

VEGOIL DAILY

January 25th, 2007

REFINED SOY OIL

SPOT MARKET:

Refined soy oil market witnessed weak sentiments across the board on the concerns over the possible duty cut by government. BMD futures also witnessed weak sentiments as recent data showed decreasing export from the country. CIF crude soy oil prices increased further to \$702 against previous \$695/tonne for February shipment on Tuesday. The sentiments in refined soy oil market are likely to remain subdued, as Government has reduced duty on CPO, RBD Palmolein and Sunflower oil. Import duty on crude palmolein has been reduced by 10 percentage points to 60%, similarly duty on RBD Palmolein has been reduced to 67.5% from 80% and in Refined Sunflower Oil it has been reduced to 65% from 75%, The base import prices are kept unchanged.

FUTURES MARKET:

Soy oil futures at NCDEX traded mostly bearish today and closed in red. The benchmark of February contract open weak at Rs 462.60 per 10 kg against previous close of Rs 463.90. The contract then slipped to the lows of Rs 4565.85 before finally closing the session at Rs 459.05 per 10 kg.

PRICE DRIVERS:

1. Govt reduces duty on CPO, RBD Pamoline and Sunflower oil
2. Bearish CBOT and BMD
3. Declined beans arrivals
4. Sluggish demand
5. Government favour to revise edible oil import duty

Weather

Mainly dry weather in major growing areas would facilitate beans arrivals in near-term.

TECHNICALS

Refined soy oil futures slipped sharply today extending the current weak trend. Charts are showing continued weakness in the market. The prices closed below 9-days and 18-days EMA, which suggests downtrend is intact. MACD is heading downwards in negative region, which indicate increase in bullish momentum. Stochastics however are also negative in oversold region. The prices are likely to show volatility with bearish bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Feb.	450.7	453.8	459.05	462.0	463.5

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil February Contract:

Sell Below 460; T1 457 and then 455, put stop loss at 462.

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

Centres	24.1.07	2301.07	Change
Mumbai (Soy Ref oil)+VAT	449	453	-4
Indore (Soy Ref oil)+VAT	434	435	-1
Kota (Soy Ref. Oil)+VAT	441	441	0
Hyderabad (Soy Ref)+VAT	460	463	-3
Rajkot (Soy Ref)+Tax	NA	455	0

PALM OIL

International Highlights

Crude Palm oil Futures Remains Sluggish at BMD

On Wednesday, crude palm oil futures mainly hovered in the negative region as bearish export data kept the prices on the softer side. Even firmness in CBOT soy futures couldn't support the prices at BMD. The most active April contract finished MYR 35 down at MYR 1,856/tonne. However, the losses were limited by likely declined palm oil production from one of major producing state (Johor) in Malaysia.

Domestic Spot Market Highlights

Concerns over expected duty cut by government also pressured the palm oil prices in the domestic markets. General weakness in the vegetable oils today pressured the prices at most of the centers. Crude palm oil prices remained unchanged and quoted at \$ 585/tonne for February shipment on Wednesday. Vanaspati markers remain less active in anticipation of reduction in import duty of the vegetable oil by government in the coming time. Meanwhile, the Government has reduced duty on CPO, RBD Palmolein and Sunflower oil. 10 percentage points to 60% have reduced import duty on crude palmolein, similarly duty on RBD Palmolein has been reduced to 67.5% from 80%. The prices are likely to remain on the softer side.

BMD: CPO Futures (24.01.2007)							(Ringgit/ton)
Months	Previous	Open	High	Low	Close	Change	Volume
Feb.07	1929	1940	1941	1915	1908	-21	550
Mar.07	1910	1931	1931	1895	1878	-32	2611
Apr.07	1891	1915	1915	1867	1856	-35	13497
May.07	1880	1899	1899	1850	1839	-41	4541
Jun.07	1876	1885	1885	1858	1835	-41	144

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	24.01.07	23.01.07	Change
Kandla CPO (5 % FFA)	414	416	-2
Kandla RBD Palmolein +VAT	426	434	-8
Mumbai RBD Palmolein +VAT	451	455	-4
Chennai RBD Palmolein +VAT	455	455	0
Kakinada RBD Palmolein +VAT	440	445	-4
Hyderabad RBD Palmolein +VAT	468	468	0
Delhi RDB Palmolein	465	465	0

CIF Price Basis Kandla Port (\$/ MT)

Edible Oil	24.1.07	2301.07	Change
Crude Soy Oil	702	695	+7
Crude Palm Oil	NA	585	-
Sunflower Oil	694	NA	-

Rape/Mustard oil

Mustard oil prices traded range bound to weak across domestic market as general weakness in other vegetable oils pressured the prices. NAFED has reportedly reduced seed prices at most of the markets by Rs 5-10 per quintal. The same also gave some bearish touch to the market. Mustard oil prices likely to remain range bound in coming days.

Refined Groundnut Oil

Unchanged sentiments for demand and supply kept refined groundnut oil prices range bound in most of the market. Seeds arrivals declined in Rajkot market to 25,000-30,000 bags against yesterday's 35,000-40,000 bags had bullish impact in Rajkot while in Mumbai its prices improved on slightly shortage. Traders are expecting its prices to trade on higher side on bullish sentiments for supply.

Refined Sunflower Oil

Improved demand supported refined sunflower oil prices in the physical market. Sunflower production is expected to be below in 2006/07 supported bullish sentiments for off-season. Seeds arrivals declined marginally added bullishness. Meanwhile, government has reduced duty on Refined Sunflower Oil to 65% from 75%, Sunflower oil prices are likely to see some softness on account of import duty.

Refined Cotton Oil

General weakness in other vegetable oils pressured the prices of cottonseed oil today. However, demand for the cottonseed oil continues to remain good which capped the losses. Traders are expecting, its prices likely to move with other edible oil in coming days.

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

Centres	24.1.07	23.1.07	Change
Mumbai (Exp. Oil) +VAT	453	455	-2
Kota (Expeller Oil)+VAT	414	413	+1
Jaipur (Expeller Oil)+VAT	419	418	+1
Delhi (Expeller Oil)	440	447	-7
Neewai (Expeller Oil) +VAT	NA	NA	-

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	24.01.07	23.01.07	Change
Mumbai +VAT	620	620	-
Rajkot +VAT	NA	595	-
Andhra Region +VAT	675	675	-
Chennai +VAT	630	630	-
Delhi	610	610	-

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

Centres	24.01.07	23.01.07	Change
Mumbai +VAT	575	575	-
Chennai +VAT	580	575	+10
Hyderabad +VAT	600	590	+10

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

Centres	24.01.07	23.01.07	Change
Mumbai +VAT	454	460	-6
Hyderabad +VAT	455	465	-10
Rajkot + VAT	NA	437	-
Delhi	434	435	-1

Forex Rates

(As on 24.01.2007)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.23
European Union	Euro	57.61
Japan	100 Yen	36.41
United Kingdom	Pound Sterling	87.56

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Shima Kaze	6,572	CPO	Arrived (17.01.2007)
	Vernal Grace	3,700	CPO	Arrived (19.01.2007)
	Bow Plata	10,500	CPO	Arrived (19.01.2007)
Kandla	Pertiwi	12,000	Palm oil	Expected (22.01.2007)
	Samho Cygnus	5,300	Palm oil	Expected (30.01.2007)
	Ew Henfield	7,000	CDSBO	Expected (27.01.2007)
	Harsanadi	10,000	Palm oil	Expected (24.01.2007)
	Hari Kripa	2,000	CFA	Expected (22.01.2007)

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>
 © 2005 Indian Agribusiness Systems Pvt Ltd.