

VEGOIL DAILY

August 3rd, 2007

REFINED SOY OIL

SPOT MARKET:

Spot prices of refined soy oil plunged domestically on sluggish demand and bearish global cues. The good demand of crude palm oil from Asian counties (mainly India and Singapore) raised Indonesian July CPO exports worth by 19.23% at \$798.4 million to May's \$669.6 million. Indonesian government is also likely to continue the CPO exports taxes at 6.5% despite reaction of exporters. According to Foreign trade minister of Brazil due to good demand of soybeans in world market and better premium supported July soybeans exports at 3.09 mmt against 3.07 mmt a month ago as well as of soy oil (July premium averaged \$780.9/tonne against \$681.8/tonne in June) July exports figures at 193,000 tonnes as compared to 169,500 tonne in June. The low buying interest for commodities with spurt of selling activities and mixed weather outlook for cast weakness for soy futures. The crude soy oil CIF price for August shipment increased further on Thursday at \$918/tonne as compared to \$915/tonne on Wednesday.

FUTURES MARKET:

Refined soy oil futures managed to closed up at **NCDEX** as most of traders preferred to squared-off their position with bullish reflection from BMD CPO futures. The most active August futures contract opened weak at Rs. 503.25 per 10 kg against previous close at Rs. 504 per 10 kg and the contract closed up at Rs. 504.5 per 10 Kg.

The refined soy oil futures at **MCX** settled bullish despite choppy trading. Market borrowed support from last hour recovery on BMD CPO futures. The August contract opened weak at Rs. 503.05 per 10 kg against previous closing level at Rs. 503.45 per 10 kg. The prices closed down at Rs.503.95 per 10 Kg.

PRICE DRIVERS:

- Indonesian June CPO worth increased by 19.26%
- Brazilian soy oil exports increased by 13.86%
- Subdued BMD CPO futures
- Soybeans plantation is likely to complete soon
- Exceeding supplies to demand of soy oil domestically

Weather

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

TECHNICALS

Light body with long lower shadow indicated bullish recovery. Prices managed to closed between short and medium term EMA hints mild weakness. MACD remained bearish in positive territory. Stochastic failed to make the bullish crossover. While RSI shows slightly firmness in prices in neutral Zone. Volume increased while open interest declined. Market is expected to trade up with steady to slightly bullish opening.

O 503.25 H 504.70 L 500.90 C 504.50 V 23,930 I 29,360 +0.4

EMA(9) 505.63 (18) 505.33



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-----|-----|--------|-----|-----|
| NCDEX-Aug | 501 | 502 | 504.50 | 509 | 510 |
| MCX-Aug | 501 | 502 | 503.95 | 508 | 509 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

BUY Near 504; T1 near 506, T2 near 507 and put stop loss at 503.

MCX Refined Soy Oil July Contract:

BUY Near 504; T1 near 506, T2 near 507 and put stop loss at 503.

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

| Centres | 02.08.07 | 01.08.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 481 | 480 | +1 |
| Indore (Soy Ref oil) | 480 | 484 | -4 |
| Kota (Soy Ref. Oil)+VAT | 480 | 480 | Nil |
| Hyderabad (Soy Ref)+VAT | 498 | 500 | -2 |
| Rajkot (Soy Ref)+Tax | 470 | 472 | -2 |

PALM OIL

International Highlights

BMD CPO Futures Finish Up

Crude palm oil futures kept the bearish trends on Bursa Malaysian Derivatives that well supported by bearish CBOT soy futures. The unclear direction with fading long-term demand and supplies prospects added the bearishness but market gained momentum in last trade hours as most of trader preferred to squared-off their positions and closed up. The most active October contract of crude palm oil futures finished MYR17 up at MYR2,602 per tonne.

Domestic Spot Market Highlights

Continuation of weaker trends, bearish reflection from overseas markets and fears of oversupplies has pressured the palm oil in domestic markets. Tracking the bearish BMD CPO futures, Indonesian palm oil market traded sideways but the losses were limited by supplies prospects. The crude palm oil CIF prices for August shipment recouped on Thursday at \$825/ tonne against \$830/tonne on Wednesday. Traders are expecting further weakness on underlying bearishness in BMD CPO futures and unsupportive higher prices.

BMD: CPO Futures (02.08.2007)

(Ringgit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Aug 07 | 2675 | 2685 | 2697 | 2650 | 2697 | +22 | 462 |
| Sep 07 | 2615 | 2618 | 2634 | 2585 | 2634 | +19 | 1189 |
| Oct 07 | 2585 | 2580 | 2602 | 2552 | 2602 | +17 | 5606 |
| Nov 07 | 2564 | 2558 | 2581 | 2533 | 2580 | +16 | 2541 |
| Dec 07 | 2546 | 2555 | 2560 | 2515 | 2560 | +14 | 307 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 02.08.07 | 01.08.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 420 | 425 | -5 |
| Kandla RBD Palmolein +VAT | 460 | 465 | -5 |
| Mumbai RBD Palmolein +VAT | 460 | 457 | +3 |
| Chennai RBD Palmolein +VAT | 458 | 460 | -2 |
| Kakinada RBD Palmolein +VAT | 450 | 448 | +2 |
| Hyderabad RBD Palmolein +VAT | 471 | 468 | +3 |
| Delhi RDB Palmolein | 495 | 495 | Nil |

CIF Price Basis Kandla Port (\$/MT)

| Edible Oil | 02.08.07 | 01.08.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil | 918 | 915 | +3 |
| Crude Palm Oil | 825 | 830 | -5 |
| Sunflower Oil | 1039 | 1034 | +5 |

Rape/Mustard oil

With the expectation of revival of currently stalled weakened monsoon progress raise the possibility of deteriorate of mustard seed. This combined with sluggish demand owing to poor offtake at expeller's ends forced oil prices trade on bearish note. Mustard seeds arrivals were reported about 15,000 bags, which is enough to depress market. As per trade sources, mustard oil is likely to remain buoyant on underlying firmness in other edible oil.

Groundnut Oil

Higher price of groundnut, sluggish demand of HPS nut from South asian countries depressed trade activities. This and subdued demand of groundnut oil has keeps the bearish trends dominant. With the monsoon rainfall in Rajkot and other parts in Gujarat that has considered beneficial for Kharif groundnut in vegetative stage supported the bears. The shelled groundnut in different market in Gujarat is traded between Rs.415-570 per 20 kg (as per quality). Traders are still optimist to good demand ahead of festivals.

Refined Sunflower Oil

Despite weakness in global market and sluggish trade activities, refined sunflower oil remained range bound on balance in demand and supply in physical market. The weakness in other vegetable oil also intended to push the sunflower oil down. The CIF prices for August shipment increased at Thursday at \$1039 as compared to Wednesday's \$1034 per tonne. The tight supplies of sunflower oil in domestic as well as overseas markets are likely to keeps buoyancy in prices in near-term.

Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil traded in bearish undertone sensing bearish cotton acreage figures and sluggish demand. According to the government latest data, the cotton crops acreage in seen up 11% at 7.37 million hectares of as on July 27 as compared to last year, whereas BT cotton is completed in 4.03 million hectares.

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

| Centres | 02.08.07 | 01.08.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 495 | 498 | -3 |
| Kota (Exp. Oil)+VAT | 478 | 478 | Nil |
| Jaipur (Exp. Oil)+VAT | 488 | 488 | Nil |
| Delhi (Exp. Oil) | 505 | 508 | -3 |
| Neewai (Exp. Oil) +VAT | 477 | 477 | Nil |

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 02.08.07 | 01.08.07 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 740 | 740 | Nil |
| Rajkot +VAT | 780 | 785 | -5 |
| Andhra Region +VAT | 765 | 760 | +5 |
| Chennai +VAT | 690 | 690 | Nil |
| Delhi | 780 | 780 | Nil |

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

| Centres | 02.08.07 | 01.08.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 575 | 575 | Nil |
| Chennai +VAT | 570 | 570 | Nil |
| Hyderabad +VAT | 570 | 570 | Nil |

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

| Centres | 02.08.07 | 01.08.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 498 | 502 | -4 |
| Hyderabad +VAT | 500 | 505 | -5 |
| Rajkot + VAT | 515 | 515 | Nil |
| Delhi | 495 | 495 | Nil |

Forex Rates

(As on 02.08.07)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 40.43 |
| European Union | Euro | 55.26 |
| Japan | 100 Yen | 34.01 |
| United Kingdom | Pound Sterling | 82.11 |

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

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|---------------|-----------------|--------------|----------|----------------------|
| Kandla | Arwen | 8,500 | CDSBO | Expected (29.07.07) |
| | Hari Kripa | 2,000 | CFA* | Expected (02.08..07) |
| | Arctic Blizzard | 27,500 | CDSBO | Expected (03.08.07) |
| | Pretty Time | 21,349 | CDSBO | Expected (07.08.07) |
| | High Challenge | 23,500 | CDSBO | Expected (31.07.07) |
| | Global Triton | 12,000 | Palm oil | Expected (27.07.07) |
| Kolkata | Aetos | 10,000 | Soy oil | Arrived (28.07.07) |
| | Southern Seal | 4,000 | CPO | Arrived (26.07.07) |
| | Fatimah | 6,000 | CPO | Arrived (23.07.07) |
| | Global Venus | 8,500 | CPO | Arrived (23.07.07) |
| New Mangalore | Global Eos | 10,500 | CPO | Arrived (31.07.07) |
| Mumbai | Global Neptune | 12,500 | Palm oil | Expected (15.08.07) |

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