

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

Net sales of 803,800 MT were 28 percent below the previous week and 34 percent under the prior 4-week average. Increases reported for China (351,700 MT, including 47,000 MT switched from unknown destinations), the Netherlands (123,400 MT, switched from unknown destinations), unknown destinations (78,000 MT), Egypt (60,000 MT), Spain (58,000 MT), and Japan (54,000 MT), were partially offset by decreases for Mexico (61,200 MT).

Net sales of 189,700 MT for delivery in 2008/09 were reported for Japan. Exports of 739,300 MT were 24 percent below the previous week and 7 percent under the prior 4-week average. The primary destination was China (416,600 MT), with smaller quantities to the Netherlands (123,400 MT), France (43,000 MT), Taiwan (28,300 MT), and Turkey (25,200 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 163,400 MT were 13 percent above the previous week and 2 percent over the prior 4-week average. Increases were reported for Cuba (32,000 MT), the Dominican Republic (27,100 MT), Canada (15,700 MT), Mexico (14,700 MT), and the Philippines (13,000 MT). Exports of 194,500 MT--a marketing-year high--were 27

percent above the previous week and 17 percent over the prior 4-week average. The primary destinations were the Philippines (42,900 MT), Canada (35,300 MT), Mexico (31,500 MT), the Dominican Republic (17,000 MT), Colombia (13,900 MT), and Cuba (11,000 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 41,000 MT were primarily for unknown destinations (10,500 MT), Algeria (7,300 MT), Morocco (6,300 MT), and Egypt (6,000 MT). In addition, optional origin sales of 5,700 MT for unknown destinations were declared U.S. origin and switched to Tunisia. New optional

sales of 8,000 MT were reported for Senegal. Exports of 24,100 MT--a marketing-year high--were mainly to Morocco (6,300 MT), Tunisia (5,700 MT), Algeria (5,300 MT), and Jamaica (3,100 MT). Source: USDA

### Country's Edible Oil Import Likely To Fall 4.5 Million Tonnes

According to govt. official, edible oil import in 2007/08 oil year (Nov-Dec) is likely to be around 4.5 million tonnes, down 4.55% vis-à-vis last year. This is due to oilseeds output that increased 25% to 16.5-17 million tonnes against last year's 13.5-14 million tonnes. Country's edible oil

output in 2007/08 is expected at 8.38 million tonnes from 7.24 million tonnes a year ago while domestic usage is also likely to go up by 3.79% to 12.88 million tonnes against last year.

### Brazil's Soybean Plantation 77% Completed

According to AgRural, Brazil the world's 2nd largest soybean producer after US has planted 77 per cent of the

soybean crop till Nov. 27th of 2007-08 season and expected to harvest around 62.3 MMT. Weather is now

favourable of advancing planting after a slow start due to dry weather in Oct. or abundant rains in early Nov. Mato Grosso has sown 94 per cent, Parana 92 per cent and Rio

Grande do Sul 55 per cent of soy crop of the estimated 5.6, 4.4 and 4.2 million hectares.

#### India: Cotton Consumption Reached to 1.855 Mln Bales in Aug

The cotton consumption in the country reached to 1,855,000 bales in August, 2007. This estimate does not include all consumption however it is a fine indicator of the growth rate in usage. It's revealing that August usage only rose 3.3% from the earlier, which was the slowest growth rate in over three years. This estimate also reflected the

slowdown in consumption growth that began to occur in mid-2007. October 2006 through August 2007 cumulative cotton consumption increased 9.5 percent from the previous year to 19,812,000 170-kilogram bales, according to Globecot.

#### India Likely to Export Over 1-Mln Bales of Cotton to China

The Indian exporters are expected to export above 10 lakh bales of cotton to China in November to meet the exports commitments, according to trade sources. They said, the deadline of import quota is December 31. China is anticipated to face a shortage of 4.3 million tonnes of cotton in 2007/08, had kept the import quotas for 2007 at 894,000

tonnes. Chinese importers prefer Indian cotton owing to good price, quality and low shipment period. China is importing Indian cotton at less than 68 cents per pound, compared with over 75-80 cents a pound for same quality cotton from other exporting countries like the US, according to a leading daily news.

#### India: Cotton Trades Weak on Slack Demand & Strong Arrivals

The domestic cotton prices remained weak during the week ending Friday amidst strong arrivals of new crop and sluggish demand. Daily arrivals of new crop are prevailing between 190,000-220,000 bales across the country. In addition, the demand from mills is weak due to rupee appreciation and sluggish demand of yarns, cloth and garments. Besides, traders said, exporter's demand is

weak owing to some logistical constraints at the ports and a lull in demand from China. Some spinning mills have reduced their consumption by 10%-15% due to high prices of the raw material. It is witnessed that around 8.2 million bales have been harvested to date. This is around 26% of the total estimated production of 31 million bales.

**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 November, 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 declined to EU, China, USA and India by 28.18%, 22.94%, 13.41% and 37.91%, respectively on week demand compared to the corresponding period under review last week.

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

(Unit: MT)

Countries/Continents	November	October	Change %
European Union	205,213	285,730	-28.18
China	327,849	425,474	-22.94
United States	128,256	148,120	-13.41
India	32,820	52,860	-37.91

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

The sluggish demand and weakness in rival edible oil pressurized the palm oil in last week but price major influence by bearish-trend in CPO futures on BMD that reflection most active February contract, which touched the 1 month low nearly MYR 2,850/tonne. Against govt. banned to unload in Kerala port, a vessel has been reported to unload 6,000 tonnes of palm oil from 12,000 tonnes. This agitated the coconut growers in Kerala. According to govt. official, edible oil import in 2007/08 oil year (Nov-Dec) is likely to be around 4.5 mmt, down 4.55% vis-à-vis last year. This is due to oilseeds output that increased 25% to 16.5-17 mmt against last year's 13.5-14 mmt. Country's edible oil output in 2007/08 is expected at 8.38 mmt from 7.24

mmt a year ago while domestic usage is also likely to go up by 3.79% to 12.88 mmt against last year. The good winter oilseeds crushing and firm edible oil in the international markets may lower the imports of edible oil in December and January months. Traders are expecting the import will be more or less same to last year's figures but focus will be palm oil that may around 80% to total edible oil import. The most active February 08 contract of crude palm oil futures traded between MYR2,850-2,926/tonne (MYR2,930-3,038/tonne last week). In current week, crude palm oil CIF prices for December shipment traded between \$915-927/tonne (\$935-962/tonne last week).

### Weekly Crude Palm Oil CIF prices of CPO

(Rs/ 10 kg)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Kandla& Mumbai	925	927	925	915	925	NA

### Weekly prices for CPO

(Rs/ 10 kg)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Kandla	452	452	448	446	447	447

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Kandla +VAT	488	488	488	482	484	482
Mumbai +VAT	495	495	494	489	490	488
Chennai +VAT	490	488	485	485	485	485
Kakinada +VAT	480	480	475	475	470	470
Hyderabad +VAT	500	502	500	498	495	493
Delhi	540	540	540	540	540	540

MC: Market Closed

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
CPO	877	887	872	877	857	855
RBD Palmolein	917	932	922	915	922	920

MC: Market Closed

## Refined Soy Oil

Soybean complex initially traded weak on weakness in CBOT and edible oil, while mostly traded firm thereafter on continuing good demand from plants/crushers on expectation of higher soymeal exports this year and good profitability for continuing crushing and overall lower arrivals. Higher soymeal exports during Nov'07 period further supported the sentiment. According to SOPA, country's soymeal export during Nov'07 stood at 531268 MT against 360971 MT in corresponding period last year, up 47.18% over the last year. Though total exports of Soymeal for financial year April-November'07 is down at 1465068 MT as against 2039395 MT during the same period last year, down 28.16% over the last year. However, steady to weak edible oil sentiment is seen limited the upside. Overall arrivals reported at around 4-4.65 lakh bags compared to 4.5-5.5 lakh bags last week as farmers/stockists reportedly holding back stocks and also around 60-65% of fresh beans already arrived in the market. Further, South Asian soybean importers have diverted to India due to expected lower soybean production in the US, which contributes about 35% of world's production and continuing drought condition in China which

adversely affected the soy crop and production coupled with bumper soybean output in the country, which further supported the sentiment. In near term price movement of soybean is likely to depend on CBOT futures, domestic edible oil prices and soymeal sentiment at ports. Internationally, according to the China National Grain and Oils Information Center (CNGOIC), China's soybean output forecast remained unchanged from its last month's estimates of 14 million tonnes. As per the Brazilian Vegetable Oils Industry Association, Abiove, Brazil is expected to crush 31.5MMT of soybeans from 2007-08 soy crop. Brazil's 2007-08 soy crop pegged at 60.5 million tons, down from a previous estimate of 60.7 million tons. Soybean plant delivery prices (Indore) traded weak from last week's level of Rs 1780-1850/qtl to Rs 1770-1800/qtl. Mandi prices also declined from Rs 1700-1795/qtl to Rs 1680-1750/qtl. The CIF prices of crude soy oil for December shipment declined in the last week to \$1106-1118/MT from 1130-1142/MT, last week. The prices of soy oil prices in Indore traded weak to Rs.503-507/10 Kg from 507-510/10 kg, last week on sluggish demand.

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

(Rs/ 10 kg)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Mumbai +VAT	530	530	528	525	528	526
Indore +VAT	507	507	506	505	503	501
Kota +VAT	518	518	517	517	515	515
Hyderabad +VAT	537	535	535	530	528	528
Rajkot +VAT	525	530	530	530	528	528
Jaipur +VAT	527	528	528	528	527	527
Chennai +VAT	560	560	555	555	560	560

MC: Market Closed

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

(Rs/ 10 kg)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Mumbai	525	525	515	515	515	515

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

(US \$/ MT)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Kandla & Mumbai	1118	1116	1118	1112	1106	1108

## Rape/Mustard Oil

Mustard seed cash market witnessed steady sentiment initially, while eased thereafter on weakness in regional/local exchanges (Hapur, Sirsa & Delhi) following weakness in edible oils and other seeds. Rains over Rajasthan region further added negative tone as it is favourable for the yields of mustard crop as well as favours sowing, which generally extends till Dec. 15th coupled with improved arrivals. Overall arrivals increased from the last week's level of 11,500-15,000 to 12,000-17850 bags. Also the lower realization on crushing of seeds kept expellers

away for bulk purchase, which further weighed on prices. However, expectation of lower production this Rabi season is seen limited the downside besides lower inventories with NAFED and in physical markets. As per the latest sowing data released by govt. Country's major winter oilseed Rapeseed / Mustard sowing fell to 5.27 million hectares as of November 30th against 6.13 million hectares corresponding period last year. Thus, prices are expected to remain firm in coming days on expectation of lower production coupled with lower inventories in the country.

Spot prices (condition and non-condition) traded between to Rs. 2310-2525/qtl and Rs.2000-2035/qtl respectively against Rs.2370-2500/qtl and Rs 2000-2040/qtl last week.

Whereas mustard expeller oil in Kota increased to Rs. 504-512/10kg from Rs 510-515/10 Kg last week.

#### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Mumbai + VAT	550	545	545	537	535	535
Kota +VAT	512	510	508	508	504	506
Jaipur +VAT	520	520	518	518	516	516
Delhi	540	540	545	545	530	530
Neewai +VAT	512	511	509	509	505	505

**MC: Market Closed.**

#### Groundnut oil

Sluggish demand, weakness in seeds and thin trading turned groundnut complex weak in week started from December 3rd. Anticipating firmness in long-term expellers were reluctant to sell off at cheaper rate. The groundnut meal is soaring, which rose around 6.6% in November last week and nearly 40% to last year. The recent bullish-trends in oilseeds are set as boon for farmers and they are reaping the good profits. Recently Bikaner Mandi, witnessed the record auction of groundnut (597,029 sacks, 100 kg) in a single day. The negligible rainfall in major groundnut

producing region may affect the groundnut productivity in Rabi season. As per government latest sowing figures, Rabi groundnut sowing is completed in 3.28 lakh hectares as on December 7th up from 2.41 lakh hectares last week and 3.43 lakh hectares last year. The prices of groundnut seeds for different qualities traded between Rs. 410-513/20kg (Rs. 410-530/20 kg last week) in different markets in Gujarat during the week. In Rajkot market groundnut oil traded between Rs. 655-670/10 kg from Rs. 675-695/10 kg, last week).

#### Prices for groundnut oil during the week

(Rs/10 kg)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Mumbai +VAT	655	655	655	650	655	655
Rajkot +VAT	670	670	660	655	660	650
Andhra Region	630	630	635	630	620	620
Chennai +VAT	630	620	620	620	600	600
Delhi	700	700	700	700	700	700

#### Refined Sunflower Oil

Following weakness in crude oil and steady demand and supply, physical price of refined sunflower oil traded range bound to weak. The poor rainfall activities in Rabi season has cut down the production estimation. According to latest government estimations, sunflower acreage fell to 7.4 lakh hectares on November 29th from 9.08 lakh hectares, last year. sunflower seeds meals which improved nearly 10% in last week of November. In expectation of good exports

inquiry of sunflower oil, Russia and Ukraine is maintaining considerably good crushing of seeds. Argentine sunflower has completed in 93% on December 6th down from 91% same period in 2006/07. However, the dependency on import oil is low against domestically produced, spot prices is unlikely to come down in short-term, however temporary weakness is likely.

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

(Rs/10Kg)

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Mumbai +VAT	700	700	690	690	685	685
Chennai +VAT	710	710	715	715	680	680
Hyderabad +VAT	720	720	700	700	695	695

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

Center	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Kandla & Mumbai	1440	1440	1395	1395	1395	1395

**Refined Cottonseeds Oil**

Weakness in rival edible oil and subdued trading cast weakness for refined cottonseeds oil in major trading centres. There is good demand of Indian cotton in overseas markets. In 2007/08, Bt cotton share to total production is likely to escalate by 60-65% from 38-40% in 2006/07. According to trade sources, Haryana witnessed considerably high arrivals of cotton, which was reported around 50,000 qtl. The cotton arrivals in state are likely at

20.52 lakh qtl up from 20.02 lakh qtl last year. As per reports, India is likely to overtake the Turkey in organic cotton production in 2006/07 season. In 2005/06, country organic cotton production 31.71% to 9,835 tonnes while Turkey had produced 32.76% more cotton to 10,160 tonnes. In current year, price of cottonseeds oil is unlikely to come down on the back of good cotton demand.

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

Markets	03.12.07	04.12.07	05.12.07	06.12.07	07.12.07	07.12.07
Mumbai +VAT	520	516	515	512	510	510
Hyderabad +VAT	518	517	515	513	510	510
Rajkot +VAT	533	533	520	523	513	512
Delhi	522	522	522	520	515	515

**INTERNATIONAL MARKET WEEKLY HIGHLIGHTS****BMD CPO Futures Improve on Crude oil**

Recuperated crude oil supported crude palm oil futures at Bursa Malaysian Derivatives Exchange Friday but gains were capped by expectation of improved palm oil stocks in November by Malaysian Palm oil Board (MPOB). The CPO futures rose though out the day but failed to breach the psychological level of MYR 2,900/tonne and the most active

February contract of crude palm oil futures recovered MYR20 to MYR2,870 per tonne. Traders are expecting the November palm oil stocks nearly 1.7 mmt from 1.56 mmt in October. Trading volume improved to 9,926 lots from 9,753 lots Friday and open interest declined slightly to 43,454 lots from 43,483 lots yesterday.

**CBOT Soy Futures Settled Up**

Soy futures settled up on CBOT. January soybeans settled up 21 cent at \$441.39 per MT. November soybeans closed 17.75 cents up at \$387.05 per MT. January soy meal closed \$10.4 up at \$344.68 per MT. January soybean oil ended 0.06 up at \$1007.22 per MT. The soybean complex remained firm due to the higher than expected export sales in soybean, despite lower crude oil and gold. January and March meal contracts ended up at more than \$10, with 20 cents higher in old crop contracts. Despite the reversal of the meal/oil spread in recently, oil managed to close higher. Old crop meal and soybean contracts made new contract

high closes by wide margins. The market is also still being bolstered by Thursday's higher than expected export sales in soybeans, soy meal and soy oil. Statistics Canada included an estimated drop in canola to 8.750 million tons which is not a meager drop from the October estimate of 8.864 million tons, but it points to tighter world vegetable oil stocks in 2008. In general, there was an almost complete lack of bearish news today. Deliveries against the December contracts today were: meal 307 contracts and oil 1,293 contracts.

**WEEKLY WEATHER WATCH****FORECAST FOR NEXT 5 DAYS**

At present temperatures over plains of NW India are below normal. Model predictions suggest that the both the day and night temperatures over NW India are likely to be

below normal during next 24 Hrs. Models predictions continue to suggest that a western disturbance (W.D.) is likely to approach hills regions of NW India during next

24Hrs. Under its influence scattered to fairly widespread snowfall/rain is likely over J&K, H.P. and Uttarakhand in subsequent 2 days and isolated to scattered showers over adjoining plains of NW India viz. Punjab, north Rajasthan, Haryana, Delhi and isolated over west U.P. during 10-11 December. With this W.D. approaching NW India, winds direction are likely to change to southwesterly and night temperatures are likely to increase significantly by about 3 degree over the said region from 10th December. Models predict for isolated rainfall to continue over extreme south peninsular Indian region viz. south coastal Tamilnadu and Kerala during next 2 days. Subsequently, rainfall is expected to enhance over Andaman & Nicobar, south coastal Tamilnadu and Kerala.

#### Zone-Wise Weather Forecast

**NORTH & NORTH-WEST INDIA:** J&K, H.P. and Uttarakhand are likely to receive scattered to fairly

widespread snowfall/rain from tomorrow in subsequent 2 days. Isolated to scattered showers over rest of the places during 10-11 December.

**EAST AND NE INDIA:** Mainly dry weather is expected over rest of the region.

**CENTRAL INDIA:** Mainly dry cold weather is likely. Night temperature is likely to remain below normal over North Madhya Pradesh during next 3-4 days.

**SOUTH INDIA:** Isolated rainfall is likely over south coastal Tamilnadu, Kerala, Andaman & Nicobar islands and Lakshadweep during next 2 days and increase thereafter. Mainly dry weather over rest of the region.

**WEST INDIA:** Mainly dry and cold weather is expected during next 2 days. Day temperature are likely to fall and night temperatures rise beginning from 10th Dec. Isolated to scattered showers are likely over north Rajasthan during 10-11 December. Source: NCMRWF

#### PORT WATCH

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

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	18,420	16,299	34,719
Palm oil	4,100	17,500	21,600
Groundnut oil (Exports)	6,000	-	6,000
P. Product	26,635	35,900	62,535
Total	55,155	69,699	124,854

#### Forex Rates:

(October Dec 03-08, 2007)

Country/ Continent	Currency	Value in Rupees	
		08.12.07	03.12.07
USA	Dollar	39.41	39.56
European Union	Euro	57.75	58.04
Japan	100 Yen	35.28	35.78
United Kingdom	Pound Sterling	79.95	81.39

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