

VEGOIL DAILY

August 30th, 2007

REFINED SOY OIL

SPOT MARKET:

The poor demand, improved supplies of soy oil from stockists sensing more weakness in short-term coupled with bearish BMD and CBOT triggered weakness in the physical markets. To quell the prevailing higher prices of crude palm oil, Indonesian government may roll back the Value-added Tax on crude palm oil, which is current 10%. The slightly improved crop condition, ideas of market in overbought condition and talk of deterioration of soybeans crop in South Midwest cast weakness of soy futures at CBOT. The erratic power supplies and competition from Brazil and US results drop in Argentina July soy oil production, which totaled at 536,923 tonnes down 4.88% from 564,473 tonnes same period a year ago as highlighted by Agriculture Secretariat. Soy oil stocks dropped 6.65% at 233,047 tonnes vs 249,635 tonnes in 2006. The crude soy oil CIF price for September shipment dropped on Wednesday at \$872 per tonne vs \$877 per tonne on Tuesday.

FUTURES MARKET:

Strong selling pressure and bearish advice from CBOT and BMD CPO futures cast weakness for refined soy oil futures on **NCDEX**. The most active **September** futures contract of refined soy oil opened weak at Rs. 477.25 per 10 kg against previous closing at Rs. 478.6 per 10 kg and the contract closed down at Rs. 474.8 per 10 Kg.

Bearish global cues and improved prospects of supplies in short term remained inductive for spurt in selling activities for refined soy oil futures at **MCX**. The **September** contract opened at Rs. 477.05 per 10kg against previous close of Rs. 479.4 per 10kg. The prices settled down at Rs. 475 per 10 Kg.

PRICE DRIVERS:

- Bearish BMD and CBOT
- Poor demand with improved selling from stockists
- Indonesian government may remove VAT of crude palm oil
- Declined crude soy oil CIF prices
- Argentina July soy oil stocks dropped 6.65%

Weather

Weather is conducive for good growth of soybean crop.

TECHNICALS

Filled candlestick with lower shadow indicated the strong selling pressure with slightly buying interest in late session. Prices closed well below to 9/18 days EMA suggested medium term weakness. MACD remain flat deep into negative territory. Stochastic and RSI is falling in oversold region. Volume declined and open interest increased. Market is expected to trade down with possibility of recovery late in the trade session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	469	470	474.8	478	479
MCX-Sept.	469	470	475	478	479

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

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

Centres	29.08.07	28.08.07	Change
Mumbai (Soy Ref oil)+VAT	460	463	-3
Indore (Soy Ref oil)	455	457	-2
Kota (Soy Ref. Oil)+VAT	467	MC	-
Hyderabad (Soy Ref)+VAT	485	MC	-
Rajkot (Soy Ref)+Tax	460	460	Nil

International Highlights**BMD CPO Futures Finish down**

Weakness in stock markets, bearish CBOT and lackluster trade activities pressured crude palm oil futures on Bursa Malaysian Derivatives on Wednesday. The most active November futures contract of crude palm oil futures finished MYR 34 down at MYR 2,378 per tonne. Lack of fresh fundamentals and August crude palm oil production, which is likely to increase by 10-20% aided the bearishness. Thin trade activities result decline in volume and open interest at 9,503 lots and 54,578 lots as compared with Tuesday's 9,861 lots and 54,953 lots respectively.

Domestic Spot Market Highlights

Sluggish demand, lackluster trade activities and bearish BMD CPO futures triggered weakness for palm oil domestically. As per market observers, Indonesian government may roll back the Value-added Tax on crude palm oil, which is current 10%, this decision would help government to control the upward rise in prices. Since government hiked the export taxes, CPO became 18% costlier to before hike in export taxes. The underlying bearish global cues on improved production and sluggish export demand would helped in controlling the price movement in short-term.

BMD: CPO Futures (29.08.2007)**(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	29.08.07	28.08.07	Change
Kandla CPO (5 % FFA)	414	417	-3
Kandla RBD Palmolein +VAT	450	450	Nil
Mumbai RBD Palmolein +VAT	449	449	Nil
Chennai RBD Palmolein +VAT	448	450	-2
Kakinada RBD Palmolein +VAT	442	MC	-
Hyderabad RBD Palmolein +VAT	462	MC	-
Delhi RDB Palmolein	485	490	-5

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	29.08.07	28.08.07	Change
Crude Soy Oil	872	877	-5
Crude Palm Oil	767	NA	-
Sunflower Oil	1098	NA	-

Rape/Mustard oil

Giving weightage to weakness in seeds and other edible oil sentiments, spot prices of mustard oil dropped on Wednesday. Continuous selling from stockists at cheaper prices to remain in sync with Nafed selling contributed the weakness. Market is also borrowed weakness from dull demand of meals both at ports and domestically. More downward movement is expecting in mustard oil on improve prospects of Kharif oilseeds output in coming months.

Groundnut Oil

Expectation of larger import in rest of 3 months in current oil with more availability of palm oil and sluggish demand depressed groundnut oil in physical markets. Fall in refined cottonseeds oil also pressured groundnut oil. The good progress of early sown groundnut that in vegetative/flower stage in major producing belts also added the bearishness. As currently demand is poor as traders are awaiting further weakness that would remain inductive in near-term.

Refined Sunflower Oil

Spot prices of refined sunflower oil range bound on steady demand/supplies and bearish global cues. According to Agriculture Secretariat, Argentina July sunflower oil stocks dropped 10.44% at 103,873 tonnes from 115,984 in 2006. July sunflower oil production remained at 129,884 tonnes against 120,988 tonnes a year ago. The CIF prices of sunflower oil remained closed to \$1098 per tonne on Wednesday. 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

Improved selling interest from stockists and poor demand results weakness in spot prices of refined cottonseeds oil in major trading centres. The expectation of bullish arrivals of cottonseeds in upcoming months forced stockists to maintain the selling at cheaper prices. This along with weakness in meals aided bearishness. Further weakness in cottonseeds oil is likely as currently market is devoid of any bullish fundamental development.

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

Centres	29.08.07	28.08.07	Change
Mumbai (Exp. Oil) +VAT	479	479	Nil
Kota (Exp. Oil)+VAT	460	462	-2
Jaipur (Exp. Oil)+VAT	468	470	-2
Delhi (Exp. Oil)	485	490	-5
Neewai (Exp. Oil) +VAT	461	463	-2

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	29.08.07	28.08.07	Change
Mumbai +VAT	700	705	-5
Rajkot +VAT	750	755	-5
Hyderabad +VAT	705	MC	-
Chennai +VAT	680	675	+5
Delhi	750	750	Nil

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

Centres	29.08.07	28.08.07	Change
Mumbai +VAT	540	540	Nil
Chennai +VAT	550	550	Nil
Hyderabad +VAT	545	MC	-

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

Centres	29.08.07	28.08.07	Change
Mumbai +VAT	476	479	-3
Hyderabad +VAT	480	MC	-
Rajkot + VAT	475	475	Nil
Delhi	460	465	-5

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		29.08.07	28.08.07
USA	Dollar	41.24	41.12
European Union	Euro	56.06	56.03
Japan	100 Yen	36.04	35.59
United Kingdom	Pound Sterling	82.55	82.43

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)
Mumbai	Global Triton	5,700	Palm oil	Arrived (27.08.07)
New Manglore	Taurus	11,865	CDSBO	Arrived (25.08.07)

*Crude Fatty Acid

Vessels in bold are new on chart.

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