

## VEGOIL DAILY

August 31<sup>st</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Spot prices of refined soy oil traded on softer side on poor demand and lackluster trade activities, however losses were capped by bullish BMD CPO futures which, tracked gain of CBOT and crude oil. As per trade estimation, India is heading for import of 500,000 tonne of edible oil a month till October to sum up 4.75mmt in oil year, 2006-07. Last years figures were at 4.4 mmt. The lion share will expecting to remains with palm oil with estimation at 3.1 mmt. Currently better profitability of soybeans over corn (BRL, Brazilian real, which is BRL457 for soybeans vs BRL236 for corn) in Brazil may boost the soybeans acreage by 5.4% at 21.9 million hectares in 2007-08 and since January 07, prices of soybeans moved up nearly 25% to 11% for corn. The CIF prices of crude soy oil for September shipment escalated further on Thursday at \$878 per tonne as compared to \$872 per tonne on Wednesday.

#### FUTURES MARKET:

Bullish CBOT and BMD CPO futures supported refined soy oil futures on **NCDEX** but gains were capped by follow-through selling pressure and bearish fundamentals. The most active **September** futures contract of refined soy oil opened firmed at Rs. 475.75 per 10 kg against previous closing at Rs. 474.95 per 10 kg and the contract closed up at Rs. 475.7 per 10 Kg.

Bullish global cues and diminishing prospects of tight supplies in coming weeks witnessed choppy trading for refined soy oil futures at **MCX**. The **September** contract opened at Rs. 476.9 per 10kg against previous close of Rs. 475.4 per 10kg. The prices settled up at Rs. 477.8 per 10 Kg.

#### PRICE DRIVERS:

- Bullish BMD and CBOT
- Malaysia crude palm oil August production in expecting to increase
- Domestic edible oil import in current oil year is likely to increase by nearly 8% vs last year
- Better profitability of Brazilian soybeans over corn
- Escalated CIF prices of crude soy oil

#### Weather

Weather is conducive for good growth of soybean crop.

#### TECHNICALS

Candlestick chart pattern indicated the indecisiveness with mild recovery in late session. EMA and MACD pattern remained medium-term bearish. Stochastic is rising and attempt for bearish crossover and RSI is recovery in oversold region. Both volume and open interest increased. Market is expected to trade down with steady to slightly firm opening.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	469	470	475.7	478	479
MCX-Sept.	469	470	477.2	478	480

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil September Contract:**

**SELL Near 475; T1 near 473, T2 near 472 and put stop loss at 476.**

**MCX Refined Soy Oil September Contract:**

**SELL Near 476.5; T1 near 474, T2 near 473 and put stop loss at 478.**

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

Centres	30.08.07	29.08.07	Change
Mumbai (Soy Ref oil)+VAT	460	460	Nil
Indore (Soy Ref oil)	454	455	-1
Kota (Soy Ref. Oil)+VAT	467	467	Nil
Hyderabad (Soy Ref)+VAT	485	485	Nil
Rajkot (Soy Ref)+Tax	460	460	Nil

**International Highlights****BMD CPO Futures Recoup**

Expectation of bullish exports figures of Malaysian palm oil and bullish CBOT soy futures strengthened crude palm oil futures on Bursa Malaysian Derivatives on Thursday. The most active November futures contract of crude palm oil futures finished MYR42 up at MYR2,420 per tonne. Higher crude oil prices also supported the market. Traders are expecting August palm oil production is expecting at 1.25 mmt with exports sales nearly 1.15 mmt. The volume remained at 7,310 lots from 9,503 lots yesterday and open interest totaled at 54,169 lots against 54,478 lots on Wednesday.

**Domestic Spot Market Highlights**

Bullish global cues are tending to push the market but subdued trade activities and weakness in other edible oil bounded physical market to trade range bound. As per recent trade estimation the total import of palm oil in country is expecting at 3.1 million tonne, i.e. 10% of total edible oil import in current oil year (Nov-Oct). Confusion over scrap of VAT on palm oil or olein or both stayed away traders in Indonesia. Till the Indonesian government clear the talk of removal of VAT, Indonesian and Malaysia would expecting to remain in confusion with spill over impact in domestic markets.

**BMD: CPO Futures (30.08.2007)****(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 07	2490	2475	2475	2446	2463	-27	825
Oct 07	2445	2432	2432	2394	2406	-39	2715
Nov 07	2412	2395	2402	2368	2378	-34	4860
Dec 07	2397	2375	2375	2354	2366	-31	1103
Jan 08	2389	0	2389	0	2389	0	0

\*BMD Remains Closed on Saturday and Sunday.

**Palm oil – Spot Market Price****(Rs. Per 10 kg)**

Centres	30.08.07	29.08.07	Change
Kandla CPO (5 % FFA)	416	414	+2
Kandla RBD Palmolein +VAT	449	450	-1
Mumbai RBD Palmolein +VAT	446	449	-3
Chennai RBD Palmolein +VAT	452	448	+4
Kakinada RBD Palmolein +VAT	442	442	Nil
Hyderabad RBD Palmolein +VAT	462	462	Nil
Delhi RDB Palmolein	485	485	Nil

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

Edible Oil	30.08.07	29.08.07	Change
Crude Soy Oil	878	872	+6
Crude Palm Oil	NA	767	-
Sunflower Oil	1148	1098	+50

### Rape/Mustard oil

Despite gains in global markets on less supportive weather conditions and expectation of bulky exports figures, prices of mustard oil remained in bearish undertone reflecting await for more weakness in short-term. The weakness in oil also supported by fall in seeds prices and subdued trade activities. The cheaper availability of other vegetable oil would tend to remain conducive for further weakness in coming days.

### Groundnut Oil

Spot prices of groundnut oil trade mostly range bound on steady demand/supplies. Since market is sensing the good production of groundnut in upcoming month, stockists preferred to loosen their stockists to limit profit that added the bearishness domestically and capped the bullish sentiment formation from tight stocks. As per trade sources, groundnut seeds prices in different markets in Gujarat varies between Rs. 410-520 per 20 kg. As currently demand is poor as traders are awaiting further weakness that would remain inductive in near-term.

### Refined Sunflower Oil

Weakness in other edible oil, steady arrivals of sunflower seeds had the mixed advice domestically, which manage to support refined sunflower oil. The bullish prospects of Kharif sunflower crop on lagging acreage supported the market. The CIF prices of sunflower oil for September shipment rose sharply at \$1148 per tonne as compared to \$1098 per tonne on Wednesday. Prices of refined sunflower oil are likely to remain range bound on lack of fresh fundamentals.

### Refined Cottonseeds Oil

Bearishness in maintained in refined cottonseeds oil domestically on supportive news with await for Kharif cottonseeds arrivals. The weakness in meals prices supported sluggish trade activities. As the driving groundnut oil is falling domestically, prices of refined cottonseeds oil is likely to stay in bearish undertone.

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

Centres	30.08.07	29.08.07	Change
Mumbai (Exp. Oil) +VAT	475	479	-4
Kota (Exp. Oil)+VAT	462	460	+2
Jaipur (Exp. Oil)+VAT	470	468	+2
Delhi (Exp. Oil)	485	485	Nil
Neewai (Exp. Oil) +VAT	461	461	Nil

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

Centres	30.08.07	29.08.07	Change
Mumbai +VAT	690	700	-10
Rajkot +VAT	730	750	-20
Hyderabad +VAT	705	705	Nil
Chennai +VAT	680	680	Nil
Delhi	745	750	-5

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

Centres	30.08.07	29.08.07	Change
Mumbai +VAT	540	540	Nil
Chennai +VAT	550	550	Nil
Hyderabad +VAT	545	545	Nil

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

Centres	30.08.07	29.08.07	Change
Mumbai +VAT	475	476	-1
Hyderabad +VAT	480	480	Nil
Rajkot + VAT	468	475	-7
Delhi	458	460	-2

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		30.08.07	29.08.07
USA	Dollar	41.12	41.24
European Union	Euro	55.97	56.06
Japan	100 Yen	35.62	36.04
United Kingdom	Pound Sterling	82.57	82.55

**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)
	Stella Azzurra	10,831	CDSBO	Expected (30.08.07)
	Taurus	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	Yong Cheng-17	3,556	CPO	Arrived (26.08.07)
	<b>Southern York</b>	<b>5,353</b>	<b>CPO</b>	<b>Arrived (28.08.07)</b>
Mumbai	Global Triton	5,700	Palm oil	Arrived (27.08.07)

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

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.