

VEGOIL DAILY

July 18th, 2007

REFINED SOY OIL

SPOT MARKET:

Despite bearish global cues, domestic soy oil market increased on Tuesday on limited tight supplies and steady demands. Diminishing prospects of long-term demand and supplies with bearish CBOT soy futures cast weakness for BMD CPO futures on Tuesday. Forecast of rainfall in Western Corn Belt, renewed selling pressure and bearish NOPA crush report depressed soy futures on CBOT. NOPA June soybeans crush was totaled at 3.82 million tonnes as compared to trade expectation of 3.69 million tonnes. Soy oil stocks in June pegged at 1.34 million tonnes against 1.32 million tonnes last month. The CIF price for crude soy oil declined on second straight day at \$871 per tonne against \$ 875 per tonne on Monday.

FUTURES MARKET:

Despite bearish global cues, the soy oil futures at **NCDEX** settled bullish on Tuesday on renewed buying interest. The most active August futures contract opened weak at Rs. 505.15 per 10 kg against previous closing level at Rs 505.75 per 10 Kg. The futures closed at Rs. 507.25 per 10 Kg.

The soy oil futures at **MCX** witnessed strong buying interest but upside was limited by bearish BMD CPO futures. The August contract opened at Rs. 505.6 per 10 kg against previous closing level at Rs. 505.5 per 10 Kg. The prices closed up at Rs.507 per 10 Kg.

PRICE DRIVERS:

- Bearish CBOT and BMD CPO futures
- Bearish NOPA soybeans crush reports with improved soy oil stocks
- Good demand of soybeans seeds for sowing
- Consolidation in prices of edible oils
- Crude soy oil CIF price declined on second consecutive day.

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 bullish recovery with increased in buying support as indicted by lower shadow of the candlestick. EMA patterns hints for firmness in the market while MACD is running flat in positive territory. Stochastic made bearish crossover in overbought region whereas RSI shows the mild recovery in prices. Volumes increased and open interest declined. Prices are expected to open steady to slightly firm with late downward movement.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	503	504	507.25	511	512
MCX-Aug	503	504	507	509	510

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

BUY Near 507; T1 near 509, T2 near 510 and put stop loss at 506.

MCX Refined Soy Oil July Contract:

BUY Near 506; T1 near 508, T2 near 509 and put stop loss at 507.

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

Centres	17.07.07	16.07.07	Change
Mumbai (Soy Ref oil)+VAT	488	486	-2
Indore (Soy Ref oil)	481	481	Nil
Kota (Soy Ref. Oil)+VAT	489	488	+1
Hyderabad (Soy Ref)+VAT	498	497	+1
Rajkot (Soy Ref)+Tax	476	476	Nil

International Highlights**BMD CPO Futures Finish Down Following CBOT**

Repeating the bearish sentiments of CBOT soy futures, crude palm oil futures ended in negative territory across the board on Bursa Malaysian Derivatives. Market unable to sustain the higher level attained during early hours and tumbled on lack of supportive news but traders anticipated the long-term demand and supply prospects are intact. The most active October contract of CPO futures down MYR23 at MYR2,517 per tonne.

Domestic Spot Market Highlights

Palm oil prices in physical market traded on softer side amidst abundant palm oil stocks in domestic markets as well as on ports, whereas demand remained poor. Indonesian palm oil market boosted in response of strong demand of festivals ahead and weaker rupiah. The CIF prices of crude palm oil declined on Tuesday at \$805 per tonne as compared to \$817 per tonne on Monday. In lack of supportive news, unclear direction of demand and supplies for near-futures are likely to pressure the BMD CPO futures with spill over impact in domestic market.

BMD: CPO Futures (17.07.2007)**(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2639	2617	2649	2610	2620	-19	1372
Sep 07	2570	2547	2588	2542	2550	-20	2809
Oct 07	2540	2516	2557	2506	2517	-23	6456
Nov 07	2520	2494	2529	2483	2490	-30	1127
Dec 07	2500	2480	2502	2468	2470	-30	143

*BMD Remains Closed on Saturday and Sunday.

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

Centres	17.07.07	16.07.07	Change
Kandla CPO (5 % FFA)	425	426	-1
Kandla RBD Palmolein +VAT	460	460	Nil
Mumbai RBD Palmolein +VAT	NA	465	-
Chennai RBD Palmolein +VAT	463	-	-
Kakinada RBD Palmolein +VAT	455	453	+2
Hyderabad RBD Palmolein +VAT	473	472	+1
Delhi RBD Palmolein	505	500	+5

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	17.07.07	16.07.07	Change
Crude Soy Oil	871	875	-4
Crude Palm Oil	805	NA	-
Sunflower Oil	964	NA	-

Rape/Mustard oil

Despite bearish global cues, spot prices of mustard oil remained in bullish tone on steady demand combined with supplies fears. Mustard oil declined in Mumbai market on sluggish demand. On Tuesday, arrivals of mustard seeds registered a decline at 20-22 thousand bags as compared to 25-30 thousand bags previous day. As per trade sources, bullish under tone is likely to rule in major trading centers in short-term in response to festive demand.

Groundnut Oil

Poor trade activities at higher prices and subdued demand sparked weakness for groundnut oil in physical markets. After India assurance to export contamination free consignment of groundnut, Russian government may lift that imposed a ban in May on Indian groundnut. Poor availability of groundnut seeds domestically, poor realization of groundnut oil is likely to continue to support the market in near-terms.

Refined Sunflower Oil

Spot prices of refined sunflower oil exhibited the weak trends on Tuesday on poor demand coupled with weakness in other edible oil. Seeing the stagnancy in domestic market, stockists preferred to stay away from market. The CIF prices of sunflower oil declined on Tuesday at \$964 per tonne as compared to \$971 per tonne on Saturday. The underlying bullishness in global market of related commodities with low meals demand in domestic market is likely to favour the bulls ahead.

Refined Cottonseeds Oil

In recent past refined cotton seed oil moved 48 up sharply following firm global cues, but unable to sustain that level on poor demand. On Tuesday, market dropped further to find the level to support the trade activities. The poor demand of cottonseeds meals in domestic market is forcing exporters to stay away for fresh crushing that in turn support oil prices further up in near-term.

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

Centres	17.07.07	16.07.07	Change
Mumbai (Exp. Oil) +VAT	506	508	-2
Kota (Exp. Oil)+VAT	478	478	Nil
Jaipur (Exp. Oil)+VAT	488	482	+6
Delhi (Exp. Oil)	508	510	-2
Neewai (Exp. Oil) +VAT	477	NA	-

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	17.07.07	16.07.07	Change
Mumbai +VAT	750	750	Nil
Rajkot +VAT	785	795	-10
Andhra Region +VAT	750	760	-10
Chennai +VAT	690	NA	-
Delhi	780	785	-5

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

Centres	17.07.07	16.07.07	Change
Mumbai +VAT	585	590	-5
Chennai +VAT	585	NA	-
Hyderabad +VAT	600	600	Nil

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

Centres	17.07.07	16.07.07	Change
Mumbai +VAT	510	512	-2
Hyderabad +VAT	500	500	Nil
Rajkot + VAT	512	518	-6
Delhi	505	500	+5

Forex Rates

(As on 17.07.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.36
European Union	Euro	55.65
Japan	100 Yen	33.13
United Kingdom	Pound Sterling	82.23

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)
	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)
Tuticorin	Global Trader	2,500	Palm oil	Expected (18.07.2007)
Mumbai	Artistry	8,600	CPO	Expected (22.07.2007)

Vessels in bold are new on chart.

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