

## VEGOIL DAILY

June 28th, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Despite firmness in other vegetable oil, spot prices of refined soy oil traded on softer side on global cues. BMD CPO futures remained sluggish on Wednesday on expectation of improve stock, fall in crude oil prices with subdued trade activities. CBOT soy futures reacted mixed on supportive weather outlook, continuous weakness in BMD CPO futures and improved soybeans crop condition. Market also generated bullishness from expected fall in plantation area of soybeans between 66-69 million acres as compared to last year's 75.52 million acres. Anticipating underlying bullishness on CBOT, good demand of Brazilian soybeans from importing nation combined with better margins forced Brazilian farmers to increased their selling resulting 70% crop (2006-07) have been sell off so far, despite strong Brazilian real. Crude soy oil CIF prices for July shipment increased in Wednesday at \$840 per tonne against \$826 per tonne on Tuesday.

#### FUTURES MARKET:

The July contract of refined soy oil futures at NCDEX recouped on Wednesday on increased in buying interest and underlying firmness on improve demand in near-terms. The July futures contract opened weak Rs. 0.95 at Rs. 484.75 per 10 kg against previous closing level at Rs 485.7 per 10 Kg. Market finished down at Rs. 489.25 per 10 Kg.

Renewed buying interest helped **MCX** refined soy oil July contract to finish up tracking firmness in other edible oil and improving prospects of demand ahead. The contract opened weak at Rs. 484.5 per 10 kg against yesterday closing at Rs. 484.95 per 10 Kg and prices finished down at Rs. 488.25 per 10 Kg.

#### PRICE DRIVERS:

- Bearish BMD CPO Futures
- Expectation of fall in US soybeans acreage by 6-9 million acres
- Fears of exceeding supplies on current vessels position
- Firmness in other vegetable oil
- Improved selling of Brazilian soybeans

#### Weather

Isolated rainfall is expecting in Madhya Maharashtra.

#### TECHNICALS

Refined soy oil charts shows recovery on Wednesday. Prices closed above short and medium term EMA hints for short-term firmness in the market. MACD maintained the downtrends in positive territory. Stochastic is falling after bearish crossover in neutral region whereas RSI is rising in neutral region. Market is expected to trade bullish with steady to slightly weak opening. Volume increased marginally while open interest declined.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-July	483	484	489.25	494	495
MCX-July	481	482	488.25	493	494

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil July Contract:**

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

**MCX Refined Soy Oil July Contract:**

**BUY Above 487;** T1 near 490 and T2 near at 491 and put stop loss at 485.5.

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

Centres	27.06.07	26.06.07	Change
Mumbai (Soy Ref oil)+VAT	462	462	Nil
Indore (Soy Ref oil)	463	465	-3
Kota (Soy Ref. Oil)+VAT	470	470	Nil
Hyderabad (Soy Ref)+VAT	482	482	Nil
Rajkot (Soy Ref)+Tax	456	456	Nil

**International Highlights****BMD CPO Futures Fall in Forth Consecutive Day**

Crude palm oil futures maintained the downtrends on Wednesday on Bursa Malaysian Derivatives on subdued soy oil futures on CBOT, continuous fears of fall in increasing stocks, sluggish trade activities and fall in crude oil prices. However, traders are expecting recovery Malaysian palm oil on season demand in coming months. The most active September contract of crude palm oil futures dropped on fourth consecutive day at MYR14 at MYR2,334 per tonne.

**Domestic Spot Market Highlights**

Spot prices of palm oil continue to trade bearish on lackluster trade activities and weakness in global market of related commodities. Indonesian palm oil market remained dull on Wednesday on prospects of improve production both there and Indonesia. Crude palm oil CIF prices for July shipment declined on Wednesday at \$742 per tonne as compared to \$752 per tonne on Tuesday. BMD CPO futures is likely to gather bearish momentum ahead on improving prospects on palm oil stocks in current month with lack of fresh fundamentals of demand and supply which would influence weakness to spot prices.

**BMD: CPO Futures (27.06.2007)****(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jul 07	2455	2455	2472	2432	2449	-6	676
Aug 07	2379	2375	2382	2350	2367	-12	1496
Sep 07	2348	2336	2349	2317	2334	-14	5456
Oct 07	2330	2324	2335	2298	2311	-19	636
Nov 07	2320	2300	2305	2295	2295	-25	43

\*BMD Remains Closed on Saturday and Sunday.

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

Centres	27.06.07	26.06.07	Change
Kandla CPO (5 % FFA)	412	414	-2
Kandla RBD Palmolein +VAT	443	443	Nil
Mumbai RBD Palmolein +VAT	449	450	-1
Chennai RBD Palmolein +VAT	458	460	-2
Kakinada RBD Palmolein +VAT	438	438	Nil
Hyderabad RBD Palmolein +VAT	468	470	-2
Delhi RDB Palmolein	500	500	Nil

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

Edible Oil	27.06.07	26.06.07	Change
Crude Soy Oil	840	826	+14
Crude Palm Oil	742	752	-10
Sunflower Oil	NA	894	-

### Rape/Mustard oil

On Wednesday, mustard oil prices gained bearishness on sluggish trade activities and subdued demand. The mustard seeds arrivals stood between 60-70 thousand bags. The 2007 mustard seeds stocks are having 1% higher oil content to old stocks, thus pressure on new stock is more. As per traders mustard oil prices are likely to generate bullishness from rising mustard seeds prices and improving prospect of demand in near-term.

### Groundnut Oil

Harvest of summer groundnut is completed in producing region which helped nuts price to remained firm. According to trade sources, groundnut sowing in Gujarat is seen in 16-17 lakh hectares which is nearly 2 lakh less to last year estimation. The shelled groundnut in Gujarat increased by Rs. 5 at and traded between Rs. 415-565 per 20 kg (as per variety). The good demand of HPS groundnut seeds from Southeast countries is likely to support oil prices in coming day.

### Refined Sunflower Oil

Steady demand and underlying firmness in overseas market helped support refined sunflower oil prices to remain in bullish note. Currently weather is suitable for Kharif sunflower progress. The tight supplies with increased crude oil prices may strengthen refined sunflower oil prices in near-term.

### Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil traded on higher side on prospects of limited stocks with steady demand from retailers. Better profitability of cotton over groundnut paved the way for increases in acreage and trades are expecting between 17-19 lakh hectares in Gujarat region. Majority of traders are expecting further improvement in refined cottonseeds prices following underlying bullishness in other vegetable oil.

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

Centres	27.06.07	26.06.07	Change
Mumbai (Exp. Oil) +VAT	485	490	-5
Kota (Exp. Oil)+VAT	464	472	-8
Jaipur (Exp. Oil)+VAT	474	482	-8
Delhi (Exp. Oil)	493	493	Nil
Neewai (Exp. Oil) +VAT	465	470	-5

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

Centres	27.06.07	26.06.07	Change
Mumbai +VAT	730	730	Nil
Rajkot +VAT	750	745	+5
Andhra Region +VAT	750	750	Nil
Chennai +VAT	710	705	+5
Delhi	750	NA	-

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

Centres	27.06.07	26.06.07	Change
Mumbai +VAT	580	580	Nil
Chennai +VAT	592	590	+2
Hyderabad +VAT	600	600	Nil

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

Centres	27.06.07	26.06.07	Change
Mumbai +VAT	484	484	Nil
Hyderabad +VAT	485	480	+5
Rajkot + VAT	498	497	+1
Delhi	480	480	Nil

### Forex Rates

(As on 27.06.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	41.01
European Union	Euro	55.04
Japan	100 Yen	33.46
United Kingdom	Pound Sterling	81.74

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA	Expected (28.06.2007)
	New Trader	7,994	CPO	Expected (26.06.2007)
	Politisa Lady	24,255	DSBO	Expected (26.06.2007)
	Samho Heron	3,059	PFAD	Expected (01.07.2007)
	Bryggen	10,500	SBO	Expected (01.07.2007)
Kolkata	Champion Spirit	10,993	Soy oil	Arrived (20.06.2007)

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