

## VEGOIL DAILY

August 11<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Despite bearish global cues and weakness in other edible oil, prices of refined soy oil gained a tad domestically on improved demand holding back activities from stockists. Despite Rise in exports demand as shown by SGS, BMD CPO futures turned bearish on improved stocks in July (highlighted by MPOB). Malaysian palm oil exports August 1-10 surged by 20.1% at 374,913 tonnes against 312,144 tonnes same period last month. Malaysian Palm Oil Board (MPOB) released palm oil exports sales estimates for July. Crude palm oil production increased 16.3% at 1.36 mmt as compared to trade expectation between 1.2-1.25 mmt and 1.17 mmt a month ago while stock surged 9% at 1.31 mmt against 1.2 mmt last month. Rain activities in Northern Corn Belt, weakness in metals depressed CBOT soy futures despite bullish weekly exports sales report. The USDA weekly exports sales of soybeans and soy oil totaled at 530,400 and 30,800 tonnes against trade expectation between 300,000-500,000 and 0-20,000 tonne respectively. The crude soy oil CIF price for August shipment declined on Friday at \$908/tonne against \$915/tonne on Thursday.

#### FUTURES MARKET:

Refined soy oil futures at **NCDEX** witnessed choppy trading reflected the indecisiveness in domestic and global markets. The most active **September** futures contract opened weak at Rs. 494.6 per 10 kg against yesterday closing at Rs. 495 per 10 kg and the contract closed firm marginally at Rs. 494.7 per 10 Kg.

Following bearish global cues and prospects of good supplies supported refined soy futures on **MCX**, but gains were capped by lack of proper direction. The **September** contract opened weak at Rs. 495.1 per 10kg against previous close of Rs. 496.25 per 10kg. The prices closed down at Rs. 495.5 per 10 Kg.

#### PRICE DRIVERS:

- Bearish BMD and CBOT soy futures
- July Malaysian palm oil stocks increased by 9%
- Bullish Malaysian palm oil exports during August 1-10
- Crude palm oil CIF prices remained in correction mode
- Good progress of Kharif soybeans crop

#### Weather

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

#### TECHNICALS

Candlestick chart pattern indicated the indecisiveness with mild recovery in late session. EMA and MACD pattern suggested bearishness in the market. Stochastic is rising after bullish crossover, which is hint for possible correction. Whereas RSI is showing weakness in prices. Both volume and open interest declined. Market is expected to trade up with steady to slightly opening.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	492	493	494.7	501	502
MCX-Sept.	492	493	495.5	501	502

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil September Contract:**

**BUY** Near 495; T1 near 498, T2 near 499 and put stop loss at 494.

**MCX Refined Soy Oil September Contract:**

**BUY** Near 495; T1 near 498, T2 near 499 and put stop loss at 494.

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

Centres	10.08.07	09.08.07	Change
Mumbai (Soy Ref oil)+VAT	480	480	Nil
Indore (Soy Ref oil)	471	470	+1
Kota (Soy Ref. Oil)+VAT	478	477	+1
Hyderabad (Soy Ref)+VAT	495	490	+5
Rajkot (Soy Ref)+Tax	465	465	Nil

## International Highlights

### BMD CPO Futures Finish Down Following CBOT

Weakness in other commodities including bearish CBOT soy futures and improved palm oil stocks in July dragged crude palm oil futures down on Friday at Bursa Malaysian Derivatives despite bullish exports sales in August. Malaysian palm oil exports for the period of August 1-10 highlighted exports rose by 20.1% at 374,913 tonnes against 312,144 tonnes same period in June. The most active October contract of crude palm oil futures settled MYR20 down at MYR2,515 per tonne. Malaysian Palm oil Board (MPOB) also released the July production and stocks data aided the bearishness. July crude palm oil production increased 16.3% at 1.36 million tonne to 1.17 million tonne a month ago while stock gained by 9% at 1.31 million tonnes against 1.2 million tonnes last month.

### Domestic Spot Market Highlights

Spot prices of palm oil maintained the firmness in physical market in supported of expectation of good festive demand despite bearish global cues. As per SGS report, Malaysian palm oil exports to India during August 1-10 dropped 21.1% at 25,615 tonnes during August 1-10 against 32,472 tonnes same period a month ago. The weak demand and tight supplies sparked the dull trade activities in Indonesian market. The crude soy oil CIF prices of August shipment declined on Friday at \$797/tonne against \$820/tonne on Thursday.

### BMD: CPO Futures (10.08.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug 07	2575	2550	2555	2550	2555	-20	20
Sep 07	2558	2530	2555	2504	2537	-21	1684
Oct 07	2535	2516	2528	2479	2515	-20	4758
Nov 07	2510	2500	2510	2465	2499	-11	2302
Dec 07	2500	2462	2472	2462	2465	-35	34

\*BMD Remains Closed on Saturday and Sunday.

### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	10.08.07	09.08.07	Change
Kandla CPO (5 % FFA)	420	424	-4
Kandla RBD Palmolein +VAT	456	456	Nil
Mumbai RBD Palmolein +VAT	456	456	Nil
Chennai RBD Palmolein +VAT	450	450	Nil
Kakinada RBD Palmolein +VAT	445	443	+2
Hyderabad RBD Palmolein +VAT	464	464	Nil
Delhi RDB Palmolein	495	495	Nil

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

Edible Oil	10.08.07	09.08.07	Change
Crude Soy Oil	908	915	-7
Crude Palm Oil	797	820	-23
Sunflower Oil	1067	1067	Nil

### Rape/Mustard oil

Prices of mustard oil remained in bullish tone amidst improve prospect of festive demand in short-term. However, gains were capped by bearish undertone in other edible oil. The recent oilmeals July exports figures reflected the low crushing in last month with shorter availability of mustard oil, which manage to support the market. Traders are expecting buoyancy in mustard oil prices due to improving prospects of demand from resellers.

### Groundnut Oil

In last week, prices of groundnut oil remained volatile and on weekend traded bearish mirrored low demand and lackluster trade activities. During the last week, parts of Gujarat received excess rainfall activities, which are expecting to support the groundnut crop in vegetable stage and supported the prospects of groundnut acreage in upcoming Kharif season. Trader added the underlying firmness in maintained domestically but higher side would remain in control of cottonseeds oil.

### Refined Sunflower Oil

Refined sunflower oil traded in bullish tone with steady demand and tight supplies but gains were capped by weakness in other edible oil. The Kharif sunflower crop in vegetative to flowering stage in Karnataka and expectation of isolated rainfall would remains supportive for growing crop. The CIF prices for August shipment remained unchanged on second consecutive day at \$1067/tonne. As per trade sources, prices of refined sunflower oil are likely to remained firm on supplies concern.

### Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil corrected slightly offsetting improved demand and diminishing prospects of proper supplies as resellers and stockists would preferred to hold their stocks anticipating further improvement in coming days. According to ministry of Agriculture, Kharif cotton has been completed in 15.29 lakh hectares as compared to 14.71 lakh hectares last year.

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

Centres	10.08.07	09.08.07	Change
Mumbai (Exp. Oil) +VAT	497	490	+7
Kota (Exp. Oil)+VAT	470	470	Nil
Jaipur (Exp. Oil)+VAT	478	478	Nil
Delhi (Exp. Oil)	501	501	Nil
Neewai (Exp. Oil) +VAT	470	469	+1

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

Centres	10.08.07	09.08.07	Change
Mumbai +VAT	725	725	Nil
Rajkot +VAT	760	770	-10
Hyderabad +VAT	720	705	+15
Chennai +VAT	680	685	-5
Delhi	770	770	Nil

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

Centres	10.08.07	09.08.07	Change
Mumbai +VAT	565	565	Nil
Chennai +VAT	572	570	+2
Hyderabad +VAT	575	575	Nil

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

Centres	10.08.07	09.08.07	Change
Mumbai +VAT	495	492	+3
Hyderabad +VAT	500	495	+5
Rajkot + VAT	500	500	Nil
Delhi	480	480	Nil

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		10.08.07	09.08.07
USA	Dollar	40.67	40.40
European Union	Euro	55.60	55.77
Japan	100 Yen	34.44	33.78
United Kingdom	Pound Sterling	82.12	82.32

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	<b>Hari Kripa</b>	<b>2,000</b>	<b>CFA*</b>	<b>Expected (02.08.07)</b>
	Arctic Blizzard	27,500	CDSBO	Berthed (05.08.07)
	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 (07.08.07)
Kolkata	<b>L.Star</b>	<b>5,220</b>	<b>CPO</b>	<b>Arrived (07.08.07)</b>
Mumbai	Global Neptune	12,500	Palm oil	Expected (15.08.07)
	<b>Global Triton</b>	<b>5,700</b>	<b>Palm oil</b>	<b>Expected (23.08.07)</b>
Tuticorin	<b>Spring Wind</b>	<b>4,100</b>	<b>Palm oil</b>	<b>Arrived (05.08.07)</b>
New Manglore	<b>Arwen</b>	<b>8,000</b>	<b>CDSBO</b>	<b>Expected (14.08.07)</b>

**\*Crude Fatty Acid**

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

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