

VEGOIL DAILY

November 07th, 2006

REFINE SOY OIL

FUNDAMENTAL MARKETS

Spot market prices of soy refined oil see bullish trends on Monday on good demand from soybean crushers/processors. Aggressive buying from stockiests for good return in futures depleted soybean stock for millers/crushers. Weak trading at weekends ended with good buying also supported its prices. The recent released by Central Organisation for Oil Industry (COOI) highlighted increase in soybean cultivation area by 3 lakh hectare for year 2006-07 remained ineffective to produce any visible effect in the spot market. The cheap availability of domestic soy refined oil in comparison to imported oil strengthens the soy oil in the domestic market. This could lead to decrease in imported crude soy oil in coming months in country. There is an increase in crude oil prices on NYMEX push soy oil demand for biodiesel production in the International market as well as firmness in BMD futures had additive bullish impact. There is a positive Projection of CBOT for Monday kept the bulls high. There is no change in CIF prices recorded remains ineffective to leave any impact on the spot market. CIF rate for refined soy oil for September-January shipment was quoted at \$663 on Monday. A combination of factors like decline in crude oil prices, bearish projection on NBOT as well as on CBOT earlier the day witnessed decline in soy oil futures on NCDEX.

PRICE DRIVERS:

1. Increasing Meal demand
2. Increasing Arrival Pressure
3. Down in crude oil prices
4. Bearish projection of soybean on CBOT

Weather

Respite from bad weather in south Madhya Maharastra will supportive to increase in the arrival in the market.

TECHNICALS

Opening bozu filled candlestick indicates bearish market sentiments. Stochastic made bullish cross over indicating improvement in the market condition. The prices closed above 9 day and 18 day EMA indicating firmness. MACD remain flat indicating indecisive market sentiments. Volume increased while OI remains almost steady.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|------------|--------|--------|--------|--------|--------|
| NCDEX Dec. | 438.50 | 440.50 | 444.75 | 446.30 | 447.90 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil December Contract:
Sell Below 444.60; T1 442.70 and put stop loss at 445.50.

Soybean Oil: Spot Market Prices (Rs/10Kg excluding VAT)

| Centres | 6.11.06 | 4.11.06 | Change |
|--------------------------|---------|---------|--------|
| Mumbai (Soy Ref oil)+VAT | 419 | 417 | +2 |
| Indore (Soy Ref oil)+VAT | 408 | 404 | +4 |
| Kota (Soy Ref. Oil)+VAT | 417 | 415 | +2 |
| Hyderabad (Soy Ref)+VAT | 440 | 440 | 0 |
| Rajkot (Soy Ref)+Tax | 420 | 418 | +2 |

PALM OIL

International Highlights

Crude Palm oil Futures on BMD End High

The most active contract of January finished up MYR 15 at MYR1,708 per metric ton. With the support of technical factors and continuous rally helped in gains in CPO futures. A couple of factors like low production expectation, absence of require support from cash trading along with lack of fresh fundamental development, market stayed in firm position market. Waiting for high export data by SGS that to be release on Nov 10 added some bullishness in the market.

Domestic Spot Market Highlights

Sentiments of palm oil prices remained range bound to firm in the spot market due to emergence of new demand as well as firmness in BMD futures. Rising demand from vanaspati makers in addition with low discharge at port strengthen its prices to stay in high tune.

BMD: CPO Futures (6.11.2006)

| | | | | | | (Ringgit/ton) | |
|--------|----------|------|------|------|-------|---------------|--------|
| Months | Previous | Open | High | Low | Close | Change | Volume |
| Nov.06 | 1650 | 1665 | 1670 | 1665 | 1670 | +20 | 412 |
| Dec.06 | 1681 | 1688 | 1702 | 1687 | 1691 | +10 | 374 |
| Jan.07 | 1693 | 1700 | 1721 | 1699 | 1708 | +15 | 5683 |
| Feb.07 | 1706 | 1711 | 1732 | 1710 | 1721 | +15 | 1740 |
| Mar.07 | 1716 | 1725 | 1741 | 1725 | 1735 | +19 | 134 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 6.11.06 | 4.11.06 | Change |
|-----------------------------|---------|---------|--------|
| Kandla CPO (5 % FFA) | 390 | 390 | 0 |
| Kandla RBD Palmolein +VAT | 410 | 407 | +3 |
| Mumbai RBD Palmolein +VAT | 424 | 424 | 0 |
| Chennai RBD Palmolein +VAT | 442 | 441 | +1 |
| Kakinada RBD Palmolein +VAT | 420 | 418 | +2 |
| Hyderabad RBD Palmolein | 450 | 450 | 0 |
| Delhi RDB Palmolein | 455 | 455 | 0 |

Rape/Mustard oil

Sentiments for mustard oil demand remained steady in the spot market with no change in demand as compare to Saturday. Nafed mustard seed selling prices remained same as Friday i.e. Rs. 1700 per quintal for old stock and Rs. 1730 per quintal for last year stock. Slight movement in prices is expected in coming day to offset improvement in demand by traders.

Rape Oil: Spot Market Price (Rs/10 kg)

| Centres | 6.11.06 | 4.11.06 | Change |
|----------------------------|---------|---------|--------|
| Mumbai (Exp. Oil) +VAT | 440 | 434 | +6 |
| Kota (Expeller Oil)+VAT | 410 | 410 | 0 |
| Jaipur (Expeller Oil)+VAT | 418 | 418 | 0 |
| Delhi (Expeller Oil) | 430 | 430 | 0 |
| Neewai (Expeller Oil) +VAT | NA | 410 | - |

Groundnut Refine Oil

Spot market prices of ground refined oil is increased nationwide on high buying pressure from stockiest for gains in futures. A recent released by Central Organisation for Oil Industry and Trade (COOIT) highlighted a drop in groundnut acreage around 9 percent helped its prices to move up. Arrival also little declined added bullishness. In Rajkot market shelled groundnut was quoted at Rs. 390/20kg. Traders are expecting steady to firm sentiments in near terms.

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 6.11.06 | 4.11.06 | Change |
|--------------------|---------|---------|--------|
| Mumbai +VAT | 540 | 535 | +5 |
| Rajkot +VAT | 517 | 512 | +5 |
| Andhra Region +VAT | 600 | 590 | +10 |
| Chennai +VAT | 565 | 560 | +5 |
| Delhi | 530 | 530 | 0 |

Sunflower Refine Oil

Sunflower refined oil witnessed an increase in the spot market prices on improving retail demand. There is switching to other remunerated crop resulting reduces its acreage kept the bulls high. Bullishness in other vegetable oil also helped it to remain firmed. CIF price of refined sunflower oil for September-January shipment was quoted at \$ 666 on Monday. There is further increase in its prices is expected in coming days.

Sunflower Refine Oil: Spot Market prices (Rs/10 Kg)

| Centres | 6.11.06 | 4.11.06 | Change |
|---------------|---------|---------|--------|
| Mumbai +VAT | 545 | 530 | +15 |
| Chennai +VAT | 560 | 545 | +15 |
| Hyderabad VAT | 565 | 555 | +10 |

Cotton Refine Oil

Sentiments in cotton refined oil prices stayed high on account of lower arrival in the market. Current prices of cottonseed are lucrative these days and good buying support from stockiest keeps the bulls high. Additionally emergence of new demand pushed its prices up. Its prices will likely to stay in competition with other vegetable oils.

Cotton Refine Oil: Spot Market prices (Rs/10 Kg)

| Centres | 6.11.06 | 4.11.06 | Change |
|----------------|---------|---------|--------|
| Mumbai +VAT | 430 | 427 | +3 |
| Hyderabad +VAT | 442 | 440 | +2 |
| Rajkot + VAT | 435 | 428 | +7 |
| Delhi | 420 | 415 | +5 |

Forex Rates

(As on 6.11.2006)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 44.86 |
| European Union | Euro | 56.99 |
| Japan | 100 Yen | 37.98 |
| United Kingdom | Pound Sterling | 85.24 |

PORT-WATCH (Latest):
Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|------------|------------------|--------------|----------|----------|
| Kandla | M.T. Integrity 1 | 6,800 | CPO | Expected |
| Kolkata | Hua Yun-5 | 6,500 | CPO | Arrived |
| | O.Princess | 1,000 | CPO | Arrived |
| Tamil Nadu | Global Eros | 10,800 | Palm Oil | Arrived |
| | Khadijah | 6,250 | Palm oil | Expected |

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