

VEGOIL DAILY

August 17th, 2007

REFINED SOY OIL

SPOT MARKET:

Expectation of isolated rainfall in major soybeans production region, bearish BMD and CBOT and weakness in other edible oil cast weakness for refined soy oil in physical market. Despite bullish exports figures, BMD CPO futures continues to fall offsetting expectation of increase August crude palm oil production and below expected exports demand. SGS estimated Malaysian palm oil exports for August 1-15, exports rose by 25.5% at 588,658 tonnes against 468,878 tonnes same period in July. The good demand and prospects of fall in soy oil production results China soy oil import that surged by 56% during Jan-July 2007 at 1.33 mmt as compared to 0.85 mmt same period a year ago. The crude soy oil CIF price for August shipment declined on second consecutive day at \$875 per tonne as compared to \$900 per tonne on Tuesday.

FUTURES MARKET:

The strong selling interest and lacklustre trade turned refined soy oil futures down sharply at **NCDEX**. Market also generated the bearishness from BMD and CBOT. The most active **September** futures contract opened weak at Rs. 491 per 10 kg against previous closing at Rs. 492 per 10 kg and the contract closed down at Rs. 486.7 per 10 Kg.

Following bearish BMD CPO futures and expectation of good supplies of imported soy oil pushed down refined soy futures on **MCX**. The **September** contract opened at Rs. 490.1 per 10kg against previous close of Rs. 492.75 per 10kg. The prices closed down at Rs. 487.9 per 10 Kg.

PRICE DRIVERS:

- Expectation of rainfall in major soybeans production belt
- Bearish BMD and CBOT
- Low demand and improve refined soy oil liquidation
- Weakness in other edible oil
- China soy oil import Surge by 56% during Jan-July

Weather

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

TECHNICALS

Filled candlestick show the strong selling interest with tentativeness at lower level. EMA patterns suggested medium term weakness. MACD is falling after bearish crossover in negative territory. Stochastic also made bearish crossover in oversold region. RSI is falling towards oversold region. Volume increased and open interest declined. Market is expected to trade down with steady to slight weak opening with possibility of recovery in late session.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	482	483	486.7	490	491
MCX-Sept.	482	483	487.9	490	492

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil **September** Contract:

SELL Near 487; T1 near 485, T2 near 484 and put stop loss at 488.

MCX Refined Soy Oil **September** Contract:

SELL Near 488; T1 near 486, T2 near 485 and put stop loss at 489.

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

Centres	16.08.07	14.08.07	Change
Mumbai (Soy Ref oil)+VAT	475	478	-2
Indore (Soy Ref oil)	470	473	-3
Kota (Soy Ref. Oil)+VAT	473	475	-2
Hyderabad (Soy Ref)+VAT	490	495	-5
Rajkot (Soy Ref)+Tax	462	465	-3

International Highlights

BMD CPO Futures Settle Down Sharply

The weakness in equities markets, fears of increase palm oil production in August with high carry forward stock cast weakness for crude palm oil futures on Bursa Malaysian Derivatives. Market also generated the bearishness from weak overnight CBOT soy futures. The most active November futures contract of crude palm oil futures finished down sharply MYR81 at MYR2,389 per tonne. The improving Indonesian palm oil production in Aug-Sep added the bearish pressure.

Domestic Spot Market Highlights

Tracking weakness in global market of related commodities and weak demand pushed down prices of palm oil domestically. The exceeding supplies with lackluster trade activities cast weakness for Indonesian palm oil market. The fears of rise in palm oil production by 5-10% during August-September vs June-July aided the weakness. The crude palm oil CIF prices for August shipment declined on Thursday at \$795 per tonne as compared to \$797 per tonne on Tuesday. The bearish exports demand with improved prospect of production in coming month would strengthened the downside in near-term.

BMD: CPO Futures (16.08.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 07	2507	2478	2484	2436	2449	-58	2522
Oct 07	2484	2455	2463	2403	2410	-74	2828
Nov 07	2470	2445	2451	2386	2389	-81	7466
Dec 07	2461	2438	2441	2381	2381	-80	1524
Jan 08	2453	2410	2410	2402	2402	-51	43

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	16.08.07	14.08.07	Change
Kandla CPO (5 % FFA)	418	420	-2
Kandla RBD Palmolein +VAT	455	456	-1
Mumbai RBD Palmolein +VAT	456	457	-1
Chennai RBD Palmolein +VAT	450	452	-2
Kakinada RBD Palmolein +VAT	445	450	-5
Hyderabad RBD Palmolein +VAT	460	462	-2
Delhi RDB Palmolein	495	495	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	16.08.07	14.08.07	Change
Crude Soy Oil	875	900	-25
Crude Palm Oil	795	797	-2
Sunflower Oil	1058	1058	Nil

Rape/Mustard oil

The increased in selling interest from resellers and sluggish demand pushed down prices of mustard oil domestically. Weakness in seeds with less no of buyers than yesterday supported the softer side. As well market also generated bearishness from weakness in other edible oil. The weak demand of rapeseeds meals both at ports and domestically remained unsupportive to boost seeds crushing. Traders are expecting price to remain low in short-term offsetting poor demand.

Groundnut Oil

Subdued trade activities and weakness in seeds prices pushed down the prices of groundnut oil in physical markets. The expeller's remains disinterested to speed up seeds crushing considering the weaker demand of meals in ports and domestic markets. The seeds prices in different markets in Gujarat are traded between Rs. 405-560 per 20 kg (as per variety). The expectation of isolated rainfall in parts of Gujarat is suppose to supportive for crop growth that contributed the bearishness.

Refined Sunflower Oil

Despite good demand of sunflower seeds of Tamil Nadu region, prices of refined sunflower oil remained in softer side on steady demand. As per trade sources, the oil realization is better with Tamil Nadu crop (40-42%) than other states that supported the seeds prices. The sunflower oil CIF prices for August shipment remained unchanged on fourth consecutive day at \$1058/tonne. The underlying weakness in other edible oil is likely to limit the upside of refined sunflower oil in coming days.

Refined Cottonseeds Oil

Overall weakness in global markets and other edible oil helped refined cottonseeds oil prices to remains bearish tone domestically. The weak meals and seeds demand sparked the bearishness for cottonseeds oil prices. More weakness could be expected ahead as traders reluctant to boost the buying pressure.

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

Centres	16.08.07	14.08.07	Change
Mumbai (Exp. Oil) +VAT	495	497	-2
Kota (Exp. Oil)+VAT	464	466	-2
Jaipur (Exp. Oil)+VAT	472	474	-2
Delhi (Exp. Oil)	498	500	-2
Neewai (Exp. Oil) +VAT	464	467	-3

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	16.08.07	14.08.07	Change
Mumbai +VAT	725	730	-5
Rajkot +VAT	770	770	Nil
Hyderabad +VAT	700	700	Nil
Chennai +VAT	670	680	-10
Delhi	770	770	Nil

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

Centres	16.08.07	14.08.07	Change
Mumbai +VAT	555	565	-10
Chennai +VAT	560	565	-5
Hyderabad +VAT	550	570	-20

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

Centres	16.08.07	14.08.07	Change
Mumbai +VAT	492	495	-3
Hyderabad +VAT	490	495	-5
Rajkot + VAT	496	498	-2
Delhi	485	480	+5

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		16.08.07	14.08.07
USA	Dollar	41.13	40.69
European Union	Euro	55.20	55.42
Japan	100 Yen	35.56	34.51
United Kingdom	Pound Sterling	81.53	81.87

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hari Kripa	2,000	CFA*	Berthed (12.08.07)
	Chem Cosmos	16,800	Palm oil	Berthed (11.08.07)
	Golden Glory	5,007	Palm oil	Expected (15.08.07)
	Global Flora	9,000	CPO	Expected (20.08.07)
	Global Triton	8,000	Palm oil Product	Expected (24.08.07)
Kolkata	Pacific Sound	1,000	CPO	Arrived (12.08.07)
	Bao De Feng	8,500	CPO	Arrived (13.08.07)
Mumbai	Global Neptune	12,500	Palm oil	Expected (16.08.07)
	Sc Shanghai	12,000	Palm oil Product	Expected (18.08.07)
	Mentor	6,000	Palm oil	Expected (18.08.07)
	Global Triton	5,700	Palm oil	Expected (23.08.07)
New Manglore	Arwen	8,000	CDSBO	Expected (14.08.07)
	Global Evos	11,000	CPO	Expected (18.08.07)
	Shimakaze	4,500	CPO	Expected (18.08.07)

*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.