

VEGOIL DAILY

August 28th, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil turned range bound on Monday on balance in demand and supplies coupled with bearish BMD CPO futures. Hyderabad market remains closed on recent protest of recent bomb blast. As per recent trade estimation, despite bullish projection for oilseeds in 2007-08 at 15 mmt against last year's 13.15 mmt, edible oil 2007/08 import bill is estimated at INR150 billion vs projected INR120 billion in current oil year ending at October. The BMD tumbled into afternoon session after release of below expected exports figures. According to SGS exports figures for the period of August 1-25, Malaysian palm oil exports sales rose merely by 2.7% at 961,807 tonnes against 936,720 tonnes same period in July. The crude soy oil CIF price of September shipment declined on Monday at \$867 per tonne as compared to \$871 per tonne on Saturday.

FUTURES MARKET:

Bearish BMD CPO futures and strong selling interest sparked weakness for refined soy oil futures on **NCDEX**. The most active **September** futures contract of refined soy oil opened weak at Rs. 479.25 per 10 kg against previous closing at Rs. 480.45 per 10 kg and the contract closed down at Rs. 477.25 per 10 kg.

Bearish global cues and weakness in soy oil in electronic trading remained inductive for refined soy oil futures at **MCX**. The **September** contract opened at Rs. 480.25 per 10kg against previous close of Rs. 481.55 per 10kg. The prices settled down at Rs. 478 per 10 Kg.

PRICE DRIVERS:

- Bearish BMD CPO futures
- Expectation of good supplies as reflected by current vessel position
- Malaysian palm oil exports rose a tad at 2.7% between August 1-25
- Fall in CIF prices of crude soy oil
- Weakness in other vegetable oil

Weather

Weather is conducive for good growth of soybean crop.

TECHNICALS

Refined soy oil chart shows the strong selling pressure and slightly recovery in last session. Prices remained closed well below to 9/18 days EMA indicative for short-term weakness. MACD is falling deep into negative territory. Stochastic and RSI remain bearish in oversold region Volume increased and open interest declined. Market is expects to trade down with steady to slightly firm opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	472	473	477.25	480.5	482
MCX-Sept.	472	473	478	481	482

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:

SELL Near 478; T1 near 476, T2 near 475 and put stop loss at 479.

MCX Refined Soy Oil September Contract:

SELL Near 478; T1 near 476, T2 near 475 and put stop loss at 479.

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

Centres	27.08.07	25.08.07	Change
Mumbai (Soy Ref oil)+VAT	464	464	Nil
Indore (Soy Ref oil)	458	458	Nil
Kota (Soy Ref. Oil)+VAT	466	466	Nil
Hyderabad (Soy Ref)+VAT	MC	485	-
Rajkot (Soy Ref)+Tax	460	460	Nil

PALM OIL

International Highlights

BMD CPO Futures Finish down

Below expected exports figures for August 1-25, and strong selling pressure pushed down crude palm oil futures on Bursa Malaysian Derivatives on choppy trading day. The most active November futures contract of crude palm oil futures settled MYR 9 down at MYR 2,421 per tonne. Market also generated the bearish momentum from weakness in soy oil in electronic trading. SGS estimated exports rose merely by 2.7% at 961,807 tonnes during August 1-25 against 936,720 tonnes same period in July.

Domestic Spot Market Highlights

Fears of over supplies as mirrored by current vessel position and weakness in other edible oil weakened palm oil in domestically. The demand remained sluggish on expectation of further weakness in short-term. As per SGS, a cargo surveyor, Malaysian palm oil exports to country declined 16.06% at 34,435 tonnes vs 41,142 tonnes same period in July. The CIF prices for crude palm oil declined on Monday at \$782 per tonne as compared to \$790 per tonne on Saturday. The outpaced production and stocks under weak exports demand is likely to drag CPO futures at BMD with bearish reflection in domestic markets in short-term.

BMD: CPO Futures (27.08.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 07	2532	2534	2540	2485	2512	-20	856
Oct 07	2470	2470	2483	2428	2458	-12	1436
Nov 07	2430	2426	2447	2391	2421	-9	4439
Dec 07	2409	2413	2428	2380	2403	-6	1654
Jan 08	2400	2390	2395	2370	2395	-5	42

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	27.08.07	25.08.07	Change
Kandla CPO (5 % FFA)	417	417	Nil
Kandla RBD Palmolein +VAT	450	450	Nil
Mumbai RBD Palmolein +VAT	449	450	-1
Chennai RBD Palmolein +VAT	452	457	-5
Kakinada RBD Palmolein +VAT	MC	441	-
Hyderabad RBD Palmolein +VAT	MC	462	-
Delhi RDB Palmolein	490	490	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	27.08.07	25.08.07	Change
Crude Soy Oil	867	871	-4
Crude Palm Oil	482	793	-11
Sunflower Oil	1013	1013	Nil

Rape/Mustard oil

Despite bearish cues, weakness in mustard seeds and subdued trade activities in competitive palm oil, spot prices of mustard oil escalated in Rajasthan on improved demand and tight supplies. Expectation of further weakness in seeds prices and poor offtake oil at their ends forced main buyer expellers to stay away from market. Await for clearer price direction in near-term, would tend to push the market down.

Groundnut Oil

The good crop growing conditions, sluggish demand remained bearish for groundnut oil in major trading centers. However, losses were capped by depleting oil stocks. As per recent trade estimation, till August 23rd Kharif 2007-08 groundnut acreage improved 13% at 50.91 lakh hectares 2007/08 vis-à-vis last year. Market also generated the bearish momentum from weakness in refined cotton oil as both share same market. Traders are expecting slightly weakness as tight supplies would limit the losses.

Refined Sunflower Oil

Lackluster trade activities and balance in demand and supplies forced refined sunflower oil to trade range bound on Monday. Kharif sunflower sowing is still in process in Uttar Pradesh while crop in vegetable/flowering stage in other producing regions. The sunflower oil CIF prices for September shipment remained unchanged on 2nd straight day at \$1013 per tonne.

Refined Cottonseeds Oil

Prices of refined cottonseeds oil declined across the markets on weakness in others edible oil, bullish prospects of cotton production and poor demand. The poor demand of cottonseeds meals both at ports and domestically added the bearish pressure, as expellers were disinterested for pace up crushing on poor offtake of oil at their ends. Traders are expecting further downward movement as underlying weakness in palm oil favors the downsides.

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

Centres	27.08.07	25.08.07	Change
Mumbai (Exp. Oil) +VAT	484	487	-3
Kota (Exp. Oil)+VAT	465	462	+3
Jaipur (Exp. Oil)+VAT	472	468	+4
Delhi (Exp. Oil)	490	490	Nil
Neewai (Exp. Oil) +VAT	464	463	+1

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	27.08.07	25.08.07	Change
Mumbai +VAT	710	710	Nil
Rajkot +VAT	765	770	-5
Hyderabad +VAT	MC	705	-
Chennai +VAT	675	675	Nil
Delhi	750	750	Nil

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

Centres	27.08.07	25.08.07	Change
Mumbai +VAT	540	540	Nil
Chennai +VAT	545	545	Nil
Hyderabad +VAT	MC	545	-

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

Centres	27.08.07	25.08.07	Change
Mumbai +VAT	485	490	-5
Hyderabad +VAT	MC	480	-
Rajkot + VAT	480	483	-3
Delhi	465	465	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		27.08.07	25.08.07
USA	Dollar	40.98	41.18
European Union	Euro	56.02	56.18
Japan	100 Yen	35.27	35.38
United Kingdom	Pound Sterling	82.67	82.77

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	Expected (26.08.07)
	Taunus	23,160	CDSBO	Expected (27.08.07)
	Chem Lity	8,300	Palm oil	Expected (29.08.07)
	Star Dream	4,000	Palm oil Product	Expected (27.08.07)
	Westama	12,114	Palm oil Product	Expected (01.09.07)
	Havi Ocean	8,500	Palm oil Product	Expected (03.09.07)
	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	Arrived (18.08.07)
	Global Triton	5,700	Palm oil	Expected (27.08.07)
New Manglore	Taunus	11,865	CDSBO	Expected (25.08.07)

***Crude Fatty Acid**

Vessels in bold are new on chart.

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