

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

USDA Weekly Export Sales Highlights for Soybean:

Net sales of 683,100 MT were 22 percent below the previous week and 27 percent under the prior 4-week average. Increases were reported for unknown destinations (277,800 MT), China (137,800 MT), Germany (64,400 MT, including 60,000 MT switched from unknown destinations), Taiwan (51,600 MT), and Mexico (49,200 MT). In addition, optional origin sales were reported for China (55,000 MT). Sales of 77,000 MT for delivery in

2008/09 were for Japan. Exports of 834,300 MT were 24 percent below the previous week's marketing-year high and 10 percent under the prior 4-week average. China (506,400 MT) was the primary destination, with smaller quantities to Germany (64,400 MT), Egypt (50,900 MT), Japan (49,600 MT), and Taiwan (43,300 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy meal

Net sales of 73,300 MT--a marketing-year low--were 35 percent below the previous week and 43 percent under the prior 4-week average. Increases reported for Canada (21,000 MT), Guatemala (19,800 MT), Mexico (14,200 MT), and the Dominican Republic (7,800 MT), were partially offset by decreases for Turkey (8,000 MT). Exports of

100,100 MT were 15 percent below the previous week and 34 percent under the prior 4-week average. The primary destinations were Canada (20,700 MT), Mexico (18,700 MT), the Dominican Republic (13,000 MT), Cuba (12,300 MT), and Egypt (8,700 MT). Source: USDA

USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 13,200 MT were primarily for Colombia (6,900 MT), the Dominican Republic (2,500 MT), Mexico (1,700 MT), and Canada (1,300 MT). Exports of 26,100 MT were

mainly to Egypt (11,200 MT), Colombia (6,000 MT), Cuba (5,000 MT), and Mexico (2,800 MT). Source: USDA

Malaysia Palm oil Exports Increased 1.1% in December 1-25

As per latest SGS (a cargo Surveyor) figures, Malaysia palm oil exports increased 1.1% to 1.12 mmt in December 1-25. In November 1-25, export was at 1.1 mmt. Whereas

another cargo Surveyor, Intertek pegged exports at 1.11 mmt. Both were inline with trade expectations of 1-1.2 mmt.

Indonesia Hiked the Exports Tax on Palm oil Products

Indonesia has hiked the base price of crude palm oil to \$869/tonne from \$862/tonne in December. The new taxes will be effective January 1-31. The basis of movement is average price of crude palm oil in Rotterdam was over \$938/tonne in the November 20-December 19th up from

\$932/tonne same period on a month. The export tax on CPO will be 10% as current price is above \$850/tonne. Government also hiked the base price of RBD palm olein to \$917/tonne from \$902/tonne, a month ago.

India Raised Cotton Export Estimate to 7 Mln Bales in 2007-08

The cotton exports by India's are expected to total around cotton 7 million bales in 2007-08, which is exceeding an earlier government estimate of around 6 million bales. Federal textiles commissioner said, earlier, the cotton exports was estimated at 6 million bales but due to strong

demand from the U.S., Pakistan and to a lesser extent from China, it have now revised the estimate to around 7 million bales. In 2006-07, India exported around 5.5 million bales of cotton.

China: Cotton Imports Substantially Declined in Jan-Oct, 2007

According to sources, China imported around 2.04 million tons of cotton for 2.83 billion U.S. dollars during the period between January-October 2007, down 37.3% and 34.8% respectively from the same period of last year. It is witnessed that United States and India were two leading suppliers, who combined to account for 70.8% of China's total imports. During this period, China imported 1.02 million tons of cotton from the United States, down 37.7% and 424,000 tons from India, down 11.1%. China's state-

owned enterprises imported 622,000 tons of cotton, down 56%, and private and foreign-funded companies import 482,000 tons and 431,000 tons, down 19.6% and 17.5% respectively. This year China postponed distribution of import quota till the time when more than half of domestically-yielded cotton were sold out. In mid July, the government released 300,000 tons of cotton in stock to ease short supply nationwide, a move conducive to mitigating the nation's reliance on imports.

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 December 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 improved to EU, China and India by 9.46%, 12.37% and 27.91%, respectively while exports to USA declined by 38.92% 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	December 1-25	November 1-25	Change %
European Union	194,679	177,853	+9.46
China	305,040	271,464	+12.37
United States	71,821	117,594	-38.92
India	36,865	28,820	+27.91

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

On weekend, BMD CPO futures closed all time highs at MYR3,125/tonne level. This was supported by surge in

crude oil and 2 cents less CBOT soy oil futures from all time highs (51 cents/lb in October, 1974). Responding this,

price of palm oil firmed up, however demand remained weak. Meanwhile, government has extended the ban of import of palm oil earlier from Kochi port to all the ports in Kerala. This extension was taken to protect the coconut growers in Kerala. Meanwhile, Indonesia has hiked the base price of crude palm oil and RBD palm olein to \$869/tonne and 917/tonne from \$862/tonne and 902/tonne, respectively in December. The new taxes will be effective from January 1-31. The basis of movement is average price of crude palm oil in Rotterdam was over \$938/tonne in the November 20-December 19th up from \$932/tonne same period on a month. While the export tax on CPO left unchanged at 10% as current price is above \$850/tonne.

As per latest SGS released, Malaysia palm oil exports improved 1.1% to 1.12 mmt in December 1-25 from 1.1 mmt in November. Whereas another cargo Surveyor, Intertek pegged exports at 1.11 mmt. Both were inline with trade expectations of 1-1.2 mmt. Besides, more rains has forecasted in several palm oil producing region, which will keep BMD buoyant in coming days. The most active March contract of crude palm oil futures traded between MYR3,030-3,125/tonne (MYR2,962-2,992/tonne last week). In current week, crude palm oil CIF prices for January shipment traded between \$960-992/tonne (\$940-950/tonne last week).

Weekly Crude Palm Oil CIF prices of CPO

(Rs/ 10 kg)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Kandla& Mumbai	960	MC	975	990	992	NA

Weekly prices for CPO

(Rs/ 10 kg)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Kandla	460	MC	463	466	467	467

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Kandla +VAT	494	MC	494	504	504	508
Mumbai +VAT	502	MC	505	508	504	504
Chennai +VAT	492	MC	492	500	505	507
Kakinada +VAT	488	MC	488	490	500	500
Hyderabad +VAT	506	MC	506	508	510	515
Delhi	545	MC	545	545	545	545

MC: Market Closed

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
CPO	905	MC	925	942	935	935
RBD Palmolein	965	MC	977	997	992	992

MC: Market Closed

Refined Soy Oil

Soybean spot market traded firm during the week amid continued strong demand from plants/crushers on expectation of overseas soymeal demand, especially south-east Asian countries. The solvent extraction units in the country are in full swing crushing the bean with higher demand of soymeal whose price is nearly doubled compared to previous year, which is around \$400 a ton, excluding freight costs, although domestic soybean prices increased to Rs.20,000/qtl. Improved soybean crop this year helped the domestic crushing units this year, the production is estimated at around 94.6 lakh tons against 79.6 lakh tons last year. According to the Solvent Extractors

Association of India (SEA) it is for the first in the last five years that no shipment of soybean was received in November. Again Firm soy complex at CBOT and firm BMD seems supportive to soy price at domestic market. However, it is believed that the market, CBOT, still has underlying technical and fundamental strength after hitting 34-year highs in recent sessions. The daily arrivals of soybean at major markets this week was reported from 1.65-2.45 lakh bags compared to previous week of 3.00-3.25 lakh bags. The plant delivery price this week ranged from Rs.1950-60/qtl to Rs.2010-20/qtl compared to the price level of Rs.1870-1900/qtl to Rs.1950-63/qtl previous week. The

prices of mandi ranged from 1875-1910/qlt to Rs.1990-2000/qlt compared to the price level of Rs.1800-40/qlt to

Rs.1900-25/qlt previous week.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Mumbai +VAT	540	MC	541	541	541	545
Indore +VAT	518	MC	520	522	523	525
Kota +VAT	525	MC	525	528	528	530
Hyderabad +VAT	540	MC	540	540	542	545
Rajkot +VAT	535	MC	535	540	542	545
Jaipur +VAT	540	MC	540	542	542	545
Chennai +VAT	560	MC	560	570	570	570

MC: Market Closed

Prices for Soy Degum (Mumbai) during the week

(Rs/ 10 kg)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Mumbai	530	MC	NA	NA	535	NA

Rise in Crude Soy oil CIF during the week

(US \$/ MT)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Kandla & Mumbai	1121	MC	1125	1163	1160	1160

Rape/Mustard Oil

Overall mustard seed cash market traded steady to firm following firm edible oil prices at international market, CPO at BMD. The spot market is expected to strengthen with the liquidation of stocks in the exchange warehouses in Rajasthan. However, the local/ regional exchanges (Hapur, Sirsa & Delhi) are witnessed firm during the period. At Jaipur spot market the prices ranged between Rs.2425-30/qlt to Rs.2435-40/qlt while the average daily arrival at the market, Jaipur, was between 10,000-12,000 bags. As per the first round survey of Agricultural Ministry sowing of mustard seed between October 1 and December 14 was complete in 57.2 lakh hectares against coverage of about 64.2 lakh hectares during the same period last year. The oilseed sowing is expected to finish next month and the

edible oil industry fears that the acreage under mustard seed in 2007-08 rabi season may be lower than the previous season when a total of 72 lakh hectares were brought under oilseed cultivation. The oilseed output this rabi season is expected to fall by about 1 million ton (mt) to 6 mt compared to last year's level of 7.1 mt, according to the estimates of Solvent Extractors' Association of India. According to the industry sources the National Agricultural Cooperative Marketing Federation of India (Nafed) has a stock of 3.5 lakh tonnes. The average daily arrival of mustard seed is about 13-14 tonnes at major mandis, Sirsa, Hapur and Delhi. Recent showers over mustard growing raised some hope of more coverage of the oilseed and prompted traders to take a bearish view.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Mumbai + VAT	546	MC	542	542	543	543
Kota +VAT	518	MC	518	507	510	510
Jaipur +VAT	526	MC	526	515	518	518
Delhi	540	MC	535	535	535	540
Neewai +VAT	516	MC	516	505	508	508

Groundnut oil

Sluggish demand, softening seeds and thin trading turned groundnut complex weak last week. Advancing groundnut sowing also pressurized the market. Anticipating long-term firmness in the market, expellers are reluctant to sell off groundnut oil at cheaper rate. As per sources, expellers are offered better price of meals in local markets to ports. However, seeds prices firmed up on good demand from stockists and resellers. 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 4.53 lakh hectares on December 28th from 4.31 lakh hectares last week and 4.4 lakh hectares a year ago. The prices of groundnut seeds for different qualities traded between Rs. 520-525/20kg (Rs. 517-522/20 kg last week) in Gujarat during the week. In Rajkot market groundnut oil traded between Rs. 670-675/10 kg from Rs. 670-675/10 kg, last week).

Prices for groundnut oil during the week

(Rs/10 kg)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Mumbai +VAT	640	MC	640	635	635	630
Rajkot +VAT	675	MC	670	670	670	670
Andhra Region	620	MC	620	620	620	620
Chennai +VAT	620	MC	620	615	615	615
Delhi	700	MC	700	700	700	700

Refined Sunflower Oil

Despite weakness in crude oil, physical price of refined sunflower oil trade in weak tone on sluggish demand on weekend, while firmed up in the last week. As price could go up in coming days, stockists preferred to hold their

stocks. As per government latest Rabi sowing figures, sunflower seeds sowing finished in 8.63 lakh hectares on December 28th v/s 8.46 lakh hectares last week and 10.33 lakh hectares a year ago.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Mumbai +VAT	685	MC	685	665	670	670
Chennai +VAT	700	MC	700	700	700	695
Hyderabad +VAT	705	MC	705	705	705	695

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Kandla & Mumbai	1450	MC	1450	1475	1475	1475

Refined Cottonseeds Oil

The price difference with groundnut oil and easy availability, price of cottonseeds oil traded mostly on higher side on improved demand. Solvent plants are also offering at higher price, which added the support to the market. Besides, markets find support from rising cotton meals demand in domestic markets. The profitability on growing Bt cotton is more than non Bt cotton as study conducted in Andhra Pradesh. This may induce more farmers to opt Bt

variety of cotton in next year onwards. . As per International Cotton Advisory Committee (ICAC), India will exports record 1.2 million tonnes of cotton in 2007/08 and will become the second largest exporter. Country 2007/08 cotton production is expecting to rise by 10.7% to 5.27 million tonnes v/s 4.76 million tonnes in 2006/07. The underlying firmness in others edible oil and global market will remain positive to cottonseeds oil in near-term.

Prices for Refined Cotton Oil during this week

Markets	24.12.07	25.12.07	26.12.07	27.12.07	28.12.07	29.12.07
Mumbai +VAT	524	MC	520	522	525	530
Hyderabad +VAT	515	MC	515	515	520	525
Rajkot +VAT	518	MC	514	516	517	522
Delhi	505	MC	505	505	505	510

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

BMD CPO Futures Settled All Time Highs

Forecast of more rain in next week and surging crude oil strengthened crude palm oil futures to another new highs at Bursa Malaysian Derivatives Exchange Friday and futures breached the previous highs of MYR3,097/tonne. Interestingly, all the futures contract traded above MYR3,100/tonne level. Crude oil futures closed at

\$97/barrel and CBOT soy oil futures in near 50 cent/lb. The most active March contract of crude palm oil futures finished MYR28 up at MYR3,125 per tonne. Trading volume fell quickly to 6,111 lots from 11,104 lots Thursday and open interest also declined to 38,520 lots from to 39,927 lots yesterday.

Soy futures settled Mixed on CBOT

Soy futures settled down on CBOT. March soybeans settled down 8.5 cent at \$449.33 per MT. November soybeans closed 1.75 cents down at \$411.67 per MT. March soybean meal closed \$10.4 down at \$367.61 per MT. March soybean oil ended 0.3 down at \$1094.72 per MT. CBOT soybean futures finished lower as the market is keen towards index funds to sell shortly after the New Year. Traders expect the funds to rebalance their positions by selling thousands of soybean and wheat contracts and by buying corn. According to AgResource Company funds will

have to sell 32,000-36,000 contracts of wheat and soybeans and secure 19,000-21,000 contracts of corn. The late pullback in soybean and meal came after the market rose in early trading. Soybean oil finished higher in all the future contracts despite the sharp drops in soybeans and meal. Prices remained in positive territory for most of the day session as spillover support from outside markets. Soybeans are still technically strong after hitting 34-year highs.

WEEKLY WEATHER WATCH

FORECAST FOR NEXT 5 DAYS

Models predictions continue to suggest that entire country is likely to experience mainly dry weather conditions during the week, except hilly regions of NW India and South Tamilnadu. As a western disturbance is likely to approach northwest Indian region within next 24-36 Hrs., hilly regions of northwest India viz. J&K and H.P are likely to receive isolated to scattered snowfall/rainfall during 29-31 Dec. 2007. Under the influence of expected westerly trough, night temperatures over northwest India are likely to remain nearly unchanged during next 2 days but subsequently fall by about 3-4 degree C. during 31 December 2007 and 1st January 2008. Extreme peninsular Indian region viz. south Tamilnadu and Kerala are likely to receive scattered rainfall activity during 30-31 December.

ZONE-WISE WEATHER FORECAST

NORTH & NORTH-WEST INDIA: J&K and H.P. are expected to receive isolated to scattered snowfall/rainfall during next 2 days beginning from tomorrow. Mainly dry weather is likely over rest of the region.

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

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

SOUTH INDIA: Scattered rain/thundershower is likely Tamil Nadu and Kerala during 30-31 December. Andaman & Nicobar Islands. 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 (Dec 24-29 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	28,955	31,244	60,199
Palm oil	11,000	11,000	22,000
Gnut oil	7,500	-	7,500
So yoil	-	23,000	23,000
P.Product	62,500	12,000	74,500
Total	109,955	77,244	187,199

Forex Rates:

(October Dec 24-29, 2007)

Country/ Continent	Currency	Value in Rupees	
		29.12.07	24.12.07
USA	Dollar	39.44	39.49
European Union	Euro	57.94	56.78
Japan	100 Yen	34.59	34.61
United Kingdom	Pound Sterling	78.87	78.33

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