

VEGOIL DAILY

July 24th, 2007

REFINED SOY OIL

SPOT MARKET:

Refined soy oil prices traded undertone on steady demand/supply, rapid soybeans sowing coupled with bearish global cues. The current soybeans sowing data shows that sowing has been completed in 71.67 lakh hectares so far as compared to 67.45 lakh ha last year. In Maharashtra and Madhya Pradesh acreage has increased to 40.65 lakh ha and 21.8 lakh ha against last years' 39.26 lakh ha and 20.08 lakh ha respectively. BMD CPO futures are forced to trade down following supportive weather conditions, Friday's weakness at CBOT and unclear prices direction in short-term. The crude soy oil CIF prices for August shipment remains unchanged on Monday at \$875 per tonne as compared to Saturday.

FUTURES MARKET:

Refined soy oil settled bearish on **NCDEX** on subdued trade activities and current vessels position. Market also generated the bearishness from weak BMD CPO futures. The most active August futures contract opened firmed at Rs. 509 per 10 kg against previous closing level at Rs 509.8 per 10 Kg. The futures closed down at Rs. 507.25 per 10 Kg.

The refined soy oil futures at **MCX** finished down on bearish global cues and await for clear prices direction. Weak prospects of demand and supplies in short-term also added bearishness too. The August contract opened at Rs. 509 per 10 kg against previous closing level at Rs. 509.65 per 10 Kg. The prices closed down at Rs.507.25 per 10 Kg.

PRICE DRIVERS:

- Bearish BMD CPO futures
- Weakness in other edible oil
- July crude palm oil production is likely to improve in Malaysia
- Holding activities of soy oil from stockists

Weather

Monsoon is nearly covered the major soybeans producing belt which will support soybeans sowing in these areas.

TECHNICALS

Candlesticks chart patterns indicates the strong selling interest with late recovery at lower level. Prices closed between 9 and 18 days EMA hints for firmness is loosing in the market. MACD is attempts for bearish crossover in positive territory. Stochastic too is for bearish crossover in overbought region indicate market is vulnerable for correction. RSI shows weakness in prices. Volume increased and open interest declined. Market is expected trade down with steady to slightly weak opening.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-----|-----|--------|-----|-----|
| NCDEX-Aug | 502 | 503 | 507.25 | 510 | 511 |
| MCX-Aug | 502 | 503 | 507.25 | 510 | 511 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

SELL Below 508; T1 near 506, T2 near 505 and put stop loss at 509.5.

MCX Refined Soy Oil July Contract:

SELL Below 508; T1 near 506, T2 near 505 and put stop loss at 509.5.

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

| Centres | 23.07.07 | 21.07.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 484 | 484 | Nil |
| Indore (Soy Ref oil) | 486 | 486 | Nil |
| Kota (Soy Ref. Oil)+VAT | 490 | 490 | Nil |
| Hyderabad (Soy Ref)+VAT | 500 | 505 | -5 |
| Rajkot (Soy Ref)+Tax | 476 | 476 | Nil |

International Highlights**BMD CPO Futures Succumb Following CBOT**

Following Friday's weakness and subdued trade activities forced crude palm oil futures to trade down on Bursa Malaysian Derivatives on Monday. The rainfall activity is playing a pivot role and periodic rainfall activities help in pressured the market. The most active October contract of CPO futures down MYR26 at MYR2,506 per tonne. Traders are anticipating the SGS exports figures for the July 1-25 would give some price direction for near-term.

Domestic Spot Market Highlights

Palm oil prices traded mixed across domestic market amidst sluggish demand with bearish global cues. The subdued trade activities, unclear prices direction in near-term and eased down heavy rainfall is forced Indonesian Palm oil market to trade with bullish undertone. The crude soy oil CIF price for August shipment quoted at \$802 per tonne on Monday. Under bullish tone in CBOT, prospects of festive demand in Asian markets are likely to limit the weakness in Malaysian crude palm oil futures with spill over impact domestically.

BMD: CPO Futures (23.07.2007)**(Ringgit/ton)**

| Months | Previous | Open | High | Low | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Aug 07 | 2599 | 2575 | 2580 | 2570 | 2579 | -20 | 612 |
| Sep 07 | 2542 | 2522 | 2524 | 2512 | 2518 | -24 | 970 |
| Oct 07 | 2506 | 2482 | 2490 | 2472 | 2480 | -26 | 3582 |
| Nov 07 | 2478 | 2455 | 2460 | 2446 | 2456 | -22 | 480 |
| Dec 07 | 2464 | 0 | 0 | 0 | 2464 | 0 | 0 |

*BMD Remains Closed on Saturday and Sunday.

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

| Centres | 23.07.07 | 21.07.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 424 | 426 | -2 |
| Kandla RBD Palmolein +VAT | 458 | 458 | Nil |
| Mumbai RBD Palmolein +VAT | 475 | 470 | +5 |
| Chennai RBD Palmolein +VAT | 460 | 460 | Nil |
| Kakinada RBD Palmolein +VAT | 451 | 450 | +1 |
| Hyderabad RBD Palmolein +VAT | 473 | 473 | Nil |
| Delhi RDB Palmolein | 500 | 500 | Nil |

CIF Price Basis Kandla Port (\$/MT)

| Edible Oil | 23.07.07 | 21.07.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil | 875 | 875 | Nil |
| Crude Palm Oil | 802 | NA | - |
| Sunflower Oil | 1029 | 1029 | Nil |

Rape/Mustard oil

Weakness in mustard seeds prices and lackluster trade activities has pressured oil prices in domestic markets on Monday. However, total seeds arrivals were not reported, which is supported the bearish sentiments. In lack of sluggish meals demand and oil demand, expellers are reluctant to replenish their inventories. Traders added the mustard oil prices are likely to remain sluggish in short-term in lack of supportive news.

Groundnut Oil

Absence of fresh fundamental news, underlying bullishness in refined cottonseeds oil and steady demand promote, groundnut oil to trade mostly range bound domestically. Anticipating shift of acreage from groundnut to cotton and weakened on monsoon for next 3-4 days, stockists cling to their stocks strengthened groundnut oil. The shelled groundnut in different markets in Gujarat is traded in range of Rs. 415-570 per 20 kg (as per quality). The weak demand of groundnut oil with poor realization is likely to support prices in short-term.

Refined Sunflower Oil

Spot prices of refined sunflower oil mixed on erratic demand to Saturday. As per market observers, due to good returns and shift from Wheat may support Argentina sunflower crop (2007-08) acreage that seen up 6.3% at 2.54 million hectares. The sunflower oil CIF prices for August shipment remain unchanged on Monday at \$1019 per tonne against Saturday. The limited stocks and behavior of other edible oil would determine the direction of refined sunflower oil in near-term.

Refined Cottonseeds Oil

Under erratic demand and support stocks position by stockists, refined cottonseeds oil traded on higher side. The current cotton sown data reflected the expected bright prospects of cotton harvest in Kharif 2007-08. The major lead taken by Gujarat and Andhra Pradesh, where sowing is completed in 12.5 and 8.68 lakh hectares as compared to 9.54 and 5.49 lakh ha last year. As per trades refined cottonseeds oil is likely to behavior according to groundnut oil.

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

| Centres | 23.07.07 | 21.07.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 500 | 504 | -4 |
| Kota (Exp. Oil)+VAT | 478 | 478 | Nil |
| Jaipur (Exp. Oil)+VAT | 488 | 490 | -2 |
| Delhi (Exp. Oil) | 509 | 508 | +1 |
| Neewai (Exp. Oil) +VAT | 478 | 479 | -1 |

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 23.07.07 | 21.07.07 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 745 | 745 | Nil |
| Rajkot +VAT | 760 | 760 | Nil |
| Andhra Region +VAT | 765 | 765 | Nil |
| Chennai +VAT | 685 | 690 | -5 |
| Delhi | 780 | 780 | Nil |

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

| Centres | 23.07.07 | 21.07.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 580 | 578 | +2 |
| Chennai +VAT | 585 | 585 | Nil |
| Hyderabad +VAT | 580 | 590 | -10 |

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

| Centres | 23.07.07 | 21.07.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 506 | 508 | -2 |
| Hyderabad +VAT | 500 | 510 | -10 |
| Rajkot + VAT | 510 | 508 | +2 |
| Delhi | 495 | 495 | Nil |

Forex Rates

(As on 23.07.07)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 40.34 |
| European Union | Euro | 55.80 |
| Japan | 100 Yen | 34.34 |
| United Kingdom | Pound Sterling | 83.08 |

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

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|--------------|---------------|--------------|----------|-----------------------|
| Kandla | M.T. Biz | 18,000 | CDSBO | Berthed (19.07.2007) |
| | M.T. Puze | 18,000 | CDSBO | Expected (21.07.2007) |
| | Shintoku | 12,000 | Palm oil | Expected (22.07.2007) |
| | Hari Kripa | 2,000 | CFA* | Expected (22.07.2007) |
| | Amundsen Wind | 6,720 | CPO | Berthed (18.07.2007) |
| | Gagarmayang | 6,000 | SBO | Expected (22.07.2007) |
| | Marida Boreas | 13,350 | CPO | Expected (22.07.2007) |
| Kolkata | Vernal Grace | 3,570 | CPO | Arrived (14.07.2007) |
| New Manglore | Arwen | 8,600 | CPO | Expected (21.07.2007) |
| Mumbai | Artistry | 8,600 | CPO | Expected (22.07.2007) |

*Crude Fatty Acid

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