

## VEGOIL DAILY

August 4<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

After hiatus of nearly 2 weeks, monsoon is likely to revive in next a day or two, which is very crucial for Kharif crop including soybeans. This has reinforced the weakness of refined soy oil prices in spot market along with poor demand. BMD CPO futures stayed in down trends on strengthening bearish fundamentals of production with reluctance of trades for fresh position. Bullish exports sales of soy complex and prediction of stressful conditions in soybeans production areas strengthened soy complex at CBOT but gains were capped by weak crude oil futures and hefty deliveries of beans and oil. The USDA weekly exports sales of soybeans and soy oil totaled at 440,300 and 27,400 tonnes against trade expectation between 250,000-450,000 and 0-10,000 tonnes respectively. The crude soy oil CIF price for August shipment corrected on Friday at \$915/tonne as compared to Thursday's \$918/tonne.

#### FUTURES MARKET:

Friday, refined soy oil futures tumbled on **NCDEX** as most of traders preferred to squared-off their position with bearishness in BMD CPO futures. The most active September futures contract opened weak at Rs. 506.2 per 10 kg against previous close at Rs. 506.65 per 10 kg and the contract closed up at Rs. 502.65 per 10 Kg.

Poor demand in physical market with bearish global cue depressed refined soy oil futures at **MCX**. The increase selling activities aided the pressure. The August contract opened weak at Rs. 502 per 10 kg against previous closing level at Rs. 503.4 per 10 kg. The prices closed down at Rs.499.1 per 10 Kg.

#### PRICE DRIVERS:

- Monsoon is likely to revive in a day or two
- Subdued trade activities with actively selling of soy oil from sellers
- Bullish undertone in USDA weekly exports sales report
- Sluggish BMD CPO futures
- Correction in crude soy oil CIF prices

#### Weather

Soybean plantation is nearly completed in major producing belt but for good better production monsoon showers urgently required.

#### TECHNICALS

Refined soy oil chart shows the strong selling pressure with trend breakout at 504 level with tentativeness at both upper and lower level. EMA and MACD patterns indicate for bearishness in the market. Stochastic and RSI is fall in neutral zone. Both volume and open interest declined. Market is expected to trade down with steady to slight weak opening.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	498	499	502.65	506	507
MCX-Aug	494	495	499.1	502	503

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil September Contract:**

**SELL** Near 503; T1 near 501, T2 near 500 and put stop loss at 504.

**MCX Refined Soy Oil August Contract:**

**SELL** Near 500; T1 near 498, T2 near 497 and put stop loss at 501.

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

Centres	03.08.07	02.08.07	Change
Mumbai (Soy Ref oil)+VAT	476	481	-5
Indore (Soy Ref oil)	478	480	-2
Kota (Soy Ref. Oil)+VAT	480	480	Nil
Hyderabad (Soy Ref)+VAT	498	498	Nil
Rajkot (Soy Ref)+Tax	470	470	Nil

## PALM OIL

### International Highlights

#### BMD CPO Futures Settle Down

Lacklustre trade activities and extending unclear direction of demand and supplies pushed down crude palm oil futures on Bursa Malaysian Derivatives. The bearish undertone trade on CBOT with reluctance of traders for fresh position aided the bearishness. The selling interest of palm oil in physical market also strengthened the weakness. The most active October contract of crude palm oil futures finished MYR20 down at MYR2,582 per tonne.

### Domestic Spot Market Highlights

Spot prices of palm oil traded undertone on bearish global cues and exceeding supplies to demand. As well as current vessel position indicated the many vessels are expecting to add up the domestic stock that supported bearishness. Disinterest of traders for fresh position with shortage of olein as higher prices of CPO is set-back for refineries to get oil to produce olein. Traders are expecting further weakness on underlying bearishness in BMD CPO futures and unsupportive higher prices.

#### BMD: CPO Futures (03.08.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2694	2696	2696	2670	2674	-20	221
Sep 07	2634	2634	2634	2607	2618	-16	885
Oct 07	2602	2600	2602	2569	2582	-20	2805
Nov 07	2580	2567	2567	2545	2546	-34	1076
Dec 07	2562	2547	2525	2525	2525	-37	164

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	03.08.07	02.08.07	Change
Kandla CPO (5 % FFA)	420	420	Nil
Kandla RBD Palmolein +VAT	456	450	+6
Mumbai RBD Palmolein +VAT	456	460	-4
Chennai RBD Palmolein +VAT	458	458	Nil
Kakinada RBD Palmolein +VAT	450	450	Nil
Hyderabad RBD Palmolein +VAT	471	471	Nil
Delhi RDB Palmolein	490	495	-5

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

Edible Oil	03.08.07	02.08.07	Change
Crude Soy Oil	915	918	-3
Crude Palm Oil	NA	825	-
Sunflower Oil	1067	1039	+28

### Rape/Mustard oil

Spot prices of mustard oil failed to resist to weakness in mustard complex and plunged across trading centres respecting weakness in seeds and meal's sentiments (both at ports and domestically). Stockists have learnt the prevailing market conditions are not supportive and controlled the flow of stocks into physical markets. Seeds arrivals remained nil as compared to 15-20 thousand bags on Thursday. More weakness in oil prices could be noticed in short-term to support the demands.

### Groundnut Oil

With the hope of revival of monsoon in next one or two days, that has raised the fears of improvement in groundnut production. This combined with sluggish demand depressed groundnut oil in domestic markets. The poor crushing with falling stocks of groundnut seeds aided some bullish support and limited the fall. The shelled groundnut in different market in Gujarat is traded between Rs.415-570 per 20 kg (as per quality). Due to competition from refined cotton oil and palm oil, prices of groundnut oil are likely to fall a tad in short-term.

### Refined Sunflower Oil

Despite weakness in other edible oil, refined sunflower oil maintained the steadiness on balance in demand and supply but firm overseas market of related commodities. The tight supplies, however failed to produce any detrimental effects owing to availability of other cheaper substitutes. The CIF prices for August shipment increased sharply on Friday at \$1067 as compared to Thursday's \$1039 per tonne. The tight supplies of sunflower oil in domestic as well as overseas markets are likely to keeps buoyancy in prices in near-term.

### Refined Cottonseeds Oil

Weakness in meals and soy oil are driven forces for subdued trade activities that dragged the prices of refined cottonseeds oil down in major trading location. Today, market is also witnessed improvement in selling activities to limit their losses. As per trade sources, refined cottonseeds oil is likely to trade steady to slightly weak undertone on underlying weakness in other edible oil.

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

Centres	03.08.07	02.08.07	Change
Mumbai (Exp. Oil) +VAT	495	495	Nil
Kota (Exp. Oil)+VAT	470	478	-8
Jaipur (Exp. Oil)+VAT	478	488	-10
Delhi (Exp. Oil)	501	505	-4
Neewai (Exp. Oil) +VAT	471	477	-6

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

Centres	03.08.07	02.08.07	Change
Mumbai +VAT	735	740	-5
Rajkot +VAT	770	780	-10
Andhra Region +VAT	765	765	Nil
Chennai +VAT	690	690	Nil
Delhi	780	780	Nil

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

Centres	03.08.07	02.08.07	Change
Mumbai +VAT	575	575	Nil
Chennai +VAT	570	570	Nil
Hyderabad +VAT	570	570	Nil

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

Centres	03.08.07	02.08.07	Change
Mumbai +VAT	498	498	Nil
Hyderabad +VAT	500	500	Nil
Rajkot + VAT	505	515	-10
Delhi	490	495	-5

### Forex Rates

(As on 03.08.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.36
European Union	Euro	55.31
Japan	100 Yen	33.87
United Kingdom	Pound Sterling	82.18

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Arwen	8,500	CDSBO	Expected (29.07.07)
	Hari Kripa	2,000	CFA*	Expected (02.08..07)
	Arctic Blizzard	27,500	CDSBO	Expected (03.08.07)
	Pretty Time	21,349	CDSBO	Expected (07.08.07)
	High Challenge	23,500	CDSBO	Expected (31.07.07)
	Global Triton	12,000	Palm oil	Expected (27.07.07)
Kolkata	Aetos	10,000	Soy oil	Arrived (28.07.07)
	Southern Seal	4,000	CPO	Arrived (26.07.07)
	Fatimah	6,000	CPO	Arrived (23.07.07)
	Global Venus	8,500	CPO	Arrived (23.07.07)
New Mangalore	Global Eos	10,500	CPO	Arrived (31.07.07)
Mumbai	Global Neptune	12,500	Palm oil	Expected (15.08.07)

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