

VEGOIL DAILY

July 4th, 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:

Refined soy oil futures on **NCDEX** settled up on Tuesday on renewed buying interest following gains of BMD CPO futures and improved prospects of strong demand in near-term. The most active August futures contract opened firmed at Rs. 501.2 per 10 kg against yesterday closing level at Rs 500.65 per 10 Kg. Market settled up at Rs. 509.95 per 10 Kg.

Late buying interest on refined soy oil on improving soybeans prices for sowing helped support market and closed up on **MCX**. The July contract opened slightly weak at Rs. 493.25 per 10 kg against previous closing level at Rs. 493.55 per 10 Kg and prices settled high at Rs. 494.9 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 show bullish recovery. Prices close well above short and medium term EMA suggest firmness in the market. MACD gather bullish momentum in positive territory. Stochastic and RSI is rising in neutral zone. Both volume and open interest increased. Market is expected to trade upward with possibility of steady to slight firm opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	498	500	503.95	507	508
MCX-July	490	491	493.3	498	499

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

BUY Near 503; T1 near 505 and T2 near at 506 and put stop loss at 502.

MCX Refined Soy Oil July Contract:

BUY Above 494; T1 near 496 and T2 near at 497 and put stop loss at 493.

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

Centres	03.07.07	02.07.07	Change
Mumbai (Soy Ref oil)+VAT	481	488	-7
Indore (Soy Ref oil)	468	474	-6
Kota (Soy Ref. Oil)+VAT	483	485	-2
Hyderabad (Soy Ref)+VAT	495	495	Nil
Rajkot (Soy Ref)+Tax	477	478	-1

PALM OIL

International Highlights

BMD CPO Futures Continue to Rise on Tuesday

Expectation of good exports demand in July and strong gains in CBOT soy oil futures sparked firmness for crude palm oil futures on Bursa Malaysian Derivatives on Tuesday. Market also gathered bullish momentum from surge in crude oil prices assuming higher prices would favor palm oil demand from biodiesel sector. The most active September contract of crude palm oil futures increased further by MYR47 at MYR2,515 per tonne.

Domestic Spot Market Highlights

Despite bullishness in global market of related commodity, spot prices of palm oil maintained its weakness on subdued sentiment for demand. The higher prices of palm oil are not supportive to trade activities and is continues to fall to support the trade activities. Whereas Indonesian palm oil remained with the BMD CPO futures declined initially and recovered later. Crude palm oil CIF prices for July shipment dropped on Monday at \$792 per tonne against \$795 per tonne on Saturday.

BMD: CPO Futures (03.07.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jul 07	2563	2561	2611	2560	2611	+48	358
Aug 07	2494	2488	2544	2488	2544	+50	1939
Sep 07	2468	2454	2515	2454	2515	+47	8232
Oct 07	2452	2437	2488	2437	2488	+36	917
Nov 07	2434	2449	2469	2449	2469	+35	193

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	03.07.07	02.07.07	Change
Kandla CPO (5 % FFA)	418	419	-1
Kandla RBD Palmolein +VAT	452	454	-2
Mumbai RBD Palmolein +VAT	452	455	-3
Chennai RBD Palmolein +VAT	460	465	-5
Kakinada RBD Palmolein +VAT	448	448	Nil
Hyderabad RBD Palmolein +VAT	468	468	Nil
Delhi RDB Palmolein	505	505	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	03.07.07	02.07.07	Change
Crude Soy Oil	855	860	-5
Crude Palm Oil	790	792	-2
Sunflower Oil	NA	919	-

Rape/Mustard oil

In recent time, mustard oil prices moved too quickly across domestic markets to support the trade activities and consolidated marginally on sluggish demand and weakness in other vegetable oil prices. Mustard seeds prices also dropped on second consecutive days on poor demand from expellers extended the bearishness. Mustard seeds arrivals remained unchanged to previous at 40 thousand bags with poor demand.

Groundnut Oil

Assuming good monsoon rainfall in major groundnut producing areas and subdued demand has pushed groundnut oil prices down in major trading centers. The good demand for seeds for sowing and HPS nuts from Southeast Asian countries is eating stocks from crushing aids bullishness and limited the fall. The shelled groundnut in Gujarat moved up marginally by Rs. 5 and traded between Rs. 415-575 per 20 kg (as per variety). The slow pace of crushing of groundnut due to higher prices of nut would support oil prices to trade firm.

Refined Sunflower Oil

Refined sunflower oil prices remained firmed on costlier crude oil prices whereas demand remained steady. As per trade sources, Argentina's sunflower seeds stocks on June 1st declined by 36.47% at 368,139 tonnes as compared to 579,472 tonne in same period a year ago while sunflower seeds oil stock increased by 3.74% at 90,243 tonnes, against 86,987 tonnes same period a year ago. The sunflower oil CIF prices for July shipment quoted at \$919 per tonne on Monday.

Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil maintained its firmness on good demand of seeds for sowing despite weakness in rival edible oil. As per trade sources, sowing is nearly over in Gujarat (one of the major producing area) and total cultivation is expecting in 23 lakh hectares land out of nearly 14 lakh hectares is being planted with Bt cotton. The continuous good demand from seeds sector and short supplies for crushing is likely to keep oil prices firm ahead.

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

Centres	03.07.07	02.07.07	Change
Mumbai (Exp. Oil) +VAT	497	497	Nil
Kota (Exp. Oil)+VAT	472	475	-3
Jaipur (Exp. Oil)+VAT	482	484	-2
Delhi (Exp. Oil)	505	502	+3
Neewai (Exp. Oil) +VAT	472	473	-1

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	03.07.07	02.07.07	Change
Mumbai +VAT	750	750	Nil
Rajkot +VAT	765	770	-5
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	03.07.07	02.07.07	Change
Mumbai +VAT	600	590	+10
Chennai +VAT	600	600	Nil
Hyderabad +VAT	630	630	Nil

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

Centres	03.07.07	02.07.07	Change
Mumbai +VAT	502	500	+2
Hyderabad +VAT	505	505	Nil
Rajkot + VAT	520	520	Nil
Delhi	498	500	-2

Forex Rates

(As on 03.07.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.58
European Union	Euro	55.29
Japan	100 Yen	33.08
United Kingdom	Pound Sterling	81.89

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA	Expected (30.06.2007)
	New Trader	7,994	CPO	Arrived (26.06.2007)
	Maria E	10,000	CPO	Expected (30.06.2007)
	Global Eros	10,990	CPO	Expected (03.07.2007)
	Champion Arctic	31,000	CDSBO	Expected (04.07.2007)
	Samho Heron	3,059	PFAD*	Expected (02.07.2007)
	Bryggen	10,500	SBO	Expected (01.07.2007)
Turicorin	Spring Wind	4,100	Palm oil	Arrived (28.06.2007)
	Global Trader	4,700	Palm oil	Expected (29.06.2007)
Mundra	Champion Arctic	15,000	CDSBO	Expected (02.07.2007)
Mumbai	Global Triton	11,790	Palm oil	Expected (03.07.2007)

Palm Fatty Acid Distillate*Disclaimer**

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