

## VEGOIL DAILY

August 20<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Despite bullish tone on CBOT soy futures, spot prices of refined soy oil stayed in bearish undertone due to improved selling activities of stockists, increased soybeans acreage and sluggish demand. According to government latest figures, soybeans sowing completed in 8.61 million hectares on August 17th against 8.47 million hectares last week and 7.95 million hectares last year. The unclear price direction, expectation of improvement in crude palm oil production in Aug-Sep coupled with sluggish exports demand forced BMD CPO futures to trade bearish during the week that reflected by the most active November contract. The contract traded between MYR2,378-2,514/tonne. The crude soy oil CIF price for August shipment recouped on Saturday at \$865/tonne against \$855/tonne on Friday, although CIF prices trapped between of \$855-902/tonne during the week.

#### FUTURES MARKET:

Despite overnight bullish CBOT soy futures, refined soy oil futures settled weak on Saturday on unclear price direction in short-term and lacklustre trading at **NCDEX**. The most active **September** futures contract opened up at Rs. 486.75 per 10 kg against previous closing at Rs. 485.15 per 10 kg and the contract closed down at Rs. 485.7 per 10 Kg.

The unclear price direction and selling activities from traders depressed refined soy futures on **MCX**. The **September** contract opened firm at Rs. 487.6 per 10kg against previous close of Rs. 485.95 per 10kg. The prices closed down at Rs. 486.9 per 10 Kg.

#### PRICE DRIVERS:

- Bullish CBOT soy futures
- Improved soybeans sowing on August 17th
- Crude soy oil CIF price recouped
- Weakness in other edible oil
- Sluggish demand with selling activities from stockists

#### Weather

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

#### TECHNICALS

Filled candlestick with upper shadow indicated increase in selling pressure. Prices closed below to 9/18 days EMA indicating toward medium-term bearishness. MACD fell further deep into negative territory. Stochastic is attempted for bullish crossover while RSI remain bearish in oversold region. 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	482	483	485.7	490	491
MCX-Sept.	482	483	486.9	490	492

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil September Contract:**

**SELL** Near 486; T1 near 484, T2 near 483 and put stop loss at 487.

**MCX Refined Soy Oil September Contract:**

**SELL** Near 487; T1 near 485, T2 near 484 and put stop loss at 488.

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

Centres	18.08.07	17.08.07	Change
Mumbai (Soy Ref oil)+VAT	469	470	-1
Indore (Soy Ref oil)	468	468	Nil
Kota (Soy Ref. Oil)+VAT	471	473	-1
Hyderabad (Soy Ref)+VAT	490	490	Nil
Rajkot (Soy Ref)+Tax	460	462	-2

## PALM OIL

### International Highlights

**BMD CPO Futures Remained Closed on Saturday.**

### Domestic Spot Market Highlights

The spot prices of palm oil traded in bullish tone on improved demand despite bearish global cues. Currently palm oil is discounted over other edible oil and domestic demand remained in favor of to cheaper edible oil. The crude soy oil CIF price of September shipment recouped on Saturday at \$790/tonne as compared to \$770/tonne on Friday. Due to discount in Malaysian RBD palm olein prices over Argentine soy oil, global demand is likely to shift to palm oil from soy oil, which in turn support BMD with spill over impact domestically.

#### BMD: CPO Futures (17.08.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 07	2449	2400	2470	2395	2460	+11	3373
Oct 07	2410	2367	2428	2346	2398	-12	5191
Nov 07	2389	2350	2400	2314	2378	-11	10356
Dec 07	2381	2348	2380	2300	2364	-17	3972
Jan 08	2402	2320	2360	2300	2360	-42	73

**\*BMD Remains Closed on Saturday and Sunday.**

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	18.08.07	17.08.07	Change
Kandla CPO (5 % FFA)	418	415	+3
Kandla RBD Palmolein +VAT	453	452	+1
Mumbai RBD Palmolein +VAT	452	450	+2
Chennai RBD Palmolein +VAT	445	445	Nil
Kakinada RBD Palmolein +VAT	446	445	+1
Hyderabad RBD Palmolein +VAT	458	458	Nil
Delhi RDB Palmolein	495	495	Nil

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

Edible Oil	18.08.07	17.08.07	Change
Crude Soy Oil	865	855	+10
Crude Palm Oil	790	770	+20
Sunflower Oil	1048	1053	+5

### Rape/Mustard oil

Spot prices of mustard oil traded in slightly bearish undertone on steady demand and underlying weakness in other edible oil. The await for more sluggishness in near-term as most of trader preferred to stay away from market aids bearishness. The underlying weakness in global markets and cheap availability of palm oil is likely to push the prices of mustard oil in approaching days.

### Groundnut Oil

Groundnut oil prices traded range bound on Saturday on balance in demand and supplies but bearish undertone maintained due to weakness in other edible oil. But gains were limited by reports of crop damaged on recent rainfall in Saurashtra region. The crop damage in expecting nearly 5% but it may extend, if rain continues in these areas. As per government latest figures groundnut sowing is completed in close to 5 million hectares as on August 17th vs 4.84 million hectares last week and 4.34 million hectares a year ago.

### Refined Sunflower Oil

Arrivals pressure of seeds and cheaper crude oil kept the control over prices of refined sunflower oil domestically. The land preparation of Kharif sunflower seed is in progress in Uttar Pradesh. Except few incidences of hairy cater pillar, Kharif crop in good progress in Maharashtra. The sunflower oil CIF prices for August shipment declined slightly Saturday at \$1048/tonne as compared to \$1053/tonne on Friday.

### Refined Cottonseeds Oil

The low crushing margins for oil and sluggish demand of meals both at ports and domestically sapped the prices refined cottonseeds oil in domestic markets. The cotton sowing on August 18<sup>th</sup> is noticed in 8.74 million hectares as compared to 8.24 million hectares last year added the pressure on cottonseeds oil. The expectation of bumper reaped in upcoming Kharif season would pressure the oil in short-term.

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

Centres	18.08.07	17.08.07	Change
Mumbai (Exp. Oil) +VAT	490	490	Nil
Kota (Exp. Oil)+VAT	460	460	Nil
Jaipur (Exp. Oil)+VAT	468	468	Nil
Delhi (Exp. Oil)	496	497	-1
Neewai (Exp. Oil) +VAT	460	461	-1

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

Centres	18.08.07	17.08.07	Change
Mumbai +VAT	710	710	Nil
Rajkot +VAT	770	770	Nil
Hyderabad +VAT	700	700	Nil
Chennai +VAT	660	660	Nil
Delhi	760	760	Nil

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

Centres	18.08.07	17.08.07	Change
Mumbai +VAT	545	545	Nil
Chennai +VAT	558	560	-2
Hyderabad +VAT	547	548	-1

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

Centres	18.08.07	17.08.07	Change
Mumbai +VAT	492	490	+2
Hyderabad +VAT	490	490	Nil
Rajkot + VAT	492	495	-3
Delhi	480	480	Nil

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		18.08.07	17.08.07
USA	Dollar	41.57	41.57
European Union	Euro	56.09	55.74
Japan	100 Yen	36.39	36.92
United Kingdom	Pound Sterling	82.79	82.14

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	<b>Hari Kripa</b>	<b>2,000</b>	<b>CFA*</b>	<b>Expected (22.08.07)</b>
	Global Flora	9,000	CPO	Expected (20.08.07)
	Global Triton	8,000	Palm oil Product	Expected (24.08.07)
Kolkata	Bao De Feng	8,500	CPO	Arrived (13.08.07)
	<b>Yong Tong</b>	<b>2,099</b>	<b>CPO</b>	<b>Arrived (17.08.07)</b>
Mumbai	Sc Shanghai	12,000	Palm oil Product	Expected (18.08.07)
	Mentor	6,000	Palm oil	Expected (18.08.07)
	Global Triton	5,700	Palm oil	Expected (23.08.07)
New Manglore	Global Evos	11,000	CPO	Expected (18.08.07)
	Shimakaze	4,500	CPO	Expected (18.08.07)

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

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