

VEGOIL DAILY

July 20th, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil traded range bound on Thursday on balance in demand and supply. The weak sentiments of soy meals in domestically and at ports added the bearish undertone to soy oil. In latest estimation, Agriculture secretary of India highlighted the soybeans output (crop year July 2006-June 07) increased at 8.86 million tonnes as compared to earlier 8.66 million tonnes. The slow exports demand, expectation of bearish exports data for July 1-20 and improving prospects of July crude palm oil production in Malaysia about 8-10% from June's 1.17 million tonnes depressed BMD CPO futures on Thursday. The diminishing fears of rain in parts of Western Corn Belt, short-covering and surge in crude oil strengthened CBOT soy futures. The crude soy oil CIF prices of August shipment recouped on Thursday at \$874 per tonne as compared to \$865 per tonne on Wednesday.

FUTURES MARKET:

Despite weakness in BMD CPO futures, refined soy oil futures improved on increasing prospects of demand and supplies in short-term on **NCDEX** on Thursday. The most active August futures contract opened firmed at Rs. 508.3 per 10 kg against previous closing level at Rs 507.2 per 10 Kg. The futures closed at Rs. 509.3 per 10 Kg.

The refined soy oil futures at **MCX** managed to maintained follow-through rallies on improving prospects of demand in short-term. The August contract opened at Rs. 508.3 per 10 kg against previous closing level at Rs. 507.25 per 10 Kg. The prices closed up at Rs.509.2 per 10 Kg.

PRICE DRIVERS:

- Government increased 2006-07 soybeans output estimates
- July crude palm oil production is likely to improve in Malaysia
- Sluggish demand of soymeals domestically and at ports
- Weakness in other edible oil prices
- Crude soy oil CIF price recouped by \$9

Weather

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

TECHNICALS

Candlestick charts patterns indicate increased in buying pressure with tentativeness at both level EMA and MACD patterns hints of firmness in the market. Stochastic is falling in neutral region while RSI shows the weakness in prices. Both volumes and open interest declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	502	503	509.3	513	514
MCX-Aug	502	503	509.2	513	514

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

BUY Near 509; T1 above 511, T2 near 512 and put stop loss at 507.5.

MCX Refined Soy Oil July Contract:

BUY Near 509; T1 above 511, T2 near 512 and put stop loss at 507.5.

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

Centres	19.07.07	18.07.07	Change
Mumbai (Soy Ref oil)+VAT	485	485	Nil
Indore (Soy Ref oil)	481	481	Nil
Kota (Soy Ref. Oil)+VAT	489	489	Nil
Hyderabad (Soy Ref)+VAT	498	498	Nil
Rajkot (Soy Ref)+Tax	476	476	Nil

International Highlights

BMD CPO Futures Trade Down on Fear of Improve Production

Fears of bearish exports sales for July 1-20, improving prospects of crude palm oil production sparked the bearishness for crude palm oil futures on Bursa Malaysian Derivatives. July crude palm oil production in Malaysia is expecting to drop about 8-10% from June's 1.17 million tonnes added bearishness but the downside limited by overnight bullish CBOT soy futures and the most active October contract of CPO futures fell MYR43 at MYR2,485 per tonne on Thursday.

Domestic Spot Market Highlights

Spot prices of palm oil traded mostly in bullish amidst improving prospects of demands in short-term with diminishing fears of oversupplies on current vessel position. Due to currently higher prices and competitiveness of refined cottonseeds oil and mustard oil also pressured the palm oil. Currently market is looking for direction and expecting to follow the bearish undertone of overseas market.

BMD: CPO Futures (19.07.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2633	2641	2641	2578	2585	-48	905
Sep 07	2564	2572	2581	2517	2522	-42	2570
Oct 07	2528	2542	2550	2485	2485	-43	5778
Nov 07	2504	2520	2524	2464	2465	-39	671
Dec 07	2490	2378	2480	2378	2450	-40	46

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	19.07.07	18.07.07	Change
Kandla CPO (5 % FFA)	427	425	+2
Kandla RBD Palmolein +VAT	458	460	-2
Mumbai RBD Palmolein +VAT	492	490	+2
Chennai RBD Palmolein +VAT	461	460	+1
Kakinada RBD Palmolein +VAT	456	455	+1
Hyderabad RBD Palmolein +VAT	474	472	+2
Delhi RDB Palmolein	500	500	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	19.07.07	18.07.07	Change
Crude Soy Oil	874	865	+9
Crude Palm Oil	NA	802	-
Sunflower Oil	987	986	+1

Rape/Mustard oil

Spot prices of mustard oil traded mostly on softer side on sluggish demand and steady supply while trade activities remained subdued. Anticipating good premium in lean season, stockists were preferred to hold back their stocks supported underlying firmness. The current oilmeals status reflects the virtual low demand of mustard seeds meals in domestic market that hampered expeller's sentiments to pace up crushing creating pressure on available stocks.

Groundnut Oil

Due to short supplies and holding back from stockists, of groundnut oil prices maintained the underlying firmness, although current higher prices preventing demand to expend in across domestic markets and results in unchanged demand sentiments on Wednesday. Currently good demands of groundnut seeds from Southeast Asian countries are likely to boost the pressure on nut stocks for would support the market in near-terms.

Refined Sunflower Oil

Due to pause in monsoon progress, sowing of Kharif oilseeds are lagging including the sunflower crop, but refined sunflower oil prices remained in bearish tone on Wednesday on poor demand. The sunflower oil CIF prices for August shipment declined slightly on Thursday at \$985 per tonne as compared to \$986 per tonne on Wednesday. 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

Following groundnut oil prices, refined cottonseeds oil prices declined in most trading centers while demand remains subdued. The government data on cotton sowing highlighted sowing is completed in nearly 5.96 million hectares of land, including 2.33 million ha under BT cotton, as against 3.7 million ha sown during the same period last year. 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	19.07.07	18.07.07	Change
Mumbai (Exp. Oil) +VAT	504	506	-2
Kota (Exp. Oil)+VAT	478	478	Nil
Jaipur (Exp. Oil)+VAT	488	488	Nil
Delhi (Exp. Oil)	507	508	-1
Neewai (Exp. Oil) +VAT	478	478	Nil

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	19.07.07	18.07.07	Change
Mumbai +VAT	750	750	Nil
Rajkot +VAT	785	790	-5
Andhra Region +VAT	750	750	Nil
Chennai +VAT	685	690	-5
Delhi	780	780	Nil

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

Centres	19.07.07	18.07.07	Change
Mumbai +VAT	580	580	Nil
Chennai +VAT	580	580	Nil
Hyderabad +VAT	600	600	Nil

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

Centres	19.07.07	18.07.07	Change
Mumbai +VAT	508	510	-2
Hyderabad +VAT	500	500	Nil
Rajkot + VAT	510	514	-4
Delhi	500	502	-2

Forex Rates

(As on 19.07.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.39
European Union	Euro	55.75
Japan	100 Yen	33.13
United Kingdom	Pound Sterling	82.93

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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