

VEGOIL DAILY

May 10th, 2007

REFINED SOY OIL

SPOT MARKET:

On Wednesday, refined soy oil trade in bearish tone on lackluster trade activities. The low crushing margins for soy oil added the bearishness in the market. The appreciating rupee v/s dollar supported the bearishness on cheap availability of import edible oil in near month. Follow-through weakness in corn limited the support provided by jumped in corn plantation in Midwest that took away the fears of switching of corn to soybeans. While soybeans plantation remained slow in USA that only 10% completed as on May 6th as compared to 19% same period last year. Brazil government highlighted the soybeans crop size of 2007 stood at 57.55 million tonne as compared to previous estimation at 58 million tonne and record 53.4 million tonne last year. The crude soy oil CIF prices quoted at \$750 per tonne for May shipment on Wednesday against \$745 per tonne on Tuesday.

FUTURES MARKET:

NCDEX refined soy oil most active June contract slightly recovered from yesterday on traders improved buying interest. Futures opened at Rs. 477.15 per 10kg against Tuesday closing of Rs 475.75 per 10 Kg. Amidst bullish BMD CPO futures with improved overnight CBOT soy oil futures, soy futures recouped and futures closed at Rs 476.3 per 10 Kg.

MCX refined soy oil futures June contract recouped on Wednesday tracking bullish BMD CPO futures and futures closed at Rs. 477.3 per 10 kg. The contract opened at Rs 477.3 per 10 Kg against previous closing of Rs 475.7 per 10 Kg. The contract touched a high and lows of Rs 477.4 and 474.2 per 10 kg respectively.

PRICE DRIVERS:

- Slower soybeans plantation in USDA
- Bullish BMD CPO futures
- Appreciating rupee V/s dollar
- Low crushing margin for soy oil
- Weakness in other edible oil

Weather

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

TECHNICALS

Refined soy oil chart pattern indicates suggests continuous weakness with tentativeness at higher levels. Prices remained below to the 9-days and 18 day's EMA. MACD is penetrating into negative zone. Stochastic and RSI continue to move down in neutral region. Volume increased while open interest declined.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|------------|-----|-----|-------|-----|-----|
| NCDEX-June | 469 | 471 | 476.3 | 482 | 484 |
| MCX-June | 469 | 471 | 477.3 | 482 | 485 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil June Contract:

SELL Below 478; T1 near 475 and T2 474 and put stop loss at 481.

MCX Refined Soy Oil June Contract:

SELL Below 478; T1 near 475, T2 near 474 and put stop loss at 481.

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

| Centres | 09.05.07 | 08.05.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 474 | 475 | -1 |
| Indore (Soy Ref oil) | 467 | 469 | -2 |
| Kota (Soy Ref. Oil)+VAT | 468 | 468 | 0 |
| Hyderabad (Soy Ref)+VAT | 485 | 485 | 0 |
| Rajkot (Soy Ref)+Tax | 460 | 460 | 0 |

International Highlights

BMD Crude Palm oil Futures Finish Bullish on Wednesday

Amidst technical buying coupled with anticipation for bullish exports estimation for April and May 1-10 turned up crude palm oil futures on Wednesday. The most active July contract of CPO finished MYR51 high at MYR2,289 per tonne. Although, Malaysian cash trade market remains active on same day. Malaysian palm oil board (MPOB) is likely to release palm oil exports sales estimation for April month while SGS cargo is also due to release exports sales estimation for May 1-10.

Domestic Spot Market Highlights

Domestic palm oil markets traded almost range bound on balance in demand and supply. According to recent DGFT notification, India can now import 3,12,500 metric tons of vanaspati (bakery shortening and margarine) from Sri Lanka under Indo-Sri Lanka Trade agreement as compared to previous 2,50,000 metric tons. Continuation of government prices control operation results steadiness in palm oil prices in **Indonesian** market. On **weakening rupiah** (Indonesian currently), traders preferred to sell-off palm oil in overseas market leave the market in bullish tone. The crude palm oil CIF prices sharply increased on Wednesday at \$750 per tonne for May shipment against \$ 732 per tonne on Tuesday.

BMD: CPO Futures (09.05.2007)

| | | | | | | (Ringgit/ton) | |
|--------|----------|------|------|------|-------|---------------|--------|
| Months | Previous | Open | High | Low | Close | Change | Volume |
| May07 | 2386 | 2399 | 2406 | 2391 | 2404 | +18 | 315 |
| Jun.07 | 2305 | 2318 | 2360 | 2318 | 2356 | +51 | 2365 |
| Jul.07 | 2238 | 2247 | 2289 | 2247 | 2289 | +51 | 7805 |
| Aug.07 | 2195 | 2217 | 2244 | 2213 | 2244 | +49 | 2200 |
| Sep.07 | 2176 | 2195 | 2225 | 2192 | 2225 | +49 | 693 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 09.05.07 | 08.05.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 415 | 417 | -2 |
| Kandla RBD Palmolein +VAT | 445 | 445 | 0 |
| Mumbai RBD Palmolein +VAT | 455 | 455 | 0 |
| Chennai RBD Palmolein +VAT | 458 | 458 | 0 |
| Kakinada RBD Palmolein +VAT | 442 | 442 | 0 |
| Hyderabad RBD Palmolein +VAT | 454 | 454 | 0 |
| Delhi RDB Palmolein | 490 | 490 | 0 |

CIF Price Basis Kandla Port (\$/MT)

| Edible Oil | 09.05.07 | 08.05.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil | 750 | 745 | +5 |
| Crude Palm Oil | 750 | 732 | +18 |
| Sunflower Oil | 780 | 785 | -5 |

Rape/Mustard oil

Despite farmer's reluctance to sell-off mustard seeds at current prices, oil prices traded in bearish tone on sluggish demand and suspended trade activities. Traders are learned to stay away from current situation on expectation of further fall in mustard oil prices amidst underlying bearishness in soy oil. In April month, rapeseed meal exports increased by 102% at 108,375 tonne from 53,425 tonne in April 2006.

Groundnut Oil

Apprehensions of groundnut seeds arrivals pressure in coming days, traders preferred to liquidate market with groundnut oil that turned major trading centers bearish. However, the demand for groundnut oil continued Tuesday's weakness, while the crushing margins remained dull. In the current scenario of groundnut harvest and low demand for meal, is likely to pressure oil in short-term.

Refined Sunflower Oil

Weakness in other vegetable oil depressed refined sunflower oil in Mumbai market while rest of trading markets stood range bound on balance in demand and supply. The CIF prices of sunflower oil dropped on Wednesday at \$ 780 per tonne for May shipment against \$785 per tonne on Tuesday. Traders are expecting in lack of fresh fundamentals and weakness in soy oil would mirror similar reflection on sunflower oil ahead.

Refined Cottonseeds Oil

Lack of fresh fundamentals and sluggish demand pushed back refined cotton oil prices in domestic markets. Cotton oil also borrowed bearish momentum on weak cotton meal demand in domestic markets and bearish groundnut oil. Currently low crushing margins with weakness in other vegetable oil are like to pressure cotton oil in near-term.

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

| Centres | 09.05.07 | 08.05.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 461 | 464 | -3 |
| Kota (Exp. Oil)+VAT | 434 | 434 | 0 |
| Jaipur (Exp. Oil)+VAT | 444 | 444 | 0 |
| Delhi (Exp. Oil) | 450 | 450 | 0 |
| Neewai (Exp. Oil) +VAT | 430 | 431 | -1 |

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 09.05.07 | 08.05.07 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 625 | 630 | -5 |
| Rajkot +VAT | 665 | 670 | -5 |
| Andhra Region +VAT | 685 | 685 | 0 |
| Chennai +VAT | 585 | 595 | -10 |
| Delhi | 680 | 680 | 0 |

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

| Centres | 09.05.07 | 08.05.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 520 | 525 | -5 |
| Chennai +VAT | 535 | 535 | 0 |
| Hyderabad +VAT | 535 | 535 | 0 |

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

| Centres | 09.05.07 | 08.05.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 474 | 475 | -1 |
| Hyderabad +VAT | 475 | 475 | 0 |
| Rajkot + VAT | 462 | 464 | -2 |
| Delhi | 460 | 460 | 0 |

Forex Rates

(As on 09.05.07)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 40.91 |
| European Union | Euro | 55.42 |
| Japan | 100 Yen | 34.13 |
| United Kingdom | Pound Sterling | 81.46 |

PORT-WATCH (Latest):

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|---------|------------------|--------------|----------|-----------------------|
| Kandla | Havi Ocean | 8,500 | Palm oil | Expected (03.05.2007) |
| | S C Shangahi | 11,780 | CPO | Expected (30.04.2007) |
| | Hari Kripa | 2,000 | CFA | Expected (01.05.2007) |
| | Global Neptune | 12,250 | CPO | Expected (01.05.2007) |
| | Fairchem Pegasus | 11,060 | CPO | Expected (04.05.2007) |
| Mumbai | Liquid Fortune | 10,300 | Palm oil | Arrived (03.05.2007) |
| | Golden Express | 2,000 | Palm oil | Arrived (08.05.2007) |
| Kolkata | Global Venus | 8,400 | CPO | Arrived (07.05.2007) |
| | Sima Kazee | 9,300 | CPO | Arrived (05.05.2007) |

*Crude Fatty Acid

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