

## VEGOIL DAILY

July 5<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Despite recovery in BMD CPO futures from early weakness, refined soy oil plunged in domestic markets on subdued trade activities and sluggish demand. Despite overnight firm CBOT soy futures, BMD CPO futures gather bullishness from surge in CBOT soy futures, gains in crude oil prices and improved prospects of good exports demand. Pressure from technical buying and weather concern had pushed up CBOT soy futures on Monday. Weakness in real, competitive US soybeans and farmers reluctantly to sell-off soybeans at low prices results drop in Brazilian soybeans exports in June at 3 million tonnes against 3.2 million tonne a month ago, while soy oil exports in June fell by nearly 20% at 169,500 tonnes as compared to 211,200 tonnes in May. Crude soy oil CIF prices for July shipment declined on Tuesday at \$855 per tonne against \$860 per tonne on Monday.

#### FUTURES MARKET:

Following weakness of BMD CPO futures with speed up progress of soybeans sowing pushed down refined soy oil futures on **NCDEX**. The most active August futures contract opened down at Rs. 502.9 per 10 kg against yesterday closing level at Rs 503.9 per 10 Kg. Market settled down at Rs. 500.15 per 10 Kg.

Profit-taking in absence of fresh fundamental of demand and supply and weakness in overseas market of related commodities was a setback for refined soy oil on **MCX**. The August contract opened weak at Rs. 501.6 per 10 kg against previous closing level at Rs. 503.5 per 10 Kg and prices settled down at Rs. 499.9 per 10 Kg.

#### PRICE DRIVERS:

- Bullish BMD CPO futures
- Brazil soy oil exports fell by nearly 20% in June
- Crude soy oil CIF prices declined by \$5
- Underlying firmness in other vegetable oil
- Good demand of soybeans on sowing pressure

#### Weather

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

#### TECHNICALS

Refined soy oil charts shows selling pressure. EMA and MACD patterns suggest mild firmness in the market. Stochastic is rising and attempts to make bearish cross over in overbought region where RSI is falling in neutral region Both volume and open interest declined. Market is expected to trade downward with steady to weak opening.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	496	497	500.15	502	503
MCX-Aug	496	497	499.9	502	503

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil August Contract:**

**SELL** Near 501; T1 near 499 and T2 near at 498 and put stop loss at 502.

**MCX Refined Soy Oil July Contract:**

**SELL** Near 501; T1 near 499 and T2 near at 498 and put stop loss at 502.

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

Centres	04.07.07	03.07.07	Change
Mumbai (Soy Ref oil)+VAT	478	481	-3
Indore (Soy Ref oil)	468	468	Nil
Kota (Soy Ref. Oil)+VAT	483	483	Nil
Hyderabad (Soy Ref)+VAT	495	495	Nil
Rajkot (Soy Ref)+Tax	477	477	Nil

**International Highlights****BMD CPO Futures Succumb on Profit-taking Pressure**

The unclear prospects of demand and supplies for July and fall in overnight CBOT soy futures forced crude palm oil futures to settle down on Bursa Malaysian Derivatives. Profit-taking from recent rallies contributed the bearishness. The most active September contract of crude palm oil futures dipped by MYR36 at MYR2,479 per tonne. In Jan-May the palm oil production stood at 5.5 million tonnes fell from 5.9 million tonnes same period a year ago.

**Domestic Spot Market Highlights**

Following weakness in BMD and constantly inflow of imported palm oil at ports raised the oversupplies fears across domestically has pressured the palm oil prices in physical markets. Thin trade activities and borrowing weakness from BMD pushed down Indonesian palm oil market. Crude palm oil CIF prices for July shipment dropped on declined on Wednesday at \$785 per tonne as compared to \$790 per tonne on Tuesday. Majority of traders are expecting the underlying weakness on Malaysian palm oil market with spill over impact in domestic market in coming days.

**BMD: CPO Futures (04.07.2007)****(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Jul 07	2605	2593	2592	2595	2593	-12	677
Aug 07	2544	2518	2517	2520	2518	-26	1432
Sep 07	2515	2495	2497	2462	2479	-36	6092
Oct 07	2488	2472	2472	2440	2445	-43	631
Nov 07	2469	2450	2450	2450	2450	-19	13

\*BMD Remains Closed on Saturday and Sunday.

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

Centres	04.07.07	03.07.07	Change
Kandla CPO (5 % FFA)	418	418	Nil
Kandla RBD Palmolein +VAT	453	452	+1
Mumbai RBD Palmolein +VAT	457	452	+5
Chennai RBD Palmolein +VAT	460	460	Nil
Kakinada RBD Palmolein +VAT	445	448	-3
Hyderabad RBD Palmolein +VAT	468	468	Nil
Delhi RDB Palmolein	505	505	Nil

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

Edible Oil	04.07.07	03.07.07	Change
Crude Soy Oil	841	855	-14
Crude Palm Oil	785	790	-5
Sunflower Oil	915	NA	-

### Rape/Mustard oil

Spot prices of mustard oil is continuous to moving high on tight supplies and touched the Rs. 500 per 10 kg mark Mumbai market as recent rainfall has interrupted the fresh stocks to mingle with old stocks and rest of market maintained the up trends on prospects to weak supplies to demands in domestic markets. The low demand of rapeseeds meal maintained in domestic market as well on ports limited the gains to certain extent.

### Groundnut Oil

Due to short supplies and holding back from stockists, of groundnut oil prices maintained the underlying firmness, although current higher prices preventing demand to proliferate across domestic markets and results in steadiness on Wednesday. This also raised groundnut oil prices to nearly Rs. 100 per 10 kg by June end from Rs. 680 per 10 kg in June beginning. Currently good demands of groundnut seeds from Southeast Asian countries are likely to boost the pressure on nut stocks for crushing.

### Refined Sunflower Oil

Spot prices of refined sunflower oil remained in tight position on firm support of costlier crude oil prices and tight supplies. Assuming prices will maintain the up trends, stockists preferred to hold back their stocks which aided bullish support sun oil prices. The sunflower oil CIF prices for July shipment quoted at \$919 per tonne on Monday. The underlying firmness in overseas market of related commodity are likely to support refined sunflower oil prices in near-terms.

### Refined Cottonseeds Oil

Refined cottonseeds prices traded on higher side on prevailing limited stocks concerns. Good sowing progress of Kharif cotton aids the bullish support on improved demand for quality seeds engulfed from crushing stocks in major trading centers. As per trade sources, In 2007-08, world cotton production is expected to drop marginally to 25.3 million tonnes from 25.7 million tonnes last year.

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

Centres	04.07.07	03.07.07	Change
Mumbai (Exp. Oil) +VAT	500	497	+3
Kota (Exp. Oil)+VAT	472	472	Nil
Jaipur (Exp. Oil)+VAT	482	482	Nil
Delhi (Exp. Oil)	502	505	-3
Neewai (Exp. Oil) +VAT	470	472	-2

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

Centres	04.07.07	03.07.07	Change
Mumbai +VAT	755	750	+5
Rajkot +VAT	772	765	+7
Andhra Region +VAT	750	750	Nil
Chennai +VAT	710	710	Nil
Delhi	750	750	Nil

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

Centres	04.07.07	03.07.07	Change
Mumbai +VAT	605	600	+5
Chennai +VAT	600	600	Nil
Hyderabad +VAT	620	630	-10

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

Centres	04.07.07	03.07.07	Change
Mumbai +VAT	505	502	+3
Hyderabad +VAT	500	505	-5
Rajkot + VAT	522	520	+2
Delhi	500	498	+2

### Forex Rates

(As on 04.07.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.49
European Union	Euro	55.18
Japan	100 Yen	33.10
United Kingdom	Pound Sterling	81.77

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA	Arrived (02.07.2007)
	Maria E	10,000	CPO	Arrived (30.06.2007)
	Global Eros	10,990	CPO	Expected (03.07.2007)
	Global Triton	4,500	CPO	Expected (07.07.2007)
	Champion Arctic	31,000	CDSBO	Expected (04.07.2007)
	Samho Heron	3,059	PFAD*	Arrived (02.07.2007)
	Bryggen	10,500	SBO	Arrived (01.07.2007)
Mundra	Champion Arctic	15,000	CDSBO	Expected (02.07.2007)
Mumbai	Global Triton	7,000	Palm oil	Expected (03.07.2007)
	Southern Bull	3,000	Palm oil	Expected (05.07.2007)
Kolkata	Yong Cheng-17	4,546	CPO	Arrived (03.07.2007)
	Vernal Grace	3,700	CPO	Expected (04.07.2007)

**\*Palm Fatty Acid Distillate****Disclaimer**

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