

## MAJOR WEEKLY HIGHLIGHTS

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## DOMESTIC & INTERNATIONAL NEWS

### USDA Weekly Export Sales Highlights for Soybean:

Net sales of 971,400 MT were 21 percent above the previous week, but 23 percent under the prior 4-week average. Increases were reported for China (240,400 MT), Taiwan (77,600 MT), Turkey (77,000 MT), Thailand (70,000 MT), the Netherlands (68,000 MT, including 60,000 MT switched from unknown destinations), Syria (67,000 MT), Portugal (66,600 MT, including 63,200 MT switched from unknown destinations), and Germany (64,300 MT,

including 60,000 MT switched from unknown destinations). Exports of 899,800 MT were 22 percent above the previous week and 17 percent over the prior 4-week average. China (418,300 MT) was the primary destination, followed by Mexico (73,400 MT), the Netherlands (68,000 MT), Portugal (66,600 MT), Germany (64,300 MT), and Taiwan (51,200 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy meal

Net sales of 96,000 MT--a marketing-year low--were 41 percent under the previous week and 36 percent below the prior 4-week average. Increases reported for Mexico (22,600 MT), Turkey (16,000 MT), Canada (15,800 MT), Colombia (12,800 MT), Germany (8,800 MT, including 7,500 MT switched from Russia), and the Philippines (8,200 MT), were partially offset by decreases for Russia (7,500

MT) and Venezuela (6,000 MT). Exports of 138,000 MT were 29 percent below the previous week's marketing-year high and 20 percent under the prior 4-week average. The primary destinations were Canada (33,400 MT), Mexico (23,500 MT), Germany (21,800 MT), Saudi Arabia (17,100 MT), and Cuba (10,200 MT). Source: USDA

### USDA Weekly Export Sales Highlights for Soy Oil

Net sales of 42,100 MT were primarily for Algeria (23,500 MT, including 11,500 MT switched from unknown destinations), Hong Kong (8,000 MT), Senegal (8,000 MT, switched from optional origin, the first activity since 2002/03), and Jamaica (4,100 MT). Decreases were

reported for unknown destinations (12,000 MT). Exports of 26,500 MT--a marketing-year high--were mainly to Algeria (19,500 MT), Hong Kong (4,000 MT), and Mexico (1,700 MT). Source: USDA

## WASDE Report on OILSEEDS

U.S. oilseed ending stocks for 2007/08 are projected at 6.1 million tons, down 0.7 million from last month. Soybean ending stocks are down 25 million bushels to 185 million, a 68 percent decline from 2006/07. Soybean exports are raised 20 million bushels based on stronger-than-expected sales to China. Soybean crush is raised 5 million bushels this month due to improved soybean meal export prospects. Soybean and product prices are raised this month based on rapidly escalating values within each market. The U.S. season-average soybean price for 2007/08 is projected at \$9.25 to \$10.25 per bushel, up 75

cents on both ends of the range, reflecting sharply higher cash and soybean futures prices. Soybean meal prices are projected at \$265 to \$295 per short ton, up \$30 on both ends of the range. Soybean oil prices are projected at 41 to 45 cents per pound, up 3.5 cents on both ends of the range. Soybean oil prices at Decatur have recently exceeded 44 cents per pound and have increased more than 4 cents in the past month. Global oilseed production for 2007/08 is projected at a record 391.3 million tons, up 0.9 million tons from last month. Foreign crops account for nearly all of the change. Projected soybean production for India increased 1

million tons from last month to a record 9.2 million. India rapeseed production is reduced 0.3 million tons primarily due to a lower area estimate. Offsetting increases for rapeseed include larger crops for EU-27 and Kazakhstan. Global cottonseed production is reduced mainly due to lower output for Pakistan with a partly offsetting increase for India. Global oilseed crush for 2007/08 is up 1.4 million tons due mainly to higher soybean crush for India, China, Paraguay, and the United States. Major changes in global oilseed trade include a 0.5-million ton increase in China

### 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

### Palm Oil Export Decline 7.7%

According to the Malaysian Palm oil Board(MPOB), palm oil export fell 7.7% to 1.23 mmt in November from 1.33 mmt a month ago. November crude palm oil production increased

### Malaysia Palm oil Export Rose 0.6% in the December 1-10

As per latest SGS (a cargo Surveyor) figures, Malaysia palm oil export rose 0.6% to 432,315 tonnes in the December 1-10. In November 1-10, export was totaled at

### Andhra Pradesh Oilseeds Output Rose Sharply to 24 lakh tonnes

The state government of Andhra Pradesh is estimated a bumper Kharif output in 2007. The state agriculture commissionerate has raised the oilseeds output sharply from 7 lakh tonnes last year to 24 lakh tonne this year. This was well supported by adequate and well distributed rainfall

**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	-

### Major Importers of Malaysia's Palm Oil

Estimates of exports sale figure issued by Cargo Surveyor SGS on Monday for the period of December 1-10, 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

soybean imports and a 0.5-million ton decrease in EU-27 soybean imports. Paraguay soybean exports also declined reflecting a higher projected crush. Global oilseed ending stocks for 2007/08 are reduced 1.8 million tons to 54.5 million tons, reflecting lower soybean stocks for Argentina and the United States. Argentina stocks are reduced due to a projected increase in soybean exports for both 2006/07 and 2007/08. Global oilseed stocks for 2007/08 are projected down 22 percent from 2006/07. Source: USDA

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.

4.44% to 1.64 mmt from 1.58 mmt a month ago. While stocks rose 16.19% to 1.8 mmt in November end. In October, it totaled at 1.56 mmt.

429,643 tonnes. India reportedly purchased 12,750 tonnes in December 1-10 v/s 9,820 tonnes same period last month.

in season. The sunflower production remained unchanged to previous year's 53,000 tonnes. Whereas, soybean production has increased to 1.81 lakh tonnes from 1.52 lakh tonnes, last year.

RBD Palmolein	484	484	-
Others - Palmolein	483	483	-
Crude Soybean Oil	580	580	-

Source: CBEC, Dept of Revenue, GOI.

import of Malaysia's palm oil improved to China, USA and India by 12.93%, 15.49% and 29.84%, respectively while exports for EU declined by 34.96% 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 1-10	November 1-10	Change %
European Union	61,105	93,948	-34.96
China	136,032	120,460	+12.93
United States	38,511	33,345	+15.49
India	12,750	9,820	+29.84

Source: SGS (Malaysia) Bhd.

## DOMESTIC MARKET ANALYSIS

### Palm Oil

Malaysian palm oil stocks in November reached to new record to 1.8 mmt surpassed previous records (September, 2006) of 1.79 mmt. This and weakness in crude oil has depressed BMD and domestic markets. Besides, markets also found weakness on low demand and lackluster trade. Malaysian government has claimed that production may fell to 15.7-15.8 mmt in current year from 16.2 mmt in earlier estimation led to slightly recovery on BMD on weekend. This is due to recent flood conditions that lost output nearly 50,000 tonnes. Since the government has reduced the import duty on palm oil to 40%, vanaspati import from neighboring nation (Sri Lanka) has affected. The basis of this is cheaper availability of domestically produced vanaspati. Meanwhile, adulterated vanaspati has been

seized in Sambalpur (Orissa) by Commercial Tax and Health officers. As per MPOB, palm oil export fell 7.7% to 1.23 mmt in November from 1.33 mmt a month ago. November crude palm oil production increased 4.44% to 1.64 mmt from 1.58 mmt a month ago. While stocks rose 16.19% to 1.8 mmt in November end. In October, it totaled at 1.56 mmt. SGS highlighted, Malaysia palm oil export rose 0.6% to 432,315 tonnes in the December 1-10. In November 1-10, export was totaled at 429,643 tonnes. The most active February 08 contract of crude palm oil futures traded between MYR2,868-2,926/tonne (MYR2,850-2,926/tonne last week). In current week, crude palm oil CIF prices for December shipment traded between \$920-940/tonne (\$915-927/tonne last week).

### Weekly Crude Palm Oil CIF prices of CPO

(Rs/ 10 kg)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Kandla& Mumbai	920	927	930	940	940	NA

### Weekly prices for CPO

(Rs/ 10 kg)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Kandla	448	449	448	453	450	454

### Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Kandla +VAT	480	482	480	481	481	485
Mumbai +VAT	485	484	484	484	488	492
Chennai +VAT	480	480	478	480	480	480
Kakinada +VAT	470	470	465	472	472	475
Hyderabad +VAT	495	495	493	491	490	494
Delhi	540	540	540	540	540	540

MC: Market Closed

### Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
CPO	NA	867	860	882	875	872
RBD Palmolein	NA	927	927	942	942	942

MC: Market Closed

## Refined Soy Oil

Overall the soy spot market traded firm during the week following firmness in CBOT and BMD, palm oil. Also good demand from plants/crushers on expectation of higher soymeal export and parity was witnessed in the week. According to the Solvent Extractors' Association of India, India's oilmeal exports in the month of November rose 1.3% to 590,825 metric tons from 583,250 tons last year. The estimated soybean production in India increased 1 million tons from last month to a record 9.2 million. The daily arrivals of soybean at major markets this week was reported from 3.45-4.20 lakh bags compared to previous week of 4.00-4.65 lakh bags, decline in arrivals could be well noticed. The prices of plants this week ranged from Rs.1830-40/qtl to Rs.1863-85/qtl and the prices of mandi ranged from 1740-80/qtl to Rs.1800-72/qtl. Global oilseed crush for 2007/08 is up 1.4 million tons due mainly to higher

soybean crush for India, China, Paraguay, and the United States. In the beginning of the week China's demand of soybean seemed reduced due to the improved local crushing. According to General Administration of Customs China's soybean import scaled 42.6% (3.35 MT) up compared to previous year while country's total bean import in the first 11 months was up by 8.1% (27.89 MT). Expectation of bullish monthly report and dry weather in Argentina after light showers in past and slower plantation in Brazil on wet field cast firmness for soy complex futures on CBOT. Fresh Chinese buying of 221,000 tonnes of soybean of US origin supported the sentiments. Last week Chinese purchased 500,000 tonnes. Brazilian 2007/08 soybean crop is forecast near 59.35 mmt from earlier estimation of 59.32 mmt by government agency, IBGE.

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

(Rs/ 10 kg)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Mumbai +VAT	526	523	520	520	530	530
Indore +VAT	500	500	501	500	499	502
Kota +VAT	515	515	515	515	515	515
Hyderabad +VAT	525	523	523	520	518	522
Rajkot +VAT	530	530	528	528	528	530
Jaipur +VAT	527	527	527	527	527	530
Chennai +VAT	560	560	555	552	552	552

MC: Market Closed

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

(Rs/ 10 kg)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Mumbai	515	515	515	520	520	525

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

(US \$/ MT)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Kandla & Mumbai	920	927	930	940	940	NA

## Rape/Mustard Oil

Mustard seed cash market mostly traded weak, on weakness in regional/local exchanges (Hapur, Sirsa & Delhi) following weakness in edible oils and other seeds. However, Prices are expected to recover in coming days on expectation of lower production coupled with lower inventories in the country India's rapeseed meal exports fell to 536,850 tons from 593,325 tons. The average daily arrivals at major mustard seed spot market seems declining from last week's level of 12,000-17,850 bags to 5,000-12,000 bags. However, India's rapeseed crop is showing minor signs of recovery after receiving rains in the major growing areas of Rajasthan and Madhya Pradesh. According to the head of the country's largest rapeseed oil extraction company the overall production is expected to be lower this year due to a sharp fall in acreage. Crop prospects is expected to marginally improved due to the

late showers in Rajasthan and Madhya Pradesh and the production is estimated at around 5.2 million to 5.3 million metric tons against the previous estimates of less than 5.0 million tons. India's rapeseed production this year is around 5.8 million tons compared to 6.8 million tons the previous year. India's rapeseed production is crucial for determining the country's overall edible oil imports as the oilseed has higher oil content. According to the latest government data, India's rapeseed acreage is down around 12% as of first week of December at 5.59 million hectares. The higher MSP of other commodities like wheat and pulses in comparison to mustard, by the government, this year has diverted the farmers of rapeseed growing area towards wheat at the same time unusually warm weather at the showing time kept farmers away from the oilseed. Spot prices (condition and non-condition) traded between to Rs.

2290-2500/qtl and Rs.1770-1810/qtl respectively against

Rs. 2310-2525/qtl and Rs.2000-2035/qtl last week.

#### Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Mumbai + VAT	535	531	528	525	525	525
Kota +VAT	505	505	503	500	500	500
Jaipur +VAT	516	514	512	510	510	510
Delhi	530	530	525	525	525	535
Neewai +VAT	505	505	504	500	498	498

**MC: Market Closed.**

#### Groundnut oil

In lack of supportive news and lacklustre trade, groundnut complex traded mixed. The better price of meals offered in domestic markets led to negligible exports in November from 3,200 tonnes in 2006. However, seeds prices firmed up on lagging sowing and good demand from stockists and resellers. Expellers were interested too on profitability on oil and meal recovery. As oil price start softening, expellers were reluctant to unload at cheaper price. While buyers stayed away in expectation of further softening in prices in

short-term. As per government latest sowing figures, Rabi groundnut sowing is completed in 3.46 lakh hectares on December 14th from 3.28 lakh hectares last week and 3.64 lakh hectares a year ago. The prices of groundnut seeds for different qualities traded between Rs. 500-515/20kg (Rs. 508-513/20 kg last week) in Gujarat during the week. In Rajkot market groundnut oil traded between Rs. 650-660/10 kg from Rs. 655-670/10 kg, last week).

#### Prices for groundnut oil during the week

(Rs/10 kg)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Mumbai +VAT	645	640	630	630	630	630
Rajkot +VAT	650	650	660	660	660	670
Andhra Region	630	630	615	620	620	620
Chennai +VAT	600	600	600	610	610	610
Delhi	700	700	700	700	700	700

#### Refined Sunflower Oil

With the weakness in crude oil, price of refined sunflower oil remained weak. The lacklustre trade and sluggish demand aided the bearish tone. However, the demand is good in international markets but lagging supplies remain supportive to sunflower oil. However, the biodiesel production is not a profitable these days due to higher

edible oil price in international market. As per government latest Rabi sowing figures, Sunflower seeds sowing remained in 8.3 lakh hectares on December 14th v/s 7.84 lakh hectares a week ago and 9.86 lakh hectares last year. The weakness in rival edible oil would check on sunflower oil in short-term.

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

(Rs/10Kg)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Mumbai +VAT	670	680	665	655	655	655
Chennai +VAT	675	675	675	675	675	680
Hyderabad +VAT	695	690	680	680	680	680

#### Prices for CIF Sunflower during the week

(US \$/ MT)

Center	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Kandla & Mumbai	1385	1390	1390	1395	1395	1385

## Refined Cottonseeds Oil

Refined cottonseeds oil traded on higher side on steady demand and tracking firmness in groundnut oil as both share same markets and having nearly Rs. 150 difference in same market. According to trade sources, cotton arrivals in Haryana is likely around 20.52 lakh qtl up from 20.02

lakh qtl last year. As current prices of cotton are strong enough to lure the sellers and arrivals is improved by 25%. In 2006/07, cotton year (Oct-Sep), arrivals had crossed 10 million bales from 8 million bales, a year ago.

## Prices for Refined Cotton Oil during this week

Markets	10.12.07	11.12.07	12.12.07	13.12.07	14.12.07	15.12.07
Mumbai +VAT	510	508	507	504	507	512
Hyderabad +VAT	505	505	500	500	500	510
Rajkot +VAT	510	510	512	510	512	515
Delhi	505	505	495	497	500	507

## INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

### BMD CPO Futures Trade Range bound

Crude palm oil futures at Bursa Malaysian Derivatives Exchange settled up marginally as traders stayed on sideline on lack of fresh fundamental news. Market ignored the weakness in soy oil on CBOT. Market finds some support from concern of fall in production in December on ongoing unsupportive weather conditions for palm kernel

harvesting. The March contract of crude palm oil futures remained unchanged at MYR2,930 per tonne. Traders are expecting, palm oil exports sales in December 1-15 around 670,772 tonnes. Trading volume fell sharply to 4,282 lots from 10,245 lots yesterday while open interest declined to 42,087 lots from 43,853 lots Thursday.

### CBOT Soy futures Finish Mixed

The lower than expected NOPA crush report in November remains supportive to soy complex. Although, USA soybean acreage is projected to go up by 6.3 million acres to 70 million acres vis-à-vis last year's 63.7 million acres. But, it is less likely to cover the expecting depletion in soybean ending stocks in 2008/09 to record low level. The basis is farmers reluctant to soybean than other

remunerative crops like corn. To avoid this condition, USA would have to plant more 8-9 million acres in addition of projected. Besides, energy bill released by US Senate that would mandatory bio diesel production 5-times to 36 billion gallons. Besides, favorable weather conditions in South America which is vital for growing crop pressured the market to close mixed.

## WEEKLY WEATHER WATCH

### FORECAST FOR NEXT 5 DAYS

Yesterday's well marked low pressure area, at present lies over south west Bay of Bengal off the coast of south Tamilnadu and northern Sri Lanka. Models predictions suggest that the system is likely to move in westward direction. Under its influence, fairly widespread rainfall with isolated heavy to very heavy rain is likely over Tamilnadu and Kerala during next 24-48 Hrs. and reduce significantly thereafter. However, south coastal Tamilnadu is expected to receive scattered to fairly widespread rainfall subsequently during the week. Yesterday's western disturbance over hilly regions of NW India is moving away in an eastward direction. Models predictions suggest that day temperatures over NW India are expected to be near normal and night temperatures appreciably below normal during next 3-4 days. Subsequently, night temperature are expected to rise over NW India by about 2 degree C beginning from 18th December. Models predictions suggest that a westerly trough is likely to approach J&K during around 20th December. Under its influence scattered

snowfall are likely over hilly region of northwest India viz. J&K and H.P.

### ZONE-WISE WEATHER FORECAST

**NORTH & NORTH-WEST INDIA:** Isolated showers are likely over Uttarakhand during next 24 Hrs. J&K & H.P. are expected to receive scattered snowfall/rain around 20th December. Mainly dry and cold weather is expected over rest of the region

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

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

**SOUTH INDIA:** Fairly widespread rainfall is likely over Tamilnadu, Kerala, south interior Karnataka and Lakshadweep during next 24-48 Hrs. and scattered to fairly widespread rain over south coastal Tamilnadu during the week. Mainly dry weather over rest of the region.

**WEST INDIA:** Mainly dry and cold weather is expected during next 3-4 days. Day temperature are likely increase

and night temperatures fall during next 3-4 days. Source: NCMRWF

## PORT WATCH

Port updates of edible oils in India (Dec 10-15 2007)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
CPO	11,250	22,300	33,550
Palm oil	20,500	-	20,500
Groundnut oil (Exports)	-	6,000	6,000
P. Product	28,500	12,000	40,500
<b>Total</b>	<b>60,250</b>	<b>40,300</b>	<b>100,550</b>

Forex Rates:

(October Dec 10-14, 2007)

Country/ Continent	Currency	Value in Rupees	
		15.12.07	10.12.07
USA	Dollar	39.35	39.38
European Union	Euro	56.76	57.66
Japan	100 Yen	34.74	35.29
United Kingdom	Pound Sterling	79.48	80.07

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