

VEGOIL DAILY

May 24th, 2007

REFINED SOY OIL

SPOT MARKET:

On Wednesday, refined soy oil traded almost range bound on balance in demand and supply and bullish BMD CPO futures on prospects of tight supply in near futures. Government is planning to implement edible oil under public distribution system (PDS), which allow below poverty line consumers to get edible oil cheaper rates as compare to physical market bring underlying bearishness in the market. Speed up soybeans plantation, favourable weather outlook, weakness in other grains and crude oil pushed back soy futures on CBOT. As per USDA reports, U.S. soybeans plantation 59% has completed as on May 20 as compared to 52% a year ago on same date. The crude soy oil CIF prices declined on Wednesday at \$780 per tonne for June shipment against \$785 per tonne on Tuesday. 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 most active June contract of refined soy oil at **NCDEX** finished up on follow-through rallies and bullish BMD CPO futures. The contract open weak at Rs. 471 per 10 kg against previous closing of Rs 472 per 10 Kg and contract closed down at Rs 473.6 per 10 Kg.

MCX refined soy oil June contract settled high on tracking BMD CPO futures with an increase in buying interest. Futures open at Rs. 471.5 per 10 kg against previous closing of Rs 472.8 per 10 Kg. Contract finished up at Rs 473.75 per 10 Kg.

PRICE DRIVERS:

- Bullish BMD CPO futures
- 59% U.S. soybeans plantation has completed as on May 20
- Government is planning to implement edible oil under PDS
- Appreciating rupees v/s dollar
- Crude soy oil CIF value declined

Weather

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

TECHNICALS

Long lower shadow candlestick indicates and increases in buying interest. MACD shows recovery in negative zone. Prices closed below 9/18 days EMA suggests strong bearish trends. Stochastic is attempts to make bullish crossover in oversold region. While RSI in rising in neutral zone. Market is expected to trade upward with steady to slightly firm opening. Volume increased significantly while open interest declined marginally.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	468	469	473.6	475	476
MCX-June	467	468	473.75	476	477

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil June Contract:

BUY Near 471; T1 near 473 and T2 near at 474 and put stop loss at 470.

MCX Refined Soy Oil June Contract:

BUY Near 471; T1 near 473, T2 near 474 and put stop loss at 470.

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

Centres	23.05.07	22.05.07	Change
Mumbai (Soy Ref oil)+VAT	458	458	0
Indore (Soy Ref oil)	458	458	0
Kota (Soy Ref. Oil)+VAT	460	NA	-
Hyderabad (Soy Ref)+VAT	485	485	0
Rajkot (Soy Ref)+Tax	455	455	0

International Highlights

BMD CPO futures Settles High on Prospect of Tight Supply

Dwindling stocks coupled with strong exports propelled Malaysian crude palm oil futures high across the board on Bursa Malaysian Derivatives on Wednesday. The most active August contract surge further by MYR14 at MYR2,389 per tonne. Market lack the excitement results trade activities remained dull. During first four months, palm oil exports dropped by 9% whereas imports fall by 75% amidst increased freight rates and strengthen currency in Indonesia.

Domestic Spot Market Highlights

Spot prices of palm remained unchanged to yesterday prices in most of trading centres on steady demand and supply. As per market sources, tight supply was reports in Kakinada and Chennai market. Indonesia CPO market turned range bound on Wednesday as traders are waiting for fresh fundamental of demand and supply. Indonesian government is like to lift restriction on RBD olein supported market to some extent. The crude palm oil CIF prices remained unchanged on Wednesday at \$780 per tonne for June shipment. 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 (23.05.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jun 07	2503	2490	2510	2490	2510	+7	687
Jul 07	2428	2420	2441	2410	2441	+13	1294
Aug 07	2375	2364	2389	2356	2389	+14	4302
Sep 07	2345	2328	2349	2325	2348	+3	901
Oct 07	2323	2305	2324	2305	2323	0	176

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	23.05.07	22.05.07	Change
Kandla CPO (5 % FFA)	418	418	0
Kandla RBD Palmolein +VAT	441	441	0
Mumbai RBD Palmolein +VAT	450	450	0
Chennai RBD Palmolein +VAT	460	459	+1
Kakinada RBD Palmolein +VAT	450	450	0
Hyderabad RBD Palmolein +VAT	460	460	0
Delhi RDB Palmolein	490	490	0

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	23.05.07	22.05.07	Change
Crude Soy Oil	780	785	-5
Crude Palm Oil	780	780	0
Sunflower Oil	830	830	0

Rape/Mustard oil

Low demand from states outside Rajasthan and fall in mustard seeds prices induced bearishness on oil but prices remain range bound on improved buying from stockists. Stockists refrained themselves from aggressive buying on expectation of further fall in mustard oil prices in on pressure from imported oil availability in coming day. As current prices of mustard seeds are low, farmers remained disinterest to unload in physical markets.

Groundnut Oil

On Wednesday, groundnut oil trade range bound on balance in demand and supply. Due to currently higher prices of groundnut oil, buyers stepped back. Stockists and expellers are expects to speed up their groundnut seeds demand ahead on anticipation of an increase in groundnut seeds arrivals in Gujarat, which supported market. As prevailing weather is suitable for groundnut harvest, oil prices are expects to fall in major trading centers in near term.

Refined Sunflower Oil

Spot prices of refined sunflower oil remained mixed on erratic demand. The low sentiments for sunflower meals limited had capped the gains of sunflower oil. The CIF prices of sunflower oil remained unchanged on second consecutive day at at \$830 per tonne for June shipment. As per trade sources, refined sunflower oil is likely to trade steady to bullish on limited oil inventories with stockists in the market.

Refined Cottonseeds Oil

Demand of cottonseeds oil remained dull in domestic markets on expectation for further fall in prices. As cotton demand is rising in domestic as well as international market, area under cotton cultivation is likely to improve further, which in turn add cottonseeds in the market ahead. As per traders cottonseeds oil is likely to trade steady to bearish ahead amidst low demand of cotton meals in domestic markets.

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

Centres	23.05.07	22.05.07	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)	NA	458	-
Neewai (Exp. Oil) +VAT	433	433	0

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	23.05.07	22.05.07	Change
Mumbai +VAT	650	645	+5
Rajkot +VAT	660	660	0
Andhra Region +VAT	675	675	0
Chennai +VAT	625	625	0
Delhi	695	695	0

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

Centres	23.05.07	22.05.07	Change
Mumbai +VAT	532	530	+2
Chennai +VAT	547	547	0
Hyderabad +VAT	550	552	-2

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

Centres	23.05.07	22.05.07	Change
Mumbai +VAT	467	467	0
Hyderabad +VAT	472	474	-2
Rajkot + VAT	460	462	-2
Delhi	450	450	0

Forex Rates

(As on 23.05.07)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	40.55
European Union	Euro	54.58
Japan	100 Yen	33.33
United Kingdom	Pound Sterling	80.08

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Gem of Dahej	9,200	CPO	Expected (21.05.2007)
	Hari Kripa	2,000	CFA**	Expected (21.05.2007)
	Integrity	15,000	CDSBO	Expected (22.05.2007)
	Sichem Edinburgh	12,000	PFAD*	Expected (25.05.2007)
	Neveska Lady	26,340	CDSB O	Expected (25.05.2007)
Mumbai	Global Neptune	5,950	CPO	Expected (22.05.2007)
	Star Dream	4,000	Palm oil	Expected (30.05.2007)
Tuticorin	Star Dust	8,200	Palm oil	Arrived (16.05.2007)
	Spring Wind	4,100	Palm oil	Arrived (18.05.2007)
New Mangalore	Maria-E	10,000	CPO	Expected (23.05.2007)
Kolkata	Zhong Hua-7	6,500	CPO	Arrived (19.05.2007)
Chennai	S.C.Guoji	6,000	CPO	Arrived (22.05.2007)

*Palm Fatty Acid Distillate

**Crude Fatty Acid

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