

VEGOIL DAILY

August 2nd, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil declined reacting bearish BMD CPO futures and subdued trade activities. The low exports demand of soy oil and competition from Argentina and US market, result Brazil June soy oil production dropped at 490 thousand tonnes against 507 thousand tonne in May. While June soy oil exports remained at 199 thousand tonnes, which is lower than last month's 215 thousand tonne. Forecast of dry weather combined with drop in soybeans crop growth conditions strengthened CBOT soy futures. Market also received the bullish support as most of traders squared their position and afresh buying interest. Inspection over weekly US soybeans crop update 58% were in good conditions as compared to 61% last week and 53% last year. The crude soy oil CIF price for August shipment escalated further on Wednesday at \$915 per tonne as compared to \$904 per tonne on Tuesday.

FUTURES MARKET:

Refined soy oil futures plunged on **NCDEX** owing to increased in selling interest with bearish BMD CPO futures. The most active August futures contract opened firmed at Rs. 507.3 per 10 kg against previous close at Rs. 506.65 per 10 kg and the contract closed marginally down at Rs. 504.1 per 10 Kg.

The refined soy oil futures at **MCX** settled down despite traded in both territory and bearish BMD CPO futures. The August contract opened up at Rs. 506.45 per 10 kg against previous closing level at Rs. 505.6 per 10 kg. The prices closed down at Rs.503.35 per 10 Kg.

PRICE DRIVERS:

- BMD CPO futures remain bearish
- June soy oil exports declined in Brazil
- Stalled weakened monsoon progress
- Decline in US soybeans crop condition
- Soybeans plantation is likely to complete soon

Weather

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

TECHNICALS

Candle sticks chart pattern showing prices failed to break the upward trend and recovered as shown by lower shadow. However, EMA and MACD patterns remained bearish. Stochastic is attempts for bearish crossover in neutral region while RSI is falling in neutral Zone. Both volume and open interest declined. Market is expected to trade down initially with bearish bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Aug	501	502	504.1	509	510
MCX-Aug	501	502	503.35	508	509

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

BUY Near 504; T1 near 506, T2 near 507 and put stop loss at 503.

MCX Refined Soy Oil July Contract:

BUY Near 504; T1 near 506, T2 near 507 and put stop loss at 503.

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

Centres	01.08.07	31.07.07	Change
Mumbai (Soy Ref oil)+VAT	480	480	Nil
Indore (Soy Ref oil)	484	486	-2
Kota (Soy Ref. Oil)+VAT	480	483	-3
Hyderabad (Soy Ref)+VAT	500	500	Nil
Rajkot (Soy Ref)+Tax	472	476	-4

PALM OIL

International Highlights

BMD CPO Futures Settle Down

Despite bullish CBOT soy oil futures, crude palm oil futures forced to trade undertone on Bursa Malaysian Derivatives amidst aggressive selling pressure in physical market and follow-through profit-taking. Market recouped in to mid session following CBOT and crude oil futures but fail to continue on lack of supportive news and finally depressed. The most active October contract of crude palm oil futures ended MYR23 down at MYR2,585 per tonne.

Domestic Spot Market Highlights

Spot prices of palm oil succumbed on Wednesday on lack of supportive news, weakness in overseas market of related commodity and sluggish demand. Indonesian palm oil market continues to receive bullish support from weak rupiah, tight supplies coupled with improved demand. The crude palm oil CIF prices for August shipment continue to down and on Wednesday hovered at \$830 per tonne as compared to \$832 on Tuesday. Traders are expecting further weakness on underlying bearishness in BMD CPO futures and unsupportive higher prices.

BMD: CPO Futures (01.08.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2691	2723	2735	2675	2675	-16	554
Sep 07	2635	2662	2677	2602	2615	-20	1739
Oct 07	2608	2626	2647	2568	2585	-23	5905
Nov 07	2585	2605	2627	2550	2564	-21	1353
Dec 07	2566	2600	2609	2540	2546	-20	219

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	01.08.07	31.07.07	Change
Kandla CPO (5 % FFA)	425	425	Nil
Kandla RBD Palmolein +VAT	465	476	-11
Mumbai RBD Palmolein +VAT	457	462	-5
Chennai RBD Palmolein +VAT	460	460	Nil
Kakinada RBD Palmolein +VAT	448	450	-2
Hyderabad RBD Palmolein +VAT	468	468	Nil
Delhi RDB Palmolein	495	495	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	01.08.07	31.07.07	Change
Crude Soy Oil	915	904	+11
Crude Palm Oil	830	832	-2
Sunflower Oil	1034	1039	-5

Rape/Mustard oil

Since the Bird flu outbreak in Manipur came into light, prices of oilseeds including mustard seeds begin to trade on softer side without impacting on mustard oil but resistance is noticed on slightly improved demand. Waiting to further fall in seeds prices, expellers were reluctant to replenish their demand that pressured the current upward trend. Traders are expecting mustard oil is likely to trade with narrow range owing to lack of supportive demand.

Groundnut Oil

Prices of groundnut oil is fluctuated and dropped again on lack of supportive buying pressure owing to prices reached to its optimum height. However groundnut acreage has seen up in this Kharif season but it is long way to predict the exact yield. The monsoon progress in main worry and prices of groundnut seeds and oil would be react accordingly. Market is likely to stay firm until clear figures of sowing come in light.

Refined Sunflower Oil

Anticipating fall in production of sunflower in EU respecting the unfavorable weather conditions in Southern Europe supported the refined sunflower oil to stay into firm trends despite slightly weakness in other edible oil. Sunflower oil CIF prices for August shipment consolidated on Wednesday at \$1037 per tonne as compared to \$1039 per tonne on Tuesday. The tight supplies of sunflower oil in domestic as well as overseas markets are likely to keep buoyancy in prices in near-term.

Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil maintained the up trend in shrinking supplies and holding back activities from stockists. The poor offtake of cottonseeds oil at currently higher prices aided the bullish support. Currently stalled weakened monsoon progress could affect Kharif cotton crop under progress with bullish refection domestically.

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

Centres	01.08.07	31.07.07	Change
Mumbai (Exp. Oil) +VAT	468	498	Nil
Kota (Exp. Oil)+VAT	478	478	Nil
Jaipur (Exp. Oil)+VAT	488	488	Nil
Delhi (Exp. Oil)	508	505	+3
Neewai (Exp. Oil) +VAT	477	476	+1

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	01.08.07	31.07.07	Change
Mumbai +VAT	740	750	-10
Rajkot +VAT	785	790	-5
Andhra Region +VAT	760	760	Nil
Chennai +VAT	690	690	Nil
Delhi	780	780	Nil

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

Centres	01.08.07	31.07.07	Change
Mumbai +VAT	575	575	Nil
Chennai +VAT	570	570	Nil
Hyderabad +VAT	570	570	Nil

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

Centres	01.08.07	31.07.07	Change
Mumbai +VAT	502	502	Nil
Hyderabad +VAT	505	505	Nil
Rajkot + VAT	515	512	+3
Delhi	495	495	Nil

Forex Rates

(As on 01.08.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.55
European Union	Euro	55.35
Japan	100 Yen	34.40
United Kingdom	Pound Sterling	82.06

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Arwen	8,500	CDSBO	Expected (29.07.07)
	Hari Kripa	2,000	CFA*	Expected (02.08..07)
	Arctic Blizzard	27,500	CDSBO	Expected (03.08.07)
	Pretty Time	21,349	CDSBO	Expected (07.08.07)
	High Challenge	23,500	CDSBO	Expected (31.07.07)
	Global Triton	12,000	Palm oil	Expected (27.07.07)
Kolkata	Aetos	10,000	Soy oil	Arrived (28.07.07)
	Southern Seal	4,000	CPO	Arrived (26.07.07)
	Fatimah	6,000	CPO	Arrived (23.07.07)
	Global Venus	8,500	CPO	Arrived (23.07.07)
New Mangalore	Global Eos	10,500	CPO	Arrived (31.07.07)
Mumbai	Global Neptune	12,500	Palm oil	Expected (15.08.07)

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