

## VEGOIL DAILY

July 13<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Spot prices of refined soy oil escalated further amidst continuous support from bullish BMD CPO Futures and steady demand. Prospects of strong exports demand and production concerns of crude palm oil strengthened BMD CPO futures. According to major crude palm oil producer Astra Agro Lestari, Indonesian palm oil production during Jan-June in current year (2007) dropped by 12.5% at 411,976 tonne on year basis as prolonged drought conditions hampered oil palm fruit output by 10.5% at 1.67 million tonnes in Jan-June. Surge in wheat, palm oil and supportive weather conditions supported the bulls on CBOT soy futures. The crude soy oil CIF prices for July shipment remained unchanged on Thursday at \$872 per tonne. As per trade sources, domestic market would likely to reflect bullish sentiments on weekend following underlying firmness in CBOT on USDA month demand and supply estimation.

#### FUTURES MARKET:

Follow-through buying interest and strong gains in BMD helped support refined soy oil futures on **NCDEX** to gains all time highs. The most active August futures contract opened firmed at Rs. 504.5 per 10 kg against previous closing level at Rs 504.7 per 10 Kg. Market finished up at Rs. 508.6 per 10 Kg.

Strong buying interest and anticipation of bullish USDA weekly exports sales strengthened BMD CPO futures with bullish reflection on **MCX**. The August contract opened slightly firmed at Rs. 504.8 per 10 kg against yesterday closing level at Rs. 504.6 per 10 Kg and prices finished up at Rs.508.3 per 10 Kg.

#### PRICE DRIVERS:

- Bullish BMD CPO futures
- Low palm oil production in Indonesia during Jan-June
- Crude palm oil stocks increased toward June end
- Good demand of soybeans seeds for sowing
- Reports of damage of early sown soybeans

#### Weather

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

#### TECHNICALS

Candle sticks charts patterns suggest strong buying pressure and market touched all time high. EMA and MACD patterns indicate firmness in the market. Stochastic made bullish crossover in neutral region. RSI is continues to rise in neutral region. Volume increased significantly while open interest declined. Market is expected trade up with steady to slightly bullish opening.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	504	505	508.6	513	514
MCX-Aug	504	505	508.3	513	514

#### TRADE RECOMMENDATION:

**NCDEX** Refined Soy Oil August Contract:

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

**MCX** Refined Soy Oil July Contract:

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

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

Centres	12.07.07	11.07.07	Change
Mumbai (Soy Ref oil)+VAT	485	480	+5
Indore (Soy Ref oil)	475	475	Nil
Kota (Soy Ref. Oil)+VAT	485	485	Nil
Hyderabad (Soy Ref)+VAT	497	495	+2
Rajkot (Soy Ref)+Tax	478	478	+2

## International Highlights

### Supplies Fear Raise BMD CPO Futures

Persistence supplies fears, declining world edible oil production supported crude palm oil futures on Thursday and crude palm oil futures settled firmed across the board on Bursa Malaysian Derivatives. Market witnessed profit-taking initially but supply fears raised market and most active September contract settled above psychological barrier of MYR2,600/tonne at MYR 2,615 per tonne by gaining MYR31. Traders are expecting market will go up further on Friday in reaction of USDA month supply and demand estimates.

## Domestic Spot Market Highlights

Spot prices of palm oil recouped in domestic market on Wednesday following surge in BMD CPO futures whereas demand remained steady. Expecting crude palm oil prices would remain firm in short-term combined with soaring BMD strengthened Indonesian market. The crude palm oil CIF prices for July shipment quoted at \$820 per tonne on Thursday. As per major producer Astra Agro Lestari, crude palm oil production in Indonesia during Jan-June in current year (2007) dropped by 12.5% at 411,976 tonne on year basis as prolonged drought conditions are likely to support Malaysia and Indonesian in near-term.

### BMD: CPO Futures (12.07.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jul 07	2685	2687	2700	2666	2690	+5	181
Aug 07	2629	2631	2673	2612	2663	+34	1476
Sep 07	2584	2578	2624	2568	2615	+31	7335
Oct 07	2550	2544	2590	2533	2575	+25	3840
Nov 07	2525	2507	2559	2507	2538	+13	451

\*BMD Remains Closed on Saturday and Sunday.

### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	12.07.07	11.07.07	Change
Kandla CPO (5 % FFA)	423	423	Nil
Kandla RBD Palmolein +VAT	456	454	+2
Mumbai RBD Palmolein +VAT	465	460	+5
Chennai RBD Palmolein +VAT	470	465	+5
Kakinada RBD Palmolein +VAT	452	450	+2
Hyderabad RBD Palmolein +VAT	472	470	+2
Delhi RDB Palmolein	500	500	Nil

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

Edible Oil	12.07.07	11.07.07	Change
Crude Soy Oil	872	872	Nil
Crude Palm Oil	820	NA	-
Sunflower Oil	854	929	+25

### Rape/Mustard oil

Good buying support in mustard seeds from stockists and resellers helped supported oil prices in major trading centers. Mustard seeds arrivals increased to 25-30 thousand bags as compared to negligible arrivals on previous day. To remains in sync with bullishness in soy oil mustard oil get bullish support. Considering underlying firmness in overseas market and limited availability of seeds, mustard oil prices are likely to move up further in short-term.

### Groundnut Oil

Spot prices of groundnut oil traded mixed in domestic markets on erratic demand and poor supplies. Stockists are continuing to hold back their groundnut oil stocks in expectation of further improvement in prices. As per trade sources, good demand of HPS groundnut seeds from Southeast Asian countries contributed the bullishness. As per recent data indicated groundnut would loose nearly 2 lakh hectares from healthy competition from cotton in profits. Further improvement could be notice in groundnut oil prices under prevailing demand conditions.

### Refined Sunflower Oil

Amidst sluggish demand and subdued trade activities forced refined sunflower oil to trade in bearish tone, although firmness in global market of related commodities managed to support market. The sunflower oil CIF prices for July shipment increased abruptly on Thursday at \$972 per tonne as compared to at \$929 per tonne on Wednesday. Currently underlying firmness in overseas market of related commodities and other vegetable oil are likely to support refined sunflower oil prices in coming days.

### Refined Cottonseeds Oil

Due to sluggish demand, refined cottonseeds oil remained in correction mode. Currently higher prices are failed to sustain in market and borrowed bearish sentiments from cheaper palm oil. However, weakness in groundnut oil is tends to pressure the cottonseeds oil. Weakness in cottonseeds aided bearish support. Currently low crushing under low demand of cotton meals likely to cushion the oil prices in near-term.

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

Centres	12.07.07	11.07.07	Change
Mumbai (Exp. Oil) +VAT	500	496	+4
Kota (Exp. Oil)+VAT	475	472	+3
Jaipur (Exp. Oil)+VAT	483	482	+1
Delhi (Exp. Oil)	505	505	Nil
Neewai (Exp. Oil) +VAT	473	472	+1

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

Centres	12.07.07	11.07.07	Change
Mumbai +VAT	750	740	+10
Rajkot +VAT	790	800	-10
Andhra Region +VAT	760	760	Nil
Chennai +VAT	690	680	+10
Delhi	780	780	Nil

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

Centres	12.07.07	11.07.07	Change
Mumbai +VAT	580	580	Nil
Chennai +VAT	588	587	+1
Hyderabad +VAT	600	600	Nil

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

Centres	12.07.07	11.07.07	Change
Mumbai +VAT	508	506	+2
Hyderabad +VAT	500	500	Nil
Rajkot + VAT	513	514	-1
Delhi	505	505	Nil

### Forex Rates

(As on 12.07.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.38
European Union	Euro	55.56
Japan	100 Yen	33.03
United Kingdom	Pound Sterling	82.04

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	M.T. Biz	18,000	CDSBO	Expected (15.07.2007)
	M.T. Puze	18,000	CDSBO	Expected (16.07.2007)
	Hari Kripa	2,000	CFA	Expected (13.07.2007)
	Suzanne	10,000	Palm oil	Expected (16.07.2007)
	Chem Jasmin	25,200	CPO	Expected (16.07.2007)
	Champion Arctic	31,000	CDSBO	Berthed (07.07.2007)
Kolkata	<b>Madura</b>	<b>7,876</b>	<b>CPO</b>	<b>Arrived (11.07.2007)</b>

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

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