

VEGOIL DAILY

December 23rd, 2006

REFINED SOY OIL

FUNDAMENTALS

Although, USDA exports sales estimation remained within range of earlier trade expectations amplified sentiments at overnight CBOT soy oil futures with improved domestic demand coupled with firmness in BMD had bullish impact on spot prices of refined soy oil despite weakness in CIF prices, which quoted at \$700 per ton for January shipment on Friday. As market is rising, millers are taking interest in procuring beans in steady arrivals conditions had underlying some bullish impact. Traders are wait and watch situation and looking close at movement in overseas markets. The NCDEX soy oil futures witnessed speculative selling during trade session on ignored USDA estimation.

PRICE DRIVERS:

1. Improvement in domestic demand
2. Firmness in overseas market
3. Decline crude soy oil CIF prices
4. USDA weekly export sales

Weather

Most dry weather is expecting in the central and western regions would help in soybeans arrival in near-term.

TECHNICALS

The filled red candlesticks with short lower and long upper longer shadow indicated seller's dominance. Stochastic moved freely upwards after bullish crossover from oversold region. The prices stood above 9 days EMA and closed to 18 days EMA indicated firmness in the market. MACD faced further up from negative territory. Volume increased but open interest declined.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-----|-----|--------|-----|-----|
| NCDEX-Jan | 454 | 458 | 463.75 | 473 | 476 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:
Sell near 466; T1 464, T2 463 and put stop loss at 468.

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

| Centres | 22.12.06 | 21.12.06 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 450 | 447 | +3 |
| Indore (Soy Ref oil)+VAT | 438 | 432 | +6 |
| Kota (Soy Ref. Oil)+VAT | 448 | 445 | +3 |
| Hyderabad (Soy Ref)+VAT | 460 | 458 | +2 |
| Rajkot (Soy Ref)+Tax | 460 | 455 | +5 |

PALM OIL

International Highlights

Crude Palm oil Futures Finish Up

Flood conditions in parts of Malaysia hampered palm oil supply and witnessed firmness at crude palm oil futures at Bursa Malaysian Derivatives coupled with escalated overnight CBOT soy oil futures and slow trade activities. The cumulative effect of above factors pushed the most active March contract of crude palm oil futures up MYR 19 at MYR1,901 per ton on Friday.

Domestic Spot Market Highlights

Spot market prices of palm oil remain firmed nationwide on consecutive firmness at BMD crude palm oil futures and improvement in domestic demand and increased CIF prices of crude palm oil, which quoted at \$570 per ton for January shipment on Friday. Traders refused any abrupt change in prices as winter season progress.

| BMD: CPO Futures (22.12.2006) | | | | | | (Ringgit/ton) | |
|-------------------------------|----------|------|------|------|-------|---------------|--------|
| Months | Previous | Open | High | Low | Close | Change | Volume |
| Jan.07 | 1860 | 1871 | 1894 | 1871 | 1890 | +30 | 385 |
| Feb.07 | 1875 | 1880 | 1898 | 1878 | 1891 | +16 | 1214 |
| Mar.07 | 1882 | 1889 | 1907 | 1886 | 1901 | +19 | 4110 |
| Apr.07 | 1886 | 1893 | 1910 | 1893 | 1905 | +19 | 939 |
| May.07 | 1891 | 1900 | 1913 | 1900 | 1909 | +18 | 153 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 22.12.06 | 21.12.06 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 407 | 403 | +4 |
| Kandla RBD Palmolein +VAT | 430 | 429 | +1 |
| Mumbai RBD Palmolein +VAT | 452 | 447 | +5 |
| Chennai RBD Palmolein +VAT | 460 | 458 | +2 |
| Kakinada RBD Palmolein +VAT | 438 | 431 | +7 |
| Hyderabad RBD Palmolein +VAT | 458 | 457 | +1 |
| Delhi RDB Palmolein | 465 | 465 | 0 |

Rape/Mustard oil

Mustard oil prices improved in spot market amidst improved domestic demand from retailers and millers. Nafed further improved its mustard seeds prices at Rs. 1725 per quintal for stocks of 2005/06 had underlying bullish impact. Traders are expecting its prices likely to influence to a great extent to Nafed movement.

Refined Groundnut Oil

Spot prices of refined groundnut oil remained in bullish tone due to pressure from rabi sowing in Andhra Pradesh, Karnataka regions and in other states. In Rajkot, shelled groundnut available at Rs. 410 per 20kg on Friday. Groundnut sowing is expecting to continue to month ends would influence spot market in bullish tone.

Refined Sunflower Oil

Refined sunflower oil prices remain steady in the domestic market amidst steady demand and supply. The CIF prices of sunflower oil quoted at \$678 per ton for January shipment on Friday. In lack of fresh fundamental news, traders are expecting its prices to remain range bound in coming day.

Refined Cotton Oil

Increased demand and firmness in overseas market pushed domestic refined cotton oil prices up. Slow release from producers in order to fetch better returns in coming days had some bullish impact in the market. Traders are expecting its prices likely to move accordingly to overseas market.

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

| Centres | 22.12.06 | 21.12.06 | Change |
|----------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 452 | 445 | +7 |
| Kota (Expeller Oil)+VAT | 428 | 422 | +6 |
| Jaipur (Expeller Oil)+VAT | 431 | 425 | +6 |
| Delhi (Expeller Oil) | 457 | 455 | +2 |
| Neewai (Expeller Oil) +VAT | 430 | 415 | +15 |

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 22.12.06 | 21.12.06 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 570 | 555 | +15 |
| Rajkot +VAT | 550 | 545 | +5 |
| Andhra Region +VAT | 605 | 620 | -15 |
| Chennai +VAT | 590 | 585 | +5 |
| Delhi | 520 | 520 | 0 |

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

| Centres | 22.12.06 | 21.12.06 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 575 | 572 | +3 |
| Chennai +VAT | 590 | 590 | 0 |
| Hyderabad +VAT | 600 | 600 | 0 |

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

| Centres | 22.12.06 | 21.12.06 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 452 | 445 | +7 |
| Hyderabad +VAT | 450 | 450 | 0 |
| Rajkot + VAT | 440 | 432 | +8 |
| Delhi | 435 | 425 | +10 |

Forex Rates

(As on 22.12.2006)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 44.59 |
| European Union | Euro | 58.83 |
| Japan | 100 Yen | 37.69 |
| United Kingdom | Pound Sterling | 87.54 |

PORT-WATCH (Latest):
Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|----------|---------------|--------------|----------|--------------------------|
| Mumbai | Integrity I | 3,000 | Palm oil | Arrived (20.12.2006) |
| Kandla | Integrity 1 | 11,750 | CPO* | Arrived (20.12.2006) |
| | Harsanandi | 13,500 | Palm oil | Arrived (21.12.2006) |
| | Shintuku | 15,000 | Palm oil | Expected (28.12.2006) |
| Kolkata | Matina | 6,817 | CPO | Arrived (21.12.2006) |
| Manglore | Marida Patnus | 15,000 | CPO | Arrived (21.12.2006) |
| | Global Pallas | 6,000 | CPO | Arrived (21.12.2006) |
| | Gulf Dove | 5,000 | SBO | Arrived (21.12.2006) |

*with CPS and PFAD

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