

## VEGOIL DAILY

September 4<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Firmness in BMD CPO futures, steady demand and firm tone in other edible oil strengthened spot prices of refined soy oil domestically but the higher side is limited by the currently good progress of soybeans crop (crop in early vegetative/ flowering stage in major producing belts) is indicating for timely and record harvests in upcoming Kharif season. The good August exports figures and exports duty revision by Indonesia strengthened CPO futures on BMD. According to SGS, a cargo surveyor, August Malaysian palm oil exports sales rose 15.6% at 1.26 mmt against 1.09 mmt last month. The prediction of early frost conditions in Northeastern region of China is expecting to weaken the earlier low soybeans crop estimation (mainly due to drought condition in recent past) is remains supportive for soy oil there. The crude soy oil CIF price of September shipment remained unchanged on Monday at \$877/tonne to Saturday.

#### FUTURES MARKET:

Firm global cues and improved buying interest strengthened refined soy oil futures at **NCDEX**. The most active **September** futures contract of refined soy oil opened weak at Rs. 479.8 per 10 kg against previous closing at Rs. 480.1 per 10 kg and the contract closed up at Rs. 481.95 per 10 Kg.

The follow-through buying interest and prospects of tight supplies in short-term supported firmness in refined soy oil futures at **MCX**. The **September** contract opened at Rs. 480.95 per 10kg against previous close of Rs. 480.65 per 10kg. The prices settled up at Rs. 482.9 per 10 Kg.

#### PRICE DRIVERS:

- Steady demand and supplies
- Bullish BMD CPO futures
- August Malaysian palm oil exports rise by 15.6%
- Firm tone in others edible oil
- Country is heading towards record harvest

#### Weather

Weather is conducive for good growth of soybean crop.

#### TECHNICALS

Candlesticks chart pattern suggested strong buying interest. EMA remains short-term firm. MACD is rising in positive territory. Stochastic and RSI is rise further in neutral region. Volume declined while open interest increased. Market is expected to trade up with steady to slightly weak opening.



#### SUPPORT / RESISTANCES:

| Contract   | S2  | S1  | PCP    | R1  | R2  |
|------------|-----|-----|--------|-----|-----|
| NCDEX-Sept | 478 | 479 | 481.95 | 487 | 488 |
| MCX-Sept.  | 478 | 479 | 482.90 | 486 | 487 |

#### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil September Contract:**

**BUY** Above 481; T1 near 483, T2 near 484 and put stop loss at 480.

**MCX Refined Soy Oil September Contract:**

**BUY** Near 482; T1 near 484, T2 near 485 and put stop loss at 481.

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

| Centres                  | 03.09.07 | 01.09.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 464      | 460      | +4     |
| Indore (Soy Ref oil)     | 455      | 456      | -1     |
| Kota (Soy Ref. Oil)+VAT  | 63       | 463      | Nil    |
| Hyderabad (Soy Ref)+VAT  | 482      | 482      | Nil    |
| Rajkot (Soy Ref)+Tax     | 460      | 460      | Nil    |

## PALM OIL

### International Highlights

#### BMD CPO Futures Settle Up on Indonesia Export Taxes

The positive reaction on Indonesia new system of export taxes on selected palm oil product and strong exports data of August strengthened crude palm oil futures on Bursa Malaysian Derivatives. The most active November contract of crude palm oil rose sharply MYR54 at MYR2,474 per tonne. According to SGS, a cargo surveyor, Malaysian palm oil exports sales for August highlighted rose 15.6% at 1.26 mmt against 1.09 mmt last month.

### Domestic Spot Market Highlights

With firm global cues and unchanged demand to Saturday, spot prices of palm oil improved domestically. Waiting for implementation of new taxes with International prices, traders preferred to stay away from market, however, olein prices moved up. According to SGS, August Malaysian palm oil exports to India declined 18.33% at 34,535 tonnes vs 42,287 tonnes in July also contributed the firmness. The fears of outpaced supplies in short-term with underlying weakness in other edible oil is likely to pressure the domestic palm oil prices in short-term.

#### BMD: CPO Futures (03.09.2007)

(Ringgit/ton)

| Months | Previous | Open | High | Low  | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Sep 07 | 2490     | 2520 | 2540 | 2520 | 2536  | +46    | 494    |
| Oct 07 | 2444     | 2468 | 2503 | 2462 | 2499  | +55    | 1689   |
| Nov 07 | 2420     | 2440 | 2477 | 2433 | 2474  | +54    | 5850   |
| Dec 07 | 2400     | 2421 | 2458 | 2420 | 2458  | +58    | 1214   |
| Jan 08 | 2398     | 2430 | 2448 | 2430 | 2447  | +49    | 153    |

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres                      | 03.09.07 | 01.09.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA)         | 420      | 416      | +4     |
| Kandla RBD Palmolein +VAT    | 454      | 451      | +3     |
| Mumbai RBD Palmolein +VAT    | 450      | 448      | +2     |
| Chennai RBD Palmolein +VAT   | 460      | 452      | +8     |
| Kakinada RBD Palmolein +VAT  | 445      | 442      | +3     |
| Hyderabad RBD Palmolein +VAT | 464      | 463      | +1     |
| Delhi RDB Palmolein          | 485      | 485      | Nil    |

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

| Edible Oil     | 03.09.07 | 01.09.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil  | 877      | 877      | Nil    |
| Crude Palm Oil | 792      | NA       | -      |
| Sunflower Oil  | 1038     | 1138     | Nil    |

### Rape/Mustard oil

The recent boost provided by Indonesia is continuing to support the domestic edible oil markets with spill over impact on mustard oil. Market also gained some support from firm tone in other edible oil. The improvement in seeds prices and steady arrivals also contributed the firmness. Traders are expecting, this escalation in prices is temporary and prices would be decelerated in coming days as the supportive factor, i.e. demand is sluggish.

### Groundnut Oil

Spot prices of groundnut oil remained range bound in most of trading centres on balance in demand and supply with underlying weakness in seeds prices as buyers are waiting further weakness in prices. The expectation of good isolated rainfall in next few days in parts of Rajasthan also added the weakness. There is lower stocks of groundnut oil is available in the markets, which regularly checking the price movement on higher sides. Market is expecting to witness range bound to slightly weaker trade in near-term on underlying weakness in refined cottonseeds oil.

### Refined Sunflower Oil

Refined sunflower oil remained unchanged on Monday on lack of fresh fundamentals and price direction. Demand remains steady while trade activities remains subdued. However, slightly firmness in other edible oil ignored totally. The CIF prices of sunflower oil for September shipment remains unchanged on 2<sup>nd</sup> straight day at \$1138/tonne same as on Saturday.

### Refined Cottonseeds Oil

Despite weak cottonseeds meals demand and ideas of bumper harvests of cottonseeds in upcoming Kharif season, prices of refined cottonseeds oil improved in major trading centers on steady demand and prospects of narrowed supplies in short-term. Traders are remains optimistic for further weakness in coming days despite short-term gains.

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

| Centres                | 03.09.07 | 01.09.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 480      | 477      | +3     |
| Kota (Exp. Oil)+VAT    | 461      | 460      | +1     |
| Jaipur (Exp. Oil)+VAT  | 466      | 468      | -2     |
| Delhi (Exp. Oil)       | 485      | 485      | Nil    |
| Neewai (Exp. Oil) +VAT | 461      | 461      | Nil    |

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

| Centres        | 03.09.07 | 01.09.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 690      | 690      | Nil    |
| Rajkot +VAT    | 760      | 760      | Nil    |
| Hyderabad +VAT | 700      | 700      | Nil    |
| Chennai +VAT   | 660      | 665      | -5     |
| Delhi          | 755      | 755      | Nil    |

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

| Centres        | 03.09.07 | 01.09.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 545      | 545      | Nil    |
| Chennai +VAT   | 555      | 550      | +5     |
| Hyderabad +VAT | 565      | 565      | Nil    |

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

| Centres        | 03.09.07 | 01.09.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 480      | 480      | Nil    |
| Hyderabad +VAT | 485      | 485      | Nil    |
| Rajkot + VAT   | 485      | 482      | +3     |
| Delhi          | 456      | 456      | Nil    |

### Forex Rates

| Country/ Continent | Currency       | Value in Rupees |          |
|--------------------|----------------|-----------------|----------|
|                    |                | 03.09.07        | 01.09.07 |
| USA                | Dollar         | 40.88           | 40.96    |
| European Union     | Euro           | 55.79           | 55.83    |
| Japan              | 100 Yen        | 35.22           | 35.38    |
| United Kingdom     | Pound Sterling | 82.58           | 82.62    |

## PORT-WATCH (Latest):

### Current Vessels Positions

| Ports   | Vessels                | Volume (Ton)  | Carrying                | Status                     |
|---------|------------------------|---------------|-------------------------|----------------------------|
| Kandla  | Stella Azzurra         | 10,831        | CDSBO                   | Berthed (30.08.07)         |
|         | <b>Yaad E Mostafa</b>  | <b>13,000</b> | <b>Soy oil</b>          | <b>Expected (01.09.07)</b> |
|         | Taunus                 | 23,160        | CDSBO                   | Expected (31.08.07)        |
|         | Chem Lity              | 8,300         | Palm oil                | Berthed (29.08.07)         |
|         | <b>Global Neptune</b>  | <b>11,000</b> | <b>Palm oil Product</b> | <b>Expected (04.09.07)</b> |
|         | <b>Anawan</b>          | <b>11,000</b> | <b>CDSBO</b>            | <b>Expected (05.09.07)</b> |
|         | <b>Theresa Pegasus</b> | <b>21,000</b> | <b>Palm oil Product</b> | <b>Expected (10.09.07)</b> |
|         | Westama                | 12,114        | Palm oil Product        | Berthed (30.08.07)         |
|         | Havi Ocean             | 8,500         | Palm oil Product        | Expected (03.09.07)        |
|         | Global Triton          | 8,000         | Palm oil Product        | Berthed (28.08.07)         |
| Kolkata | Yong Cheng-17          | 3,556         | CPO                     | Arrived (26.08.07)         |
|         | Sourthern York         | 5,353         | CPO                     | Arrived (28.08.07)         |
|         | <b>African Future</b>  | <b>18,696</b> | <b>Soy oil</b>          | <b>Arrived (31.08.07)</b>  |

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

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