

VEGOIL DAILY

May 15th, 2007

REFINED SOY OIL

SPOT MARKET:

Refined soy oil traded firm at most places on extended buying support tracking bullish cues from palm oil at BMD. The crude soy oil CIF prices for June shipment stood at \$ 775 /tonnes against \$759 per tonne on Saturday. Soy oil is overseas market is likely to gather bullishness momentum amidst restricted soybeans exports from Brazil on weak dollar and declining demand from biodiesel sector amidst narrow production margins as compared to local diesel prices. The consumption of edible oils for bio-diesel seems to have aggravated demand supply mismatch across the globe. With US, China and South Korea keen on blending soy oil with diesel, the demand for non-edible use would escalate further. Resultantly prices of edible oil in domestic markets would continue to hold firm and trend for consumption would shift for readily and cheaper available oils. The continued price disparity between soy and palm oil across domestic markets is a good example for the same. Arrivals of imports of soy oil [from Argentina] and palm oil this week may pressure domestic prices to some extent only.

FUTURES MARKET:

The most active **NCDEX** refined soy oil June contract traded firm tracking firm palm oil futures at BMD but with bearish bias. The contract opened at Rs. 483.7 per 10 kg against previous closing of Rs 482.7/10 Kg. Contract settled at Rs 482.35/10 Kg.

The **MCX** refined soy oil June contract traded bearish despite firm palm oil at BMD on account of higher selling interest and profit booking at higher levels. The contract opened at Rs. 484.95 per 10 kg against previous closing of Rs 483.6/10 Kg. Contract settled lower at Rs 482/10 Kg.

PRICE DRIVERS:

- Bullish palm oil futures at BMD
- Bullish USDA's monthly supply and demand report of May month
- Rupee value vis-à-vis US dollar has depreciated currently in past 3 days.
- Imported oils to arrive this week.

Weather

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

TECHNICALS

Candlestick show inverted hammer pattern indicating selling pressure at higher levels. MACD is hovering in positive territory. Stochastic is heading up after making bullish cross over, whereas RSI shows slight decline in positive momentum. Both volume and open interest declined. Prices are likely to see corrections lower if it doesn't breaches immediate resistance at 485-486 levels.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	473	475	482.35	485	486
MCX-June	472	474	482.00	486	488

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil June Contract:
BUY Above 478; T1 near 483 and put stop loss at 476.

MCX Refined Soy Oil June Contract:
SELL Below 482; T1 near 479, T2 near 476 and put stop loss at 484.

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

Centres	14.05.07	12.05.07	Change
Mumbai (Soy Ref oil)+VAT	477	NA	-
Indore (Soy Ref oil)	472	470	+2
Kota (Soy Ref. Oil)+VAT	465	469	-4
Hyderabad (Soy Ref)+VAT	485	485	0
Rajkot (Soy Ref)+Tax	465	458	+7

PALM OIL

International Highlights

CPO futures at BMD settled firm on extended buying support. The benchmarks July contract for palm oil futures traded at MYR 2389/ton against previous closing level of MYR 2325/ton. Volumes improved to 4627 lots. The market is likely to trade firm on account of bullish USDA's supply demand estimates for soy oil and firm prospects for palm oil exports. The market awaits bullish report for palm oil export data for May 1 to 15 to be released tomorrow by cargo surveyors **Intertek**.

Domestic Spot Market Highlights

Spot prices of palm oil improved further on Monday. The CIF prices for crude soy oil and crude palm oil stood at \$ 775 per tonne and \$760 per tonne respectively on Monday for June shipment. With good demand prospects from India and China the prices of palm oil are likely to hold firm. Palm oil is likely to gain more market share if price disparity between soy and palm continues at domestic levels. The recent government moves to increase the import limit of vanaspati from Sri Lanka under Free Trade Agreement was a set back of vanaspati makers and increasing palm oil imports would discourage them further.

BMD: CPO Futures (14.05.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
May07	2470	2515	2570	2515	2569	99	55
Jun.07	2400	2425	2479	2425	2471	71	1671
Jul.07	2325	2325	2352	2352	2389	64	4627
Aug.07	2275	2330	2331	2314	2324	49	2795
Sep.07	2260	2300	2300	2290	2293	33	283

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	14.05.07	12.05.07	Change
Kandla CPO (5 % FFA)	420	418	+2
Kandla RBD Palmolein +VAT	446	445	+1
Mumbai RBD Palmolein +VAT	465	457	+8
Chennai RBD Palmolein +VAT	460	459	+1
Kakinada RBD Palmolein +VAT	447	446	+1
Hyderabad RBD Palmolein +VAT	468	461	+7
Delhi RDB Palmolein	495	495	0

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	14.05.07	12.05.07	Change
Crude Soy Oil	775	759	+16
Crude Palm Oil	760	740	+20
Sunflower Oil	NA	NA	-

Rape/Mustard oil

The daily arrivals on Monday stood at 1.35 lakh bags marginally ahead of previous weekend's arrivals of 1.25 lakh bags. Prices of non-conditional seeds couldn't extend gains from previous weekends trading. Mustard seed prices in Ganganagar and Kota regions softened on steady to weak demand for expeller oil. Since edible oil are yet to arrive at our ports the trend for mustard expeller is likely to follow soy oil to greater or lesser extent for the days ahead.

Groundnut Oil

Groundnut oil prices firmed up on good demand by millers and restricted selling by stockists at the back of the recent move by Andhra Pradesh state government to subsidize 5.5 lakh quintals of groundnut seeds to farmers discouraging stockists. In Rajkot market the rates for different qualities of nuts across different centres in the states firmed up on Monday and were quoted in a range of Rs 410 to 517/20 Kg.

Refined Sunflower Oil

Spot prices of refined sunflower oil stood mixed on Monday. As per market sources, costlier crude sunflower oil capped the gains to certain extent. However, meal demand remained weak while sunflower seeds arrivals remained steady. Market observer's the prices of sunflower oil are likely to trade steady until imported oil reaches our ports.

Refined Cottonseeds Oil

Spot prices of cottonseeds oil stood steady to weak across domestic markets on subdued demand. Good demand for groundnut oil coupled with weak demand for cotton meal limited the gains. Cotton sowing during this Kharif season in 2007 has been started under the monsoon this week, with farmers in Gujarat taking to the fields two weeks earlier than usual on ample seed supply and hopes for timely rains. It is expected that the crop area would increase by 4% to 2.5 million hectares in this cotton year in Gujarat, according to the Gujarat State Co-operative Cotton Federation Ltd. The state, with an estimated production of 9.3 million bales of 170 kg each in 2006/07, accounts for more than a third of India's cotton production.

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

Centres	14.05.07	12.05.07	Change
Mumbai (Exp. Oil) +VAT	470	NA	-
Kota (Exp. Oil)+VAT	435	435	0
Jaipur (Exp. Oil)+VAT	445	445	0
Delhi (Exp. Oil)	460	462	-2
Neewai (Exp. Oil) +VAT	NA	434	-

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	14.05.07	12.05.07	Change
Mumbai +VAT	640	NA	-
Rajkot +VAT	690.95	675	+15.95
Andhra Region +VAT	685	685	0
Chennai +VAT	610	590	+20
Delhi	690	700	-10

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

Centres	14.05.07	12.05.07	Change
Mumbai +VAT	525	525	0
Chennai +VAT	540	530	+10
Hyderabad +VAT	535	540	-5

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

Centres	14.05.07	12.05.07	Change
Mumbai +VAT	475	NA	-
Hyderabad +VAT	580	580	0
Rajkot + VAT	NA	470	-
Delhi	460	462	-2

Forex Rates

(As on 14.05.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.93
European Union	Euro	55.42
Japan	100 Yen	34.03
United Kingdom	Pound Sterling	81.20

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	M.T. Integrity	8,000	CPO	Arrived (09.05.2007)
	Chemstar Seven	20,000	CPO	Berthed (10.05.2007)
	Global Eros	11,059	CPO/CPS/PFAD	Expected (13.05.2007)
	Maersk Britol	12,000	CDSBO	Expected (16.05.2007)
	Hari Kripa	2,000	CFA*	Expected (11.05.2007)
	M.T. Gem of Dahej	9,200	CPO	Expected (20.05.2007)
	M.T. Integrity	15,000	CDSBO	Expected (20.05.2007)
Mumbai	Samho Heron	8,000	CPO	Expected (15.05.2007)
Tuticorin	Star Dust	8,200	Palm oil	Expected (14.05.2007)
	Spring Wind	4,100	Palm oil	Expected (16.05.2007)

*Crude Fatty Acid

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