

VEGOIL DAILY

August 8th, 2007

REFINED SOY OIL

SPOT MARKET:

The spot prices of refined soy oil maintained the bearish trends following subdued global cues and sluggish demand. To quell the upside price movement in edible oil in upcoming festivals days, Nafed is likely to import 100,000 tonne of edible oil by October, which will include both CPO and CDSBO but the main focus will be on CPO. As well as Nafed would liquidate rapeseeds oil obtained from crushing of 60,000 tonne of seeds. In order to Indonesia government is planning to raise the base prices of palm oil product again (last time hiked in July). Base prices on crude palm oil will increase by 7.7% at \$728/tonne against earlier \$676/tonne, crude palm olein by \$27 at \$767/tonne as compared to July's \$740/tonne, RBD palm olein is likely to hike by \$77 at \$801/tonne to earlier \$746/tonne, RBD palm oil will raise by \$14 to \$751/tonne. The palm oil exports taxes will be calculate using base prices. The new base prices will be effective during August 10th-September 9th. The crude soy oil CIF price for August shipment tumbled on Tuesday at \$895/tonne as compared to \$905/tonne on Monday.

FUTURES MARKET:

Profit-taking and Indonesian government movement to raised the exports taxes added strengthened the refined soy oil futures on **NCDEX** The most active **September** futures contract opened weak at Rs. 492.25 per 10 kg against previous close at Rs. 493.85 per 10 kg and the contract closed up at Rs. 496.1 per 10 Kg.

Expectation of good demand with profit-taking aided the firmness for refined soy oil futures at **MCX**. The **September** contract opened weak at Rs. 492.3 per 10 kg against previous closing level at Rs. 494.65 per 10 kg. The prices finished up at Rs. 496.25 per 10 Kg.

PRICE DRIVERS:

- Bearish BMD and CBOT
- Nafed is planning to import nearly 100,000 tonne edible oil till October
- Malaysia August crude palm oil production is likely to increase
- Soybeans sowing is likely to complete
- 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 recovery at lower level with afresh buying interest. Prices remained below to short term and medium term EMA, indicated weakness in the market. MACD patterns remained bearish into negative territory. Stochastic also remained weak in neutral region while RSI is showing recovery in oversold zone. Volume declined and open interest increased. Market is expected to trade up with steady to slightly firm opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	493	494	496.1	500	501
MCX-Sept.	493	494	496.25	501	502

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil **September** Contract:

BUY Near 496; T1 near 498, T2 near 499 and put stop loss at 495.

MCX Refined Soy Oil **September** Contract:

BUY Near 496; T1 near 498, T2 near 499 and put stop loss at 495.

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

Centres	07.08.07	06.08.07	Change
Mumbai (Soy Ref oil)+VAT	472	474	-2
Indore (Soy Ref oil)	468	476	-8
Kota (Soy Ref. Oil)+VAT	475	477	-2
Hyderabad (Soy Ref)+VAT	490	490	Nil
Rajkot (Soy Ref)+Tax	465	465	Nil

International Highlights

BMD CPO Futures Continue to Trade in Bearish Undertone

The weakness in crude palm oil futures maintained and fell on second straight day on Bursa Malaysian Derivatives. As per market observers the August crude palm oil production is likely to increase by nearly 15%. This and expectation of fell in exports demand added the pressured. Market also generated the bearishness from overnight weak CBOT soy futures. The most active October contract of crude palm oil futures finished slightly MYR2 down at MYR2,478 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. 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 (07.08.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2596	2570	2570	2500	2516	-80	470
Sep 07	2540	2508	2546	2490	2508	-32	4310
Oct 07	2480	2500	2517	2414	2478	-2	13055
Nov 07	2458	2458	2496	2390	2455	-3	4032
Dec 07	2437	2433	2475	2395	2433	-4	140

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	07.08.07	06.08.07	Change
Kandla CPO (5 % FFA)	415	419	-4
Kandla RBD Palmolein +VAT	450	455	-5
Mumbai RBD Palmolein +VAT	451	453	-3
Chennai RBD Palmolein +VAT	454	455	-1
Kakinada RBD Palmolein +VAT	442	443	-1
Hyderabad RBD Palmolein +VAT	464	464	Nil
Delhi RDB Palmolein	490	490	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	07.08.07	06.08.07	Change
Crude Soy Oil	895	905	-10
Crude Palm Oil	NA	815	-
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	07.08.07	06.08.07	Change
Mumbai (Exp. Oil) +VAT	490	493	-3
Kota (Exp. Oil)+VAT	465	468	-3
Jaipur (Exp. Oil)+VAT	472	475	-3
Delhi (Exp. Oil)	500	500	Nil
Neewai (Exp. Oil) +VAT	465	466	-1

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	07.08.07	06.08.07	Change
Mumbai +VAT	730	735	-5
Rajkot +VAT	760	760	Nil
Hyderabad +VAT	705	705	Nil
Chennai +VAT	690	690	Nil
Delhi	750	750	Nil

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

Centres	07.08.07	06.08.07	Change
Mumbai +VAT	570	570	Nil
Chennai +VAT	575	575	Nil
Hyderabad +VAT	575	575	Nil

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

Centres	07.08.07	06.08.07	Change
Mumbai +VAT	490	494	-4
Hyderabad +VAT	495	495	Nil
Rajkot + VAT	490	495	-5
Delhi	490	490	Nil

Forex Rates

(As on 07.08.07)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	40.37
European Union	Euro	55.73
Japan	100 Yen	33.99
United Kingdom	Pound Sterling	81.97

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

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

*Crude Fatty Acid

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

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