

## VEGOIL DAILY

May 19<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

On Friday, refined soy oil traded dull on exceeding supply over demand. Tracking overnight CBOT soy oil futures, palm oil futures remain firm at BMD. In last two month rupees strengthened by 7.58% v/s dollar. Under strengthens Brazilian current, exporters are reluctant to unload soy oil to demanding countries while Argentina crushers raised soybeans demand on anticipation of huge demand from major importer countries. The USDA weekly exports sales stood bullish for soybeans that totalled at 358,900 metric tons (MT) against trade expectations between 150,000-350,000 MT. Meal and soy oil sales stood within trade line at 88,700 MT and 3,500 MT, respectively against trade expectation between 50,000-125,000 metric and 0-5,000 metric tons for meal and soy oil respectively. The crude soy oil CIF prices increased further on Friday for June shipment at \$780 per tonne against \$778 per tonne as on Thursday.

#### FUTURES MARKET:

**NCDEX** most active refined soy oil June contract settled down on selling pressure and strong bearish fundamentals. The contract opened firmed at Rs. 478 per 10 kg against previous closing of Rs 476.3 per 10 Kg and contract finished down at Rs 477.05 per 10 Kg.

Despite firm BMD CPO futures, **MCX** refined soy oil June contract ended above to previous close but low to Friday's opening at Rs. 478.9 per 10 kg. Lack of fresh fundamentals, market remained sluggish. The contract opened at Rs. 478.9 per 10 kg against previous closing of Rs 477.05 per 10 Kg. Contract finished down at Rs 477.75 per 10 Kg.

#### PRICE DRIVERS:

- Bullish BMD CPO futures
- In last two month rupees value strengthened by 7.58% v/s dollar
- Brazil has been sold 66% soybeans as on May 15
- Steady demand of soy oil domestically
- Bullish USDA weekly exports sales reports for soybeans

#### Weather

Mainly dry weather in major growing areas would facilitates soybeans arrivals in near-term.

#### TECHNICALS

Refined soy oil chart patterns are showing bearish trends. Prices closed below 9/18 days EMA suggests strong bearish trends. MACD penetrated into negative zone. Stochastic continues to fall after bearish crossover in neutral region. RSI turns up in neutral zone. Both volume and open interest declined.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	470	472	477.05	483	485
MCX-June	470	472	477.75	484	486

#### TRADE RECOMMENDATION:

**NCDEX** Refined Soy Oil June Contract:

**SELL Below** 479; T1 near 476 and T2 near at 475 and put stop loss at 481.

**MCX** Refined Soy Oil June Contract:

**SELL Below** 480; T1 near 477, T2 near 476 and put stop loss at 482.

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

Centres	18.05.07	17.05.07	Change
Mumbai (Soy Ref oil)+VAT	460	461	-1
Indore (Soy Ref oil)	462	464	-2
Kota (Soy Ref. Oil)+VAT	460	460	0
Hyderabad (Soy Ref)+VAT	485	485	0
Rajkot (Soy Ref)+Tax	455	455	0

**International Highlights****BMD CPO futures Finish Up on Friday**

Rise in crude soy oil and crude oil prices pulled crude palm oil at Bursa Malaysian Derivatives on Friday. The most active August contract for crude palm oil futures rose by MYR37 at MYR2,370 per tonne. However, traders remained suspicious about bullish exports data that is schedule to release on Monday. While prospect of tight supply in near-futures continues to support the market and palm oil moved in tandem with soy oil.

**Domestic Spot Market Highlights**

On the firm support of BMD CPO futures, domestic palm oil market rose amidst steady demand. Indonesia market remained closed on Friday. Palm oil is cautiously moving up but weakness in mustard oil continues to pressure and limited the upside movement. Due to cheap mustard oil, vanaspati makers remained less interest to palm oil. Currently market is looking for direction and traders expect, palm oil prices are likely to remain in sync with overseas market.

**BMD: CPO Futures (18.05.2007)****(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jun 07	2480	2490	2528	2484	2515	+35	666
Jul 07	2393	2407	2445	2403	2428	+35	3201
Aug 07	2333	2350	2382	2342	2370	+37	6084
Sep 07	2293	2316	2343	2308	2330	+37	978
Oct 07	2271	2310	2330	2310	2308	+37	2

\*BMD Remains Closed on Saturday and Sunday.

**Palm oil – Spot Market Price****(Rs. Per 10 kg)**

Centres	18.05.07	17.05.07	Change
Kandla CPO (5 % FFA)	417	415	+2
Kandla RBD Palmolein +VAT	443	442	+1
Mumbai RBD Palmolein +VAT	452	456	-4
Chennai RBD Palmolein +VAT	460	458	+2
Kakinada RBD Palmolein +VAT	447	446	+1
Hyderabad RBD Palmolein +VAT	465	465	0
Delhi RDB Palmolein	490	490	0

**CIF Price Basis Kandla Port (\$/MT)**

Edible Oil	18.05.07	17.05.07	Change
Crude Soy Oil	780	778	+2
Crude Palm Oil	NA	765	-
Sunflower Oil	817	814	+3

### Rape/Mustard oil

Mustard oil prices continue to trade bearish on sluggish demand and dull trade activities. Only Delhi market moved up on steady demand. The low demand of rapeseeds meals in domestically and ports discouraged expellers to speed up crushing. As current prices of mustard seeds are low, farmers also disinterest to unload in physical markets. In prevailing conditions of holding back seeds and weakness in edible oil, mustard oil prices are likely to react mixed in approaching days.

### Groundnut Oil

Spot prices of groundnut oil remained mixed in domestic market on steady demand and arrivals pressure from new groundnut seeds. Few market remained range bound on balance in demand and supply. Government hiked **MSP** shelled groundnut by Rs. 30 at 1,550 per qtl. In Rajkot market shell groundnut quoted at Rs. 490-500 per 20 kg with arrivals of 25,000-30,000 bags.

### Refined Sunflower Oil

Refined sunflower oil traded in bearish note on lack of bullish fundamentals. The low demand of sunflower meals aided bearishness. Government rose sunflower seeds **MSP** by Rs. 10 at 1,510 per quintal. The CIF prices of sunflower oil increased on Friday at \$817 per tonne as compared to Thursday's \$814 for June shipment. As per trade sources, refined sunflower oil is likely to trade steady to bullish on limited oil stocks in the market.

### Refined Cottonseeds Oil

Refined cottonseeds oil turned bullish on Friday on improved demand to yesterday. Government hiked **MSP** of cotton by Rs. 30-40 at Rs. 1,800 to 2,030 for medium and long staple length cotton contributed bullishness domestically. According to traders, cottonseeds oil prices are likely to fall to stay in sync with imported soy oil.

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

Centres	18.05.07	17.05.07	Change
Mumbai (Exp. Oil) +VAT	460	461	-1
Kota (Exp. Oil)+VAT	430	435	-5
Jaipur (Exp. Oil)+VAT	442	445	-3
Delhi (Exp. Oil)	458	457	+1
Neewai (Exp. Oil) +VAT	433	435	-3

### Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	18.05.07	17.05.07	Change
Mumbai +VAT	645	645	0
Rajkot +VAT	665	670	-5
Andhra Region +VAT	680	680	0
Chennai +VAT	630	625	+5
Delhi	690	690	0

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

Centres	18.05.07	17.05.07	Change
Mumbai +VAT	530	535	-5
Chennai +VAT	547	547	0
Hyderabad +VAT	545	545	0

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

Centres	18.05.07	17.05.07	Change
Mumbai +VAT	473	472	+1
Hyderabad +VAT	475	475	0
Rajkot + VAT	464	464	0
Delhi	455	454	+1

### Forex Rates

(As on 18.05.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.90
European Union	Euro	55.18
Japan	100 Yen	33.73
United Kingdom	Pound Sterling	80.78

## PORT-WATCH (Latest):

### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Maersk Bristol	12,000	CDSBO	Expected (18.05.2007)
	M.T. Gem of Dahej	9,200	CPO	Expected (20.05.2007)
	M.T. Integrity	15,000	CDSBO	Expected (20.05.2007)
	M.T.Purvati	18,500	CDSBO	Expected (18.05.07)
Mumbai	Samho Heron	8,000	CPO	Arrived (15.05.2007)
	Madura	4,550	PFAD*	Expected (20.05.2007)
	Global Neptune	5,950	CPO	Expected (22.05.07)
Tuticorin	Star Dust	8,200	Palm oil	Arrived (16.05.2007)
	Spring Wind	4,100	Palm oil	Expected (19.05.2007)
New Manglore	Global Neptune	6,400	CPO	Expected (19.05.2007)

\*Palm Fatty Acid Distillate

#### 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.