

## VEGOIL DAILY

June 22, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Delay monsoon progress in major soybeans producing regions, Steady demand and recovery in BMD CPO futures in last hours helped support to refined soy oil on domestic markets. Actively participation of stockists by holding back of soyoil stocks aided bullishness. The Agricultural Secretariat of Argentina raised production output for 2006-07 soybeans crop by 2 million tonnes at 47.2 million tonnes as compared to last month estimation. While soybeans harvesting is slow and only 94% has been completed so far on June 20 as compared to 99% same period last year contribute bullishness there. Gain in corn and wheat, doubtful condition for heavy rain in Eastern Corn Belt, active funds buying helped support to soy futures but upside restricted by fall in palm oil futures on Wednesday with weakness in crude oil price. The crude soy oil CIF price for July shipment dropped further at \$811 per tonne on Thursday against \$818 per tonne on Wednesday.

#### FUTURES MARKET:

Amidst improved buying interest with bullish ends of BMD CPO futures helped NCDEX refined soy oil July contract to remained firm on Thursday. The July futures contract opened slightly firm at Rs. 486.5 per 10 kg against Wednesday closing level at Rs 486.25 per 10 Kg. Contract closed up at Rs. 490.25 per 10 Kg.

MCX refined soy oil July contract settled up on delay monsoon in major soybeans producing regions coupled with bullish BMD CPO futures. The contract opened firmed at Rs. 486.1 per 10 kg against yesterday closing level at Rs. 485.85 per 10 Kg and contract finished up at Rs. 489.7 per 10 Kg.

#### PRICE DRIVERS:

- Increased Argentina soybeans crop production estimations
- Slow soybeans crop harvesting in Argentina
- Crude soy oil CIF value declined by \$7
- Many vessels carrying crude soy oil are expecting to hit Kandla port soon
- Delay monsoon progress over soybeans producing regions

#### Weather

Isolated rainfall is expecting in south and North Madhya Maharashtra, and in parts of Rajasthan which enhanced sowing sentiments.

#### TECHNICALS

Candlesticks chart patterns suggests increase in buying interest. EMA pattern hints for short-term firmness. MACD shows mild recovery in positive territory. Both stochastic and RSI is rising in neutral region. Market is expected to trade upward with steady to slightly firm opening. Volume increased and open interest declined.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-July	486	487	490.25	495	496
MCX-July	485	486	489.7	495	497

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil July Contract:

**BUY Above** 490; T1 near 493 and T2 near at 494 and put stop loss at 488.5.

MCX Refined Soy Oil July Contract:

**BUY Above** 489; T1 near 492 and T2 near at 493 and put stop loss at 487.5.

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

Centres	21.06.07	20.06.07	Change
Mumbai (Soy Ref oil)+VAT	460	463	-3
Indore (Soy Ref oil)	462	461	+2
Kota (Soy Ref. Oil)+VAT	468	467	+1
Hyderabad (Soy Ref)+VAT	485	482	+3
Rajkot (Soy Ref)+Tax	462	460	+2

**International Highlights****BMD CPO Futures Finish Mixed**

Lack of fresh fundamentals of demand and supply combined with continue selling pressure overpowered crude palm oil futures on Bursa Malaysian Derivatives on Thursday but market recouped in late hours as traders preferred to square-off their position. The most active September contract of CPO futures finished MYR11 up at MYR2,388 per tonne. Traders are also expecting improving prospects of palm oil production led bearishness.

**Domestic Spot Market Highlights**

Spot prices of palm oil remained on correction mode in most of trading centers on exceeding demand to supply. As per market observers, Indonesian government has projected crude palm oil production to increase by 7.8% at 17.44 million tonnes in current year, which is able to feed domestic need (4.35 million tonnes) and rest is for importing nation. As per trade sources, in June Malaysian palm oil exports is expected to remained low combined with improving prospect of production, which is likely to pressure BMD CPO futures in ahead.

**BMD: CPO Futures (21.06.2007)****(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jul 07	2465	2474	2477	2448	2470	+5	769
Aug 07	2402	2410	2415	2378	2408	+6	1946
Sep 07	2377	2380	2399	2359	2388	+11	7940
Oct 07	2365	2381	2390	2346	2390	+25	530
Nov 07	2357	2350	2352	2330	2350	-7	140

\*BMD Remains Closed on Saturday and Sunday.

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

Centres	21.06.07	20.06.07	Change
Kandla CPO (5 % FFA)	417	420	-3
Kandla RBD Palmolein +VAT	443	450	-7
Mumbai RBD Palmolein +VAT	452	455	-3
Chennai RBD Palmolein +VAT	465	462	+3
Kakinada RBD Palmolein +VAT	447	447	NIL
Hyderabad RBD Palmolein +VAT	472	472	NIL
Delhi RDB Palmolein	505	505	NIL

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

Edible Oil	21.06.07	20.06.07	Change
Crude Soy Oil	811	818	-7
Crude Palm Oil	NA	775	-
Sunflower Oil	894	NA	-

### Rape/Mustard oil

The spot prices of mustard seeds oil in domestic markets remained in bullish tone on exceeding demand to output. In present condition of expeller's reluctance for fresh crushing stockists preferred to hold back their stocks expecting better premium in coming days. Weakness in rapeseed meals maintained in domestic markets as well as on ports. Due to currently higher prices of mustard seeds in physical markets, traders are expecting mustard oil prices are likely to improve further in coming day.

### Groundnut Oil

Groundnut oil prices remained in bullish tone amidst sluggish demand and slow progress of monsoon. The delay in monsoon in Gujarat provinces by 10 days combined with delay plantation of groundnut are supporting importers sentiments to import huge quantity in crude oil in coming months. The prices of shelled groundnut in Gujarat increase marginally by Rs. 5 at Rs. 415-545 per 20 kg (as per quality). The groundnut sowing conditions would play a pivotal role in regulating oil prices domestically.

### Refined Sunflower Oil

Refined sunflower oil remained range bound on lack of fresh fundamentals and steady demand and arrivals. In latest report, Agricultural Secretariat highlighted Argentina sunflower seeds crush in April has dropped by 20.52% at 338,681 tonnes against 426,113 tonnes same period last year. In April, sunflower seeds oil productions down by 18.74% at 138,049 tonnes, against 169,876 tonnes same period a year ago. The sunflower oil CIF prices for July shipment on Thursday quoted at \$894 per tonne.

### Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil remained mixed in domestic markets reacting on slow progress on monsoon and sluggish demand. As per trade sources, nearly 10% increase in cotton acreage could be witness this year as farmers are willing to sowing more high yielding Bt varieties.

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

Centres	21.06.07	20.06.07	Change
Mumbai (Exp. Oil) +VAT	484	480	+4
Kota (Exp. Oil)+VAT	458	NA	-
Jaipur (Exp. Oil)+VAT	467	NA	-
Delhi (Exp. Oil)	502	490	+12
Neewai (Exp. Oil)+VAT	NA	445	-

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

Centres	21.06.07	20.06.07	Change
Mumbai +VAT	700	700	NIL
Rajkot +VAT	715	715	NIL
Andhra Region +VAT	725	720	+5
Chennai +VAT	680	665	+15
Delhi	705	710	-5

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

Centres	21.06.07	20.06.07	Change
Mumbai +VAT	565	565	NIL
Chennai +VAT	570	567	+3
Hyderabad +VAT	595	580	+15

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

Centres	21.06.07	20.06.07	Change
Mumbai +VAT	477	478	-1
Hyderabad +VAT	482	480	+2
Rajkot + VAT	486	482	+4
Delhi	475	474	+1

### Forex Rates

(As on 21.06.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.75
European Union	Euro	54.59
Japan	100 Yen	32.97
United Kingdom	Pound Sterling	81.17

**PORT-WATCH (Latest):****Current Vessels Positions**

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA	Expected (24.06.2007)
	Royal Emerald	12,000	Palm oil	Expected (22.06.2007)
	New Trader	7,994	CPO	Expected (25.06.2007)
	Politisa Lady	24,255	DSBO	Expected (22.06.2007)
	Baltic Marshall	12,000	CDSBO	Expected (23.06.2007)
	Annoula	18,900	CDSBO	Arrived (18.06.2007)
	Global Neptune	14,000	Palm oil Product	Arrived (20.06.2007)
New Manglore	Shimakaze	5,854	CPO	Arrived (19.06.2007)
Kolkata	Pacific Sound	2,700	CPO+PFAD	Arrived (20.06.2007)
	Champion Spirit	10,993	Soy oil	Arrived (20.06.2007)
Mumbai	Samho Heron	4,500	Palm oil	Expected (27.06.2007)

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