

VEGOIL DAILY

August 9th, 2007

REFINED SOY OIL

SPOT MARKET:

The slightly improved demand and firmness in other edible oil strengthened prices of refined soy oil domestically. The extended drought conditions in China in major soybeans damaged the standing crop and now soybeans output in 2007/08 is expecting at 14.8 million tonne as compared to 15.98 million tonne a year ago. This and rising demand could support the soy oil import, which is likely to shoot up at 2.9 million tonne in 2007/08 as compared to last year's estimation 1.85 million tonne. Despite uncertain weather conditions and hefty deliveries, CBOT soy futures turned up mirrored fresh buying interest and declined soybeans crop rating in weekly USDA crop progress report. US soybeans crop conditions declined at 56% as compared to 58% last week. The crude soy oil CIF price for August shipment recovered on Wednesday at \$901/tonne as compared to \$895/tonne on Tuesday's \$895/tonne.

FUTURES MARKET:

On Wednesday, refined soy oil futures at **NCDEX** traded in both the territory and finished bearish on unclear price direction in near-term. However, bullish BMD and CBOT supported market and control the downside. The most active **September** futures contract opened slightly firmed at Rs. 496.5 per 10 kg against previous close at Rs. 496.3 per 10 kg and the contract closed down at Rs. 495.5 per 10 Kg.

Despite firmed global cues refined soy futures succumbed on **MCX** on lack of proper direction and choppy trading. The **September** contract opened unchanged to previous close at Rs. 496.4 per 10 kg. The prices finished down at Rs. 495.6 per 10 Kg.

PRICE DRIVERS:

- Bullish BMD and CBOT soy futures
- Decline in soybeans crop output in China
- Nafed is likely to import 100,000 tonne of edible oil till October
- Malaysia August crude palm oil production is likely to increase
- Soybeans acreage improved in Madhya Pradesh

Weather

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

TECHNICALS

Dark candlesticks formation indicated the selling pressure at higher level with recovery as shown by lower shadow. EMA and MACD patterns remained bearish. Stochastic is attempt for bullish crossover in oversold region, which is indicated towards correction, whereas RSI shows weakness in prices near oversold zone. Both volume and open interest declined. Market is expected to trade up with steady to slightly weak opening with bullish bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	493	494	495.5	500	501
MCX-Sept.	493	494	495.6	501	502

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil **September** Contract:

BUY Near 496; T1 near 498, T2 near 499 and put stop loss at 495.

MCX Refined Soy Oil **September** Contract:

BUY Near 496; T1 near 498, T2 near 499 and put stop loss at 495.

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

Centres	08.08.07	07.08.07	Change
Mumbai (Soy Ref oil)+VAT	473	472	+1
Indore (Soy Ref oil)	470	468	+2
Kota (Soy Ref. Oil)+VAT	476	475	+1
Hyderabad (Soy Ref)+VAT	490	490	Nil
Rajkot (Soy Ref)+Tax	465	465	Nil

International Highlights

BMD CPO Futures Recoup

Ideas of market is oversold zone combined with surged in CBOT soy futures supported the Bursa Malaysian Derivatives on Wednesday. The profit-taking from recent falls and assumption of good exports demand from India on upcoming festivals aided the bullish support. The most active October contract of crude palm oil futures finished MYR22 up at MYR2,500 per tonne.

Domestic Spot Market Highlights

Recovery in BMD CPO futures and slightly improved demand strengthened prices of palm oil domestically. Due to **gubernatorial election** in Jakarta, trade activities remained dull in Indonesian, as PT Perkebunan Nusantara and PT Astra Agro Lestari Tbk did not participated into any auction. The crude soy oil CIF prices of August shipment quoted at \$792/tonne on Wednesday. The plenty stocks of palm oil in domestic market and more to arrive as indicated by current vessel conditions likely to pressure on trade activities which is likely to affect the prices in same amplitude.

BMD: CPO Futures (08.08.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2535	2529	2529	2492	2529	-6	286
Sep 07	2508	2400	2523	2400	2521	+13	2461
Oct 07	2478	2491	2501	2452	2500	+22	6158
Nov 07	2456	2473	2483	2456	2481	+25	2174
Dec 07	2435	2435	2465	2429	2465	+30	217

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	08.08.07	07.08.07	Change
Kandla CPO (5 % FFA)	418	415	+3
Kandla RBD Palmolein +VAT	450	450	Nil
Mumbai RBD Palmolein +VAT	453	451	+2
Chennai RBD Palmolein +VAT	450	454	-4
Kakinada RBD Palmolein +VAT	442	442	Nil
Hyderabad RBD Palmolein +VAT	464	464	Nil
Delhi RDB Palmolein	490	490	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	08.08.07	07.08.07	Change
Crude Soy Oil	901	895	+6
Crude Palm Oil	792	NA	-
Sunflower Oil	1067	1072	-5

Rape/Mustard oil

On Wednesday, mustard oil witnessed slightly improved demand to yesterday that helped market to consolidate from last couple of days subdued trade activities. Firmness in other vegetable oil played pivot role and supported physical market. To meet the upcoming festival demand and regulate the upwardly prices movement, Nafed likely to liquidate mustard oil obtained from crushing of nearly 60,000 tonnes mustard seeds.

Groundnut Oil

The sharp fall in prices of edible oil couple of days back remain inductive for groundnut oil and prices fall in quick succession as indicated by Rajkot market, where prices dropped Rs. 785/10 (August 1st) to Rs. 760/10 kg (Aug 8th). This is reflected the floored demand and inactive trade activities at higher prices. Weakness in refined cottonseeds oil induced too to groundnut oil to behavior same. The shelled groundnut in different markets in Gujarat traded between Rs. 415-560 per 10 kg (as per variety).

Refined Sunflower Oil

After resisting long from subdued trade activities and weakness in other edible oil, refined soy oil traded weak well supported by low demand. Market is expecting the good sunflower harvest in Kharif season also added the bearishness. The CIF prices for August shipment declined on Wednesday at \$1067/tonne as compared to \$1072/tonne on Monday. Traders are expecting the firmness in overseas market is likely to limit the downside in near-term.

Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil traded downside reacting subdued demand and lack of supportive trade activities. Expectation of further fall in prices supported the downside but weakness in limited by the firmness in other edible oil. Traders are expecting further weakness prior to rejuvenated festival demand.

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

Centres	08.08.07	07.08.07	Change
Mumbai (Exp. Oil) +VAT	490	490	Nil
Kota (Exp. Oil)+VAT	468	465	+3
Jaipur (Exp. Oil)+VAT	472	472	Nil
Delhi (Exp. Oil)	500	500	Nil
Neewai (Exp. Oil) +VAT	467	465	+2

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	08.08.07	07.08.07	Change
Mumbai +VAT	725	730	-5
Rajkot +VAT	760	760	Nil
Hyderabad +VAT	705	705	Nil
Chennai +VAT	680	690	-10
Delhi	770	750	+20

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

Centres	08.08.07	07.08.07	Change
Mumbai +VAT	565	570	-5
Chennai +VAT	570	575	-5
Hyderabad +VAT	575	575	Nil

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

Centres	08.08.07	07.08.07	Change
Mumbai +VAT	490	490	Nil
Hyderabad +VAT	495	495	Nil
Rajkot + VAT	490	490	Nil
Delhi	480	490	-10

Forex Rates

(As on 08.08.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.58
European Union	Euro	55.70
Japan	100 Yen	34.09
United Kingdom	Pound Sterling	81.85

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA*	Expected (02.08.07)
	Arctic Blizzard	27,500	CDSBO	Berthed (05.08.07)
	Pretty Time	21,349	CDSBO	Expected (07.08.07)
	Sichem Pauda	8,800	Palm oil	Expected (08.08.07)
	Chem Cosmos	16,800	Palm oil	Expected (07.08.07)
Kolkata	L.Star	5,220	CPO	Arrived (07.08.07)
Mumbai	Global Neptune	12,500	Palm oil	Expected (15.08.07)
	Global Triton	5,700	Palm oil	Expected (23.08.07)
Tuticorin	Spring Wind	4,100	Palm oil	Arrived (05.08.07)
New Manglore	Arwen	8,000	CDSBO	Expected (14.08.07)

***Crude Fatty Acid**

Vessels in bold are new on chart.

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