

VEGOIL DAILY

July 25, 2006

REFINED SOY OIL

SPOT MARKETS

The spot market prices in different centers improved on the improvement in futures market and got additional support from eCBOT. Slight improvement in demand in Mumbai due to rains results into the improvement in demand. The spot market at other locations remains range bound and steady and market is in wait and watch condition to see the implication of postponement of GM norms. CIF soy oil prices (August shipments) decline marginally on Monday at \$548/ton. Prices of soy refined are expected to decline further and expected to remain range bound.

FUTURES MARKETS:

Refined soyoil futures Aug contract at NCDEX opened firm with wide gap and traded with firm note initially. The sentiments in the market improved on short covering and profit booking stage up to the mid session and then decline afterwards on speculative selling. There was no strong force to hold the prices at their current high levels. August soy oil contract closed down at Rs 423.20 per 10 kg, up Rs 1.65 from Saturday level. Prices moved in a wide range of Rs 422.60-425.50. Prices are expected to trade with bearish note.

PRICE DRIVERS:

Bullish:

1. Lower stock of soy bean and Oil
2. Firmness in overseas markets

Bearish:

1. Huge production of soybean expected.
2. Removal of cap on GM soy oil import till March 07

TECHNICALS

Doji star formation by the candlestick indicates indecisiveness into the market and shows prices could not be able to sustain the higher levels. Stochastic is declining indicating bearish sentiments likely to continue. Prices closed in between 9-days and at 18-days EMA indicating indecisiveness. MACD indicating bearish sentiments. Volume decline while open interests remain steady.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-August	419.30	417.50	423.20	424.00	425.50

TRADE RECOMMENDATION:

NCDEX Aug Refined Soy Oil Contract:

Sell below 422.75, target near: T1- 420.60 and put stop loss at 423.90

Refined Soybean Oil:

Spot Market Prices (Rs/10Kg excluding VAT)

Centres	24.07.06	22.07.06	Change
Mumbai (Ref. Soy Oil)+VAT	406	403	+3
Indore (Ref. Soy Oil)+VAT	399	398	+1
Kota (Ref. Soy Oil)+VAT	403	403	0
Hyderabad (Ref. Soy Oil)+VAT	430	430	0
Rajkot (Ref. Soy Oil)+Tax	401	400	+1

PALM OIL

International Market Highlights

Palm Oil Futures Settled Low in BMD on Monday

Crude palm oil futures on the BMD settled low on Monday amid short covering and profit booking stage from a recent rally of 2-year highs. The October CPO contract closed at MYR1, 565 per metric ton, down MYR15 from Friday, when it fell MYR11. As it was evident that last week, the contract witnessed steep rise and went to its highest level in 25 months and had record trading volumes. The fall was expected this time as the market was going through the overbought region. The earlier highs could not be held at its highest levels as the palm oil futures were fundamentally weak and there was no support to hold its prices at these higher levels and therefore a correction was expected. As per traders the market may bounce back on bio-diesel concern and can test MYR1 level, as this is an important psychological resistance will try to test the level. The futures market at BMD is closely watching the other oil markets and any important development could influence the palm oil futures in near term.

Domestic Spot Market Highlights

Palm oil prices on domestic spot market remain mixed in most of the market and could not get clear cut direction. Prices of Kandla and Kakinada RBD Palmolein decline and slight increase could be witnessed in some centers. Due to the closer of BMD the market of palm could not be able to get clear cut guidance. The price is expected to trade side ways with slight bearish sentiments.

BMD: CPO Futures (24.07.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug.06	1536	1538	1541	1521	1521	-15	465
Sep.06	1560	1556	1566	1546	1546	-14	2005
Oct.06	1580	1575	1586	1565	1565	-15	6486
Nov.06	1595	1591	1601	1580	1583	-12	1006
Dec.06	1609	1608	1612	1592	1592	-17	722

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	24.07.06	22.07.06	Change
Kandla CPO (5 % FFA)	402	401	+1
Kandla RBD Palmolein +VAT	408	412	-4
Mumbai RBD Palmolein +VAT	418	411	+7
Chennai RBD Palmolein +VAT	435	435	0
Kakinada RBD Palmolein +VAT	413	415	-2
Hyderabad RBD Palmolein +VAT	437	435	+2
Delhi RDB Palmolein	440	440	0

Rape/Mustard Expeller Oil

Mustard oil prices at different centers remain range bound and witnessed mixed sentiments. NAFED continue to sell the seeds at Rajasthan and raised slightly its selling prices, which remain at Rs. 1550-1560 per quintal. The prices are expected to decline from the current level if NAFED further lowers its selling prices. Today's arrivals of mustard seed were around 300-400 bags in Neewai, 1000 bags in Kota, 4000 in Jaipur and around 42000-45000 bags in Rajasthan (bags=85 kg). Mustard seeds prices were remain steady at Rs 1510-35 and 1730 in Kota and Jaipur respectively per quintal. Mustard oil prices are expected to decline in near term.

Refined Groundnut Oil

Groundnut oil prices in the physical market witnessed increase in AP and decreased in major spot markets. Prices expected to remain steady in near terms on reducing stocks combined with high export demand of seeds. Arrivals of groundnut seeds in Gujarat remain at 15000 bags (bag=35 kg). GN oil prices are expected to improve on upcoming festivals.

Sunflower Expeller Oil

Sunflower oil prices on spot market remain steady at Mumbai while decline in most centers amid low demand from the retail end. CIF (Aug Shipment) prices decline slightly on Monday at \$627/ton. Prices expected to move range bound and witnessed slight decline on weakness in other oils.

Cotton Refine Oil

Cotton oil prices on spot market remain in most of the market except in Hyderabad where slight decline could be seen. Local demands at retail ends hold the position in the current level. Prices are expected to remain range bound and with slight decline in near terms.

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

Centres	24.07.06	22.07.06	Change
Mumbai + VAT	409	410	-1
Kota + VAT	385	385	0
Jaipur + VAT	387	388	-1
Delhi	406	405	+1
Neewai + VAT	383	382	+1

Refined Groundnut Oil: Spot Market Price (Rs/10 kg)

Centres	24.07.06	22.07.06	Change
Mumbai +VAT	522	525	-3
Rajkot +VAT	510	511	-1
Andhra Region +VAT	540	530	+10
Chennai +VAT	490	500	-10
Delhi	550	550	0

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

Markets	24.07.06	22.07.06	Change
Mumbai +VAT	475	475	0
Chennai +VAT	470	475	-5
Hyderabad	475	480	-5

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

Markets	24.07.06	22.07.06	Change
Mumbai +VAT	437	437	0
Hyderabad +VAT	427	435	-8
Rajkot + VAT	432	435	0
Delhi	425	425	0

PORT-WATCH (Latest):**Current Vessels Positions**

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Bunga Melati Satu	22500	SBO	Arrived
	Pacific Sound	11000	CPO	Expected
	Athlos	19000	SBO	Expected
Kolkata	MMM Jackson	6000	CPO	Expected
	Tirta Niaga II	6000	CPO	Arrived
	Vernal Grace	6100	CPO	Arrived
Mumbai	Pacific Sound	6000	Palm Oil	Arrived
Chennai	Cheras	3500	CPO	Expected
	Spring Wind	7250	CPO	Expected
	Khadijah	6000	CPO	Expected
	Istena	2000	CPO	Expected
Mundra	Matina	12500	SBO	Arrived
New Manglore	Yan Shui Hu	14000	SBO	Expected
	Bum Ik	6500	CPO	Expected
	L Star	6000	CPO	Expecting
Tuticorin	Spring Glory	7300	Palm Oil	Expected

Forex Rates**(As on 24.07.2006)**

Country/ Continent	Currency	Value In Rupees
USA	Dollar	46.93
European Union	Euro	59.29
Japan	100 Yen	40.24
United Kingdom	Pound Sterling	86.89