

VEGOIL DAILY

August 25th, 2007

REFINED SOY OIL

SPOT MARKET:

Bearish BMD CPO futures, subdued demand and improved selling interest by stockists depressed refined soy oil in major trading centers. Buying interest, hot and dry weather in western and northern Corn Belt coupled with bullish weekly and July NOPA report cast firmness for soy futures but gains were capped by weakness in other commodities, grains and stock markets. Inspection over NOPA July crush report, soybeans crush and soy oil stocks stood at 4.06 mmt and 1.47 mmt vs trade expectation between 4.02-4.03 mmt and 1.48-1.5 mmt, respectively. The weekly exports sales of soybeans and soy oil totaled at 957,800 tonnes and 19,600 tonnes against trade expectation between 250,000-500,000 tonnes and 10,000-20,000 tonne respectively. The crude soy oil CIF prices for September shipment remains unchanged on Friday at \$857 per tonne.

FUTURES MARKET:

Bearish BMD, strong selling interest cast weakness for refined soy oil futures on **NCDEX** despite bullish CBOT soy futures. The most active **September** futures contract opened weak at Rs. 481.9 per 10 kg against previous closing at Rs. 482.8 per 10 kg and the contract closed down at Rs. 478 per 10 Kg.

The unclear prices direction, improved supplies and bearish BMD CPO futures sparked bearishness for refined soy oil futures at **MCX**. The **September** contract opened at Rs. 481.5 per 10kg against previous close of Rs. 483.9 per 10kg. The prices closed down at Rs. 479.05 per 10 Kg.

PRICE DRIVERS:

- Sluggish demand and improved selling interest from stockists
- Expectation of isolated rainfall in major soybeans producing belt
- Bearish BMD CPO futures
- Bullish NOPA July crush and USDA weekly exports reports
- Weakness in other vegetable oil

Weather

Weather is conducive for good growth of soybean crop.

TECHNICALS

Refined soy oil chart shows the strong selling interest with slightly tentativeness at lower level. Prices close well below to 9/18 days EMA suggested medium term bearishness. MACD failed to bullish crossover and fall deep into negative territory. Stochastic and RSI remains highly overbought. Both volume and open interest declined. Market is expects to trade down with possibility of weak opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	473	474	478	482	483
MCX-Sept.	474	475	479.05	481	483

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:

SELL Near 478; T1 near 476, T2 near 475 and put stop loss at 479.5.

MCX Refined Soy Oil September Contract:

SELL Near 479; T1 near 477, T2 near 476 and put stop loss at 480.5.

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

Centres	24.08.07	23.08.07	Change
Mumbai (Soy Ref oil)+VAT	465	469	-4
Indore (Soy Ref oil)	460	465	-5
Kota (Soy Ref. Oil)+VAT	466	469	-3
Hyderabad (Soy Ref)+VAT	485	490	-5
Rajkot (Soy Ref)+Tax	458	460	-2

International Highlights

BMD CPO Futures Finish Down

Lack of clear direction, await for fresh exports data, lackluster trading activities results sluggish crude palm oil futures on Friday on Bursa Malaysian Derivatives. The most active November contract of crude palm oil futures settled unchanged at MYR2,430 per tonne to yesterday's closing. As well losses were capped by buying interest in physical market. The Malaysian exports data for August 1-25 at expecting at 936,720 tonne. The lot size increased at 10,096 lots vs 7,801 lots on Thursday.

Domestic Spot Market Highlights

Bearish undertone in BMD CPO futures, fears of oversupplies overpowered domestic trade activities with pressure on prices of palm oil. Indonesian palm oil prices firmed up on Friday on spurt demand before festival ahead. The CIF prices of crude soy oil for September shipment increased on Friday at \$803 per tonne as compared to \$787 per tonne on Thursday. Weakness in competitive edible oil is expecting to weaken the palm oil sentiments in short-term.

BMD: CPO Futures (24.08.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 07	2535	2541	2547	2524	2532	-3	2050
Oct 07	2473	2485	2486	2460	2470	-3	2192
Nov 07	2430	2438	2445	2413	2430	0	4832
Dec 07	2410	2419	2421	2396	2409	-1	1007
Jan 08	2401	2400	2400	2390	2390	-11	15

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	24.08.07	23.08.07	Change
Kandla CPO (5 % FFA)	417	417	Nil
Kandla RBD Palmolein +VAT	450	448	+2
Mumbai RBD Palmolein +VAT	450	451	-1
Chennai RBD Palmolein +VAT	457	450	+7
Kakinada RBD Palmolein +VAT	441	442	-1
Hyderabad RBD Palmolein +VAT	462	465	-3
Delhi RDB Palmolein	490	488	+2

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	24.08.07	23.08.07	Change
Crude Soy Oil	857	857	Nil
Crude Palm Oil	803	787	+16
Sunflower Oil	1013	1035	-23

Rape/Mustard oil

Improved demand and improved trade activities strengthened mustard oil prices in Rajasthan regions where as weakness in other edible oil with bearish undertone in overseas market forced Mumbai markets. Weakness in rapeseeds meals demand is maintained both at ports and domestic markets. As per trade sources, prices of mustard oil is likely to remain range bound in short-term due to lack of supportive news.

Groundnut Oil

Subdued demand and talk of further weakness in prices in near-term pushed down groundnut oil sentiments in most of trading centres whereas prices improved in Mumbai market on improved demands. Currently the Kharif groundnut crop in vegetative/flowering stage in Gujarat, Andhra Pradesh and Rajasthan. Whereas crop in vegetative to peg stage in Karnataka. The groundnut seeds traded between Rs. 410-560/20 kg for different quality. Traders are expecting groundnut oil is likely to trade range bound on limited supplies.

Refined Sunflower Oil

Seeds arrivals pressure from Tamil Nadu and bearish undertone in global market of related commodity results weakness in prices of refined sunflower oil in physical markets. The sunflower oil CIF prices for September shipment declined abruptly on Friday at \$1013 per tonne as compared to \$1035 per tonne on Thursday. Traders declined possibility of improvement in prices in short-term till arrivals pressure remain high.

Refined Cottonseeds Oil

As per market observers, the production sentiments are bullish for upcoming Kharif season. Gujarat is expecting to produce 9.3 million bales, Maharashtra is likely at 5.2 million bales followed by Andhra Pradesh at 3.2 million bales would sufficient to reflect bearishness on refined cottonseeds oil in main trading markets.

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

Centres	24.08.07	23.08.07	Change
Mumbai (Exp. Oil) +VAT	487	488	-1
Kota (Exp. Oil)+VAT	465	460	+5
Jaipur (Exp. Oil)+VAT	472	468	+4
Delhi (Exp. Oil)	495	493	+2
Neewai (Exp. Oil) +VAT	463	460	+3

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	24.08.07	23.08.07	Change
Mumbai +VAT	715	705	+15
Rajkot +VAT	765	770	-5
Hyderabad +VAT	705	710	-5
Chennai +VAT	675	675	Nil
Delhi	750	750	Nil

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

Centres	24.08.07	23.08.07	Change
Mumbai +VAT	540	545	-5
Chennai +VAT	545	545	Nil
Hyderabad +VAT	545	550	-5

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

Centres	24.08.07	23.08.07	Change
Mumbai +VAT	495	492	+3
Hyderabad +VAT	480	485	-5
Rajkot + VAT	485	492	-7
Delhi	475	475	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		24.08.07	23.08.07
USA	Dollar	41.18	40.86
European Union	Euro	55.85	55.38
Japan	100 Yen	35.53	35.25
United Kingdom	Pound Sterling	82.41	81.26

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA*	Expected (27.08.07)
	Global Flora	9,000	CPO	Expected (22.08.07)
	Taunus	23,160	CDSBO	Expected (27.08.07)
	Chem Lily	8,300	Palm oil	Expected (29.08.07)
	Star Dream	4,000	Palm oil Product	Expected (27.08.07)
	Global Triton	8,000	Palm oil Product	Expected (28.08.07)
Kolkata	Skawhegan	11,000	Soy oil	Arrived (22.08.07)
Mumbai	Sc Shanghai	12,000	Palm oil Product	Expected (18.08.07)
	Global Triton	5,700	Palm oil	Expected (27.08.07)

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

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