 hrs then decrease thereafter. Scattered rainfall activity is also likely over extreme south peninsula during next 2-3 days. Southwest monsoon is likely to withdraw from northeastern States and the remaining parts of East & Central India and Maharashtra during 20 to 22nd October. Model prediction suggests that conditions are favorable for onset of North-East Monsoon over peninsula India during

23-24 October, 2007. Therefore rainfall activity is likely to enhanced over south peninsular India during 23-25 October.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: Mainly dry weather over the region.

EAST AND NE INDIA: Scattered rainfall is likely over NE States during next 36 hrs then decrease thereafter. Mainly dry weather is expected over rest of the region.

CENTRAL INDIA: Mainly dry weather is likely over M.P., Vidharbha and Chhattisgarh.

SOUTH INDIA: Scattered rainfall is likely over Andaman & Nicobar, Coastal A.P., Tamilnadu, Kerala and Lakshdweep during 3 days then increase thereafter including Rayalseema also. Isolated rainfall is likely over coastal

Karnataka and south interior Karnataka. Mainly dry weather is likely over rest of the region.

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

PORT WATCH

Port updates of edible oils in India (October 15-20, 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
Palm oil Product	10,000	42,647	52,647
Soy oil	6,000	21,704	27,704
Palm oil	12,750	16,750	29,500
Sunflower	500	-	500
CPO	18,500	35,550	54,050
Total	47,750	116,651	164,401

Source: ANAS

Forex Rates:

Country/ Continent	Currency	Value in Rupees	
		19.09.07	15.09.07
USA	Dollar	39.79	39.31
European Union	Euro	56.87	55.71
Japan	100 Yen	34.60	33.41
United Kingdom	Pound Sterling	81.41	79.95

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.