

## VEGOIL DAILY

June 6th, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Steady demand and bullish BMD CPO future led refined soy oil spot price to trade bullish across the domestic markets. BMD CPO future is continuing to rise and touched new record on Tuesday amidst expectation of exceeding demand over tight supplies. Last week's follow-through weakness in other grains coupled with forecast of good rainfall in eastern Corn Belt in later of week pressured soybeans. As per market observers, China is likely to demand for more US soybeans in current month on rising soy oil demand there. The crude soy oil CIF prices for June shipment dropped marginally on Tuesday at \$841 per tonne against \$842 per tonne on Monday. As per trade sources, Indonesia government are planning to hike the export taxes of palm oil in order to maintain adequate supplies there with spill over impact in Malaysia and domestically.

#### FUTURES MARKET:

Amidst fears of revision on import duty on edible oil witnessed strong bearishness on refined soy oil July contact at NCDEX. Despite bullish BMD, traders preferred profit taking. The July futures contract opened slight weak at Rs. 490.5 per 10 kg against previous closing prices of Rs 490.7 per 10 Kg. Contract closed up at Rs 497.35 per 10 Kg.

MCX refined soy oil July contract settled down on Monday on profit taking and fears of revision in import duty and oversupplies in coming days. The contract opened firmed at Rs. 491.4 per 10 kg against previous closing Rs 490.7 per 10 Kg and contract closed down at Rs 497.3 per 10 Kg.

#### PRICE DRIVERS:

- Bullish BMD CPO futures
- Firmness in other edible oil
- Tapering palm oil stocks in Malaysia
- Crude soy oil CIF prices dropped marginally
- Country is likely to import nearly 600,000 tonnes edible oil in June

#### Weather

Weather in a major concerns, since soybeans season come to end.

#### TECHNICALS

Candlestick charts patterns indicate strong buying pressure. MACD is running flat in positive territory. Prices closed high above 9/18 EMA patterns indicate strong firmness in the market. Stochastic made bullish crossover in overbought region. RSI is rising in the overbought zone. Market is expected to trade upward with steady to slightly firm opening. Both volume and open interest increased.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-July	494	495	497.35	502	503
MCX-July	494	495	497.3	502	503

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil July Contract:

**BUY** Near 497; T1 near 499 and T2 near at 500 and put stop loss at 496.

MCX Refined Soy Oil July Contract:

**BUY** Near 497; T1 near 499 and T2 near at 500 and put stop loss at 496.

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

Centres	05.06.07	04.06.07	Change
Mumbai (Soy Ref oil)+VAT	467	465	+2
Indore (Soy Ref oil)	465	464	+1
Kota (Soy Ref. Oil)+VAT	465	456	+9
Hyderabad (Soy Ref)+VAT	485	477	+8
Rajkot (Soy Ref)+Tax	465	455	+10

## International Highlights

### BMD CPO Futures Shoot Up on Concern of Tight Supply

Persistent concern of exceeding demand over limited palm oil stocks supported crude palm oil futures on Bursa Malaysian Derivatives on Tuesday and market touched **new record**. The most active August contract of CPO futures shoot up by MYR100 at MYR2,701 per tonne. Since the beginning of current year most active CPO contract has been risen by 35% so far including today's gains. Today market also gathered bullish momentum on Indonesian government's consideration of hike in export taxes.

## Domestic Spot Market Highlights

Sky rocketing prices of crude palm oil both in Indonesia and Malaysia on fears of tight supplies have strong bullish reflection in domestic markets. Palm oil prices improved across domestic markets, however demand remains steady. The crude palm oil CIF prices for July shipment also improved significantly on Tuesday at \$860 per tonne as compared to \$832 per tonne on Saturday. The prospects of tight supply in major producing countries are expected to fuel palm oil prices there with spill over impact in domestic market.

### BMD: CPO Futures (05.06.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jun 07	2750	2770	2860	2770	2860	+110	361
Jul 07	2695	2695	2802	2707	2800	+105	1953
Aug 07	2601	2601	2703	2607	2701	+100	6112
Sep 07	2530	2530	2619	2536	2615	+85	2854
Oct 07	2490	2490	2568	2513	2565	+75	712

\*BMD Remains Closed on Saturday and Sunday.

### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	05.06.07	04.06.07	Change
Kandla CPO (5 % FFA)	437	433	+4
Kandla RBD Palmolein +VAT	NA	460	-
Mumbai RBD Palmolein +VAT	NA	470	-
Chennai RBD Palmolein +VAT	485	477	+8
Kakinada RBD Palmolein +VAT	470	457	+13
Hyderabad RBD Palmolein +VAT	485	477	+8
Delhi RDB Palmolein	495	490	+5

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

Edible Oil	05.06.07	04.06.07	Change
Crude Soy Oil	841	842	-1
Crude Palm Oil	860	840	+20
Sunflower Oil	897	895	+2

### Rape/Mustard oil

Spot prices of mustard oil are continuing to trade bullish amidst negligible arrivals of fresh stocks from producing regions amidst recent Gujar protest. Stockists were trying to grab this opportunity by hold back to their mustard oil stocks helped support to market. However, mustard oil demand remains steady. Traders are expecting, mustard oil prices are likely to improve further on delay restoration of supplies again.

### Groundnut Oil

Subdued trade activities and steady demand lend groundnut oil prices to trade on softer side in domestic markets. Due to low production and limited nuts availability, farmers are benefited and they reap better prices. This in turn may support groundnut sowing sentiments in Uttar Pradesh and Madhya Pradesh in upcoming Kharif season. As arrivals pressure of new groundnut seeds is likely to extend till current month while demand remained weak, groundnut oil prices is likely to react steady to bearish ahead.

### Refined Sunflower Oil

Spot prices of refined sunflower oil improved in major trading centers on steady demand and firmness in other vegetable oil. Sunflower seeds harvest is completed in Karnataka while arrivals remain steady. The sunflower oil CIF prices for July shipment on Tuesday increased on Tuesday at \$897 per tonne as compared to \$895 per tonne on Monday.

### Refined Cottonseeds Oil

Bullish rival palm oil market domestically and in Malaysia helped support refined cottonseeds oil in domestic markets. Under prospects of good demand from overseas markets, better returns and easy availability of seeds for sowing may shoot up cotton production. The pre monsoon rainfall paved the way for start of cotton sowing in parts of Gujarat. As currently palm oil prices are moving close to cottonseeds oil that may influence its prices accordingly in near-term.

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

Centres	05.06.07	04.06.07	Change
Mumbai (Exp. Oil) +VAT	470	470	0
Kota (Exp. Oil)+VAT	440	435	+5
Jaipur (Exp. Oil)+VAT	452	445	+7
Delhi (Exp. Oil)	475	472	+3
Neewai (Exp. Oil) +VAT	440	435	+5

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

Centres	05.06.07	04.06.07	Change
Mumbai +VAT	665	665	0
Rajkot +VAT	680	675	+5
Andhra Region +VAT	670	670	0
Chennai +VAT	645	645	0
Delhi	700	695	+5

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

Centres	05.06.07	04.06.07	Change
Mumbai +VAT	545	545	0
Chennai +VAT	555	555	0
Hyderabad +VAT	560	550	+10

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

Centres	05.06.07	04.06.07	Change
Mumbai +VAT	475	474	+1
Hyderabad +VAT	485	478	+7
Rajkot + VAT	468	467	+1
Delhi	465	465	0

### Forex Rates

(As on 05.06.07)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	40.56
European Union	Euro	54.74
Japan	100 Yen	33.27
United Kingdom	Pound Sterling	80.81

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Global Triton	6,000	CPO	Expected (06.06.2007)
	Global Eros	1,500	PFAD	Expected (07.06.2007)
	Hari Kripa	2,000	CFA	Expected (08.06.2007)
	Bow Cheetah	11,000	CDSBO	Expected (08.06.2007)
	Chem Jasmin	24,500	Palm oil	Expected (09.06.2007)
	Global Neptune	14,000	Palm oil Product	Expected (11.06.2007)
Mumbai	Oil Ambassador	10,500	CPO	Expected (08.06.2007)
New Manglore	Eastern Oyasis	7,500	SBO	Expected (05.06.2007)
	Annoula	85,000	CSB/SFO	Expected (08.06.2007)
	Maria-E	10,000	CPO	Expected (09.06.2007)
Kolkata	Olympic	10,508	CPO	Arrived (02.06.2007)
	Spring Wind	4,000	CPO	Arrived (03.06.2007)
	L.Star	5,220	CPO	Arrived (04.06.2007)
	Fatima	4,500	CPO	Arrived (02.06.2007)
	Fatima	1,150	C. Palmolein	Arrived (02.06.2007)
Chennai	Arabian Wind	12,121	SFO	Arrived (01.06.2007)
Mundra	Oil Ambassador	7,500	CPO	Expected (07.06.2007)

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