

VEGOIL DAILY

January 31st, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil remained subdued on poor demand and low trade activities amidst Muharram. Weak BMD mixed overnight CBOT and sharp declined crude soy oil CIF rates contributed bearishness. Reports of bird flu in Russia support bearish sentiments. Although, soybeans production improved this year but most of producer hold by stockist and producer waiting prices to become dearer pushed market down. The CIF prices for crude soy oil quoted at \$672/tonne to \$677/tonne for February shipment on Tuesday. Traders are expecting further weakness on lack of fresh fundement development for demand and supply.

FUTURES MARKET:

NCDEX soy oil futures finished weak to yesterday closing. The most active February contract opened Rs.1 down at Rs. 450.05/10kg to previous closing at Rs. 451.05/qlt. Poor physical trade activities and declined BMD crude palm oil futures combined with weak crude oil prices had bearish impact and February contract witnessed speculative selling during most part of trade day. Market finished at Rs 0.9 down at Rs. 450.15/10kg to previous closing.

PRICE DRIVERS:

1. Spread of bird flu and reports in Russia
2. Slower trade activities due to Muharram
3. Declined crude soy oil CIF prices.
4. Steady to low sentiments for meal

Weather

Forecast of isolated rainfall in North Rajasthan might affect beans arrivals while clear weather in rest of major growing areas would facilitate arrivals.

TECHNICALS

Chart is showing bearish trends for refined soy oil yet to complete. The prices closed below 9-days and 18-days EMA, indicated strong bearishness. MACD progressed further in negative territory accelerated bearish momentum. Stochastics is moving smoothly in the oversold region. Both volume and open interest declined.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|------------|-----|-----|--------|-----|-----|
| NCDEX-Feb. | 443 | 445 | 450.15 | 457 | 460 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil February Contract:
Sell Near 450; T1 448, T2 447 and put stop loss at 452.

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

| Centres | 30.1.07 | 29.01.07 | Change |
|--------------------------|---------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 445 | 446 | -1 |
| Indore (Soy Ref oil)+VAT | 426 | 428 | -2 |
| Kota (Soy Ref. Oil)+VAT | 430 | 435 | -5 |
| Hyderabad (Soy Ref)+VAT | MC | 455 | - |
| Rajkot (Soy Ref)+Tax | 453 | 455 | -2 |

PALM OIL

International Highlights

BMD Crude Palm oil Futures Finish Weak

Expectation of low palm oil exports sale figures for January month by SGS and weak soy oil futures at CBOT depressed most active April contract of crude palm oil futures down at Bursa Malaysian Derivatives and April contract ended MYR 9 down at MYR 1,850/tonne on Tuesday. Dwindled crude oil also had bearish advice to crude palm oil futures market.

Domestic Spot Market Highlights

Bearish advice of overseas markets with poor demand pushed down spot prices of palm oil in the physical market. The poor demand also resulting in low import and only few vessels are expecting to fuel palm oil in coming days. The crude soy oil CIF prices declined and quoted at \$575/tonne against yesterday \$580/tonne for February shipment on Tuesday had underlying bearish impact. Traders declined possibility of abrupt prices improved in coming days on underlying bearishness at BMD.

| BMD: CPO Futures (30.01.2007) | | | | | | (Ringgit/ton) | |
|-------------------------------|----------|------|------|------|-------|---------------|--------|
| Months | Previous | Open | High | Low | Close | Change | Volume |
| Feb.07 | 1903 | 1900 | 1900 | 1888 | 1890 | -13 | 86 |
| Mar.07 | 1890 | 1881 | 1883 | 1870 | 1879 | -11 | 782 |
| Apr.07 | 1874 | 1868 | 1871 | 1855 | 1865 | -9 | 4888 |
| May.07 | 1856 | 1855 | 1858 | 1843 | 1853 | -3 | 1439 |
| Jun.07 | 1850 | 1850 | 1852 | 1842 | 1842 | -8 | 89 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 30.01.07 | 29.01.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 395 | 398 | -3 |
| Kandla RBD Palmolein +VAT | 420 | 420 | 0 |
| Mumbai RBD Palmolein +VAT | 440 | 440 | 0 |
| Chennai RBD Palmolein +VAT | 435 | 437 | -2 |
| Kakinada RBD Palmolein +VAT | MC | 430 | - |
| Hyderabad RBD Palmolein +VAT | MC | 450 | - |
| Delhi RDB Palmolein | 450 | 455 | -5 |

CIF Price Basis Kandla Port (\$/MT)

| Edible Oil | 30.1.07 | 29.01.07 | Change |
|----------------|---------|----------|--------|
| Crude Soy Oil | 672 | 677 | -5 |
| Crude Palm Oil | 575 | 580 | -5 |
| Sunflower Oil | 679 | 674 | +5 |

Rape/Mustard oil

Mustard oil prices stood weak in the spot market on sluggish demand. Reports of nil sell from Nafed supported stockist's sentiments. Traders are expecting its prices to down further due to aggressive mood of Nafed.

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

| Centres | 30.1.07 | 29.1.07 | Change |
|----------------------------|---------|---------|--------|
| Mumbai (Exp. Oil) +VAT | 450 | 452 | -2 |
| Kota (Expeller Oil)+VAT | 405 | 410 | -5 |
| Jaipur (Expeller Oil)+VAT | 418 | 415 | +3 |
| Delhi (Expeller Oil) | 438 | 442 | -4 |
| Neewai (Expeller Oil) +VAT | 409 | 409 | 0 |

Refined Groundnut Oil

Refined groundnut oil prices improved in the domestic market on good demand despite weakness in other vegetable oil. In Delhi prices increase sharply on account of shortage and lack of fresh arrivals. It prices likely to increase further on depleting quality seeds stock.

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 30.01.07 | 29.01.07 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 612 | 610 | +2 |
| Rajkot +VAT | 615 | 610 | +5 |
| Andhra Region +VAT | MC | 670 | - |
| Chennai +VAT | 630 | 635 | -5 |
| Delhi | 640 | 610 | +30 |

Refined Sunflower Oil

Due to Muharram, Hyderabad market remained close while trade activities remained subdued in other centres. Sunflower oil CIF increased and quoted at \$ 679/tonne as compared to yesterday's \$674/tonne for February shipment on Tuesday. Traders are expecting its prices likely to move according with other vegetable oil in coming days.

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

| Centres | 30.01.07 | 29.01.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 570 | 575 | -5 |
| Chennai +VAT | 590 | 590 | 0 |
| Hyderabad +VAT | MC | 580 | - |

Refined Cotton Oil

Refined cotton oil price stood in bearish mood in the domestic market on sluggish demand. Seeds arrivals remained weak. Traders are expecting underlying bearish impact of global market likely to have same impact in the domestic market in near-term.

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

| Centres | 30.01.07 | 29.01.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 440 | 443 | -3 |
| Hyderabad +VAT | MC | 445 | - |
| Rajkot + VAT | 441 | 446 | -5 |
| Delhi | 428 | 420 | +8 |

Forex Rates

(As on 30.01.2007)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 44.27 |
| European Union | Euro | 57.13 |
| Japan | 100 Yen | 36.34 |
| United Kingdom | Pound Sterling | 86.71 |

PORT-WATCH (Latest):
Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|-----------|--------------|--------------|----------|-----------------------|
| Mumbai | Star Dream | 6,000 | Palm oil | Expected (01.02.2007) |
| Kandla | Samho Cygnus | 5,300 | Palm oil | Expected (03.02.2007) |
| | Hari Kripa | 2,000 | CFA | Expected (31.01.2007) |
| Tuticorin | Global Eros | 5,200 | Palm oil | Expected (30.01.2007) |

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