

VEGOIL DAILY

March 17th, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil traded bullish across domestic market on improving sentiments for soy oil and soymeal demand. The crushing margin for soy oil declined in Maharashtra due to higher prices of soybeans with stagnancy in soy oil prices. USDA weekly exports sales for soybeans and soy oil remained on line with trade expectation at 451,900 metric tonnes (MT) and 2,200 MT respectively. CIF prices of crude soy oil increased on Friday for April shipment remained at \$677/tonne against \$670/ tonne on Thursday. Due to new shipping rules by IMO (International Maritime Organization), transportation was poor from South America for crude soy oil up to February month due to insufficient ships but shipping likely to pick up in rest of current month from South America would support crushing there.

FUTURES MARKET:

April futures contract for refined soy oil settled weak at NCDEX on Friday. Soy oil April futures contract opened at Rs. 457.5 per 10kg as compared to Thursday's closing level of 458.05 per 10 Kg. Profit taking from recent rallies pushed market down. Mixed sentiments at CBOT coupled with weakness at BMD reflected well on futures market and contract closed at Rs 457.6 per 10kg down Rs. 0.45 to previous closing levels.

PRICE DRIVERS:

1. On line USDA weekly exports sales estimation
2. Improving sentiments for soymeal
3. Increased crude soy oil CIF prices
4. Improving demand for soy oil

Weather

Mainly dry weather in major growing regions would facilitate soybeans arrival in coming days.

TECHNICALS

Doji candlestick pattern is showing indecisive market sentiments between bulls and bears. The price closed well below 9-days and 18-days EMA indicating short-term bullishness. MACD remains upward, suggesting fading bearish momentum in the negative territory while stochastics remained in neutral region. Volume declined while open interest increased.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-------------|-----|-----|-------|-----|-----|
| NCDEX-April | 449 | 452 | 457.6 | 461 | 464 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil April Contract:

Buy Near 456; T1 near 458, T2 459 and put stop loss at 454.

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

| Centres | 16.03.07 | 15.03.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 445 | 445 | 0 |
| Indore (Soy Ref oil) | 424 | 422 | +2 |
| Kota (Soy Ref. Oil)+VAT | 445 | 437 | +8 |
| Hyderabad (Soy Ref)+VAT | 458 | 455 | +3 |
| Rajkot (Soy Ref)+Tax | 433 | 432 | +1 |

PALM OIL

International Highlights

Crude Palm oil Futures Finish Down at BMD

Lack of fresh fundamentals cast weakness for crude palm oil futures at Bursa Malaysian Derivatives. The most active June contract ended MYR9 down at MYR 1,947 per tonne on subdued trade activities. Extended uncertainty for edible oil in global markets was sparked weakness for palm oil. Traders were reluctant to take fresh position in current market conditions supported bears.

Domestic Spot Market Highlights

Spot prices of palm oil traded mostly range bound on lack of fresh fundamentals for short-term demand and sluggish demand. Although day and night temperature is rising, which though to supportive for palm oil. But cheaper availability of other oil pressured palm oil domestically. CIF prices of crude palm oil remained unchanged on Friday at \$600 per tonne for April shipment. Dormant sentiments for demand would be supportive for palm oil prices on long-term basis.

BMD: CPO Futures (16.03.2007)

(Ringgit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Apr.07 | 1959 | 1958 | 1962 | 1948 | 1958 | -1 | 197 |
| May.07 | 1960 | 1959 | 1959 | 1947 | 1955 | -5 | 789 |
| Jun.07 | 1956 | 1951 | 1958 | 1947 | 1947 | -9 | 1168 |
| Jul.07 | 1955 | 1950 | 1957 | 1946 | 1955 | 0 | 126 |
| Aug.07 | 1951 | 1943 | 1943 | 1943 | 1943 | -8 | 40 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 16.03.07 | 15.03.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 396 | 395 | +1 |
| Kandla RBD Palmolein +VAT | 418 | 418 | 0 |
| Mumbai RBD Palmolein +VAT | 438 | 438 | 0 |
| Chennai RBD Palmolein +VAT | 432 | 432 | 0 |
| Kakinada RBD Palmolein +VAT | 425 | 423 | +2 |
| Hyderabad RBD Palmolein +VAT | 443 | 443 | 0 |
| Delhi RDB Palmolein | 455 | 455 | 0 |

CIF Price Basis Kandla Port (\$/MT)

| Edible Oil | 16.03.07 | 15.03.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil | 677 | 670 | +7 |
| Crude Palm Oil | 600 | 600 | 0 |
| Sunflower Oil | 695 | 693 | +2 |

Rape/Mustard oil

Fresh buying for new mustard seeds by stockists at higher prices reflected the bullishness for mustard oil in Rajasthan region. Under prevailing physical market prices of mustard seeds, farmers were reluctant to unload to Nafed, which willing to purchase at MSP (Minimum Support Price). Traders are expecting market will move according to Nafed fresh purchase of mustard seeds.

Groundnut Oil

In Rajkot market depleting quality groundnut seeds had bullish mirrored bullishness on gn oil while sluggish demand in Mumbai supported market there. Crushers/expellers unwillingness for fresh buying on subdued demand pressured markets. In Rajkot market shelled groundnut quoted at Rs. 480 per 20 kg with arrivals of 8,000-10,000 bags. Groundnut seeds arrivals are likely to pick up in coming days would provide some direction to gn oil domestically.

Refined Sunflower Oil

Refined sunflower oil traded mixed in physical market on sluggish demand. Sunflower seeds were reported to remain steady in domestic markets. The CIF prices for sunflower oil increased on Friday for April shipment at \$695/tonne against Thursday's \$693/tonne. Traders are expecting sunflower oil prices are likely to move according to other vegetable oil in near-term.

Refined Cotton Oil

Spot prices of refined cotton oil traded in bullish tone across domestic market on improved demand. Lower demand for cotton meal in physical market, pushing sentiments for cotton oil crushing had underlying bullishness. Cotton cultivation in 2007 is likely to remain around 9.1 million hectare, which able to produce is nearly 11% increase to 27 million bales as compared to last year would pressure cotton oil prices in near term.

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

| Centres | 16.03.07 | 15.03.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 436 | 436 | 0 |
| Kota (Exp. Oil)+VAT | 416 | 415 | +1 |
| Jaipur (Exp. Oil)+VAT | 424 | 423 | +1 |
| Delhi (Exp. Oil) | 445 | 444 | +1 |
| Neewai (Exp. Oil) +VAT | 413 | 412 | +1 |

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 16.03.07 | 15.03.07 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 582 | 585 | -3 |
| Rajkot +VAT | 635 | 630 | +5 |
| Andhra Region +VAT | 655 | 665 | -10 |
| Chennai +VAT | 600 | 600 | 0 |
| Delhi | 660 | 660 | 0 |

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

| Centres | 16.03.07 | 15.03.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 520 | 520 | 0 |
| Chennai +VAT | 527 | 530 | -3 |
| Hyderabad +VAT | 515 | 520 | -5 |

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

| Centres | 16.03.07 | 15.03.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 445 | 441 | +4 |
| Hyderabad +VAT | 452 | 450 | +2 |
| Rajkot + VAT | 437 | 436 | +1 |
| Delhi | 442 | 442 | 0 |

Forex Rates

(As on 16.03.2007)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 44.17 |
| European Union | Euro | 58.67 |
| Japan | 100 Yen | 37.71 |
| United Kingdom | Pound Sterling | 85.58 |

PORT-WATCH (Latest):

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|---------|-------------------|--------------|----------|--------------------------|
| Mumbai | Global Themis-III | 10,500 | Palm oil | Expected (17.03.2007) |
| Kandla | Hari Kripa | 2,000 | CFA | Arrived (26.02.2007) |
| | M.T. Pujawati | 13,000 | CDSBO | Arrived (27.02.2007) |
| Chennai | Global Trader | 4,754 | CPO | Expected (15.03.2007) |

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