

VEGOIL DAILY

September 1st, 2007

REFINED SOY OIL

SPOT MARKET:

Despite bullish CBOT soy futures, weakness is maintained in refined soy oil on improved selling from stockists and sluggishness in other edible oil. Indonesia has introduced a progressive export tax on limited palm oil products that will be effective from September 3rd. The new export system will remain with the international prices of crude palm oil. The new system will impose 0% export taxes in prices fall below \$550/tonne, 2.5% if prices remain within \$550-649/tonne, 5% when prices will remain within \$650-749/tonne and 7.5%, if export taxes within \$750-849/tonne and 10% if prices move above \$850/tonne. The new exports taxes also included RBD olein with slightly variation. Devoid of timely rainfall in Southern Midwest, overnight firm BMD and strong gains in wheat strengthened the CBOT despite below expected USDA weekly reports of soy complex and prevention of US and Argentina origin's soybeans supplies by China over quality concerns. The CIF prices of crude soy oil for September shipment remains unchanged on Friday at \$872 per tonne.

FUTURES MARKET:

Change in crude palm oil export taxes by Indonesia and bullish CBOT soy futures raised refined soy oil futures on **NCDEX** but gains were capped by underlying bearish fundamentals. The most active **September** futures contract of refined soy oil opened weak at Rs. 475.4 per 10 kg against previous closing at Rs. 475.9 per 10 kg and the contract closed up at Rs. 477.8 per 10 Kg.

Bullish global cues and diminishing prospects of tight supplies in coming weeks witnessed choppy trading for refined soy oil futures at **MCX**. The **September** contract opened at Rs. 476 per 10kg against previous close of Rs. 477.4 per 10kg. The prices settled up at Rs. 478.9 per 10 Kg.

PRICE DRIVERS:

- Export taxes revision by Indonesia
- Bearish USDA Weekly exports sales for soy complex
- Bullish CBOT
- Poor demand and improved selling of soy oil from stockists
- Expectation of record soybeans production in upcoming Kharif season

Weather

Weather is conducive for good growth of soybean crop.

TECHNICALS

Candlestick chart pattern indicated the strong buying pressure from early weak session. EMA pattern indicated mild weakness. MACD is bottoming out in negative region. Stochastic and RSI is rising into oversold region. Volume declined while open interest remains unchanged. Market is expected to trade up with firm opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Sept	473.5	475	477.8	484.5	486.5
MCX-Sept.	474	475.5	478.9	483	485

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:

BUY Near 478; T1 near 481, T2 near 482 and put stop loss at 476.5.

MCX Refined Soy Oil September Contract:

BUY above 478; T1 near 481, T2 near 482 and put stop loss at 476.5.

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

Centres	31.08.07	30.08.07	Change
Mumbai (Soy Ref oil)+VAT	460	460	Nil
Indore (Soy Ref oil)	452	454	-2
Kota (Soy Ref. Oil)+VAT	462	466	-4
Hyderabad (Soy Ref)+VAT	483	485	-2
Rajkot (Soy Ref)+Tax	460	460	Nil

PALM OIL

International Highlights

BMD CPO Futures Will Remain Closed on Friday on National Holiday.

Domestic Spot Market Highlights

Sluggish trade activities and lack of clear price direction turned domestic market range bound. Market failed to gained support from overnight bullish CBOT soy futures under strong bearish fundamentals. The delay in announcement by Indonesian government to scrap 10% VAT on crude palm oil led the nil trading on Friday. Until, Indonesian government clear the talk of removal of VAT, Indonesian and Malaysia would expecting to remain in confusion with snill over impact in domestic markets

BMD: CPO Futures (30.08.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 07	2490	2475	2475	2446	2463	-27	825
Oct 07	2445	2432	2432	2394	2406	-39	2715
Nov 07	2412	2395	2402	2368	2378	-34	4860
Dec 07	2397	2375	2375	2354	2366	-31	1103
Jan 08	2389	0	2389	0	2389	0	0

***BMD Remains Closed on Saturday and Sunday.**

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	31.08.07	30.08.07	Change
Kandla CPO (5 % FFA)	416	416	Nil
Kandla RBD Palmolein +VAT	449	449	Nil
Mumbai RBD Palmolein +VAT	446	446	Nil
Chennai RBD Palmolein +VAT	452	452	Nil
Kakinada RBD Palmolein +VAT	443	442	+1
Hyderabad RBD Palmolein +VAT	463	462	+1
Delhi RDB Palmolein	485	485	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	31.08.07	30.08.07	Change
Crude Soy Oil	878	878	Nil
Crude Palm Oil	NA	NA	-
Sunflower Oil	1148	1148	Nil

Rape/Mustard oil

Spot prices of mustard oil remained trapped in bearish undertone across domestic markets on poor demand and weakness in seeds prices with steady arrivals. Weakness in other vegetable oil also remained inductive for mustard oil. The cheap availability of palm oil domestically added the pressure. Fears among traders for further weakness in mustard oil on improve selling activities by stockists are likely to remain conductive in coming days.

Groundnut Oil

Ideas of groundnut oil prices fall to quickly in current week pave the way for Friday's range bound trade. Demand remains steady with unchanged arrivals to yesterday. Sensing currently market is volatile and can move in any direction, traders preferred to stay away from market. Currently the weakness in seeds prices reflected the weak demand domestically, added some pressure on groundnut oil. As per trade sources, groundnut seeds prices in different markets in Gujarat varies between Rs. 410-520 per 20 kg.

Refined Sunflower Oil

As sunflower oil CIF prices gained quickly in current week (\$1148/tonne on Friday against \$1013/tonne on Monday), sufficient enough to stimulate the market sentiments resulting firmness in refined sunflower oil domestically on Friday. Crude oil became costlier by Rs.5/10 kg to last week with adding bullish support. The CIF prices of sunflower oil for September shipment remain unchanged on Friday at \$1148 per tonne

Refined Cottonseeds Oil

Slightly improved demand to Thursday and supportive global market strengthened refined cottonseeds oil domestically. Weather conditions are conductive for better yield with negative impact on cottonseeds oil. However, gains were capped by bearish undertone trade in others edible oil. Traders are remains supportive to sluggishness in prices in short-term.

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

Centres	31.08.07	30.08.07	Change
Mumbai (Exp. Oil) +VAT	474	475	-1
Kota (Exp. Oil)+VAT	460	462	-2
Jaipur (Exp. Oil)+VAT	468	470	-2
Delhi (Exp. Oil)	485	485	Nil
Neewai (Exp. Oil) +VAT	460	461	-1

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	31.08.07	30.08.07	Change
Mumbai +VAT	690	690	Nil
Rajkot +VAT	730	730	Nil
Hyderabad +VAT	700	705	-5
Chennai +VAT	665	680	-15
Delhi	755	745	+10

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

Centres	31.08.07	30.08.07	Change
Mumbai +VAT	545	540	+5
Chennai +VAT	550	550	Nil
Hyderabad +VAT	545	545	Nil

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

Centres	31.08.07	30.08.07	Change
Mumbai +VAT	478	475	+3
Hyderabad +VAT	485	480	+5
Rajkot + VAT	475	468	+7
Delhi	456	458	-2

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		31.08.07	30.08.07
USA	Dollar	40.96	41.12
European Union	Euro	55.96	55.97
Japan	100 Yen	35.23	35.62
United Kingdom	Pound Sterling	82.55	82.57

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	Berthed (26.08.07)
	Stella Azzurra	10,831	CDSBO	Expected (30.08.07)
	Taurus	23,160	CDSBO	Expected (31.08.07)
	Chem Lily	8,300	Palm oil	Expected (29.08.07)
	Star Dream	4,000	Palm oil Product	Expected (28.08.07)
	Westama	12,114	Palm oil Product	Expected (30.08.07)
	Havi Ocean	8,500	Palm oil Product	Expected (03.09.07)
	Global Triton	8,000	Palm oil Product	Expected (28.08.07)
Kolkata	Yong Cheng-17	3,556	CPO	Arrived (26.08.07)
	Southern York	5,353	CPO	Arrived (28.08.07)
Mumbai	Global Triton	5,700	Palm oil	Arrived (27.08.07)

*Crude Fatty Acid

Vessels in bold are new on chart.

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