

VEGOIL DAILY

January 20th, 2007

REFINED SOY OIL

SPOT MARKET:

Continuous sluggish demand across the domestic market casted weakness for refined soy oil in the physical market to yesterday. However, slower trade activities to pile up inventories ahead of marriage season amidst further fall had underlying bearish impact despite declined beans arrivals as stockists and farmers waiting beans prices to move up further. Overnight weakness at CBOT and BMD amplified the bearish impact. Crude soy oil CIF prices declined further and quoted at \$678/tonne against yesterday's \$ 681/tonne for February shipments on Friday. Soy oil prices likely to decline further in coming days as stockist are actively liquidating soybeans in the market.

FUTURES MARKET:

Soy oil futures at NCDEX remained weak and most active February contract opened Rs. 0.8 down at Rs. 467.25/10kg to yesterday closing at Rs. 468.1/10kg. Soy oil futures witnessed speculative selling on tracking BMD crude palm oil futures and profit taking. Market finished at Rs 4.1 down at Rs. 464/10kg to yesterday closing.

PRICE DRIVERS:

1. Sluggish trade activities
2. Declined crude soy oil CIF prices
3. Anticipation for bullish USDA exports sales
4. Declined arrivals

Weather

Mainly dry weather in major growing areas would facilitate beans arrivals in coming days.

TECHNICALS

Long filled candlestick with short lower shadow indicating strong bearish sentiments. Sellers dominated on weak physical sentiments and witnessed speculative selling during most of trade-session is a strong negative sign. Prices remained below 9 days EMA and 18 days EMA pointed strong bearish sentiments. Stochastic made bearish crossover into neutral region. MACD progressed into negative territory. Both volume and open interest declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Feb.	457	460	464	471	474

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil February Contract:
SELL Below 466, T1 463, T2 462 and put stop loss at 468.

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

Centres	19.01.07	18.01.07	Change
Mumbai (Soy Ref oil)+VAT	458	461	-3
Indore (Soy Ref oil)+VAT	435	442	-7
Kota (Soy Ref. Oil)+VAT	443	445	-2
Hyderabad (Soy Ref)+VAT	460	470	-10
Rajkot (Soy Ref)+Tax	455	460	-5

PALM OIL

International Highlights

Crude Palm oil Futures End Down at BMD

The crude palm oil futures remained weak at Bursa Malaysia Derivatives on Friday amidst strong technical pressure and weakness on CBOT crude soy oil futures combined with crude oil prices and most active contract declined sharply MYR 30 down at MYR 1,875/tonne [below technical support of MYR 1,880/tonne]. Improving weather conditions also had bearish impact on CPO futures.

Domestic Spot Market Highlights

Sluggish domestic demand with poor trade activities depressed palm oil prices in the spot market. Previous purchase at higher level cushioned abrupt fall. Crude palm oil CIF prices declined sharply on second consecutive day and quoted at \$580/tonne for February shipment on Friday pushed market down. In prevailing sluggish demand further fall could be experience in coming days.

BMD: CPO Futures (19.01.2007)						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Feb.07	1930	1914	1923	1913	1919	-11	182
Mar.07	1920	1900	1905	1887	1893	-27	2834
Apr.07	1905	1884	1890	1873	1875	-30	9067
May.07	1895	1870	1876	1861	1865	-30	1568
Jun.07	1885	1860	1868	1855	1864	-21	96

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	19.01.07	18.01.07	Change
Kandla CPO (5 % FFA)	413	415	-2
Kandla RBD Palmolein +VAT	434	436	-2
Mumbai RBD Palmolein +VAT	458	461	-3
Chennai RBD Palmolein +VAT	458	460	-2
Kakinada RBD Palmolein +VAT	443	447	-4
Hyderabad RBD Palmolein +VAT	468	470	-2
Delhi RDB Palmolein	465	465	0

CIF Price Basis Kandla Port (\$/ MT)

Edible Oil	19.01.07	18.01.07	Change
Crude Soy Oil	678	681	-3
Crude Palm Oil	580	585	-5
Sunflower Oil	682	682	0

Rape/Mustard oil

Lack of new fundament development and Nafed aggressive mood eased mustard oil prices across the domestic market. Nafed revised mustard seeds prices at Rs. 1690-1735/qrtl as compare to yesterday Rs. 1700-1735/qrtl [seed stocked during 2005/06] with currently stock position of 11 lakh tonne. As Nafed likely to extend seeds selling after January end also had bearish impact in coming days.

Refined Groundnut Oil

Reports of Rabi groundnut sowing in few places in Andhra Pradesh with good demand of quality seeds had bullish impact on refined groundnut oil in the domestic market. In Rajkot market shelled groundnut quoted at Rs. 440/20kg [bag] as compare to last prices of Rs. 442/20kg with declined arrivals to 40-50,000 bags against previous 50-55,000 bags. Refined ground oil likely to move further on steady crushing and good demand.

Refined Sunflower Oil

Unchanged CIF and steady demand/supply supported range bound prices of refined sunflower oil in the physical market. In Chennai weak demand to yesterday witness price fall. Sunflower oil CIF quoted at \$ 682/tonne for February shipment on Friday. Traders are expecting its prices likely to move according to seeds arrivals in days to come.

Refined Cotton Oil

Refined cotton oil remains subdued in the spot market amidst weakness in other edible oil and poor demand. Arrivals for cottonseeds increase had bearish impact. Weakness in other vegetable oil and expecting prices to fall further would push refined cotton oil down in coming days.

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

Centres	19.01.07	18.01.07	Change
Mumbai (Exp. Oil) +VAT	455	456	-1
Kota (Expeller Oil)+VAT	415	419	-4
Jaipur (Expeller Oil)+VAT	420	426	-6
Delhi (Expeller Oil)	448	450	-2
Neewai (Expeller Oil) +VAT	415	417	-2

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	19.01.07	18.01.07	Change
Mumbai +VAT	610	610	0
Rajkot +VAT	590	595	-5
Andhra Region +VAT	670	665	+5
Chennai +VAT	620	610	+10
Delhi	610	600	+10

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

Centres	19.01.07	18.01.07	Change
Mumbai +VAT	575	575	0
Chennai +VAT	572	575	-3
Hyderabad +VAT	570	570	0

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

Centres	19.01.07	18.01.07	Change
Mumbai +VAT	458	460	-2
Hyderabad +VAT	450	455	-5
Rajkot + VAT	435	438	-3
Delhi	435	435	0

Forex Rates

(As on 19.01.2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.34
European Union	Euro	57.61
Japan	100 Yen	36.56
United Kingdom	Pound Sterling	87.61

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Mumbai	Pertiwi	7,700	Palm oil	Expected (18.01.2007)
Kolkata	Shima Kaze	6,572	CPO	Arrived (17.01.2007)
Kandla	Pertiwi	12,000	Palm oil	Expected (19.01.2007)
	Samho Cygnus	5,300	Palm oil	Expected (26.01.2007)
	Harsanadi	10,000	Palm oil	Expected (25.01.2007)
	Aries	8,970	SBO	Berthed (17.01.2007)
Chennai	Neptun	8,500	SFO	Arrived (10.01.2007)

*With CPS and PFAD

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