

VEGOIL DAILY

May 18th, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil moved down further on follow-through weak demand with dull trade activities. Government did not revise import duty and base prices on imported oil in order to keep control on edible oil prices in domestic markets. However, BMD CPO futures remained in bullish tone on overnight firm up CBOT soy futures and bullish fundamentals. Excellent weather conditions for corn plantation and appreciating Brazilian real remained a supportive hand for soy futures on competitiveness of US origin soybeans. As per media sources, Brazil has been sold nearly 66% soybeans as on May 15 as compared to 55% last month on same date. The crude soy oil CIF prices increased on Thursday at \$778 per tonne for June shipment against \$775 per tonne as on Wednesday. According to trade sources, refined soy oil could drop further as many vessels are lined up that expects to fuel crude soy oil in approaching days with weakness in other edible oil.

FUTURES MARKET:

NCDEX most active refined soy oil June contract dropped further on low buying interest with dull trade activities in physical markets. The contract opened at Rs. 477 per 10 kg against previous closing of Rs 477.35 per 10 Kg. Contract settled down at Rs 476.7 per 10 Kg.

The **MCX** refined soy oil June contract traded bearish on follow-through selling and market ignored the bullish CBOT and BMD. The contract opened at Rs. 477 per 10 kg against previous closing of Rs 477.45 per 10 Kg. Contract finished low at Rs 477.3 per 10 Kg.

PRICE DRIVERS:

- Bullish CBOT and BMD CPO futures
- Brazil has been sold 66% soybeans as on May 15
- Sluggish demand of soy oil domestically
- Low soybeans prices in spot markets
- Many vessels are lined up to fuel soy oil in the market ahead

Weather

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

TECHNICALS

Refined soy oil chart pattern indicates follow-through weakness. Prices closed below 9/18 days EMA suggests strong bearish trends. MACD fall in to negative zone. Stochastic made bearish crossover and faced downward in neutral region. RSI fall in neutral zone. Both volume and open interest increased.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	470	472	476.7	483	485
MCX-June	470	472	477.3	482	484

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil June Contract:

BUY Above 476; T1 near 479 and T2 near at 480 and put stop loss at 474.

MCX Refined Soy Oil June Contract:

BUY Above 476; T1 near 479, T2 near 480 and put stop loss at 474.

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

Centres	17.05.07	16.05.07	Change
Mumbai (Soy Ref oil)+VAT	461	462	-1
Indore (Soy Ref oil)	464	468	-4
Kota (Soy Ref. Oil)+VAT	460	460	0
Hyderabad (Soy Ref)+VAT	485	480	+5
Rajkot (Soy Ref)+Tax	455	455	0

International Highlights**BMD CPO futures Finish in Bullish Tone**

Amidst bullish overnight CBOT soy futures CPO futures reflected bullishness on Bursa Malaysian Derivatives on Thursday. The most active August contract for crude palm oil futures rose by MYR10 at MYR2,333 per tonne, however gains are capped by low buying interest on national holiday in Indonesia and several European countries. Indonesian government is planning to raise export taxes as well as to reserve certain quantity of palm oil to keeps the adequate supply in domestic markets.

Domestic Spot Market Highlights

Despite bullish BMD CPO futures, spot prices of palm oil turned bearish in domestic markets on low demand and weakness in soy oil market. Palm oil prices also dropped to remains in sync with mustard oil. The crude palm oil CIF prices increased on Thursday at \$765 per tonne for June shipment as compared to 750 per tonne on Wednesday. Traders are expecting domestic palm oil prices are likely to trade steady to bearish on underlying weakness in BMD and Indonesian market.

BMD: CPO Futures (17.05.2007)**(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jun 07	2477	2470	2486	2463	2480	+3	793
Jul 07	2388	2380	2397	2370	2393	+5	3553
Aug 07	2323	2316	2338	2309	2333	+10	6652
Sep 07	2304	2296	2303	2282	2300	-4	710
Oct 07	2276	0	2288	0	2276	0	0

*BMD Remains Closed on Saturday and Sunday.

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

Centres	17.05.07	16.05.07	Change
Kandla CPO (5 % FFA)	415	417	-2
Kandla RBD Palmolein +VAT	442	444	-2
Mumbai RBD Palmolein +VAT	456	458	-2
Chennai RBD Palmolein +VAT	458	461	-3
Kakinada RBD Palmolein +VAT	446	446	0
Hyderabad RBD Palmolein +VAT	465	463	+2
Delhi RDB Palmolein	490	490	0

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	17.05.07	16.05.07	Change
Crude Soy Oil	778	775	+3
Crude Palm Oil	765	750	+15
Sunflower Oil	814	814	0

Rape/Mustard oil

Weak demand from states outside Rajasthan and fall in mustard seeds prices induced bearishness on oil in domestic markets. Stockists refrained themselves of aggressive buying on expectation of further fall in mustard oil prices in coming days. 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 traded on softer side due to sluggish demand. As current price of groundnut oil is unsupportive to induce buyers appetite and they were stayed away from market. Currently groundnut harvest has spread in many parts of Gujarat and arrivals have begun in Saurashtra region. In prevailing time cotton crop is better remunerative to groundnut that may support farmers market to limit fall in oil prices ahead.

Refined Sunflower Oil

Despite weakness in other vegetable oil, refined sunflower oil remained bullish on steady demand and dwindling oil stocks in the market. Today, market also gathered bullish momentum on overnight firmed up CBOT market. The CIF prices of sunflower oil remained unchanged on Thursday to previous \$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

Spot prices of refined cottonseeds oil continued to rule bearish across domestic market on lacklustre trade activities and poor demand. Weakness in palm oil and soy oil are also pressured the cottonseeds oil. The low exports of cotton to overseas market due to strengthening rupees aided the bearishness. According to traders, cottonseeds oil prices are likely to fall further to move in tandem with imported soy oil.

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

Centres	17.05.07	16.05.07	Change
Mumbai (Exp. Oil) +VAT	461	466	-5
Kota (Exp. Oil)+VAT	435	435	0
Jaipur (Exp. Oil)+VAT	445	445	0
Delhi (Exp. Oil)	457	457	0
Neewai (Exp. Oil) +VAT	435	438	-3

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	17.05.07	16.05.07	Change
Mumbai +VAT	645	645	0
Rajkot +VAT	670	675	-5
Andhra Region +VAT	680	680	0
Chennai +VAT	625	630	-5
Delhi	690	690	0

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

Centres	17.05.07	16.05.07	Change
Mumbai +VAT	535	535	0
Chennai +VAT	547	545	+2
Hyderabad +VAT	545	545	0

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

Centres	17.05.07	16.05.07	Change
Mumbai +VAT	472	473	-1
Hyderabad +VAT	475	477	-2
Rajkot + VAT	464	465	-1
Delhi	454	454	0

Forex Rates

(As on 17.05.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.84
European Union	Euro	55.23
Japan	100 Yen	33.78
United Kingdom	Pound Sterling	80.73

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

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