

VEGOIL DAILY

July 25th, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil traded bearish amidst exceeding supplies to demand, sluggish demand coupled with spill over impact of duty reduction. To tame the inflation on edible oil, government is putting hard effort. Envisaging government has slashed the import duty on edible oil. For CDSBO, it reduced at 40% (45% earlier), CPO at 40% (50% earlier) and 52.5% (57.5% earlier) on RBD palm olein; whereas on refined sunflower oil duty reduced by 10% at 50% from 60% earlier that forced market to trade down. Despite bearish CBOT, BMD CPO futures recouped anticipating good exports demand. CBOT soy futures finished down on prediction of supportive weather conditions in Central and Western Corn Belt coupled with below expected weekly exports of soybeans. The crude soy oil CIF prices for August shipment remains unchanged on second straight day at \$875 per tonne as compared to Monday. More weakness could be notice ahead on underlying bearishness in BMD and CBOT.

FUTURES MARKET:

Refined soy oil settled bearish on **NCDEX** on second straight days on spill over impact of latest duty reduction on imported oil coupled with bearish CBOT soy futures. The most active August futures contract opened weak at Rs. 507 per 10 kg against previous closing level at Rs 507.6 per 10 Kg. The futures closed down at Rs. 503.2 per 10 Kg.

The refined soy oil futures at **MCX** finished down on bearish CBOT soy futures and spill over impact on duty reduction. The August contract opened weak at Rs. 505.8 per 10 kg against previous closing level at Rs. 507.45 per 10 Kg. The prices closed down at Rs.503.05 per 10 Kg.

PRICE DRIVERS:

- Duty reduction on import edible oil by 5-10%
- BMD CPO futures recouped
- Bearish CBOT soy futures
- Weakness in other edible oil
- Stockists are actively released edible oil

Weather

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

TECHNICALS

Refined soy oil chart show the increase in selling pressure with late recovery at lower level as shown by lower shadow. EMA and MACD pattern remained weak. Stochastic is falling after bearish crossover indicate market is vulnerable for correction. RSI shows weakness in prices. Volume increased significantly while open interest declined. Market is expected trade down with steady to slightly firm opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	499	500	503.2	506	507
MCX-Aug	499	500	503.05	506	507

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

SELL Below 504; T1 near 502, T2 near 501 and put stop loss at 505.5.

MCX Refined Soy Oil July Contract:

SELL Below 504; T1 near 502, T2 near 501 and put stop loss at 505.5.

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

Centres	24.07.07	23.07.07	Change
Mumbai (Soy Ref oil)+VAT	478	484	-6
Indore (Soy Ref oil)	482	486	-4
Kota (Soy Ref. Oil)+VAT	482	490	-8
Hyderabad (Soy Ref)+VAT	495	500	-5
Rajkot (Soy Ref)+Tax	465	476	-9

PALM OIL

International Highlights

BMD CPO Futures Settle Up

Anticipation for India's reduction in import duty on edible oil and good exports demand strengthen crude palm oil futures on Bursa Malaysian Derivatives but the upside was limited by bearish soy futures on CBOT. The most active October contract of CPO futures recouped MYR45 at MYR2,525 per tonne. Traders are expecting the Malaysian palm oil exports during July 1-25 nearly 900,000 tonne against 821,000-835,000 tonne during same period in June.

Domestic Spot Market Highlights

Domestic palm oil market remained sluggish on poor demand and reduction in imported duty on edible oil. To curb the inflation on edible oil, government took firm decision and reduced the import duty on crude palm oil to 40% from 45% (Monday's revision) and 50% prior to 23rd July. Indonesian palm oil market remained sluggish on Tuesday on subdued demand but BMD bullish undertone was resisted for further fall. The crude soy oil CIF price for August shipment increased on Tuesday at \$810 per tonne as compared to \$802 per tonne on Monday. The spill over impact of duty reduction would tend to push the prices of palm oil in approaching days.

BMD: CPO Futures (24.07.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2579	2579	2625	2559	2625	+46	793
Sep 07	2518	2510	2566	2499	2563	+45	1446
Oct 07	2480	2468	2530	2468	2525	+45	6798
Nov 07	2452	2438	2500	2435	2493	+41	928
Dec 07	2438	2432	2433	2432	2433	-5	18

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	24.07.07	23.07.07	Change
Kandla CPO (5 % FFA)	417	424	-7
Kandla RBD Palmolein +VAT	454	458	-4
Mumbai RBD Palmolein +VAT	472	475	-3
Chennai RBD Palmolein +VAT	450	460	-10
Kakinada RBD Palmolein +VAT	441	451	-10
Hyderabad RBD Palmolein +VAT	462	473	-9
Delhi RDB Palmolein	NA	500	-

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	24.07.07	23.07.07	Change
Crude Soy Oil	875	875	Nil
Crude Palm Oil	810	802	+8
Sunflower Oil	1029	1029	Nil

Rape/Mustard oil

The spill over impact of duty reduction on edible oil amplified the bearish sentiments domestically and prices of mustard oil traded on softer side. Follow-through weakness in mustard seeds prices aids the bearishness on oil prices. This duty reduction would results into cheaper availability of palm oil, which in turn pressure mustard oil ahead, traders added. The weakened margins with low demand of rapeseeds meals would restrict the downside of mustard oil in near-terms.

Groundnut Oil

The poor supplies and holding back of groundnut oil stocks in domestic market results into expectation of arrival of as vessel carrying nearly 3,000 tonne of groundnut oil. The poor demand of meals with dwindling stocks of oil in domestic market aids some support to the market and limited the downside. In Gujarat shelled groundnut is quoted at Rs. 415-470 per 20kg for different grade. Traders are expecting more downside could be notice in near-terms following underlying weakness in other edible oil.

Refined Sunflower Oil

Reduction in imported oil duty sparked the bearishness across domestic markets. Govt. has reduced the duty structure on sunflower oil from 60% to 50% to quell the upside movement in prices, whereas demand remained weak. The sunflower oil CIF prices for August shipment remain unchanged on second straight day at \$1019 per tonne on Tuesday against Monday's prices. The limited stocks and behavior of other edible oil would determine the direction of refined sunflower oil in near-term.

Refined Cottonseeds Oil

In response to govt. latest reduction in import duty on edible oil coupled with sluggish demand, prices of refined cottonseeds oil declined across domestic market. Sensing palm oil prices would be cheaper enough to shift the demand from cottonseeds oil to palm oil, stockists improved their selling at cheaper prices led the bearishness. More weakness in expected in coming days of refined cottonseeds oil to remains in sync with imported oil.

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

Centres	24.07.07	23.07.07	Change
Mumbai (Exp. Oil) +VAT	496	500	-4
Kota (Exp. Oil)+VAT	475	478	-3
Jaipur (Exp. Oil)+VAT	485	488	-3
Delhi (Exp. Oil)	NA	509	-
Neewai (Exp. Oil) +VAT	475	478	-3

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	24.07.07	23.07.07	Change
Mumbai +VAT	740	745	-5
Rajkot +VAT	755	760	-5
Andhra Region +VAT	750	765	-15
Chennai +VAT	680	685	-5
Delhi	NA	780	-

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

Centres	24.07.07	23.07.07	Change
Mumbai +VAT	565	580	-15
Chennai +VAT	565	585	-20
Hyderabad +VAT	570	580	-10

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

Centres	24.07.07	23.07.07	Change
Mumbai +VAT	500	506	-6
Hyderabad +VAT	495	500	-5
Rajkot + VAT	496	510	-4
Delhi	NA	495	-

Forex Rates

(As on 24.07.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.24
European Union	Euro	55.60
Japan	100 Yen	33.38
United Kingdom	Pound Sterling	83.04

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	M.T. Biz	18,000	CDSBO	Berthed (19.07.2007)
	M.T. Puze	18,000	CDSBO	Expected (21.07.2007)
	Shintoku	12,000	Palm oil	Expected (24.07.2007)
	Stolt Vinland	3,000	G'nut oil	Expected (25.07.2007)
	Global Triton	12,000	Palm oil	Expected (27.07.2007)
	Gagarmayang	6,000	SBO	Berthed (22.07.2007)
	Marida Boreas	13,350	CPO	Berthed (22.07.2007)
Kolkata	Aetos	10,000	Soy oil	Arrived (21.07.2007)
New Manglore	Global Eos	10,500	CPO	Expected (30.07.2007)
Mumbai	Artistry	8,600	CPO	Arrived (22.07.2007)

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