

## VEGOIL DAILY

May 11th, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Spot prices of refined soy oil continued to trade weak on Thursday amidst sluggish demand and fears of cheap availability of import soy oil after mid May. The ideas of speed up of corn plantation in next week would pull acreage from soybeans helped gains of CBOT soy futures. BMD CPO futures also remained firm on bullish exports data by SGS, which highlighted Malaysian palm oil exports increased by 4.8% at 451,816 metric tons (MT) during May 1-10 as compared to 431,121 MT during April 1-10. Malaysian Palm oil Board (MPOB) on Thursday reflected crude palm oil stocks in April month dropped by 11.7% at 1.18 million metric tons against 1.34 million metric tons a month ago. The crude soy oil CIF prices increased on Thursday at \$753 per tonne for May shipment against \$750 per tonne on Wednesday. As current status at ports shows many vessels of crude soy oil and palm oil are expected to unload after mid May, which could depress soy oil in coming days.

#### FUTURES MARKET:

**NCDEX** refined soy oil most active June contract continued to remain firm on follow-through buying interest. Market also generated bullish momentum on bullish BMD and CBOT. Contract opened at Rs. 476.6 per 10kg against Wednesday closing of Rs 475.9 per 10 Kg and futures closed at Rs 478.9 per 10 Kg.

**MCX** refined soy oil futures June contract settled firm on Thursday on tracking bullish BMD and CBOT soy oil futures and futures closed at Rs. 479.3 per 10 kg. The contract opened at Rs 477.6 per 10 Kg against Wednesday closing of Rs 476.85 per 10 Kg. The contract touched a high and lows of Rs 480.4 and 476.4 per 10 kg respectively.

#### PRICE DRIVERS:

- Bullish BMD CPO and CBOT soy futures
- Malaysian Crude palm oil stocks dropped in April by 11.7%
- Appreciating rupee V/s dollar
- Weakness in other edible oil
- Sluggish demand of soymeals at ports

#### Weather

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

#### TECHNICALS

Chart pattern indicates bullish candlestick with slight tentativeness at higher levels. Prices recouped previous loss and closed below the short term EMA's indicates medium term weakness intact in the market. MACD has entered into negative territory. Stochastic fell further and attempt to oversold zone whereas RSI shows recovery in neutral region. Both the Volume and Open interest declined.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	470	472	478.9	483	485
MCX-June	471	473	479.7	483	485

#### TRADE RECOMMENDATION:

**NCDEX** Refined Soy Oil June Contract:

**SELL Below** 480; T1 near 478 and T2 477 and put stop loss at 482.

**MCX** Refined Soy Oil June Contract:

**SELL Below** 480; T1 near 478, T2 near 477 and put stop loss at 482.

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

Centres	10.05.07	09.05.07	Change
Mumbai (Soy Ref oil)+VAT	472	474	-2
Indore (Soy Ref oil)	465	467	-2
Kota (Soy Ref. Oil)+VAT	NA	468	-
Hyderabad (Soy Ref)+VAT	485	485	0
Rajkot (Soy Ref)+Tax	460	460	0

## International Highlights

### BMD Crude Palm oil Futures Ends Bullish on Thursday

Bullish exports data propelled crude palm oil futures on Thursday on Bursa Malaysian Derivatives. The most active July contract of CPO futures finished MYR31 high above psychological level of MYR2,300 at MYR2,320 per tonne. SGS (a cargo surveyor) estimated palm oil exports for May 1-10 highlighted exports rose by 4.8% at 451,816 metric tons (MT) as compared to 431,121 MT in April 1-10. Malaysian Palm Oil Board (MPOB), also released palm oil exports sales estimation for April month and highlighted exports surged by 5.9% at 1.12 million metric tonne as compared to 1.06 metric tons in March. Crude palm oil stocks by April end dropped by 11.7% at 1.18 million metric tons against 1.34 million metric tons a month ago.

## Domestic Spot Market Highlights

Spot prices of palm oil continued to trade almost range bound on steady demand/supply and bullish BMD CPO futures. Follow-through of government prices control operation and strengthening rupiah pressured palm oil prices in **Indonesian** market. To India, As per recent SGS cargo surveyor estimations, Malaysian palm oil exports to **India** dropped significantly by 77.65% at 9,000 MT during May 1-10 against 40,265 MT during a month ago. Tapering palm oil stocks in Malaysian with underlying bullishness at CBOT and currently higher spot prices domestically would produce mixed reaction ahead.

### BMD: CPO Futures (10.05.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
May07	2407	2406	2440	2398	2450	+43	215
Jun.07	2356	2370	2400	2365	2408	+52	1869
Jul.07	2289	2290	2322	2290	2320	+31	10220
Aug.07	2244	2258	2266	2242	2260	+16	4800
Sep.07	2225	2230	2239	2219	2243	+18	1323

\*BMD Remains Closed on Saturday and Sunday.

### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	10.05.07	09.05.07	Change
Kandla CPO (5 % FFA)	415	415	0
Kandla RBD Palmolein +VAT	445	445	0
Mumbai RBD Palmolein +VAT	452	455	-3
Chennai RBD Palmolein +VAT	458	458	0
Kakinada RBD Palmolein +VAT	442	442	0
Hyderabad RBD Palmolein +VAT	457	454	+3
Delhi RDB Palmolein	490	490	0

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

Edible Oil	10.05.07	09.05.07	Change
Crude Soy Oil	753	750	+3
Crude Palm Oil	NA	750	-
Sunflower Oil	777	780	-3

### Rape/Mustard oil

Follow-through sluggish demand and weakness in other edible oil pushed down mustard oil prices domestically. Arrivals of mustard seeds declined by around 25,000 bags at 1.25 lakh bags on Thursday. Expellers were reported to unload mustard oil at competitive prices on apprehensions of cheap availability of imported soy and palm oil in coming days. As currently low mustard oil and meals demand at ports would continue to pressure oil prices ahead.

### Groundnut Oil

Groundnut oil traded almost range bound on steady demand/supply. Chennai markets reflected some bullishness on improved demand. The low meal demand in domestic markets continued to limit the upside price movement in groundnut oil. In the current scenario of groundnut harvest and low demand for meal, is likely to pressure oil in short-term.

### Refined Sunflower Oil

Spot prices of refined sunflower oil traded in bullish tone amidst improved demand and slight shortage. In Hyderabad markets increased crude sunflower oil prices strengthened refined oil prices. The CIF prices of sunflower oil declined further on Thursday at \$ 777 per tonne for May shipment against \$780 per tonne on Wednesday. Current weakness in other edible oil is likely to pressure refined sunflower oil in coming days.

### Refined Cottonseeds Oil

On Thursday, refined cottonseeds oil traded mixed on erratic demand. Weakness in groundnut oil is depressing cotton oil prices as both share same market. 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	10.05.07	09.05.07	Change
Mumbai (Exp. Oil) +VAT	461	461	0
Kota (Exp. Oil)+VAT	431	434	-3
Jaipur (Exp. Oil)+VAT	441	444	-3
Delhi (Exp. Oil)	450	450	0
Neewai (Exp. Oil) +VAT	428	430	-2

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

Centres	10.05.07	09.05.07	Change
Mumbai +VAT	625	625	0
Rajkot +VAT	665	665	0
Andhra Region +VAT	685	685	0
Chennai +VAT	590	585	+5
Delhi	680	680	0

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

Centres	10.05.07	09.05.07	Change
Mumbai +VAT	520	520	0
Chennai +VAT	535	535	0
Hyderabad +VAT	545	535	+10

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

Centres	10.05.07	09.05.07	Change
Mumbai +VAT	472	474	-2
Hyderabad +VAT	478	475	+3
Rajkot + VAT	462	462	0
Delhi	453	460	-7

### Forex Rates

(As on 10.05.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	41.00
European Union	Euro	55.58
Japan	100 Yen	34.16
United Kingdom	Pound Sterling	81.80

## 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	Expected (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 (10.05.2007)
	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)

\*Crude Fatty Acid

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