

VEGOIL DAILY

May 25th, 2007

REFINED SOY OIL

SPOT MARKET:

Fears of oversupplies and weak demand continued to pressure refined soy oil in most of trading centres. Weakness in soy meal is maintained in domestic market and ports. BMD CPO futures rose sharply on Thursday on anticipation for bullish exports data for May 1-20 and near month June contract broke psychological barrier of MYR2,500 per tonne. Bearish CBOT soy futures firmed up in overnight on follow-through buying interest, bullish palm oil futures with erratic rain conditions in corn plantation. The crude soy oil CIF prices for June shipment remained unchanged on Thursday at \$780 per tonne. Fall in palm oil import from Indonesia and strong exports with prospects of tight supply would continue to support BMD, which in turn support domestic market to fall sharply on apprehension of exceeding supplies in near-term.

FUTURES MARKET:

The NCDEX most active June contract of refined soy oil at ended high on Thursday on follow-through rallies. Bullish CBOT and BMD CPO futures aid bullish support. The contract open firmed at Rs. 474 per 10 kg against previous closing of Rs 473.35 per 10 Kg and contract closed down at Rs 476.25 per 10 Kg.

Following bullish BMD CPO futures **MCX** refined soy oil June contract settled high with improving prospects of demand and supply.. Futures open at Rs. 473.9 per 10 kg against previous closing of Rs 473.7 per 10 Kg. Contract finished up at Rs 476.4 per 10 Kg.

PRICE DRIVERS:

- Bullish CBOT and BMD CPO futures
- Appreciating rupees v/s dollar
- Pressure from underlying weakness in mustard oil
- Low crushing margins for soy oil
- Many vessels are expected to arrival in coming days

Weather

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

TECHNICALS

Candlestick chart pattern exhibits Firmness in the market. MACD and EMA indicate further firmness in the market. Stochastic has made bullish crossover in oversold region that shows recovery. While RSI in rising in neutral zone. Market is expected to trade up following steady to slightly firm opening. Both volume and open interest declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	474	475	476.25	482	484
MCX-June	473	475	476.4	483	484

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil June Contract:

BUY Above 477; T1 near 479 and T2 near at 480 and put stop loss at 476.

MCX Refined Soy Oil June Contract:

BUY Above 477; T1 near 479, T2 near 480 and put stop loss at 476.

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

Centres	24.05.07	23.05.07	Change
Mumbai (Soy Ref oil)+VAT	455	458	-3
Indore (Soy Ref oil)	456	458	-2
Kota (Soy Ref. Oil)+VAT	455	460	-5
Hyderabad (Soy Ref)+VAT	485	485	0
Rajkot (Soy Ref)+Tax	455	455	0

International Highlights**BMD CPO futures Breach Psychological Barrier of MYR 2,400**

Anticipation for bullish exports sales data for Malaysian Palm oil propelled crude palm oil futures high on Bursa Malaysian Derivatives. On Thursday market show confidence to broke the psychological barrier of MYR 2,400 per tonne. The most active August contract gained further by MYR56 at MYR2,445 per tonne and near month June contract breach the physiological barrier of MYR2,500 per tonne and closed at MYR2,577. As well as market borrowed bullish momentum from overnight firmed up CBOT soy futures.

Domestic Spot Market Highlights

Spot prices of palm oil prices escalated domestically on steady demand and bullish BMD CPO futures. Indonesian palm oil market turned bullish on Thursday amidst restricted supplies with strong demand and prospects of tight supplies in coming month. Currently mainly vessels are performing at ports while others are likely to arrivals in short-term, which would control palm oil prices in domestic market ahead.

BMD: CPO Futures (24.05.2007)**(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jun 07	2510	2520	2577	2519	2577	+67	544
Jul 07	2441	2450	2509	2450	2509	+68	4022
Aug 07	2389	2395	2445	2395	2445	+56	6933
Sep 07	2348	2357	2413	2357	2413	+65	1066
Oct 07	2323	2340	2395	2340	2390	+67	39

*BMD Remains Closed on Saturday and Sunday.

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

Centres	24.05.07	23.05.07	Change
Kandla CPO (5 % FFA)	420	418	+2
Kandla RBD Palmolein +VAT	444	441	+3
Mumbai RBD Palmolein +VAT	452	450	+2
Chennai RBD Palmolein +VAT	463	460	+3
Kakinada RBD Palmolein +VAT	451	450	+1
Hyderabad RBD Palmolein +VAT	468	460	+8
Delhi RDB Palmolein	490	490	0

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	24.05.07	23.05.07	Change
Crude Soy Oil	780	780	0
Crude Palm Oil	NA	780	-
Sunflower Oil	830	830	0

Rape/Mustard oil

Spot prices of mustard oil traded steady to weak across domestic markets on steady dull sentiments for demand. Mustard seeds arrivals remained unchanged on Thursday at 1 lakh. However, the crushing margin for mustard oil remain supportive for fresh crushing but expellers remain disinterested on weak offtake from their end. In prevailing steady meal sentiments in domestically as well as on ports with weak demand for oil is likely to extend the current prices level to coming days.

Groundnut Oil

Limited oil inventories with improved demand in domestic markets cast firmness for groundnut oil domestically. Fresh arrivals in Delhi market results weakness in prices. Still crushing margin for groundnut is low and crushers are waiting for spurt of bullish demand for fresh crushing. As cotton is better remunerative crop as compared to groundnut and shift of acreage is expecting from traders that may further support groundnut oil in coming month.

Refined Sunflower Oil

Refined sunflower oil traded on higher side on steady demand. Bullishness in other vegetable oil had spill over impact domestically. The CIF prices of sunflower oil remained unchanged on third consecutive day at \$830 per tonne for June shipment on Thursday. Amidst underlying firmness in overseas markets with sluggish demand domestically that is likely to limit the upside movement in near-term.

Refined Cottonseeds Oil

Following groundnut oil, cottonseeds oil reflected bullish trends in spot market. However, oil demand remained steady. Crushing margin is unable to support the fresh cottonseeds crush that supported market too. As cottonseeds oil and groundnut oil share same market, which is likely to move in tandem in approaching days.

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

Centres	24.05.07	23.05.07	Change
Mumbai (Exp. Oil) +VAT	460	460	0
Kota (Exp. Oil)+VAT	430	430	0
Jaipur (Exp. Oil)+VAT	440	440	0
Delhi (Exp. Oil)	456	458	-2
Neewai (Exp. Oil) +VAT	430	433	-3

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	24.05.07	23.05.07	Change
Mumbai +VAT	655	650	+5
Rajkot +VAT	670	660	+10
Andhra Region +VAT	680	675	+5
Chennai +VAT	620	625	-5
Delhi	690	695	-5

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

Centres	24.05.07	23.05.07	Change
Mumbai +VAT	532	532	0
Chennai +VAT	540	547	-7
Hyderabad +VAT	550	550	0

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

Centres	24.05.07	23.05.07	Change
Mumbai +VAT	467	467	0
Hyderabad +VAT	472	472	0
Rajkot + VAT	463	460	+3
Delhi	450	450	0

Forex Rates

(As on 24.05.07)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	40.57
European Union	Euro	54.57
Japan	100 Yen	33.38
United Kingdom	Pound Sterling	80.64

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA**	Expected (23.05.2007)
	Sichem Edinburgh	12,000	PFAD*	Expected (25.05.2007)
	Neveska Lady	26,340	CDSB 0	Expected (25.05.2007)
Mumbai	Global Neptune	5,950	CPO	Arrived (22.05.2007)
	Star Dream	4,000	Palm oil	Expected (30.05.2007)
New Manglore	Maria-E	10,000	CPO	Arrived (24.05.2007)
	Eastern Daisis	7,500	SBO	Expected (02.06.2007)
Mundra	MT Nogogini	10,500	CPO/PFAD*	Expected (26.05.2007)
	Champion Bralii	23,600	DSBO	Expected (27.05.2007)

*Palm Fatty Acid Distillate

**Crude Fatty Acid

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