

VEGOIL DAILY

September 7th, 2007

REFINED SOY OIL

SPOT MARKET:

Physical prices of refined soy oil remained range bound on balance in demand and supply and weak tone in CBOT and BMD. Stockists are holding the stocks that overpowered the underlying weakness of soy oil domestically. Indonesia is likely to take lead of palm oil production over Malaysia this year. In current year, production estimates pointing towards 17 mmt, which is higher to last year production (16.1 mmt) while Malaysia palm oil production is expecting below to 16 mmt in current year vs 15.9 mmt a year ago. The lower processing costing of soybeans in Argentina as compared to Brazil was set back of Brazilian soy oil export in past 3 months resulting increases in stocks of soy oil. Weakness in wheat and crude oil, better soybeans crop rating (56% against 55% last week), profit-taking cast weakness for soy futures on CBOT. The crude soy oil CIF price of September shipment remained unchanged on Thursday at \$875/tonne vs Wednesday.

FUTURES MARKET:

The fears to oversupplies in short-term and bearish global cues turned down refined soy oil futures at **NCDEX**. The most active **October** futures contract opened weak at Rs. 480.75 per 10 kg against previous closing at Rs. 481.35 per 10 kg and the contract closed down at Rs. 477.30 per 10 Kg.

The mixed CBOT and weak BMD CPO future coupled with thin trading as traders stayed away from market cast weakness for refined soy oil futures at **MCX**. The **October** futures contract opened at Rs. 481.35 per 10kg against yesterday closing of Rs. 482.50 per 10kg. The prices closed down at Rs. 478.50 per 10 Kg.

PRICE DRIVERS:

- Stockists are reluctant to sell-off at cheaper prices
- Expectation of high production of palm oil (17 mmt) with Indonesia in current year over Malaysia (below to 16 mmt)
- Sluggish BMD and CBOT
- Country is heading toward record harvest of soybeans in upcoming Kharif season
- Cheaper soybeans processing cost in Argentina vs Brazil

Weather

Weather is conducive for good growth of soybean crop.

TECHNICALS

Dark candlestick formation shows the strong selling interest with a tag buying at lower level. Prices close sharply below 9/18 days EMA Candlestick pointing weakness in the market. MACD traps within negative territory. Stochastic make bullish crossover in overbought zone. Whereas RSI shows weakness in prices in neutral region. is rising after bullish crossover in negative territory. Volume increased and open interest declined. Market is expects to trade down with steady to slightly firm opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Oct.	473	474	481.35	480	481
MCX-Oct.	473	474	482.50	482	483

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:

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

MCX Refined Soy Oil September Contract:

SELL Below 479; T1 near 478, T2 near 477 and put stop loss at 480.

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

Centres	06.09.07	05.09.07	Change
Mumbai (Soy Ref oil)+VAT	467	467	Nil
Indore (Soy Ref oil)	460	460	Nil
Kota (Soy Ref. Oil)+VAT	463	464	-1
Hyderabad (Soy Ref)+VAT	480	482	-2
Rajkot (Soy Ref)+Tax	460	460	Nil

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Sept	481.05	481.50	477.55	478.30	482.00	-3.70
NCDEX	Oct	480.75	480.95	476.95	477.30	481.35	-4.05
NCDEX	Nov	474.80	475.70	471.80	472.25	475.95	-3.70
MCX	Sept	480.85	482.20	478.30	479.00	482.95	-3.95
MCX	Oct	481.35	482.05	478.25	478.50	482.50	-4.00
MCX	Nov	468.00	475.00	468.00	472.20	476.00	-3.80
MCX	Dec	475.00	475.00	475.00	475.00	479.85	-4.85

PALM OIL

International Highlights

BMD CPO Futures Finish Down

Weak after hours CBOT trading, profit-taking and lack of clear prices direction triggered weakness for crude palm oil futures on Bursa Malaysian Derivatives. The most active November contract closed below to psychological barrier of MYR2,500/tonne at MYR 2,470/tonne after losing MYR25. CPO trading volume on BMD totaled at 5,681 lots down sharply from yesterday's 9,408 lots. Open interest remained at 54,648 lots from Wednesday's 54,454 lots.

Domestic Spot Market Highlights

Spot prices of palm oil trade down on Thursday on weak demand and lackluster trade activities. There is ample stocks of palm oil is available in domestic market and port, which is supporting the bears. Lack of fresh prices direction and subdued trade activities turned down Indonesian palm oil market. The CIF prices of crude palm oil increased sharply at \$780 per tonne on Thursday against \$765 per tonne on Wednesday. The underlying weakness in edible oil and expectation for further downside may extend the weakness in near-term.

BMD: CPO Futures (06.09.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 07	2545	2535	2540	2509	2510	-35	394
Oct 07	2520	2505	2520	2490	2493	-27	960
Nov 07	2495	2491	2498	2465	2470	-25	3470
Dec 07	2480	2475	2479	2448	2452	-28	651
Jan 08	2470	2450	2465	2445	2445	-25	124

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	06.09.07	05.09.07	Change
Kandla CPO (5 % FFA)	419	419	Nil
Kandla RBD Palmolein +VAT	453	454	-1
Mumbai RBD Palmolein +VAT	450	452	-2
Chennai RBD Palmolein +VAT	465	465	Nil
Kakinada RBD Palmolein +VAT	443	445	-2
Hyderabad RBD Palmolein +VAT	464	464	Nil
Delhi RDB Palmolein	485	485	Nil

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	06.09.07	05.09.07	Change
Crude Soy Oil	875	875	Nil
Crude Palm Oil	780	765	+15
Sunflower Oil	1148	1138	+10

Rape/Mustard oil

Ideas of Wednesday sharp drop in mustard oil prices was more than expected among traders, thus a correction require to offsetting the demand in prevailing time. However, trade activities remain dull, as market is current lacking the clear price direction. Sensing the recent China buying of 50,000 tonne of soymeals could support the rapeseeds meals, expellers shown interest in procuring seeds to meet the immediate need. This would add more mustard oil in the markets.

Groundnut Oil

The spot prices of groundnut oil turned weak on Thursday on sluggish demand and subdued trade activities. As prospects of Kharif groundnut crop are good, which is also pressured the market. The early sown Kharif groundnut crop in vegetative/flowering stages in major sowing belt while early sown crop is in peg formation stage in Karnataka. Currently light arrivals pressure from Maharashtra and Madhya Pradesh favors the weaker side. Traders are expecting buoyancy in prices of groundnut oil in short-term on lack of fresh fundamental news.

Refined Sunflower Oil

Balance in demand and supplies domestically and mixed trends in other edible oil, confirmed range bound prices of refined sunflower oil domestically. However, mild incidence of hairy cater pillar in reported in Maharastra mange to support the bulls. The CIF prices of sunflower oil for September shipment recouped on Thursday at \$1148 per tonne up from Wednesday's \$1138 per tonne. The underlying firmness in related commodities in global markets is likely to remain supportive in short-term.

Refined Cottonseeds Oil

The steady demand and slightly improved trade activities have strengthened prices of refined cottonseeds oil in major trading centres. Market also generated some bullish support from disinterest of stockists to unload at current prices. However, stockists are having thin stocks in their inventories, cheaper availability of other option tends to pulling the price down and limited the movement at higher side.

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

Centres	06.09.07	05.09.07	Change
Mumbai (Exp. Oil) +VAT	485	483	+2
Kota (Exp. Oil)+VAT	458	455	+3
Jaipur (Exp. Oil)+VAT	468	465	+3
Delhi (Exp. Oil)	485	485	Nil
Neewai (Exp. Oil) +VAT	460	462	-2

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	06.09.07	05.09.07	Change
Mumbai +VAT	715	715	Nil
Rajkot +VAT	765	770	-5
Hyderabad +VAT	690	700	-10
Chennai +VAT	670	670	Nil
Delhi	730	755	-25

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

Centres	06.09.07	05.09.07	Change
Mumbai +VAT	555	555	Nil
Chennai +VAT	555	555	Nil
Hyderabad +VAT	560	565	-5

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

Centres	06.09.07	05.09.07	Change
Mumbai +VAT	484	484	Nil
Hyderabad +VAT	483	485	-2
Rajkot + VAT	492	490	+2
Delhi	NA	456	-

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		06.09.07	05.09.07
USA	Dollar	40.85	40.94
European Union	Euro	55.76	55.59
Japan	100 Yen	35.39	35.38
United Kingdom	Pound Sterling	82.54	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)
	Taunus	23,160	CDSBO	Arrived (31.08.07)
	Global Neptune	11,000	Palm oil Product	Expected (07.09.07)
	Anawan	11,000	CDSBO	Expected (05.09.07)
	Theresa Pegasus	21,000	Palm oil Product	Expected (10.09.07)
	Histria Azure	22,000	CDSBO	Expected (08.09.07)
	Pegasus 7	14,250	CPO	Expected (10.09.07)
	Havi Ocean	8,500	Palm oil Product	Expected (06.09.07)
Kolkata	Yong Cheng-17	3,556	CPO	Arrived (26.08.07)
	Southern York	5,353	CPO	Arrived (28.08.07)
	African Future	18,696	Soy oil	Arrived (31.08.07)

Vessels in bold are new on chart.

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