

## VEGOIL DAILY

July 21<sup>st</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Refined soy oil reacted bullish on steady domestic demand and firm global cues. Taking advantage of current tight stocks conditions, stockists preferred to hold back their stocks that added the firmness in the market. Despite bearish exports figures, BMD CPO futures recouped following overnight bullish CBOT and surge in crude oil futures. According to SGS (a cargo surveyor) estimation, Malaysian palm oil exports dropped at 5.5% at 638,163 tonnes against 675,424 tonnes same period in June. Prediction of dry weather in Midwest and within trade range of weekly exports data Supportive weather conditions and within range of USDA weekly exports sales data for soy complex strengthened CBOT. Exports sales of soybeans and soy oil totaled at 345,900 and 4,700 tonnes against trade expectation between 250,000-400,000 and 0-10,000 tonne respectively. The crude soy oil CIF prices for August shipment increased on second consecutive day at \$880 per tonne as compared to \$874 per tonne on Thursday.

#### FUTURES MARKET:

Following gains of CBOT and BMD CPO futures, refined soy oil futures gathered bullishness on **NCDEX** on Friday. The most active August futures contract opened firmed at Rs. 509.75 per 10 kg against previous closing level at Rs 509.25 per 10 Kg. The futures closed at Rs. 510.85 per 10 Kg.

The refined soy oil futures at **MCX** maintained follow-through rallies on improving prospects of demand in short-term with bullish global cues. The August contract opened at Rs. 509.7 per 10 kg against yesterday closing level at Rs. 509.15 per 10 Kg. The prices closed up at Rs.510.55 per 10 Kg.

#### PRICE DRIVERS:

- Bullish BMD and CBOT
- Holding activities of soy oil from stockists
- Malaysian palm oil exports drop 5.5% during July 1-20
- Within trade expectation of weekly exports sales of soy complex
- Crude soy oil CIF price increased by \$6

#### Weather

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

#### TECHNICALS

Refined soy oil charts show the increased in buying pressure and witnessed all time high level. Both EMA and MACD patterns remain bullish. Stochastic made bullish crossover in neutral regions hints firmness in the market. RSI also indicate firmness in prices. Both volumes and open interest declined. Market is expected to open steady to slightly firm with bullish bias.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	506	507	510.85	515	516
MCX-Aug	506	507	510.55	515	516

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil August Contract:**

**BUY** Near 511; T1 above 513, T2 near 514 and put stop loss at 509.5.

**MCX Refined Soy Oil July Contract:**

**BUY** Near 511; T1 above 513, T2 near 514 and put stop loss at 509.5.

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

Centres	20.07.07	19.07.07	Change
Mumbai (Soy Ref oil)+VAT	486	485	+1
Indore (Soy Ref oil)	484	481	+3
Kota (Soy Ref. Oil)+VAT	490	489	+1
Hyderabad (Soy Ref)+VAT	505	498	+7
Rajkot (Soy Ref)+Tax	476	476	Nil

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

Recouped CBOT soy futures and gains in crude oil futures strengthened crude palm oil futures on Bursa Malaysian Derivatives despite bearish exports sales figures for July 1-20 released by SGS. Malaysian palm oil exports dropped at 5.5% at 638,163 tonnes against 675,424 tonnes corresponding period in June. The most active October contract of CPO futures rebound by MYR21 at MYR2,506 per tonne on Friday.

**Domestic Spot Market Highlights**

Currently higher prices of palm oil have compressed the domestic demand that resulting prices remained subdued despite bullish BMD and CBOT. The unclear direction of palm oil prices in short-terms and lack of supportive news confirmed the subdued trade activities. As per SGS latest Malaysian palm oil exports figures to India increased by 27.18% at 41,142 tonnes in July 1-20 against 32,350 tonnes corresponding period a month ago. As Malaysian crude palm oil production is expected to rise in July with low exports demand is likely to check the upside movement of BMD with spill over impact in domestic markets.

**BMD: CPO Futures (20.07.2007)****(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2585	2580	2600	2571	2599	+14	712
Sep 07	2522	2524	2548	2512	2542	+20	2276
Oct 07	2485	2497	2515	2476	2506	+21	5316
Nov 07	2465	2474	2487	2450	2472	+7	755
Dec 07	2451	2465	2465	2457	2465	+14	66

\*BMD Remains Closed on Saturday and Sunday.

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

Centres	20.07.07	19.07.07	Change
Kandla CPO (5 % FFA)	425	427	-2
Kandla RBD Palmolein +VAT	458	458	Nil
Mumbai RBD Palmolein +VAT	486	492	-6
Chennai RBD Palmolein +VAT	460	461	-1
Kakinada RBD Palmolein +VAT	450	456	-6
Hyderabad RBD Palmolein +VAT	473	474	-1
Delhi RDB Palmolein	500	500	Nil

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

Edible Oil	20.07.07	19.07.07	Change
Crude Soy Oil	880	874	+6
Crude Palm Oil	NA	NA	-
Sunflower Oil	1019	987	+32

### Rape/Mustard oil

Mustard oil prices traded mostly range bound in major trading centers on balance in demand and supplies while trade activities remained dull. Spot market also witness slightly improvement in mustard seeds prices that cushioned oil prices to weak. The weakness in rapeseeds meals is noticed both at ports and domestically, which hampered expeller's sentiments to pace up the seeds buying.

### Groundnut Oil

Spot prices of groundnut oil traded mixed in domestic markets amidst erratic demand and pressure from cotton oil. In fourth advance estimation, groundnut output in 2006-07 crop year is estimated at 4.91 million tonnes weak from earlier estimate 4.98 million tonnes. This drop is mainly due to unfavorable weather conditions during crop progress. The shelled groundnut in Gujarat is quoted at Rs. 415-575 per 20 kg as per quality. Traders are expecting oil prices are likely to trade with slightly undertone in lack of supportive demand.

### Refined Sunflower Oil

Despite jump in sunflower oil CIF prices over psychological barrier of \$1000 per tonne, refined oil traded on softer side on sluggish demand, subdued trade activities and weakness in other edible oil. The sunflower oil CIF prices for August shipment increased on second consecutive day at \$1019 per tonne on Friday as compared to \$987 per tonne on Thursday. According to traders, more correction is expecting in refined sunflower oil prices to restore domestic demand.

### Refined Cottonseeds Oil

Refined cottonseeds oil recovered on Friday on steady demand and unclear price direction for near-terms. The shift in acreage from groundnut and use of Bt. Cottonseeds results increased cotton output at 22.7 million bales\* (crop year July 2006-June 07) as compared to 21.03 million bales in earlier estimation as highlighted in fourth advance estimation.

\* 1 bale is equal to 170 kg.

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

Centres	20.07.07	19.07.07	Change
Mumbai (Exp. Oil) +VAT	504	504	Nil
Kota (Exp. Oil)+VAT	478	478	Nil
Jaipur (Exp. Oil)+VAT	488	488	Nil
Delhi (Exp. Oil)	508	507	+1
Neewai (Exp. Oil) +VAT	478	478	Nil

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

Centres	20.07.07	19.07.07	Change
Mumbai +VAT	748	750	-2
Rajkot +VAT	775	785	-10
Andhra Region +VAT	765	750	+15
Chennai +VAT	690	685	+5
Delhi	780	780	Nil

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

Centres	20.07.07	19.07.07	Change
Mumbai +VAT	578	580	-2
Chennai +VAT	580	580	Nil
Hyderabad +VAT	590	600	-10

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

Centres	20.07.07	19.07.07	Change
Mumbai +VAT	508	508	Nil
Hyderabad +VAT	510	500	+10
Rajkot + VAT	512	510	+2
Delhi	500	500	Nil

### Forex Rates

(As on 20.07.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.33
European Union	Euro	55.65
Japan	100 Yen	33.01
United Kingdom	Pound Sterling	82.63

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	M.T. Biz	18,000	CDSBO	Expected (19.07.2007)
	M.T. Puze	18,000	CDSBO	Expected (21.07.2007)
	Shintoku	12,000	Palm oil	Expected (19.07.2007)
	Suzanne	10,000	Palm oil	Expected (16.07.2007)
	Chem Jasmin	25,200	CPO	Berthed (17.07.2007)
	Amundsen Wind	6,720	CPO	Expected (18.07.2007)
	Gagarmayang	6,000	SBO	Expected (21.07.2007)
	<b>Marida Boreas</b>	<b>13,350</b>	<b>CPO</b>	<b>Expected (22.07.2007)</b>
Kolkata	Vernal Grace	3,570	CPO	Arrived (14.07.2007)
New Manglore	<b>Arwen</b>	<b>8,600</b>	<b>CPO</b>	<b>Expected (21.07.2007)</b>
Tuticorin	<b>Global Trader</b>	<b>2,500</b>	<b>Palm oil</b>	<b>Expected (18.07.2007)</b>
Mumbai	<b>Artistry</b>	<b>8,600</b>	<b>CPO</b>	<b>Expected (22.07.2007)</b>

**Vessels in bold are new on chart.**

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