

## VEGOIL DAILY

July 19, 2006

### REFINED SOY OIL

#### SPOT MARKETS

The prices of refined soy oil on spot market decline in few centers while other centers remain steady. Rainfall in the major growing area combined with the bearish advanced estimates had bearish sentiments into the market. Around 3.7 million tonnes of soybean arrived in the main wholesale markets of Madhya Pradesh between September and May, up 1.2 million tonnes from last year. Strong palm oil futures helped to retrace the prices in the futures market. The market also reacted sharply on the talk about possible curtail of 4% CVD on soy degum to check inflation. CIF soy oil prices (July shipments) decline today and remain at \$556/ton. Prices are expected to trade side ways with slight bearish sentiments owing to the approaching cutting time.

#### FUTURES MARKETS:

Refined soyoil futures at NCEDX opened weak and decline afterwards on heavy and intermittent rain in the growing region fuelled by the rumour in the market. The market got some support after later half on the back of supportive KLCE futures. August soy oil contract closed down at Rs 430.05 per 10 kg, down Rs 2.15 from Monday. Prices moved in a wide range of Rs 428.5-431.55. Prices are expected to trade in side ways with slight bullish sentiments.

#### PRICE DRIVERS:

##### Bullish:

1. Lower stock of soy bean and Oil
2. Import get delay on GMO dilemma
3. Good demand

##### Bearish:

1. Huge production of soybean expected.
2. Talk about possible reduction of 4% CVD

#### TECHNICALS

Candlesticks formation indicating filled open bozu formation indicating bearish sentiments into the market. Stochastic %K line continued to move parallel in oversold region indicating improvement but likely take correction at this stage. DAV continues to move in positive territory with increased divergence indicating bullish trend likely to continue for medium term. Prices closed above 9-days and 18-days EMA, which indicates bullish trend likely to continue. Volume decline while open interests remain steady.



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX- August	423.20	420.80	430.05	436.20	439.90

#### TRADE RECOMMENDATION:

NCDEX Aug Refined Soy Oil Contract:

Buy above 426.90, target near: T1- 434.70; T2-433.80 and put stop loss at 425.75

#### Refined Soybean Oil:

#### Spot Market Prices (Rs/10Kg excluding VAT)

Centres	18.07.06	17.07.06	Change
Mumbai (Ref. Soy Oil)+VAT	414	416	-2
Indore (Ref. Soy Oil)+VAT	404	404	0
Kota (Ref. Soy Oil)+VAT	408	412	-4
Hyderabad (Ref. Soy Oil)+VAT	430	430	0
Rajkot (Ref. Soy Oil)+Tax	402	404	-2

## PALM OIL

### International Market Highlights

#### Crude Palm Oil Futures Rally Up on BMD

The crude palm oil in BMD ended with strong bullish sentiments on the wake of strong bio-diesel demand. The rising prices of crude oil in the international market results into strong energy demand which results into exploring possibility of preparing bio-diesel from palm oil. The October contract of BMD settled sharply higher on Tuesday at MYR1, 555 a metric ton, up MYR14 from Monday. The settlement was the contract's highest since 2004. It was observed that the market gain around 8% over one and a half month period. The trend of the crude oil is rising which fuelled the market of palm oil. It is expected that the bio-diesel demand may increase in late 2006 and in 2007 as more and more biodiesel manufacturing plants begin operations in Malaysia.

#### Domestic Spot Market Highlights

Palm oil prices on domestic spot market amid improved further on the back of high edible demand and improvement in other oils. Improvement in CPO at BMD also added to its bullish sentiments. The earthquake in Indonesia results into the possible development of tsunami waves and high alerts announced by equatorial countries including Australia. This will probably results into the delay in shipment of palm oil into India.

#### BMD: CPO Futures (18.07.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug.06	1481	1474	1500	1472	1500	19	994
Sep.06	1518	1510	1538	1509	1531	13	2830
Oct.06	1541	1534	1562	1532	1555	14	5729
Nov.06	1558	1550	1580	1549	1575	17	1682
Dec.06	1571	1562	1595	1561	1593	22	551

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	18.07.06	17.07.06	Change
Kandla CPO (5 % FFA)	401	399	+1
Kandla RBD Palmolein +VAT	410	410	0
Mumbai RBD Palmolein +VAT	418	418	0
Chennai RBD Palmolein +VAT	430	426	+4
Kakinada RBD Palmolein +VAT	418	415	+3
Hyderabad RBD Palmolein +VAT	432	433	-1
Delhi RDB Palmolein	438	435	+3

### Rape/Mustard Expeller Oil

Mustard oil prices at different centers decline on Tuesday in most of the centers. NAFED has sold around 127,000 tonnes of mustard seed through its daily quotation process since Jul. 1 as per officials. The mustard seeds have been sold at prices ranging between 1,500-1,665 rupees per 100 kilogram in different centers. Weakness in the mustard seeds futures also results into the weakness into mustard oil. The price is expected to stay range bound at this level and likely to improve in coming days. Today's arrivals of mustard seed were around 500-700 bags in Neewai, 1000 bags in Kota, 4000 in Jaipur and around 50000 bags in Rajasthan (bags=85 kg). Mustard seeds prices were quoted at Rs 1550-70 and 1770-1780 in Jaipur per quintal. Mustard oil prices are expected to move range bound with slightly under tone in near term.

### Refined Groundnut Oil

Groundnut oil prices in the physical market further improved in few centers while few remain steady at other centers on Tuesday amid scarcity of seeds for crushing. High export demand of seeds holds the prices in the current level with slight improvement. Arrivals of groundnut seeds in Gujarat remain at 10000-15000 bags (bag=35 kg). GN oil prices are expected to move range bound in near term with slight bullish sentiments.

### Sunflower Expeller Oil

Sunflower oil prices on spot market improved in most of the markets amid good demand and remain in tandem with other oils. CIF (July Shipment) prices remain steady at \$633/ton. Prices are expected to move range bound and expected to trade side ways in near term on lower stock.

### Cotton Refine Oil

Cotton oil prices on spot market remain steady in major centers on Tuesday closely following other oils. Local demands at retail ends and higher prices of other edible oil hold the position in the current level. Prices are expected to move range bound with positive sentiments in near term.

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

Centres	18.07.06	17.07.06	Change
Mumbai + VAT	408	408	0
Kota + VAT	383	386	-3
Jaipur + VAT	386	389	-3
Delhi	410	410	0
Neewai + VAT	385	388	-3

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

Centres	18.07.06	17.07.06	Change
Mumbai +VAT	525	525	0
Rajkot +VAT	515	515	0
Andhra Region +VAT	530	520	+10
Chennai +VAT	500	495	+5
Delhi	550	545	+5

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

Markets	18.07.06	17.07.06	Change
Mumbai +VAT	475	470	+5
Chennai +VAT	480	472	+8
Hyderabad	485	478	+7

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

Markets	18.07.06	17.07.06	Change
Mumbai +VAT	439	440	-1
Hyderabad +VAT	430	430	0
Rajkot + VAT	440	440	0
Delhi	425	425	0

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Black Pearl	26500	SBO	Arrived
	Yan Shui Hu	28000	SBO	Arrived
	Bunga Melati Satu	22500	SBO	Expected
	Pacific Sound	11000	CPO	Expected
	Athlos	19000	SBO	Expected
Kolkata	MMM Jackson	6000	CPO	Expected
	Hua Yun5	3362	CPO	Arrived
	Westama	18213	SBO	Arrived
Mumbai	Eastern Bright	8450	Palm Oil	Expected
	Pacific Sound	6000	Palm Oil	Expected
Chennai	Cheras	3500	CPO	Expected
	Khadijah	6000	CPO	Expected
Mundra	Matina	12500	SBO	Arrived
New Manglore	Yan Shui Hu	14000	SBO	Expected
	Bum Ik	6500	CPO	Expected
Tuticorin	Spring Glory	7300	Palm Oil	Expected

**Forex Rates****(As on 18.07.2006)**

Country/ Continent	Currency	Value In Rupees
USA	Dollar	46.73
European Union	Euro	58.53
Japan	100 Yen	39.96
United Kingdom	Pound Sterling	85.04