

VEGOIL DAILY

June 2nd, 2007

REFINED SOY OIL

SPOT MARKET:

Refined soy oil rise sharply on Friday on improved demand. Stockists were reportedly hold their stock anticipated delays arrivals of vessels at ports carrying soy oil. As per trade sources, India has imported 1.7 million tonnes of imported edible oil in first six month of current oil year (Nov-Oct) and same quantity is likely to import in three months to July. Whereas domestic consumption is expecting at 2.7 million tonnes with production is projecting at only 850,000 tonnes to July. Overnight surge in CPO futures, solid gains in corn and wheat and forecast of dry weather in eastern Corn Belt helped support the soy futures. While Weakness in meals with ample rainfall in western Corn Belt coupled with talk of market in overbought conditions limited the upside movement and market turned mixed. The crude soy oil CIF prices for June shipment increased further on Friday at \$838 per tonne as compared to \$825 per tonne on Thursday.

FUTURES MARKET:

Despite weak BMD CPO futures, the most active June contract of refined soy oil at **NCDEX** settled slightly firm on prospect of exceeding demand to supplies, this resulting future opened weak at Rs. 485.1 per 10 kg against previous closing of Rs 485.55 per 10 Kg. Contract closed marginally up at Rs 485.6 per 10 Kg.

MCX refined soy oil June contract finished marginally up on Friday following bullish CBOT soy futures and improving sentiments for demand and supply. The contract opened weak at Rs. 485.2 per 10 kg against yesterday closing Rs 486.7 per 10 Kg and contract closed a tad down at Rs 485.4 per 10 Kg.

PRICE DRIVERS:

- Country is likely to import nearly 1.7 million tonnes edible oil to May-July
- Crude soy oil CIF increased by \$13
- Low domestic edible oil production
- Low meals demand in domestically and at ports
- Tapering palm oil stocks in Malaysia

Weather

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

TECHNICALS

Refined soy oil chart shows indecisiveness. MACD moved further to positive territory. EMA patterns indicate medium term firmness in intact in the market. Stochastic rise further after bearish crossover in overbought region. Whereas RSI shows downward movement in prices. Market is expected to trade upwards movement with steady to slightly firm opening. Both volume and open interest declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-June	480	481	485.6	488	490
MCX-June	480	481	485.4	488	490

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil June Contract:

BUY Near 484; T1 near 486 and T2 near at 487 and put stop loss at 483.

MCX Refined Soy Oil June Contract:

BUY Near 484; T1 near 486 and T2 near at 487 and put stop loss at 483.

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

Centres	01.06.07	31.05.07	Change
Mumbai (Soy Ref oil)+VAT	458	459	-1
Indore (Soy Ref oil)	463	461	+2
Kota (Soy Ref. Oil)+VAT	456	456	0
Hyderabad (Soy Ref)+VAT	477	477	0
Rajkot (Soy Ref)+Tax	455	455	0

International Highlights

BMD CPO Futures Settle Down on Choppy Trading and Profit-taking

Despite overnight firmness in soy oil futures at CBOT, crude palm oil futures finished down at Bursa Malaysian Derivatives on profit-taking and dull trading activities. The most active August futures contract settled MYR19 down at MYR2,562 per tonne. Traders are waiting of Indonesian government decision over hike in export taxes. However, underlying firmness is maintained in the market amidst dwindling palm oil stocks and expectation of strong exports.

Domestic Spot Market Highlights

Domestic palm oil market gains sharply on Friday tracking bullish CBOT soy futures with fears of supply shortage coupled with steady demand. BMD CPO futures turned bearish on Friday after trade on both the territory amidst profit-taking whereas Indonesian market remained closed on holiday. The crude palm oil CIF price for June shipment quoted at \$835 per tonne on Friday. The expectation of strong exports and tapering palm oil stocks in major producing countries is likely to support bulls there with bullish reflection in domestic market.

BMD: CPO Futures (01.06.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Jun 07	2725	2700	2736	2700	2721	-4	200
Jul 07	2665	2672	26872	2636	2658	-7	1960
Aug 07	2581	2590	2605	2548	2562	-19	6385
Sep 07	2519	2545	2545	2490	2500	-19	1219
Oct 07	2480	2480	2480	2480	2480	0	15

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	01.06.07	31.05.07	Change
Kandla CPO (5 % FFA)	432	425	+7
Kandla RBD Palmolein +VAT	457	452	+5
Mumbai RBD Palmolein +VAT	470	456	+14
Chennai RBD Palmolein +VAT	475	475	0
Kakinada RBD Palmolein +VAT	456	456	0
Hyderabad RBD Palmolein +VAT	476	476	0
Delhi RDB Palmolein	490	492	-2

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	01.06.07	31.05.07	Change
Crude Soy Oil	838	825	+13
Crude Palm Oil	835	NA	-
Sunflower Oil	872	872	0

Rape/Mustard oil

Mustard oil prices remained in bullish tone in domestic market on steady demand and improvement in other vegetable oil. However, expellers units were purchased ample mustard seeds in arrivals days and reluctant to add up more seeds amidst fears of imported oil volume ahead had underlying capped the gains to certain extent. In winter sowing mustard crops, according to trade estimation production is likely to improve by seven million tonnes in 2007-08.

Groundnut Oil

Groundnut oil trades bullish in major trading centers on anticipations of low production and quality nuts have been hoarded by stockists that waiting prices for better premium. As current groundnut oil prices are high and likely to improve further on limited nuts stocks, traders are expecting nut acreage to improve by 5-6% in upcoming Kharif season. The low demand of groundnut meals in domestically is likely to impede crushing, which in turn control the prices of oil in coming days.

Refined Sunflower Oil

Improved demand sentiments of refined sunflower oil contributed firmness in Mumbai market whereas prices remained range bound in rest of markets. The CIF prices of sunflower oil for June shipment remained unchanged on second consecutive day at \$872 per tonne. The sunflower oil CIF prices for near month shipment have risen 10.52% in May month. Currently underlying bullishness in CBOT is likely to support soy oil price there with bullish reflection in domestic market in near-term.

Refined Cottonseeds Oil

Refined cottonseeds oil traded bullish in domestic markets on steady to improve demand. Due to cotton is more lucrative crop with forecast of normal monsoon results cotton cultivation in 2007/08 projected at 5.5 million hectares against 3.8 million hectare last year thanks to smooth availability of cotton seeds at particularly Bt varieties. 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	01.06.07	31.05.07	Change
Mumbai (Exp. Oil) +VAT	468	463	+5
Kota (Exp. Oil)+VAT	435	435	0
Jaipur (Exp. Oil)+VAT	445	445	0
Delhi (Exp. Oil)	470	465	+5
Neewai (Exp. Oil) +VAT	435	435	0

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	01.06.07	31.05.07	Change
Mumbai +VAT	665	660	+5
Rajkot +VAT	680	670	+10
Andhra Region +VAT	670	670	0
Chennai +VAT	640	NA	-
Delhi	695	690	+5

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

Centres	01.06.07	31.05.07	Change
Mumbai +VAT	540	538	+2
Chennai +VAT	560	550	+10
Hyderabad +VAT	550	550	0

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

Centres	01.06.07	31.05.07	Change
Mumbai +VAT	474	470	+4
Hyderabad +VAT	478	478	0
Rajkot + VAT	466	466	0
Delhi	462	460	+2

Forex Rates

(As on 01.06.07)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	40.54
European Union	Euro	54.51
Japan	100 Yen	33.24
United Kingdom	Pound Sterling	80.21

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Star Dream	6,000	Palm oil	Expected (01.06.2007)
	Sichem Edinburgh	12,000	PFAD*	Expected (27.05.2007)
	Neveska Lady	26,340	CDSB 0	Expected (26.05.2007)
Mumbai	Star Dream	4,000	Palm oil	Berthed (30.05.2007)
New Manglore	Eastern Oyasis	7,500	SBO	Expected (02.06.2007)
Kolkata	Marida Princess	9,944	CPO	Arrived (26.05.2007)
	Spring Glory	3,988	CPO	Arrived (28.05.2007)
	Pacific Sound	8,979	CPO+PFAD*	Arrived (30.05.2007)

*Palm Fatty Acid Distillate

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