

## VEGOIL DAILY

May 26th, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Fears of shortage of palm oil continue to support BMD CPO futures, which in turn influenced spot prices of refined soy oil to switch bullish on Friday, while demand remains steady. USDA weekly exports sales for soybeans totalled at 2.34 million metric tons (MMT) against trade expectation between 2.2-2.8 MMT. Meal sales totalled at 137,000 metric tons as compared to trade expectation between 50,000-125,000 metric tons. Oil sales remained at 2,600 metric tons against trade expectation between 0-10,000 metric tons. The US Census crush of April month stood at 3.91 million metric tons (MMT) against trade expectation of 3.94 MMT and 3.66 MMT same month last year. SGS estimated Malaysian palm oil exports sales for the period of May 1-25; highlighted exports increased by 5% at 952,648 metric tons (MT) as compared to 907,330 MT same period in April. The crude soy oil CIF prices for June shipment rose sharply on Friday at \$802 per tonne as compared to \$780 per tonne on Thursday.

#### FUTURES MARKET:

The **NCDEX** most active June contract of refined soy oil settled bullish on Friday on limited soy oil stocks domestically with low delay vessels carrying soy oil. Bullish BMD CPO futures aid bullish support. The contract open firmed at Rs. 477.7 per 10 kg against previous closing of Rs 476.6 per 10 Kg and contract closed down at Rs 481.25 per 10 Kg.

Following bullish BMD CPO futures **MCX** refined soy oil June contract settled high on Friday. Talk of delay shipment had some bullish support. Futures opened firmed at Rs. 477.8 per 10 kg against previous closing of Rs 476.6 per 10 Kg. Contract finished up at Rs 480.6 per 10 Kg.

#### PRICE DRIVERS:

- Bullish BMD CPO futures
- Bullish USDA exports sales for soy meals while within trade line for soy oil and soybeans
- Increased US Census crush of soybeans for April
- Low crushing margins for soy oil

#### Weather

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

#### TECHNICALS

Refined soy oil chart suggests strong buying interest in the market. MACD is attempt to make bullish crossover in negative territory. Prices closed above 9/18 days EMA indicates short-term firmness in the market. Stochastic is rising after bullish crossover in oversold region. While RSI is also rising in neutral zone. Market is expected to trade up following steady to slightly firm opening. Volume increased while open interest declined.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	476	477	481.25	486	488
MCX-June	476	477	480.6	485	486

#### TRADE RECOMMENDATION:

**NCDEX** Refined Soy Oil June Contract:

**BUY Above 481;** T1 near 483 and T2 near at 484 and put stop loss at 480.

**MCX** Refined Soy Oil June Contract:

**BUY Above 481;** T1 near 483, T2 near 484 and put stop loss at 480.

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

Centres	25.05.07	24.05.07	Change
Mumbai (Soy Ref oil)+VAT	458	455	+3
Indore (Soy Ref oil)	461	456	+5
Kota (Soy Ref. Oil)+VAT	457	455	+2
Hyderabad (Soy Ref)+VAT	485	485	0
Rajkot (Soy Ref)+Tax	455	455	0

**International Highlights****BMD CPO futures Surge Further on Friday**

Fears of tight supplies and bullish exports figures continue to support crude palm oil futures that settled high on Bursa Malaysian Derivatives on Friday. Strong gains in overnight CBOT soy futures aids bullishness in the market. Today the most active August contract touched a high of MYR2,503 per tonne finally gained by MYR53 and settled at MYR2,498 per tonne. SGS estimated Malaysian palm oil exports sales for the period of May 1-25; highlighted exports increased by 5% at 952,648 metric tons (MT) as compared to 907,330 MT same period in April.

**Domestic Spot Market Highlights**

Bullishness in overseas market pulled palm oil prices in domestic markets. However, demand remained steady. On Friday, trade activities remained dull in Indonesian CPO market. Talk of government may escalate exports taxes, if prevailing prices control operation is unable to produce desired results to control olein price within range. The crude palm oil CIF prices for June shipment quoted on Friday at \$810 per tonne. As per market sources, shortage of palm oil is maintained in Malaysian, which is likely to support domestic palm oil market.

**BMD: CPO Futures (25.05.2007)****(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jun 07	2566	2590	2621	2589	2621	+55	635
Jul 07	2497	2522	2563	2522	2563	+66	2776
Aug 07	2445	2465	2503	2465	2498	+53	7711
Sep 07	2413	2430	2470	2430	2470	+57	1065
Oct 07	2388	2425	2432	2421	2430	+42	180

\*BMD Remains Closed on Saturday and Sunday.

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

Centres	25.05.07	24.05.07	Change
Kandla CPO (5 % FFA)	425	420	+5
Kandla RBD Palmolein +VAT	447	444	+3
Mumbai RBD Palmolein +VAT	456	452	+4
Chennai RBD Palmolein +VAT	466	463	+3
Kakinada RBD Palmolein +VAT	451	451	0
Hyderabad RBD Palmolein +VAT	468	468	0
Delhi RBD Palmolein	490	490	0

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

Edible Oil	25.05.07	24.05.07	Change
Crude Soy Oil	802	780	+22
Crude Palm Oil	810	NA	-
Sunflower Oil	832	830	+2

### Rape/Mustard oil

Mustard oil prices remained in bullish tone Nafed has stopped mustard seeds procurement on fall short of availability at MSP, as private traders are offering higher prices i.e. 1,800-1,900 per qtl and farmers are reluctant to unload at MSP. The seeds stocks with Nafed reported around 21,000 tonne. In prevailing steady meal sentiments in domestically as well as on ports with weak demand for oil is likely to extend the current prices level to coming days.

### Groundnut Oil

Groundnut oil prices improved in major trading center on steady demand and bullishness in other edible oil. The exports were reluctant to unload mustard seeds to exports countries on appreciating rupees value v/s dollar. On Friday, shelled groundnut quoted at Rs. 520 per 20 kg (bag) with an arrival nearly 70,000 bags. As cotton is better remunerative crop as compared to groundnut and shift of acreage is expecting from traders that may further support groundnut oil in coming month.

### Refined Sunflower Oil

Spot prices of refined sunflower oil improved in few centres on improved demand and bullish support from overseas market. The CIF prices of sunflower oil for June shipment improved marginally on Friday at \$832 per tonne as compared to \$830 per tonne on Thursday. Amidst underlying firmness in overseas markets with sluggish demand domestically that is likely to limit the upside movement in near-term.

### Refined Cottonseeds Oil

Follow cotton and groundnut oil, cottonseeds remained in bullish note. Cotton meals demand remained steady on Friday. Currently crushing margin for cottonseeds is unable to support the fresh cottonseeds crush helped support to the market. As cottonseeds oil and groundnut oil share same market, which is likely to move in tandem in approaching days.

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

Centres	25.05.07	24.05.07	Change
Mumbai (Exp. Oil) +VAT	462	460	+2
Kota (Exp. Oil)+VAT	432	430	+2
Jaipur (Exp. Oil)+VAT	442	440	+2
Delhi (Exp. Oil)	459	456	+3
Neewai (Exp. Oil) +VAT	432	430	+2

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

Centres	25.05.07	24.05.07	Change
Mumbai +VAT	655	655	0
Rajkot +VAT	675	670	+5
Andhra Region +VAT	680	680	0
Chennai +VAT	630	620	+10
Delhi	695	690	+5

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

Centres	25.05.07	24.05.07	Change
Mumbai +VAT	535	532	+3
Chennai +VAT	550	540	+10
Hyderabad +VAT	550	550	0

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

Centres	25.05.07	24.05.07	Change
Mumbai +VAT	468	467	+1
Hyderabad +VAT	472	472	0
Rajkot + VAT	465	463	+2
Delhi	455	450	+5

### Forex Rates

(As on 25.05.07)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	40.60
European Union	Euro	54.55
Japan	100 Yen	33.46
United Kingdom	Pound Sterling	80.65

## PORT-WATCH (Latest):

### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA**	Expected (23.05.2007)
	Sichem Edinburgh	12,000	PFAD*	Expected (25.05.2007)
	Neveska Lady	26,340	CDSB 0	Expected (25.05.2007)
Mumbai	Global Neptune	5,950	CPO	Arrived (22.05.2007)
	Star Dream	4,000	Palm oil	Expected (30.05.2007)
New Manglore	Maria-E	10,000	CPO	Arrived (24.05.2007)
	Eastern Daisis	7,500	SBO	Expected (02.06.2007)
Mundra	MT Nogogini	10,500	CPO/PFAD*	Expected (26.05.2007)
	Champion Bralii	23,600	DSBO	Expected (27.05.2007)

\*Palm Fatty Acid Distillate

\*\*Crude Fatty Acid

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