

VEGOIL DAILY

May 31st, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil traded on softer side in domestic market amidst sluggish demand and weakness in overseas markets of related commodities. As per market observers, in upcoming Kharif season soybeans acreage is likely to increase by 700,000 hectares. In 2006, soybeans had planted in 7.4 million hectares land. Weakness in crude oil, good rainfall in Illinois and in parts of Indiana and aggressive selling of soy oil cast weakness for soy futures on CBOT. Following CBOT and profit-taking BMD CPO futures plunged sharply after recent 9-year high. Mostly dry weather in Argentina supported soybeans harvesting and it completed nearly 85% as on May 24. The crude soy oil CIF prices for June shipment dropped sharply on Wednesday at \$808 per tonne against \$821 per tonne on Tuesday.

FUTURES MARKET:

Despite weak advice from overseas markets of related commodities, the most active June contract of refined soy oil at **NCDEX** settled high on Wednesday on increase in buying interest. The futures opened weak at Rs. 479.5 per 10 kg against yesterday close of Rs 480.85 per 10 Kg. Contract closed down at Rs 481.3 per 10 Kg.

MCX refined soy oil June contract closed marginally up on Wednesday amidst improving fundamentals for demand and supply. But weakness in CBOT and BMD palm oil futures capped the gains to certain extent. The contract opened weak at Rs. 479.5 per 10 kg against previous closing Rs 480.65 per 10 Kg and contract closed a tad up at Rs 480.9 per 10 Kg.

PRICE DRIVERS:

- Bearish CBOT and BMD CPO futures
- Crude soy oil CIF prices dropped by \$13
- Appreciating rupees v/s dollar
- Soybeans plantation areas in expects to increase
- Low meals demand in domestically and at ports
- Tapering palm oil stocks in Malaysia

Weather

Weather in a major concerns, since soybeans season come to end.

TECHNICALS

Refined soy oil recouped from Tuesdays` weakness. MACD has penetrated into positive territory. Prices closed above short term and medium term EMA suggest upside intact in the market. Stochastic falls and attempts to make bearish crossover near neutral region. Whereas RSI is rising. Market is expected to trade upward with steady to slightly firm opening. Volume declined while open interest increased.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	476	477	481.3	485	486
MCX-June	477	478	480.9	485	487

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil June Contract:

BUY Near 481; T1 near 483 and T2 near at 484 and put stop loss at 479.5.

MCX Refined Soy Oil June Contract:

BUY Near 481; T1 near 483 and T2 near at 484 and put stop loss at 479.5.

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

Centres	30.05.07	29.05.07	Change
Mumbai (Soy Ref oil)+VAT	460	460	0
Indore (Soy Ref oil)	461	464	-3
Kota (Soy Ref. Oil)+VAT	456	456	0
Hyderabad (Soy Ref)+VAT	474	475	-1
Rajkot (Soy Ref)+Tax	455	455	0

International Highlights**Following CBOT, CPO Futures Plunge on BMD on Wednesday**

Weakness in soy oil at CBOT and profit-taking pushed down CPO futures across the board on Bursa Malaysian Derivatives on Wednesday. The most active August futures contract ended MYR38 down at MYR2,500 per tonne. Market is expecting exports in May month improve at 1.15 million tonnes from 1.13 million tonnes in April and stocks are expecting nearly 1 million tons as compared to April month's total at 1.18 million tonnes.

Domestic Spot Market Highlights

Lackluster trade activities, weak advice from overseas markets of related commodities and sluggish demand cast weakness for palm oil domestically. Sharp fall in BMD CPO futures raise uncertainty for demand and supply in Indonesian CPO market. The CIF prices of crude palm oil for June shipment quoted at \$830 per tonne on Wednesday. The prospect so tight supplies and expectation of strong demand in Indonesia and Malaysia is likely to boost CPO prices there in near futures with bullish reflection in domestic market.

BMD: CPO Futures (30.05.2007)**(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jun 07	2686	2650	2650	2620	2630	-56	418
Jul 07	2615	2575	2579	2547	2574	-41	2432
Aug 07	2538	2505	2505	2469	2494	-44	8836
Sep 07	2500	2450	2452	2428	2452	-48	2407
Oct 07	2470	2425	2425	2400	2425	-45	482

*BMD Remains Closed on Saturday and Sunday.

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

Centres	30.05.07	29.05.07	Change
Kandla CPO (5 % FFA)	425	427	-2
Kandla RBD Palmolein +VAT	451	454	-3
Mumbai RBD Palmolein +VAT	456	461	-5
Chennai RBD Palmolein +VAT	470	471	-1
Kakinada RBD Palmolein +VAT	452	455	-3
Hyderabad RBD Palmolein +VAT	475	475	0
Delhi RDB Palmolein	490	490	0

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	30.05.07	29.05.07	Change
Crude Soy Oil	808	821	-13
Crude Palm Oil	830	NA	-
Sunflower Oil	872	867	+5

Rape/Mustard oil

Increased supplies and fall in palm oil pushed down mustard oil prices in Mumbai market while prices improved in Rajasthan regions amidst low crushing on weak demand of rapeseed meals at ports and domestically. However, expellers had purchased enough seeds in arrivals time to maintained crushing for a month or two. Traders are expecting, mustard oil to trade steady to bullish on limited availability with steady demand from other states in near-term.

Groundnut Oil

Spot prices of groundnut dropped in Rajkot market on prevailing seeds arrivals pressure whereas stayed range bound in rest of markets on balance in demand and supply. As currently cotton is better remunerative crop than groundnut and may eat acreage in upcoming Kharif season. As currently only handful of crushers is engaged in such activities with sluggish demand of oil is likely to pressure market in near-term.

Refined Sunflower Oil

Spot prices of sunflower oil mostly remained unchanged on balance in demand and supply. The meals demand remained dull domestically. The CIF prices of sunflower oil for June shipment improved on Wednesday at \$872 per tonne as compared to \$867 per tonne on Tuesday. Traders are expecting the sunflower prices is likely to trade steady with firm tone ahead as other cheaper substitutes are available in the market.

Refined Cottonseeds Oil

Weakness in rival palm oil and soy oil has strong bearish impact on refined cottonseeds sentiments resulting it traded in bearish tone in domestic market whereas few markets remained range bound on steady demand. As currently palm oil prices are moving close to cottonseeds oil that may influence its prices accordingly in near-term.

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

Centres	30.05.07	29.05.07	Change
Mumbai (Exp. Oil) +VAT	463	466	-3
Kota (Exp. Oil)+VAT	438	432	+6
Jaipur (Exp. Oil)+VAT	448	442	+6
Delhi (Exp. Oil)	460	463	-3
Neewai (Exp. Oil) +VAT	437	432	+5

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	30.05.07	29.05.07	Change
Mumbai +VAT	665	665	0
Rajkot +VAT	675	680	-5
Andhra Region +VAT	670	685	-15
Chennai +VAT	650	640	+10
Delhi	695	695	0

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

Centres	30.05.07	29.05.07	Change
Mumbai +VAT	538	538	0
Chennai +VAT	550	550	0
Hyderabad +VAT	550	555	-5

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

Centres	30.05.07	29.05.07	Change
Mumbai +VAT	472	472	0
Hyderabad +VAT	473	475	-2
Rajkot + VAT	465	468	-3
Delhi	445	455	0

Forex Rates

(As on 30.05.07)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	40.64
European Union	Euro	54.65
Japan	100 Yen	33.43
United Kingdom	Pound Sterling	80.44

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Star Dream	6,000	Palm oil	Expected (01.06.2007)
	Sichem Edinburgh	12,000	PFAD*	Expected (27.05.2007)
	Neveska Lady	26,340	CDSB 0	Expected (26.05.2007)
Mumbai	Star Dream	4,000	Palm oil	Expected (30.05.2007)
New Mangalore	Eastern Oyasis	7,500	SBO	Expected (02.06.2007)
Mundra	Champion Bralii	23,600	DSBO	Arrived (29.05.2007)
Kolkata	Marida Princess	9,944	CPO	Arrived (26.05.2007)
	Spring Glory	3,988	CPO	Arrived (28.05.2007)
	S.C. Tianjin	6,000	CPO	Arrived (26.05.2007)
	Sima Kazee	9,215	CPO	Arrived (27.05.2007)
	Pacific Sound	8,979	CPO+PFAD*	Arrived (27.05.2007)

*Palm Fatty Acid Distillate

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