

VEGOIL DAILY

August 16th, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil traded on higher side amid steady demand. But gains were limited by increased edible oil import and bearish BMD CPO future. During first nine months (Nov-July) of current oil year (Nov-Oct), India imported 3.29 mmt of edible oil vs 3.05 mmt same period last year. This is due to fall in oilseed's output at 22.67 mmt in 2006/07 (in crop year, July-June) as compared to 23.97 mmt a year ago. Between Nov-July, crude soy oil import declined at 886,320 tonne vs 1.29 mmt during period under consideration while in July import declined by 18.43% at 236,763 tonnes against 290,250 same period last year. Forecast of high temperature in major in southern Midwest strengthened soy futures on CBOT but gains were capped by selling in corn, break in stock market. The crude soy oil CIF price for August shipment declined a tad on Tuesday at \$900 per tonne against \$902 per tonne on Monday.

FUTURES MARKET:

The renewed selling interest and lacklustre trade results turned refined soy oil futures down at **NCDEX**. Market also generated the bearishness from BMD CPO futures. The most active **September** futures contract opened weak at Rs. 495.4 per 10 kg against previous closing at Rs. 496.85 per 10 kg and the contract closed down at Rs. 492 per 10 Kg.

Following bearish BMD CPO futures and profit-taking from recent rallies pushed down refined soy futures on **MCX**. The **September** contract opened at Rs. 495.6 per 10kg against previous close of Rs. 497.4 per 10kg. The prices closed down at Rs. 492.8 per 10 Kg.

PRICE DRIVERS:

- Edible oil import increased by nearly 8% during Nov-June
- Bearish BMD CPO futures
- Steady demand with subdued trade activities
- Weakness in other edible oil
- Expectation of good rainfall in major soybeans producing areas

Weather

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

TECHNICALS

Refined soy oil chart shows the strong selling pressure and market rebound a tad from support level near 491.5. Prices closed below 9/18 EMA indicated medium term bearishness. MACD made bearish crossover in negative territory. Stochastic and RSI is falling towards oversold region. Volume increased 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	488	489	492	496	497
MCX-Sept.	488	489	492.8	496	497

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:

SELL Below 493; T1 near 491, T2 near 490 and put stop loss at 494.

MCX Refined Soy Oil September Contract:

BUY Near 493; T1 near 491, T2 near 490 and put stop loss at 494.

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

Centres	14.08.07	13.08.07	Change
Mumbai (Soy Ref oil)+VAT	478	478	Nil
Indore (Soy Ref oil)	473	472	+1
Kota (Soy Ref. Oil)+VAT	475	475	Nil
Hyderabad (Soy Ref)+VAT	495	495	Nil
Rajkot (Soy Ref)+Tax	465	465	Nil

PALM OIL

International Highlights

BMD CPO Futures Settle Bearish

Ideas of currently sluggish export demand would pile up palm oil stocks in current month and sluggish demand depressed crude palm oil futures on Bursa Malaysian Derivatives. The most active October futures contract of crude palm oil futures finished down MYR33 at MYR2,497 per tonne. Trades are also expecting, the flat Malaysian palm oil exports in rest of month in 2007 aided the pressure.

Domestic Spot Market Highlights

Despite bearish BMD CPO futures, and Indonesian market, palm oil prices in domestic market improved a tad amid steady demand. As per trade estimation, during Nov-July (in current oil year, Nov-Oct), crude palm oil imports surged at 2.1 mmt as compared to 1.49 mmt corresponding period last year. In July CPO import increased at 255,615 tonnes against 159,733 tonnes same a year ago, as palm oil discounted over soy oil.

BMD: CPO Futures (14.08.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2560	2555	2555	2555	2555	-5	12
Sep 07	2544	2532	2535	2503	2521	-23	1750
Oct 07	2530	2515	2522	2483	2490	-40	5282
Nov 07	2514	2500	2510	2472	2489	-25	1281
Dec 07	2505	2467	2485	2465	2473	-32	131

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	14.08.07	13.08.07	Change
Kandla CPO (5 % FFA)	420	419	+1
Kandla RBD Palmolein +VAT	456	456	Nil
Mumbai RBD Palmolein +VAT	457	456	+1
Chennai RBD Palmolein +VAT	452	450	+2
Kakinada RBD Palmolein +VAT	450	443	+7
Hyderabad RBD Palmolein +VAT	462	464	-2
Delhi RDB Palmolein	495	495	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	14.08.07	13.08.07	Change
Crude Soy Oil	900	902	-2
Crude Palm Oil	NA	797	-
Sunflower Oil	1058	1058	Nil

Rape/Mustard oil

Spot prices of mustard oil remained in bearish trends that well supported by sluggish demand domestically and subdued trade activities. The weak demand of rapeseeds meals both at ports and domestically remained unsupportive to boost seeds crushing. This also remained bearish for mustard oil domestically. The delay in festive demand is likely to over shed in approaching days that would remained supportive for mustard oil.

Groundnut Oil

Prices of groundnut oil remained range bound mostly across the trading centres amidst balance in demand and supplies and weakness in other edible oil. According to trade sources, market also generated the bearishness from increased edible oil import upto July month in current oil year (Nov-Oct) is pushing the market down. Respite from higher price of groundnut seed, expellers is waiting for further weakness to meet the disparity on crushing that supported the bears. Traders are expecting thin trade activities in groundnut oil in short-term as tight stock with weakness in other edible oil.

Refined Sunflower Oil

Spot prices of refined sunflower oil traded bearish on exceeding supplies to demand with subdued trade activities. The current weather condition is indicating towards the good yield of Kharif sunflower crop. The sunflower oil CIF prices for August shipment remained unchanged on Tuesday at \$1058/tonne. As per trade sources, underlying firmness in other global markets of related commodities would support the prices in near-term.

Refined Cottonseeds Oil

The improved prospects of Kharif cotton production and supportive weather condition pressured refined cottonseeds oil in domestic market. As per trade sources, Kharif cotton sowing area in Rajasthan increased by 25% and in Punjab surged by 7%. As well as area in Gujarat, Madhya Pradesh and Maharashtra are expecting to increase by 5-8%. The improve prospects of production would tend to push the prices down in coming days.

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

Centres	14.08.07	13.08.07	Change
Mumbai (Exp. Oil) +VAT	497	494	+3
Kota (Exp. Oil)+VAT	466	468	-2
Jaipur (Exp. Oil)+VAT	474	476	-2
Delhi (Exp. Oil)	500	500	Nil
Neewai (Exp. Oil) +VAT	467	469	-2

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	14.08.07	13.08.07	Change
Mumbai +VAT	730	730	Nil
Rajkot +VAT	770	770	Nil
Hyderabad +VAT	700	720	-20
Chennai +VAT	680	680	Nil
Delhi	770	770	Nil

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

Centres	14.08.07	13.08.07	Change
Mumbai +VAT	565	565	Nil
Chennai +VAT	565	572	-7
Hyderabad +VAT	570	575	-5

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

Centres	14.08.07	13.08.07	Change
Mumbai +VAT	495	495	Nil
Hyderabad +VAT	495	500	-5
Rajkot + VAT	498	496	+2
Delhi	480	480	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		14.08.07	13.08.07
USA	Dollar	40.69	40.56
European Union	Euro	55.42	55.55
Japan	100 Yen	34.51	34.28
United Kingdom	Pound Sterling	81.87	82.03

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA*	Berthed (12.08.07)
	Chem Cosmos	16,800	Palm oil	Berthed (11.08.07)
	Golden Glory	5,007	Palm oil	Expected (15.08.07)
	Global Flora	9,000	CPO	Expected (20.08.07)
	Global Triton	8,000	Palm oil Product	Expected (24.08.07)
Kolkata	Pacific Sound	1,000	CPO	Arrived (12.08.07)
Mumbai	Global Neptune	12,500	Palm oil	Expected (16.08.07)
	Sc Shanghai	12,000	Palm oil Product	Expected (18.08.07)
	Global Triton	5,700	Palm oil	Expected (23.08.07)
New Mangalore	Arwen	8,000	CDSBO	Expected (14.08.07)
	Global Evos	11,000	CPO	Expected (18.08.07)

Crude Fatty Acid*Vessels in bold are new on chart.****Disclaimer**

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