

VEGOIL DAILY

December 19th, 2006

REFINED SOY OIL

FUNDAMENTALS

Exceeding supply over demand and weakness at BMD results low spot market prices of refined soy oil. Few markets remained steady on balance demand/supply scenario. Improved arrivals of soybeans aided bearish tone on poor offtake. Last week reports of bird flu still had some bearish impact reflected from weak meal demand from exporters. The CIF prices of crude soy oil remained steady at \$709 per ton for January shipment on Monday. On celebration mood of Christmas ahead global market likely to remain bearishness and would be reflected with same sentiments on domestic market. Wide difference between Indore spot prices and expiring Dec. futures cause shaped correction in the contract, which also spilled over to January contract.

PRICE DRIVERS:

1. Sluggish domestic demand
2. Improved influx from stockists
3. Steady crude soy oil CIF prices
4. Weakness in BMD CPO futures

Weather

Mainly dry weather over major producing areas would help trade activities and soybean arrivals in coming days.

TECHNICALS

The long colored candlestick with short lower shadow pointed sellers remain dominant during most part of trade session. Stochastic moved further down to oversold region. The prices kept below 9 days and 18 days EMA indicated weakness in the prices. MACD are moving smoothly downward and entered the negative territory. Both volume and open interest increased.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-----|-----|-------|-----|-----|
| NCDEX-Jan | 447 | 450 | 454.2 | 462 | 465 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:
Sell near 456; T1454, T2 453 and put stop loss at 458.

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

| Centres | 18.12.06 | 16.12.06 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 443 | 443 | 0 |
| Indore (Soy Ref oil)+VAT | 426 | 426 | 0 |
| Kota (Soy Ref. Oil)+VAT | 438 | 442 | -4 |
| Hyderabad (Soy Ref)+VAT | 455 | 460 | -5 |
| Rajkot (Soy Ref)+Tax | 452 | 455 | -3 |

PALM OIL

International Highlights

Crude Palm oil Futures Finish Weak

Crude palm oil settled weak at Bursa Malaysian Derivatives on Monday. The most active March contract ended MYR17 down at MYR1,847 per metric ton. Lower export figures in first half of December month; poor demand coupled with weak sentiments in biodiesel sectors pushed market down and losses in crude soy oil futures at CBOT extended the bearishness in the market.

Domestic Spot Market Highlights

Weakness at BMD CPO futures pressure domestic market in addition with poor physical demand. Steadiness of crude palm oil CIF at \$570 per metric ton for January shipment depressed market. Poor demand of others vegetable oil and weakness in overseas market likely to reflect similar sentiments in domestic market.

| BMD: CPO Futures (18.12.2006) | | | | | | (Ringgit/ton) | |
|-------------------------------|----------|------|------|------|-------|---------------|--------|
| Months | Previous | Open | High | Low | Close | Change | Volume |
| Jan.07 | 1849 | 1841 | 1844 | 1831 | 1831 | -18 | 1187 |
| Feb.07 | 1860 | 1848 | 1853 | 1840 | 1840 | -20 | 3268 |
| Mar.07 | 1864 | 1855 | 1860 | 1846 | 1847 | -17 | 6739 |
| Apr.07 | 1874 | 1859 | 1864 | 1854 | 1855 | -19 | 1354 |
| May.07 | 1879 | 1867 | 1867 | 1860 | 1860 | -19 | 183 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 18.12.06 | 16.12.06 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | NA | 403 | - |
| Kandla RBD Palmolein +VAT | 428 | 428 | 0 |
| Mumbai RBD Palmolein +VAT | 443 | 444 | -1 |
| Chennai RBD Palmolein +VAT | 453 | 453 | 0 |
| Kakinada RBD Palmolein +VAT | 434 | 435 | -1 |
| Hyderabad RBD Palmolein +VAT | 454 | 457 | -3 |
| Delhi RDB Palmolein | 470 | 470 | 0 |

Rape/Mustard oil

Poor domestic demand, low imparity of mustard with poor offtake results fall in mustard oil spot market price. Nafed kept mustard seed prices remains steady at Rs. 1775/1785 per quintal for the stock of 2005/06. The current dry weather conditions in major growing in expectation of good crop next year added bears in the market. Traders are expecting mustard oil prices likely to fall further on weak demand.

Refined Groundnut Oil

Spot market prices of groundnut refined oil remains weak amidst poor interest of stockist to piles up their inventories. In Delhi, huge influx results in significant drop of oil prices. In Rajkot market, shelled groundnut quoted at Rs. 394 per kg on Monday. In lack of new development and poor physical demand, traders refuse any sudden improvement in prices.

Refined Sunflower Oil

Weakness in others vegetable oil and sufficient stock at ports witnessed fall in refined sunflower oil prices in the physical market. Good sunflower arrival ahead also had some bearish impact. In anticipation for sunflower seed arrival, traders are expecting prices to come down further.

Refined Cotton Oil

Arrival pressure of cottonseed is high these days triggered refined cotton oil down. Low meal demand and weakness in global market hampered market sentiments too. In lack of fresh fundamental news and poor domestic demand likely to keeps bears up in near-term.

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

| Centres | 18.12.06 | 16.12.06 | Change |
|----------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 445 | 446 | -1 |
| Kota (Expeller Oil)+VAT | 415 | 423 | -8 |
| Jaipur (Expeller Oil)+VAT | 418 | 432 | -14 |
| Delhi (Expeller Oil) | 453 | 455 | -2 |
| Neewai (Expeller Oil) +VAT | 418 | 420 | -2 |

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 18.12.06 | 16.12.06 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 552 | 552 | 0 |
| Rajkot +VAT | 528 | 530 | -2 |
| Andhra Region +VAT | 595 | 600 | -5 |
| Chennai +VAT | 585 | 585 | 0 |
| Delhi | 520 | 540 | -20 |

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

| Centres | 18.12.06 | 16.12.06 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 580 | 575 | +5 |
| Chennai +VAT | 587 | 590 | -3 |
| Hyderabad +VAT | 590 | 600 | -10 |

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

| Centres | 18.12.06 | 16.12.06 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 446 | 445 | +1 |
| Hyderabad +VAT | 445 | 450 | -5 |
| Rajkot + VAT | 428 | 430 | -2 |
| Delhi | 422 | 425 | -3 |

Forex Rates

(As on 18.12.2006)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 44.79 |
| European Union | Euro | 58.70 |
| Japan | 100 Yen | 37.98 |
| United Kingdom | Pound Sterling | 87.66 |

PORT-WATCH (Latest):
Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|----------|---------------------|--------------|----------|----------|
| Mumbai | Global Eros | 10,996 | Palm oil | Arrived |
| | Golden Jane | 1750 | Palm oil | Arrived |
| Kandla | Chemroad Fuji | 23,000 | CPO | Arrived |
| | Chemroad Luna | 21,000 | Palm oil | Expected |
| | Hari Kripa | 2,000 | CFA | Expected |
| Kolkata | Vernal Grace | 6,000 | CPO | Expected |
| Mundra | Global Union | 3,250 | Palm oil | Expected |
| Manglore | Mariella Bottigliri | 10,000 | CPO | Expected |
| | Global Pallas | 6,000 | CPO | Expected |

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