

VEGOIL DAILY

September 10th, 2007

REFINED SOY OIL

SPOT MARKET:

Despite firm CBOT, weakness in refined soy oil maintained domestically on sluggish demand and dull trade activities. As per reports, due to prevailing higher prices of vegetable oil in world markets, consumption has squeezed. Resulting, world edible oil consumption during April-September 2007 declined to 2.5 mmt from 3.6 mmt during October-March 2006/07. Weakness in dollar, recovery in wheat, fresh buying interest and diminishing selling pressure triggered firmness. Firm tone in weekly exports sales, fresh buying interest of fund traders added the bullish tone into the market. The weekly exports sales of soybeans and soy oil totaled at 566,600 tonnes and 41,900 tonnes against trade expectation between 400,000-650,000 tonnes and 5,000-20,000 tonne respectively. The crude soy oil CIF price of September shipment remained unchanged on Saturday at \$880 per tonne, although CIF prices traded between of \$875-880/tonne during the week.

FUTURES MARKET:

Despite choppy trading and expectation of outpaced supplies in short-term, **NCDEX** refined soy oil futures managed to gains bullish momentum firmer global markets. The most active **October** futures contract opened firm at Rs. 478.50 per 10 kg against yesterday closing at Rs. 477.80 per 10 kg and the contract manage to closed slightly up at Rs. 478 per 10 Kg to previous close.

The firmed CBOT and expectation of more supplies as many vessels expected to fuel in short-term supported refined soy oil futures at **MCX**. The **October** futures contract opened at Rs. 480.70 per 10kg against yesterday closing of Rs. 479.35 per 10kg. The prices closed slightly firm at Rs. 480 per 10 Kg to yesterday closing.

PRICE DRIVERS:

- Firmer USDA weekly exports sales for soy oil
- World edible oil demand declined due to higher prices
- Strong CBOT
- Selling pressure from stockists
- Weakness in other edible oil

WEATHER

Weather is conducive for good growth of soybean crop.

TECHNICALS

Dark body with longer upper shadow show indecision. Prices close slightly higher to 9-day but remain below 18-days EMA pointing short-term firmness. MACD remains in negative territory. Stochastic and RSI is falling in neutral zone, which is indication for downward correction. Volume declined and open interest increased. Market is expects to trade down with steady to slightly firm opening.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|------------|-----|-----|--------|-----|-----|
| NCDEX-Oct. | 473 | 474 | 477.80 | 481 | 482 |
| MCX-Oct. | 473 | 474 | 479.35 | 482 | 483 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil **October** Contract:

SELL Near 478; T1 near 476, T2 near 475 and put stop loss at 479.

MCX Refined Soy Oil **September** Contract:

SELL Below 480; T1 near 478, T2 near 477 and put stop loss at 481.

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

| Centres | 0.09.07 | 07.09.07 | Change |
|--------------------------|---------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 462 | 464 | -2 |
| Indore (Soy Ref oil) | 456 | 458 | -2 |
| Kota (Soy Ref. Oil)+VAT | 461 | 462 | -1 |
| Hyderabad (Soy Ref)+VAT | 481 | 482 | -1 |
| Rajkot (Soy Ref)+Tax | 460 | 460 | Nil |

| Exchange | Expiry | Open | High | Low | Close | Prev Close | % Change |
|----------|--------|--------|--------|--------|--------|------------|----------|
| NCDEX | Sept | 479.05 | 480.65 | 478.75 | 478.75 | 478.75 | 0.00 |
| NCDEX | Oct | 478.30 | 480.30 | 477.75 | 478.00 | 477.80 | +0.20 |
| NCDEX | Nov | 472.70 | 474.10 | 471.50 | 472.00 | 471.75 | +0.25 |
| | | | | | | | |
| MCX | Sept | 479.25 | 480.55 | 478.50 | 478.75 | 478.85 | -0.10 |
| MCX | Oct | 480.70 | 481.90 | 479.30 | 480.00 | 479.35 | +0.65 |
| MCX | Nov | 474.00 | 474.30 | 472.00 | 472.60 | 471.70 | +0.90 |
| MCX | Dec | 478.00 | 478.50 | 477.00 | 477.85 | 475.60 | +2.25 |

PALM OIL

International Highlights

BMD CPO Futures Remained Closed on Saturday.

Domestic Spot Market Highlights

Outpaced supplies to demand, fears of hefty supplies in short-terms as reflected by current vessel positions at different ports slowed down trade activities across domestic markets. The underlying firmness is maintained in BMD due to fall in August production. The traders are expectation August Malaysian palm oil production near 1.25 mmt against 1.36 mmt a month ago. The CIF prices of crude palm oil remained unchanged on Saturday at \$782 per tonne. BMD CPO futures would take the fresh lead from Monday that is due for Malaysian palm oil Board production and stocks data release.

BMD: CPO Futures (07.09.2007)

(Ringgit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Sep 07 | 2515 | 2511 | 2520 | 2506 | 2510 | -5 | 216 |
| Oct 07 | 2493 | 2498 | 2507 | 2490 | 2495 | +2 | 755 |
| Nov 07 | 2470 | 2465 | 2485 | 2460 | 2471 | +1 | 2565 |
| Dec 07 | 2452 | 2448 | 2464 | 2444 | 2455 | +3 | 630 |
| Jan 08 | 2437 | 2445 | 2445 | 2435 | 2436 | -1 | 59 |

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

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 08.09.07 | 07.09.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 415 | 417 | -2 |
| Kandla RBD Palmolein +VAT | 450 | 450 | Nil |
| Mumbai RBD Palmolein +VAT | 446 | 448 | -2 |
| Chennai RBD Palmolein +VAT | 465 | 465 | Nil |
| Kakinada RBD Palmolein +VAT | 441 | 441 | Nil |
| Hyderabad RBD Palmolein +VAT | 465 | 465 | Nil |
| Delhi RDB Palmolein | 490 | 485 | +5 |

CIF Price Basis Kandla Port (\$/MT)

| Edible Oil | 08.09.07 | 07.09.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil | 880 | 880 | Nil |
| Crude Palm Oil | 782 | 782 | Nil |
| Sunflower Oil | 1148 | 1148 | Nil |

Rape/Mustard oil

The better soy meals prices failed to support the mustard oil market however, demand remained steady with weakness in other edible oil. However, meals demand remained weak both at ports and domestically. As per market observers, toria crop sowing has been started but total acreage would be clear in coming weeks. However, seeds price has declined with steady arrivals capped the gains to certain extent.

Groundnut Oil

Improved demand, steady released from stockists coupled with good crop progress manage to support groundnut oil. As per State Agricultural Department, Vellore district of Tamil Nadu is heading to reap bumper harvest of groundnut due to record sowing boosted by good rainfall. Against 425 mm, the district received 441.5 mm rainfall this year (from January-August). Resulting, district has planted 53,700 hectares land with oilseeds high, a jump from normal area of 36,270 hectares; groundnut alone is covered in 51,300 hectares vs normal area of 35,000 hectares.

Refined Sunflower Oil

Spot prices of refined sunflower oil trapped mostly on higher side on subdued demand and lackluster trading. According to traders, sunflower acreage is lagging to last year that managed to support the market. The CIF prices of sunflower oil for September shipment remained unchanged on Friday to Thursday at \$1148 per tonne, however, CIF prices traded between \$1138-1148/tonne during the week. The underlying firmness in related commodities in global markets is likely to remain supportive for refined sunflower oil in short-term.

Refined Cottonseeds Oil

Weakness in rival vegetable oil, improved stock selling activities from stockists chopped the expected rise in prices amidst firmer meals sentiments domestically and ports. The Kharif season crop size is large and bumper harvesting is expecting in coming months. Under good monsoon progress as by trade sources, prices of refined cottonseeds oil would be affected with bearish trends in short-term.

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

| Centres | 08.09.07 | 07.09.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 482 | 485 | -3 |
| Kota (Exp. Oil)+VAT | 460 | 460 | Nil |
| Jaipur (Exp. Oil)+VAT | 468 | 468 | Nil |
| Delhi (Exp. Oil) | 490 | 490 | Nil |
| Neewai (Exp. Oil) +VAT | 460 | 460 | Nil |

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 08.09.07 | 07.09.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 710 | 710 | Nil |
| Rajkot +VAT | 765 | 760 | +5 |
| Hyderabad +VAT | 700 | 700 | Nil |
| Chennai +VAT | 665 | 665 | Nil |
| Delhi | 740 | 725 | +15 |

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

| Centres | 08.09.07 | 07.09.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 560 | 555 | +5 |
| Chennai +VAT | 560 | 557 | +3 |
| Hyderabad +VAT | 555 | 555 | Nil |

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

| Centres | 08.09.07 | 07.09.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 482 | 481 | +1 |
| Hyderabad +VAT | 485 | 485 | Nil |
| Rajkot + VAT | 483 | 490 | -7 |
| Delhi | 475 | 475 | Nil |

Forex Rates

| Country/ Continent | Currency | Value in Rupees | |
|--------------------|----------------|-----------------|----------|
| | | 08.09.07 | 07.09.07 |
| USA | Dollar | 40.49 | 40.71 |
| European Union | Euro | 55.76 | 55.66 |
| Japan | 100 Yen | 35.71 | 35.36 |
| United Kingdom | Pound Sterling | 82.12 | 82.26 |

PORT-WATCH (Latest):

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|---------------|------------------------|---------------|-------------------------|----------------------------|
| Kandla | Yaad E Mostafa | 13,000 | Soy oil | Arrived (01.09.07) |
| | Global Neptune | 11,000 | Palm oil Product | Expected (12.09.07) |
| | Shintoku | 14,000 | Palm oil Product | Expected (15.09.07) |
| | Anawan | 11,000 | CDSBO | Berthed (05.09.07) |
| | Global Eos | 11,000 | CPO | Expected (11.09.07) |
| | Theresa Pegasus | 21,000 | Palm oil Product | Expected (10.09.07) |
| | Histria Azure | 22,000 | CDSBO | Expected (09.09.07) |
| | Pegasus 7 | 14,250 | CPO | Expected (10.09.07) |
| | Havi Ocean | 8,500 | Palm oil Product | Expected (07.09.07) |
| Kolkata | Marida Princess | 5,028 | CPO | Arrived (04.09.07) |
| | L. Star | 5,200 | CPO | Arrived (04.09.07) |
| | Sima Kazee | 9,300 | CPO | Arrived (06.09.07) |
| Mundra | Therasa Pegasus | 13,629 | Palm oil Product | Expected (12.09.07) |
| New Mangalore | Global Venus | 8,499 | CPO | Expected (12.09.07) |
| Mumbai | Gloabal Neptune | 6,000 | Palm oil Product | Expected (14.09.07) |

Vessels in bold are new on chart.

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