

## VEGOIL DAILY

August 29<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Lack of clear prices direction and poor demand pushed down refined soy oil prices in physical markets. Weakness in other vegetable oils and subdued trade activities due to Raksha Bandhan aided bearishness. Bullish CBOT and below expected crude palm oil production by Malaysian Palm oil Board (MPOB) in current year strengthened BMD. Due to unfavorable weather conditions, crude palm oil production is estimated to below to 16 mmt from earlier projection at 16.5 mmt and 15.9 mmt last year, MPOB added. In addition, Indonesian government is planning to hike the export taxes on palm oil again (last time in June) to make the sufficient supplies in local market. The crude soy oil CIF price of September shipment surged on Tuesday at \$877 per tonne as compared to \$867 per tonne on Monday.

#### FUTURES MARKET:

Despite bearish BMD CPO futures, refined soy oil futures surged marginally on **NCDEX** on profit taking and bullish CBOT. The most active **September** futures contract of refined soy oil opened firm at Rs. 478.1 per 10 kg against previous closing at Rs. 477.6 per 10 kg and the contract closed up at Rs. 478.5 per 10 Kg.

Mixed global cues and improved prospects of demand in short term remained inductive for refined soy oil futures at **MCX**. The **September** contract opened at Rs. 479 per 10kg against previous close of Rs. 478.4 per 10kg. The prices settled up at Rs. 479.4 per 10 Kg.

#### PRICE DRIVERS:

- Bullish CBOT soy futures
- Poor demand with steady selling from stockists
- Malaysia crude palm oil production in expecting to decline
- Indonesian government in likely to hike the export taxes on palm oil
- Surge in CIF prices of crude soy oil
- Weakness in other vegetable oil

#### Weather

Weather is conducive for good growth of soybean crop.

#### TECHNICALS

Candlestick chart pattern indicated the indecisiveness. EMA shows mild weakness in prices. MACD made bullish crossover and bottoming out in negative territory. Stochastic is rising after bullish crossover, which is hint for possible correction. Whereas RSI is showing mild firmness in prices. Volume declined and open interest increased. Market is expected to trade up initially with bullish bias.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	473	474	478.5	482	483
MCX-Sept.	473	474	479.4	482	483

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil September Contract:**

**SELL** Near 479; T1 near 477, T2 near 476 and put stop loss at 480.

**MCX Refined Soy Oil September Contract:**

**SELL** Near 479; T1 near 477, T2 near 476 and put stop loss at 480.

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

Centres	28.08.07	27.08.07	Change
Mumbai (Soy Ref oil)+VAT	463	464	-1
Indore (Soy Ref oil)	457	458	-1
Kota (Soy Ref. Oil)+VAT	MC	466	-
Hyderabad (Soy Ref)+VAT	MC	MC	-
Rajkot (Soy Ref)+Tax	460	460	Nil

## PALM OIL

### International Highlights

#### BMD CPO Futures Finish down

Weak fundamentals, subdued trade activities and selling pressure depressed crude palm oil futures on Bursa Malaysian Derivatives on Tuesday. The most active November futures contract of crude palm oil futures settled MYR 9 down at MYR 2,412 per tonne. Traders are anticipating August crude palm oil production is likely to increase by 10-20% that contributed the weakness. Trading activities also remained low in physical market on spurt of selling among sellers.

### Domestic Spot Market Highlights

Tracking weakness in global market of related commodities and weak demand pushed down prices of palm oil domestically. The exceeding supplies with lackluster trade activities cast weakness for Indonesian palm oil market. The fears of rise in palm oil production by 5-10% during August-September vs June-July aided the weakness. The outpaced production and stocks under weak exports demand is likely to drag CPO futures at BMD with bearish reflection in domestic markets in short-term.

#### BMD: CPO Futures (28.08.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 07	2518	2526	2526	2479	2490	-28	1632
Oct 07	2458	2471	2473	2427	2439	-19	3216
Nov 07	2421	2426	2440	2398	2412	-9	3615
Dec 07	2403	2412	2422	2387	2397	-6	1008
Jan 08	2395	2400	2410	2387	2387	-8	350

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	28.08.07	27.08.07	Change
Kandla CPO (5 % FFA)	417	417	Nil
Kandla RBD Palmolein +VAT	450	450	Nil
Mumbai RBD Palmolein +VAT	449	449	Nil
Chennai RBD Palmolein +VAT	450	452	-2
Kakinada RBD Palmolein +VAT	MC	MC	-
Hyderabad RBD Palmolein +VAT	MC	MC	-
Delhi RDB Palmolein	490	490	Nil

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

Edible Oil	28.08.07	27.08.07	Change
Crude Soy Oil	877	867	-10
Crude Palm Oil	NA	482	-
Sunflower Oil	NA	1013	-

### Rape/Mustard oil

The prices of mustard expeller oil stood weak across Mumbai and Delhi region on global cues and sluggish trade sentiments coupled with lack of fresh fundamentals. Due to Rakha Bhandan, trade activities remained sluggish and bearish undertone in other edible oil. Prices are likely to trade range bound in short term.

### Groundnut Oil

Hovering of clouds over most of groundnut producing belt cast a shadow of improved production estimation from earlier. This has sapped the possibility of gains in most of trading centres and along with sluggish demand that amplified the weakness. The current prospects of crop are good and country would harvest that adequate to quench the market needs. Traders are expecting slightly weakness in groundnut oil prices, but downsides would be in control of tight supplies.

### Refined Sunflower Oil

Despite bullish sowing figures and sluggish demand, spot prices of refined sunflower oil traded mostly range bound on balance in demand and supplies. According to government last figures on oilseeds sowing, highlighted sunflower sowing is completed in 6.9 lakh hectares as on August 24<sup>th</sup> as compared to 6.44 lakh hectares last week and 7.83 a year ago. Traders are expecting buoyancy in oil prices would maintain in spot markets in coming days on underlying firmness in overseas market of related commodity.

### Refined Cottonseeds Oil

Overall weakness in global markets and other edible oil helped refined cottonseeds oil prices to remains bearish tone domestically. The weak meals and seeds demand sparked the bearishness for cottonseeds oil prices. More weakness could be expected ahead as traders reluctant to boost the buying pressure.

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

Centres	28.08.07	27.08.07	Change
Mumbai (Exp. Oil) +VAT	479	484	-5
Kota (Exp. Oil)+VAT	462	465	-3
Jaipur (Exp. Oil)+VAT	470	472	-2
Delhi (Exp. Oil)	490	490	Nil
Neewai (Exp. Oil) +VAT	463	464	-1

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

Centres	28.08.07	27.08.07	Change
Mumbai +VAT	705	710	-5
Rajkot +VAT	755	765	-10
Hyderabad +VAT	MC	MC	-
Chennai +VAT	675	675	Nil
Delhi	750	750	Nil

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

Centres	28.08.07	27.08.07	Change
Mumbai +VAT	540	540	Nil
Chennai +VAT	550	545	+5
Hyderabad +VAT	MC	MC	-

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

Centres	28.08.07	27.08.07	Change
Mumbai +VAT	479	485	-5
Hyderabad +VAT	MC	MC	-
Rajkot + VAT	475	480	-5
Delhi	465	465	Nil

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		28.08.07	27.08.07
USA	Dollar	41.12	40.98
European Union	Euro	56.03	56.02
Japan	100 Yen	35.59	35.27
United Kingdom	Pound Sterling	82.43	82.67

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA*	Expected (27.08.07)
	Marida Princess	10,119	CPO	Berthed (26.08.07)
	<b>Stella Azzurra</b>	<b>10,831</b>	<b>CDSBO</b>	<b>Expected (30.08.07)</b>
	Taunus	23,160	CDSBO	Expected (31.08.07)
	Chem Lity	8,300	Palm oil	Expected (29.08.07)
	Star Dream	4,000	Palm oil Product	Expected (28.08.07)
	Westama	12,114	Palm oil Product	Expected (30.08.07)
	Havi Ocean	8,500	Palm oil Product	Expected (03.09.07)
	Global Triton	8,000	Palm oil Product	Expected (28.08.07)
Kolkata	<b>Yong Cheng-17</b>	<b>3,556</b>	<b>CPO</b>	<b>Arrived (26.08.07)</b>
Mumbai	Global Triton	5,700	Palm oil	Arrived (27.08.07)
New Manglore	Taunus	11,865	CDSBO	Arrived (25.08.07)

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

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