

## VEGOIL DAILY

July 7<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Spot prices of refined soy oil remained range bound in most of trading centres on balance in demand and supply and firmness in overseas markets. BMD CPO futures reacted bullish on hike in export taxes and base prices by Indonesian government. To remain in sync with international prices, Indonesia government has increased the base prices palm oil product. Base prices on crude palm oil increased by 8.7% at \$676/tonne, crude palm olein gained by \$71 at \$740/tonne, RBD palm olein hiked by \$70 at \$746/tonne, RBD palm oil increased by \$85 at \$737/tonne. The palm oil exports taxes will be calculate using base prices. To maintain the proper supplies in local market, government also hiked the exports taxes, crude palm oil seen up by 6.5% from 1.5%, palm oil products increased at 6.5% from 0.3%. The new base prices will be effective during July 10th-August 9th. The weather concern has strengthened the CBOT soy futures but selling pressure in gold and weakness in crude oil prices limited the gains. The crude soy oil CIF prices of July shipment increased on Friday at \$849 per tonne against \$841 per tonne on Thursday.

#### FUTURES MARKET:

After initial firmness following BMD CPO futures, refined soy oil futures settled down on trade day on lack of fresh fundamentals on **NCDEX**. The most active August futures contract opened a tag up at Rs. 503.3 per 10 kg against previous closing level at Rs 503.15 per 10 Kg. Market settled down at Rs. 502.3 per 10 Kg.

Profit-taking and unclear direction for demand and supplies prospects pushed down refined soy oil futures on **MCX**. The August contract opened marginally firm at Rs. 502.8 per 10 kg against yesterday closing level at Rs. 502.7 per 10 Kg and prices finished down at Rs. 501.95 per 10 Kg.

#### PRICE DRIVERS:

- Bullish BMD and CBOT
- Indonesian government raise base prices and exports taxes
- Expectation of bullish USDA weekly exports sales
- Good demand of soybeans on sowing pressure
- Crude soy oil CIF prices increased by \$8

#### Weather

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

#### TECHNICALS

Refined soy oil charts show selling pressure at higher level. Prices closed above 9/18 days EMA hints for firmness in the market. MACD gathered bullish momentum in positive territory. Stochastic followed the downtrends after making bearish crossover in overbought region. RSI is falling in neutral zone. Volume increased and open interest declined. Market is expected move up initially with possibility of late downward movement.



#### SUPPORT / RESISTANCES:

| Contract  | S2  | S1  | PCP    | R1  | R2  |
|-----------|-----|-----|--------|-----|-----|
| NCDEX-Aug | 498 | 499 | 502.3  | 505 | 506 |
| MCX-Aug   | 498 | 499 | 501.95 | 505 | 506 |

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil August Contract:**

**SELL Below 503;** T1 near 501 and T2 near at 500 and put stop loss at 504.5.

**MCX Refined Soy Oil July Contract:**

**SELL Below 503;** T1 near 501 and T2 near at 500 and put stop loss at 504.5.

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

| Centres                  | 06.07.07 | 05.07.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 478      | 478      | Nil    |
| 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 Surge Following CBOT Soy oil Futures

The crude palm oil futures on Bursa Malaysian Derivatives settled high tracked gains in crude oil prices results most active contract breached the psychological barrier of MYR2,500 per tonne on Friday. The most active September contract of CPO futures increased by MYR38 at MYR2,520 per tonne. Market also generated bullish momentum from overnight firmed up CBOT soy futures and improving prospects of exports demand from biodiesel sector.

## Domestic Spot Market Highlights

Domestic palm oil market reacted mixed on latest hike in base prices for exports and export taxes by Indonesian government. Indonesia government increased base prices on crude palm oil by 8.7% at \$676/tonne as well as exports taxes on crude palm oil seen up by 6.5% from 1.5%. Crude palm oil CIF prices for July shipment declined on Friday at \$780 per tonne as compared to \$785 per tonne on Thursday. This will be effective from July 10 to August 9<sup>th</sup>. With the implementation of new exports taxes and base prices by Indonesia are likely to push the BMD CPO futures up with spill over impact in domestic market ahead.

### BMD: CPO Futures (06.07.2007)

(Ringgit/ton)

| Months | Previous | Open | High | Low  | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Jul 07 | 2594     | 2586 | 2626 | 2586 | 2615  | +21    | 468    |
| Aug 07 | 2520     | 2527 | 2563 | 2506 | 2563  | +43    | 1831   |
| Sep 07 | 2482     | 2493 | 2522 | 2468 | 2520  | +38    | 6403   |
| Oct 07 | 2453     | 2455 | 2493 | 2450 | 2490  | +37    | 1857   |
| Nov 07 | 2432     | 2438 | 2470 | 2438 | 2470  | +38    | 49     |

\*BMD Remains Closed on Saturday and Sunday.

### Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres                      | 06.07.07 | 05.07.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA)         | 419      | 418      | +1     |
| Kandla RBD Palmolein +VAT    | 452      | 451      | +1     |
| Mumbai RBD Palmolein +VAT    | 456      | 454      | +2     |
| Chennai RBD Palmolein +VAT   | 459      | 460      | -1     |
| Kakinada RBD Palmolein +VAT  | 443      | 444      | -1     |
| Hyderabad RBD Palmolein +VAT | 465      | 468      | -3     |
| Delhi RDB Palmolein          | 495      | 495      | Nil    |

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

| Edible Oil     | 06.07.07 | 05.07.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil  | 849      | 841      | +8     |
| Crude Palm Oil | 780      | 785      | -5     |
| Sunflower Oil  | 921      | 921      | Nil    |

### Rape/Mustard oil

Despite sluggish trade activities and weak demand, spot prices of mustard oil remained in bullish tone on supplies concern. The low meals demands in domestic market as well as ports results in poor crushing but expellers has maintained their seeds demand anticipating sharp rise in prices in coming month. In June month mustard seeds meals exports dropped by 35.14% at 51, 825 tonne as compared to 79,900 tonne same period last year.

### Groundnut Oil

Amidst low of groundnut meals demand in domestic market as well as on ports combined with low stocks and good demand of HPS groundnut, crushing has hampered and only 4,775 tonne meals exports recorded in June as compared to 43,100 tonne last year. While the low stocks of groundnut oil is continuously supporting the prices. The shelled groundnut in Gujarat remained unchanged and traded between Rs. 415-575 per 20 kg (as per quality).

### Refined Sunflower Oil

Due to delay monsoon, sowing of Kharif oilseeds are lagging including the sunflower crop, but refined sunflower oil prices declined on Friday on poor demand. The sunflower oil CIF prices for July shipment remained unchanged on Friday at \$921 per tonne to Thursday. Recently the rise in crude oil prices with expectation of fall in domestic sunflower seeds crushing, refined oil prices are likely to improve further in short-term.

### Refined Cottonseeds Oil

Poor trade activities at higher prices and sluggishness in groundnut oil prices pushed down refined cottonseeds oil prices in domestic markets. The good demand of cotton seeds in recent past engulfed the total available stocks for crushing and extended the bullish support to oil prices. The poor demand of cottonseeds meals in domestic market is forcing expellers 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                | 06.07.07 | 05.07.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 500      | 500      | Nil    |
| Kota (Exp. Oil)+VAT    | 472      | 472      | Nil    |
| Jaipur (Exp. Oil)+VAT  | 482      | 482      | Nil    |
| Delhi (Exp. Oil)       | 500      | 500      | Nil    |
| Neewai (Exp. Oil) +VAT | 470      | 468      | +2     |

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

| Centres            | 06.07.07 | 05.07.07 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT        | 750      | 750      | Nil    |
| Rajkot +VAT        | 775      | 775      | Nil    |
| Andhra Region +VAT | 750      | 750      | Nil    |
| Chennai +VAT       | 700      | 700      | Nil    |
| Delhi              | 750      | 750      | Nil    |

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

| Centres        | 06.07.07 | 05.07.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 600      | 605      | -5     |
| Chennai +VAT   | 600      | 600      | Nil    |
| Hyderabad +VAT | 605      | 620      | -15    |

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

| Centres        | 06.07.07 | 05.07.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 505      | 506      | -1     |
| Hyderabad +VAT | 500      | 500      | Nil    |
| Rajkot + VAT   | 518      | 522      | -4     |
| Delhi          | 505      | 505      | Nil    |

### Forex Rates

(As on 06.07.07)

| Country/ Continent | Currency       | Value in Rupees |
|--------------------|----------------|-----------------|
| USA                | Dollar         | 40.46           |
| European Union     | Euro           | 54.96           |
| Japan              | 100 Yen        | 32.83           |
| United Kingdom     | Pound Sterling | 81.29           |

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

| Ports        | Vessels             | Volume (Ton) | Carrying   | Status                           |
|--------------|---------------------|--------------|------------|----------------------------------|
| Kandla       | Hari Kripa          | 2,000        | CFA        | Arrived<br>(02.07.2007)          |
|              | Maria E             | 10,000       | CPO        | Arrived<br>(01.07.2007)          |
|              | Global Eros         | 10,990       | CPO        | Expected<br>(04.07.2007)         |
|              | Global Triton       | 4,500        | CPO        | Expected<br>(07.07.2007)         |
|              | Champion Arctic     | 31,000       | CDSBO      | Expected<br>(06.07.2007)         |
|              | Samho Heron         | 3,059        | PFAD*      | Arrived<br>(02.07.2007)          |
|              | Bryggen             | 10,500       | SBO        | Arrived<br>(04.07.2007)          |
| Mundra       | Champion Arctic     | 12,000       | CDSBO      | Expected<br>(02.07.2007)         |
| Mumbai       | Southern Bull       | 3,000        | Palm oil   | Expected<br>(05.07.2007)         |
| Kolkata      | Yong Cheng-17       | 4,546        | CPO        | Arrived<br>(03.07.2007)          |
|              | Vernal Grace        | 3,700        | CPO        | Arrived<br>(03.07.2007)          |
|              | <b>Shima Kazi</b>   | <b>9,300</b> | <b>CPO</b> | <b>Arrived<br/>(04.07.2007)</b>  |
| New Manglore | <b>Global Venus</b> | <b>8,526</b> | <b>CPO</b> | <b>Expected<br/>(10.07.2007)</b> |

**\*Palm Fatty Acid Distillate****Vessels in bold are new on chart.****Disclaimer**

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.