

VEGOIL DAILY

July 12th, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil moved up in tandem with strong gains in CBOT soy and BMD CPO futures coupled with steady demand. The recent heavy rainfall in parts in Maharashtra, Vidharbha reportedly to damaged the early sown soybeans seeds supported the firm sentiments. As well as market generated bullishness from declining soybeans arrivals as farmers are engaged in seeds sowing. Concern of falling production in first six month about 6% and renewed buying interest supported BMD CPO futures on Wednesday. Due to currently higher prices, reduced margins and limited palm oil stocks, Indonesia state own firm is planning to dropped the blending of biodiesel to diesel to 2.5% from earlier 5%. Prediction of dry weather in Midwest, fall in soybeans crop growing conditions at 65% against 68% last weak strengthened CBOT soy futures. The crude soy oil CIF prices for July shipment increased further on Wednesday at \$872 per tonne as compared to \$860 per tonne on Tuesday.

FUTURES MARKET:

Strong gains in CBOT and BMD and renewed buying interest helped support refined soy oil futures on **NCDEX**. The most active August futures contract opened firmed at Rs. 502.9 per 10 kg against previous closing level at Rs 502 per 10 Kg. Market finished up at Rs. 504.85 per 10 Kg.

Follow-through rallies and bullish global cues strengthened refined soy oil futures on **MCX**. The August contract opened slightly firmed at Rs. 502.4 per 10 kg against yesterday closing level at Rs. 501.9 per 10 Kg and prices finished up at Rs. 504.75 per 10 Kg.

PRICE DRIVERS:

- Bullish BMD and CBOT
- Recent heavy rainfall reportedly damaged early sown soybeans seeds
- Malaysian crude palm oil production declined by 9% in first six months on y-o-y basis
- Crude palm oil stocks increased toward June end
- Crude soy oil CIF prices increased by \$12

Weather

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

TECHNICALS

Refined soy oil charts shows increase in buying interest with slightly tentativeness at higher level. EMA patterns indicate firmness in the market. MACD gathered bullish momentum in positive territory. Stochastic is falling in neutral region. RSI is continues to rise in neutral region. Both volume and open interest increased. Market is expected trade up with possibility of late downward movement.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	497	498	502	505	506
MCX-Aug	497	498	501.95	505	506

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

BUY Above 505; T1 near 507, T2 near 508 and put stop loss at 503.5.

MCX Refined Soy Oil July Contract:

BUY Above 505; T1 near 507, T2 near 508 and put stop loss at 503.5.

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

Centres	11.07.07	10.07.07	Change
Mumbai (Soy Ref oil)+VAT	480	480	Nil
Indore (Soy Ref oil)	475	473	+2
Kota (Soy Ref. Oil)+VAT	485	484	+1
Hyderabad (Soy Ref)+VAT	495	490	+5
Rajkot (Soy Ref)+Tax	478	478	Nil

International Highlights**BMD CPO Futures Gains Bullishness Following CBOT**

Concerns of weak edible oil production and fall in production in first half of current year supported crude palm oil futures on Wednesday and crude palm oil futures settled firmed across the board on Bursa Malaysian Derivatives. The most active September contract gained MYR54 at MYR2,584 per tonne. Market also generated bullishness from overnight firmed CBOT soy futures.

Domestic Spot Market Highlights

Domestic palm oil market recovered on Wednesday on firmed up global cues whereas demand remained steady. Despite bullish BMD CPO futures, Indonesian palm oil market remained subdued as traders are waiting for clear direction for demand and supply. The crude palm oil CIF prices for July shipment quoted at \$790 per tonne on Tuesday. In first six month, crude palm oil production had been dropped in Malaysia nearly by 6%, which could support the bullish sentiments in near-term.

BMD: CPO Futures (11.07.2007)**(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jul 07	2620	2635	2697	2635	2694	+74	262
Aug 07	2568	2585	2638	2582	2629	+61	2607
Sep 07	2530	2545	2592	2545	2584	+54	7099
Oct 07	2500	2519	2557	2519	2550	+50	2551
Nov 07	2479	2500	2535	2499	2525	+46	997

*BMD Remains Closed on Saturday and Sunday.

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

Centres	11.07.07	10.07.07	Change
Kandla CPO (5 % FFA)	423	418	+5
Kandla RBD Palmolein +VAT	454	451	+3
Mumbai RBD Palmolein +VAT	460	457	+3
Chennai RBD Palmolein +VAT	460	458	+2
Kakinada RBD Palmolein +VAT	450	445	+5
Hyderabad RBD Palmolein +VAT	470	465	+5
Delhi RDB Palmolein	500	495	+5

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	11.07.07	10.07.07	Change
Crude Soy Oil	872	860	+12
Crude Palm Oil	NA	790	-
Sunflower Oil	929	926	+3

Rape/Mustard oil

The restoration of supplies from major producing regions and sluggish demand pressured mustard oil prices in domestic market whereas prices remained range bound in most of trading centres on balance in demand and supplies. According to trade sources, due to recent rainfall negligible seeds arrivals reported in Rajasthan market and oil prices would gather pace on underlying firmness in major trading centers.

Groundnut Oil

Groundnut oil gained bullish momentum from expecting fall in groundnut acreage as according to trade estimation. Healthy competition from Bt. cotton crop in profit is likely to engulf groundnut acreage by nearly 2 lakh hectares in current year (2006-07) at 17.5 lakh ha. So far, 12.19 lakh ha Kharif groundnut has been planted so far as compared to 17 lakh ha last year. In Tamil Nadu groundnut acreage is expecting near 24.6 lakh ha as compared to 32 lakh ha last year while in Andhra Pradesh, acreage seen down at 10.6 lakh ha as compared to 16.5 lakh ha last year.

Refined Sunflower Oil

Spot prices of refined sunflower oil traded in higher side on steady demand lack of fresh fundamentals. However, improvement in other vegetable oil limited the loose to certain extent. The sunflower oil CIF prices for July shipment increased on Wednesday at \$929 per tonne as compared to at \$926 per tonne on Tuesday. Currently underlying firmness in overseas market of related commodities and other vegetable oil are likely to support refined sunflower oil prices in coming days.

Refined Cottonseeds Oil

After reaching to new height, refined cottonseeds oil is unable to sustain and turn mixed on erratic demand to find the buying at lower level. As per trade sources, severe cotton crop is damaged in Punjab in over 2,000 acres due to infestation with Mealy bug. The poor demand of cottonseeds as harvest in nearly over in major sowing belt with poor demand of meals in domestic markets are pressure oil prices in days ahead.

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

Centres	11.07.07	10.07.07	Change
Mumbai (Exp. Oil) +VAT	496	496	Nil
Kota (Exp. Oil)+VAT	472	472	Nil
Jaipur (Exp. Oil)+VAT	482	482	Nil
Delhi (Exp. Oil)	505	497	+8
Neewai (Exp. Oil) +VAT	472	470	+2

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	11.07.07	10.07.07	Change
Mumbai +VAT	740	740	Nil
Rajkot +VAT	800	790	+10
Andhra Region +VAT	760	755	+5
Chennai +VAT	680	685	-5
Delhi	780	760	+20

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

Centres	11.07.07	10.07.07	Change
Mumbai +VAT	580	590	-10
Chennai +VAT	587	585	+2
Hyderabad +VAT	600	595	+5

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

Centres	11.07.07	10.07.07	Change
Mumbai +VAT	506	507	-1
Hyderabad +VAT	500	495	+5
Rajkot + VAT	514	518	-4
Delhi	505	500	+5

Forex Rates

(As on 11.07.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.38
European Union	Euro	55.52
Japan	100 Yen	33.30
United Kingdom	Pound Sterling	81.88

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	M.T. Biz	18,000	CDSBO	Expected (15.07.2007)
	M.T. Puze	18,000	CDSBO	Expected (16.07.2007)
	Suzanne	10,000	Palm oil	Expected (16.07.2007)
	Chem Jasmin	25,200	CPO	Expected (15.07.2007)
	Global Eros	10,990	CPO	Berthed (04.07.2007)
	Champion Arctic	31,000	CDSBO	Berthed (07.07.2007)
Kolkata	Pacific sound	9,150	CPO	Arrived (09.07.2007)
	Shima Kazi	9,300	CPO	Arrived (06.07.2007)
New Manglore	Global Venus	8,526	CPO	Expected (10.07.2007)
Chennai	Baltic Sky	1,960	SBO	Arrived (09.07.2007)
Mundra	Global Triton	4,170	PFAD * & CPO	Arrived (10.07.2007)

*Palm Fatty Acid Distillate

Vessels in bold are new on chart.

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