

## VEGOIL DAILY

August 7<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Prices of refined soy oil continue to trade down to meet the level of demand. However, market activities remained dull with bearish BMD CPO futures and sluggish demand. The latest soybeans sowing data reflected the Madhya Pradesh is ahead and acreage in reported in nearly 47 lakh ha against 39.42 lakh ha a year ago. Maharashtra is lagging and covered with 22.852 lakh ha to 24 lakh ha last year. This aided the pressure the soy oil domestically. Currently China's major soybeans producing region (Northeast) is experiencing the drought condition, which is reportedly damaged the standing crop. This coupled with tapering stocks and good demand strengthened the soy oil prices there. The crude soy oil CIF price for August shipment down further on Monday at \$905/tonne as compared to \$910/ tonne on Saturday.

#### FUTURES MARKET:

Strong selling interest on BMD CPO futures induced domestic market to repeat same. Although prospects of demand and supplies remained poorly directed for further weakness. The most active **September** futures contract opened slightly weak at Rs. 498.8 per 10 kg against previous close at Rs. 500.25 per 10 kg and the contract closed down at Rs. 493.6 per 10 Kg.

Poor demand in physical market with weakness in other commodities aided the bearishness for refined soy oil futures at **MCX**. The increased selling interest aided the pressure. The **September** contract opened weak at Rs. 498.9 per 10 kg against previous closing level at Rs. 500.6 per 10 kg. The prices closed down at Rs. 494.35 per 10 Kg.

#### PRICE DRIVERS:

- Revival of monsoon rainfall activities
- Reports of damage of standing soybean crop in China
- BMD CPO futures tumbled on strong selling interest
- Improved soybeans sowing
- Soybeans acreage improved in Madhya Pradesh

#### Weather

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

#### TECHNICALS

Refined soy oil charts show the burst of selling activities. Prices closed sharp below to short term and medium term EMA, indicated toward strong bearishness in the market. MACD patterns remained bearish into negative territory. Stochastic also remained weak in neutral region while RSI fall into oversold zone. Volume increased and open interest declined. Market is expected to trade down with steady to weak opening.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	488	490	493.4	497	498
MCX-Sept.	490	491	494.35	497	498

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil September Contract:**

**SELL** Near 494; T1 near 492, T2 near 491 and put stop loss at 495.

**MCX Refined Soy Oil September Contract:**

**SELL** Near 495; T1 near 493, T2 near 492 and put stop loss at 496.

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

Centres	06.08.07	04.08.07	Change
Mumbai (Soy Ref oil)+VAT	474	475	-1
Indore (Soy Ref oil)	476	477	-1
Kota (Soy Ref. Oil)+VAT	477	479	-2
Hyderabad (Soy Ref)+VAT	490	495	-5
Rajkot (Soy Ref)+Tax	465	470	-5

**International Highlights****BMD CPO Futures Tumble on Strong Selling Pressure**

Losses in crude oil, Lacklustre trade activities and extending unclear direction of demand and supplies remained conducive for tumbling crude palm oil futures on Bursa Malaysian Derivatives. The bearish undertone trade on CBOT with reluctance of traders for fresh position aided the bearishness. The most active October contract of crude palm oil futures settled MYR102 down at MYR2,480 per tonne.

**Domestic Spot Market Highlights**

Sharp fall in BMD CPO futures and sluggish demand domestically cast weakness of prices of palm oil domestically. Market also generated the bearishness from current vessel position with indicating the good deliveries of palm oil domestically in short-term. Indonesian palm oil market witnessed thin trade activities amidst lack of fresh fundamentals and most of traders were preferred to square-off their position. The crude palm oil CIF price for August shipment on Monday quoted at \$815/tonne. Current market is in wait and watch condition and trader as awaiting further weakness in prices in order to induce the demand.

**BMD: CPO Futures (06.08.2007)****(Ringgit/ton)**

Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2674	2635	2635	2610	2596	-78	133
Sep 07	2618	2577	2583	2500	2540	-78	620
Oct 07	2582	2557	2561	2441	2480	-102	3394
Nov 07	2546	2535	2535	2426	2458	-88	1069
Dec 07	2525	2500	2500	2482	2437	-88	162

\*BMD Remains Closed on Saturday and Sunday.

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

Centres	06.08.07	04.08.07	Change
Kandla CPO (5 % FFA)	419	419	Nil
Kandla RBD Palmolein +VAT	455	456	-1
Mumbai RBD Palmolein +VAT	453	454	-1
Chennai RBD Palmolein +VAT	455	458	-3
Kakinada RBD Palmolein +VAT	443	448	-5
Hyderabad RBD Palmolein +VAT	464	470	-6
Delhi RDB Palmolein	490	490	Nil

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

Edible Oil	06.08.07	04.08.07	Change
Crude Soy Oil	905	910	-5
Crude Palm Oil	815	NA	-
Sunflower Oil	1072	1072	Nil

### Rape/Mustard oil

Spot prices of mustard oil continues to trade sluggish as most of trader stayed away coupled with sluggish demand. As mustard oil dropped sharply in last week, the expectation in current weak was a retailer's set back to limited trade activities. As well as the effect of low meal demand domestically aided the weakened sentiments. The fall in prices of mustard seeds with arrivals nearly 15 thousand bags extended the weakness.

### Groundnut Oil

Increased in selling activities of groundnut oil from stockists in order to limit the losses with sluggish demand dominated the market and forced market to follow the bearish trends. Trade activities remained dull and weakness in other edible oil remained bearish factors for groundnut oil. In last week, nearly 25-30 drop was witnessed in groundnut oil in Rajkot market mirrored the strong bearish trends there. The shelled groundnut in different markets in Gujarat traded between Rs. 415-560 per 10 kg (as per variety). Traders are expecting further weakness in lack of fresh fundamental development.

### Refined Sunflower Oil

Refined sunflower oil remained traded steady on balance in demand and supplies despite good monsoon progress and weak global markets. The Kharif sunflower in vegetative stage in Maharashtra and Karnataka while sowing in progress in Uttar Pradesh. The CIF prices for August shipment remained unchanged on Monday at \$1072 per tonne.

### Refined Cottonseeds Oil

Weakness in other edible oil is the major cause that trapped refined cottonseeds oil in bearish undertone. Sensing further weakness demands remained poor from retailers while reseller's aggressive unloaded to limit their losses cast weakness for cottonseeds oil. Prices are likely to fall further on current monsoon progress and aggressive selling activities.

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

Centres	06.08.07	04.08.07	Change
Mumbai (Exp. Oil) +VAT	493	492	+1
Kota (Exp. Oil)+VAT	468	468	Nil
Jaipur (Exp. Oil)+VAT	475	475	Nil
Delhi (Exp. Oil)	500	500	Nil
Neewai (Exp. Oil) +VAT	466	468	-2

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

Centres	06.08.07	04.08.07	Change
Mumbai +VAT	735	735	Nil
Rajkot +VAT	760	760	Nil
Andhra Region +VAT	705	NA	-
Chennai +VAT	690	690	Nil
Delhi	750	780	-30

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

Centres	06.08.07	04.08.07	Change
Mumbai +VAT	735	735	Nil
Rajkot +VAT	760	760	Nil
Andhra Region +VAT	705	NA	-

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

Centres	06.08.07	04.08.07	Change
Mumbai +VAT	494	496	-2
Hyderabad +VAT	495	500	-5
Rajkot + VAT	495	500	-5
Delhi	490	490	Nil

### Forex Rates

(As on 06.08.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.45
European Union	Euro	55.94
Japan	100 Yen	34.39
United Kingdom	Pound Sterling	82.70

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA*	Berthed (02.08.07)
	<b>Samho Jewelry</b>	<b>4,500</b>	<b>Palm oil</b>	<b>Expected (04.08.07)</b>
	Arctic Blizzard	27,500	CDSBO	Expected (06.08.07)
	Pretty Time	21,349	CDSBO	Expected (07.08.07)
	<b>Sichem Pauda</b>	<b>8,800</b>	<b>Palm oil</b>	<b>Expected (08.08.07)</b>
	<b>Chem Cosmos</b>	<b>16,800</b>	<b>Palm oil</b>	<b>Expected (11.08.07)</b>
Kolkata	Fatimah	6,000	CPO	Arrived (23.07.07)
Mumbai	Global Neptune	12,500	Palm oil	Expected (15.08.07)
Tuticorin	<b>Global Trader</b>	<b>4,750</b>	<b>Palm oil</b>	<b>Expected (04.08.07)</b>
	<b>Spring Wind</b>	<b>4,100</b>	<b>Palm oil</b>	<b>Expected (05.08.07)</b>

\*Crude Fatty Acid

**Vessels in bold are new on chart.****Disclaimer**

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