

## VEGOIL DAILY

May 16<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Despite firm soy oil at CBOT, domestic soy oil traded weak across spot markets on Tuesday tracking bearish cues from palm oil at BMD. Malaysian palm oil exports in the first 15 days of the month totalled 6.37 lakh metric tons, down 4.5% from 6.66 lakh tons in the same period last month, cargo surveyor Intertek Agri Services said Tuesday. Strengthening value of Malaysian Ringgits against US dollars may undermine the exporters interests. On Tuesday evening 1 USD = 3.40244 MYR against last Friday's closing of 3.4110 MYR. The crude soy oil CIF prices for June shipment stood at previous days levels of \$ 775 /tonnes. Vessels carrying CPO and CDSBO are expected to arrive shortly at Kandla port by weekend, following which the prices of domestic soy oil would soften further. As per SOPA, the import of edible oils during April 2007 is reported at 3.06 lakh tons compared to 3.54 lakh tons in April 2006 i.e. down by 14%. The imported volumes have squeezed and one needs to keep close track on the volumes of imported oils for May and June deliveries that would decide price dynamics for domestic edible oils, as soaring oceanic freight charges may limit importers buying interest.

#### FUTURES MARKET:

The most active **NCDEX** refined soy oil June contract traded weak on higher selling interest and weak palm oil BMD. The contract opened at Rs. 481.95 per 10 kg against previous closing of Rs 482.35/10 Kg. Contract settled lower at Rs 478.10/10 Kg.

The **MCX** refined soy oil June contract traded bearish tracking weak palm oil at BMD and higher selling interest. The contract opened at Rs. 481.25 per 10 kg against previous closing of Rs 482.5/10 Kg. Contract settled lower at Rs 478.2/10 Kg.

#### PRICE DRIVERS:

- Malaysian palm oil exports fell 4.5% during 1<sup>st</sup> half of May
- Soaring oceanic freight charges for imports.
- Vessels carrying imported oils on shores.
- Imported oils to arrive this week.

#### Weather

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

#### TECHNICALS

Candlestick shows bearishness. MACD is running flat in positive territory. Stochastic is heading up after making bullish cross over, whereas declining RSI shows steady decline in positive momentum. Volume increased and open interest declined. Prices are vulnerable to corrections unless it overcomes immediate resistance at 478-480 levels.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	470	472	478.10	481	483
MCX-June	469	471	478.20	481	484

#### TRADE RECOMMENDATION:

**NCDEX** Refined Soy Oil June Contract:

**SELL BELOW 477;** T1 near 475 and T2 at 474 and put stop loss at 479.

**MCX** Refined Soy Oil June Contract:

**SELL Below 478;** T1 near 475, T2 near 473 and put stop loss at 479.

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

Centres	15.05.07	14.05.07	Change
Mumbai (Soy Ref oil)+VAT	465	477	-12
Indore (Soy Ref oil)	468	472	-4
Kota (Soy Ref. Oil)+VAT	460	465	-5
Hyderabad (Soy Ref)+VAT	480	485	-5
Rajkot (Soy Ref)+Tax	455	465	-10

## 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 2346/ton against previous closing level of MYR 2389/ton. Volumes improved to 10,128 lots. The market feared that prices of palm oil have risen rapidly on global demand for edible oils and biofuel as well. Malaysia's palm oil exports fell 4.5 percent in the first 15 days of this month from the same period in April, independent cargo surveyor Intertek Malaysia said today. A total of 637,090 metric tons of bulk palm oil shipments through Malaysian seaports were tracked in the period.

### Domestic Spot Market Highlights

Prices of palm oil across spot markets shed off initial gains on Monday on bearish cues from palm oil futures at BMD. Palm oil prices in Chennai stood range bound on Tuesday and softened elsewhere. The CIF prices for crude soy oil and crude palm oil stood at \$ 775 per tonne and \$765 per tonne respectively on Tuesday for June shipment. The CIF prices of palm oil rose by \$ 5 over previous days prices. Traders expect that supply squeeze for palm oil is likely to keep prices steady to firm in medium term. Pressure of imported oils namely palms and soy oil are likely to pressure domestic prices further.

#### BMD: CPO Futures (15.05.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
May07	2569	2565	2565	2555	2250	-19	172
Jun.07	2471	2447	2458	2419	2438	-33	2044
Jul.07	2389	2372	2375	2328	2346	-43	10128
Aug.07	2324	2308	2312	2274	2296	-28	9082
Sep.07	2296	2265	2270	2242	2269	-27	578

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	15.05.07	14.05.07	Change
Kandla CPO (5 % FFA)	416	420	-4
Kandla RBD Palmolein +VAT	436	446	-10
Mumbai RBD Palmolein +VAT	453	465	-12
Chennai RBD Palmolein +VAT	460	460	0
Kakinada RBD Palmolein +VAT	444	447	-3
Hyderabad RBD Palmolein +VAT	465	468	-3
Delhi RDB Palmolein	490	495	-5

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

Edible Oil	15.05.07	14.05.07	Change
Crude Soy Oil	775	775	0
Crude Palm Oil	765	760	+5
Sunflower Oil	NA	NA	-

### Rape/Mustard oil

Spot market prices of expeller oil remained range bound except for slight weakness in Mumbai regions on bearish cues from palm oil at BMD. The daily arrivals on Tuesday declined to 1.25 lakh bags, from previous days arrivals of 1.35 lakh bags. Arrivals are subject to decline further if imported edible oils continue to mount pressure on domestic oils. Evidently the prices of seeds would not be attractive enough for stockists to sell it off as demand from millers and processing units would remain subdued on continued selling pressure at retail end

### Groundnut Oil

Groundnut oil prices stood mixed on Tuesday. The recent move by Andhra Pradesh state government to subsidize 5.5 lakh quintals of groundnut seeds to farmers have discouraged stockists on temporary basis as supply of seeds is likely to commence from second half of June. In Rajkot market the rates for different qualities of nuts across different centres in the states softened marginally on Tuesday and were quoted in a range of Rs 410 to 515/20 Kg.

### Refined Sunflower Oil

Spot prices of refined sunflower oil stood firm on Tuesday. As per market sources, costlier crude sunflower oil capped the gains to certain extent. As per market observers, the demand for sunflower oil at retail end continues to remain firm on local preference and price advantage over substitute available oils in South India.

### Refined Cottonseeds Oil

Spot prices of cottonseeds oil softened on Tuesday on general weakness in edible oils. 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. With Pakistan allowing imports of long staple cotton from India,

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

Centres	15.05.07	14.05.07	Change
Mumbai (Exp. Oil) +VAT	467	470	-3
Kota (Exp. Oil)+VAT	435	435	0
Jaipur (Exp. Oil)+VAT	445	445	0
Delhi (Exp. Oil)	460	460	0
Neewai (Exp. Oil) +VAT	438	NA	-

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

Centres	15.05.07	14.05.07	Change
Mumbai +VAT	645	640	+5
Rajkot +VAT	675	690.95	-15.95
Andhra Region +VAT	680	685	-5
Chennai +VAT	610	610	0
Delhi	690	690	0

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

Centres	15.05.07	14.05.07	Change
Mumbai +VAT	535	525	+10
Chennai +VAT	540	540	0
Hyderabad +VAT	540	535	+5

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

Centres	15.05.07	14.05.07	Change
Mumbai +VAT	473	475	-2
Hyderabad +VAT	578	580	-2
Rajkot + VAT	466	NA	-
Delhi	455	460	-5

### Forex Rates

(As on 15.05.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.87
European Union	Euro	55.39
Japan	100 Yen	33.98
United Kingdom	Pound Sterling	80.99

## PORT-WATCH (Latest):

### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Maersk Bristol	12,000	CDSBO	Expected (17.05.2007)
	M.T. Gem of Dahej	9,200	CPO	Expected (20.05.2007)
	M.T. Integrity	15,000	CDSBO	Expected (20.05.2007)
	<b>M.T.Purvati</b>	<b>18,500</b>	<b>CDSBO</b>	<b>Expected (18.05.07)</b>
Mumbai	Samho Heron	8,000	CPO	Expected (15.05.2007)
Tuticorin	Star Dust	8,200	Palm oil	Expected (16.05.2007)
	Spring Wind	4,100	Palm oil	Expected (19.05.2007)

\*Crude Fatty Acid

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