

## VEGOIL DAILY

September 8<sup>th</sup>, 2007

### REFINED SOY OIL

#### SPOT MARKET:

Sluggish demand and expectation of further downward correction led the weakness in refined soy oil domestically. As per government latest figures on September 7th, soybeans acreage completed in 8.73 million hectares up from 8.72 million hectares a week ago and 8.02 million hectares last year. Sensing outpaced supplies in short-terms as many vessels are lined up, stockists raised their soy oil supplies to limit the losses, contributed the weakness. The lack of clear price direction, subdued trade activities coupled with await for fresh data of production and stocks among traders by Malaysian Palm oil Board (MPOB) turned BMD CPO futures sluggish. Low buying interest under weakness in wheat, deliveries pressure and prospects of upcoming harvest of US soybeans spark weakness for soy futures on CBOT. The good weather conditions for soybeans crop that in tailing end added the pressure. The crude soy oil CIF price of September shipment increased on Friday at \$880 per tonne from \$875 per tonne on Thursday.

#### FUTURES MARKET:

Choppy trading, weaker global cues and expectation of outpaced supplies to demand in short-term pressure the refined soy oil futures at **NCDEX**. The most active **October** futures contract opened weak at Rs. 477.30 per 10 kg against yesterday closing at Rs. 477.50 per 10 kg and the contract manage to closed at Rs. 477.70 per 10 Kg.

The weak CBOT and mixed BMD CPO future coupled with thin trading sparked weakness for cast refined soy oil futures at **MCX**. The **October** futures contract opened at Rs. 478.90 per 10kg against yesterday closing of Rs. 478.65 per 10kg. The prices closed down at Rs. 479.40 per 10 Kg.

#### PRICE DRIVERS:

- Sluggish demand and improved selling of refined soy oil stocks by stockists
- Bearish BMD and CBOT
- Sluggish BMD and CBOT
- Cheaper soybeans processing cost in Argentina vs Brazil

#### WEATHER

Weather is conducive for good growth of soybean crop.

#### TECHNICALS

Doji candlestick formation suggests indecisiveness with mild buying at lower level. EMA patterns remain weak. MACD is rising slowly in negative territory. Stochastic make bearish crossover in overbought zone. Whereas RSI shows mild firmness in neutral region. Volume declined and open interest increased. Market is expects to open steady to slightly firm followed by movement in downward direction.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Oct.	473	474	477.50	481	482
MCX-Oct.	473	474	478.65	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 479; T1 near 478, T2 near 477 and put stop loss at 480.

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

Centres	07.09.07	06.09.07	Change
Mumbai (Soy Ref oil)+VAT	464	467	-3
Indore (Soy Ref oil)	458	460	-2
Kota (Soy Ref. Oil)+VAT	462	463	-1
Hyderabad (Soy Ref)+VAT	482	480	+2
Rajkot (Soy Ref)+Tax	460	460	Nil

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Sept	478.30	479.00	477.10	478.95	478.55	+0.40
NCDEX	Oct	477.30	478.00	476.10	477.10	477.50	+0.20
NCDEX	Nov	472.05	472.50	470.50	471.90	472.40	-0.50
MCX	Sept	476.20	479.10	476.00	479.00	479.15	-0.15
MCX	Oct	478.90	479.60	477.65	479.40	478.65	+0.75
MCX	Nov	472.00	473.00	470.70	472.15	472.65	-0.50
MCX	Dec	475.00	477.00	475.00	477.00	475.00	+2.00

## PALM OIL

### International Highlights

#### BMD CPO Futures Finish Mixed

Weaker CBOT, lack of supportive news and subdued trade activities pressured crude palm oil futures on Bursa Malaysian Derivatives on Friday. The most active November contract closed merely MYR1 up at MYR 2,471/tonne. Traders are looking nearly 380,000-400,000 tonnes of palm oil export for the September 1-10. CPO trading volume on BMD totaled at 4,173 lots down sharply from yesterday's 5,681 lots. Open interest remained at 53,840 lots from Thursday's 54,648 lots.

### Domestic Spot Market Highlights

The weakness in overseas market of related commodities, poor demand and expectation of huge supplies as current vessels position is optimist for good supplies in short-terms cast weakness for palm oil in domestic markets. Indonesian palm oil market turned weak on Friday on lack of fresh leads, sluggish BMD CPO futures and thin trade activities. The CIF prices of crude palm oil increased further at \$782 per tonne on Friday from \$780 per tonne on Thursday. 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	07.09.07	06.09.07	Change
Kandla CPO (5 % FFA)	417	419	-2
Kandla RBD Palmolein +VAT	450	453	-3
Mumbai RBD Palmolein +VAT	448	450	-2
Chennai RBD Palmolein +VAT	465	465	Nil
Kakinada RBD Palmolein +VAT	441	443	-2
Hyderabad RBD Palmolein +VAT	465	464	+1
Delhi RDB Palmolein	485	485	Nil

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

Edible Oil	07.09.07	06.09.07	Change
Crude Soy Oil	880	875	+5
Crude Palm Oil	782	780	+2
Sunflower Oil	1148	1148	Nil

### Rape/Mustard oil

Today, markets gained further bullishness from reports of China contract of 70-80 thousand tonnes of soymeals that to be delivered in Oct-Nov. This has supported the mustard oil prices across domestic markets along with tight supplies. Expellers are optimists for rapeseeds meal in short-term. However, seeds price has declined with steady arrivals capped the gains to certain extent.

### Groundnut Oil

The new crop arrivals pressure in Gujarat markets from Madhya Pradesh and Maharashtra coupled with improved supplies from stockists forced prices of groundnut oil to trade down. However, demand remained unchanged to Thursday. The weakness in seed markets also contributed the weakness. The groundnut seeds prices varied from Rs. 410-535 per 20 kg in different markets in Gujarat. Traders are expecting, the slow change in prices of groundnut oil in short-term as major markets is nearly 1 month away from hefty arrivals.

### Refined Sunflower Oil

The steadiness remained maintained in prices of refined sunflower oil in majority trading centres on lack of supportive news, weakness in other edible oil and steady seeds arrivals. The CIF prices is hovering nearly \$1150 per tonne mark, which is remain supportive. The CIF prices of sunflower oil for September shipment remained unchanged on Friday to Thursday at \$1148 per tonne. The underlying firmness in related commodities in global markets is likely to remain supportive for refined sunflower oil in short-term.

### Refined Cottonseeds Oil

The refined cottonseeds oil declined on Friday on await for bumper harvest, subdued demand and weakness in other edible oil. The diversification of Kutch farmers to cotton from traditional crops is expecting a boon for them. The Kutch area i.e. 65,000 hectares is covered with cotton, which expectation to produced nearly 6.5 lakh bales of cotton as compared to 3 lakh bales last year.

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

Centres	07.09.07	06.09.07	Change
Mumbai (Exp. Oil) +VAT	485	485	Nil
Kota (Exp. Oil)+VAT	460	458	+2
Jaipur (Exp. Oil)+VAT	468	468	Nil
Delhi (Exp. Oil)	490	485	+5
Neewai (Exp. Oil) +VAT	460	460	Nil

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

Centres	07.09.07	06.09.07	Change
Mumbai +VAT	710	715	-5
Rajkot +VAT	760	765	-5
Hyderabad +VAT	700	690	+10
Chennai +VAT	665	670	-5
Delhi	725	730	-5

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

Centres	07.09.07	06.09.07	Change
Mumbai +VAT	555	555	Nil
Chennai +VAT	557	555	+2
Hyderabad +VAT	555	560	-5

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

Centres	07.09.07	06.09.07	Change
Mumbai +VAT	481	484	-3
Hyderabad +VAT	485	483	+2
Rajkot + VAT	490	492	-2
Delhi	475	NA	Nil

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		07.09.07	06.09.07
USA	Dollar	40.71	40.85
European Union	Euro	55.66	55.76
Japan	100 Yen	35.36	35.39
United Kingdom	Pound Sterling	82.26	82.54

**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)
	<b>Histria Azure</b>	<b>22,000</b>	<b>CDSBO</b>	<b>Expected (08.09.07)</b>
	<b>Pegasus 7</b>	<b>14,250</b>	<b>CPO</b>	<b>Expected (10.09.07)</b>
	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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