

VEGOIL DAILY

July 29, 2006

REFINED SOY OIL

SPOT MARKETS

The spot market prices in different centers improved in major centers. Though there is sluggish demand the prices of soy oil in different centers registered improvement owing to increase in the prices of palm oil and positive projection of eCBOT. Increase in MSP for yellow soybean provides underlying support to the prices. Strong improvement in BMD owing to greater bio-diesel and report of earth quake in Indonesia and adjoining area provided a boost to the soy oil prices. CIF soy oil prices (August shipments) remain steady on Friday at \$547/ton. Prices of soy refined are expected to trade side ways.

FUTURES MARKETS:

Refined soyoil futures Aug contract at NCEDX opened with a wide gap and traded with firm not afterwards. Strength in BMD futures combined with the hike in MSP for yellow soybean results into having a bullish impact on the futures market. Talk of increase tariff value on imported oil and reduction of CVD also provided underlying support to the market. August soy oil contract closed up at Rs 426.70 per 10 kg, up Rs 5.25 on Friday. Prices moved in a wide range of Rs 422.60-428.20. Prices are expected to trade on the both ways.

PRICE DRIVERS:

Bullish:

1. Lower stock of soy bean and Oil
2. Talk of hike in tariff on imported oils
3. Hike in MSP on yellow soybean

Bearish:

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

TECHNICALS

White unfilled candlesticks indicating bullish market sentiments. Stochastic made bullish cross over. Prices closed above 9-days and at 18-days EMA indicating bullish sentiments. MACD indicating bearish sentiments likely to continue for some more time. Volumes increased while open interests remain steady. The market remains volatile this time and reached almost at its higher levels. So risk lovers can short from this level.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX- August	426.20	423.35	426.70	431.85	435.00

TRADE RECOMMENDATION:

NCDEX Aug Refined Soy Oil Contract:

Sell below 430.00, target near: T1- 427.00 and put stop loss at 431.50

Refined Soybean Oil:

Spot Market Prices (Rs/10Kg excluding VAT)

Centres	28.07.06	27.07.06	Change
Mumbai (Ref. Soy Oil)+VAT	411	407	+4
Indore (Ref. Soy Oil)+VAT	399	397	+2
Kota (Ref. Soy Oil)+VAT	402	400	+2
Hyderabad (Ref. Soy Oil)+VAT	430	430	0
Rajkot (Ref. Soy Oil)+Tax	402	401	+1

PALM OIL

International Market Highlights

BMD Palm Oil Futures Ended with Firm Note

Crude palm oil futures on the BMD closed up on Friday, breaking the most important level of MYR1, 600/ton hinting the market towards further gains next week. Strong speculative buying particularly from foreign buyers combined with the low production estimates of CPO production and strong exports data in July results into the rally. The benchmark October contract closed at MYR1, 620 per metric ton, up MYR46 from Thursday level. After a long spell of time since mid-2004 the benchmark contract has closed above MYR1, 600/ton. Technically the palm oil futures seems to be in the positive territory and expected to trade with bullish sentiments in near term. Short covering further provided additional support to market.

Domestic Spot Market Highlights

Palm oil prices on domestic spot market increased significantly on firmness in BMD and higher rates at the ports. Firmness in projection of eCBOT and crude oil in the initial half results into the firmness into the market. The price is expected to improve in near term and will much depend on the futures in BMD.

BMD: CPO Futures (28.07.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug.06	1523	1525	1575	1525	1565	+42	345
Sep.06	1551	1548	1606	1548	1595	+44	1977
Oct.06	1574	1574	1630	1573	1620	+46	13923
Nov.06	1591	1593	1644	1591	1636	+45	3309
Dec.06	1603	1604	1653	1604	1649	+46	705

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	28.07.06	27.07.06	Change
Kandla CPO (5 % FFA)	404	402	+2.00
Kandla RBD Palmolein +VAT	422	416	+6.00
Mumbai RBD Palmolein +VAT	426	416	+10.00
Chennai RBD Palmolein +VAT	445	437	+8.00
Kakinada RBD Palmolein +VAT	420	418	+2.00
Hyderabad RBD Palmolein +VAT	440	437	+3.00
Delhi RDB Palmolein	440	440	0

Rape/Mustard Expeller Oil

Mustard oil prices at different centers remain steady and few centers witnessed slight increase following palm and other oils. NAFED is selling its stocks at cheaper rate at Rs. 1525-1540/quintal. The prices are expected to decline further from the current level if NAFED further lowers its selling prices.. Low arrivals could be seen in Neewai and remain at 100-200 bags. Mustard seed prices remain Rs 1730-35 and 1530-1550 per quintal in Jaipur and Kota respectively with arrivals of 3000 and 1000-1200 bags in the concerned centers. Mustard oil prices are expected to trade sideways and expected to follow other oils.

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

Centres	28.07.06	27.07.06	Change
Mumbai + VAT	406	405	+1
Kota + VAT	380	380	0
Jaipur + VAT	383	383	0
Delhi	405	405	0
Neewai + VAT	383	380	+3

Refined Groundnut Oil

Groundnut oil prices in the physical market improved in Mumbai and Rajkot on improved demand and improvement in the prices of palm oil. Prices expected to improve in near term on further improvement of palm and other oils. Arrivals of groundnut seeds in Gujarat remain at 15000 bags (bag=35 kg) with the seed rate remain at 380/10 kg.

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

Centres	28.07.06	27.07.06	Change
Mumbai +VAT	525	522	+3
Rajkot +VAT	515	512	+3
Andhra Region +VAT	550	550	0
Chennai +VAT	485	485	0
Delhi	550	550	0

Sunflower Expeller Oil

Sunflower oil prices on Hyderabad further improved on reduced stock position and improved demand while it remains steady in Mumbai and Chennai. CIF (Aug Shipment) price decline slightly from Thursday level and remain at \$622/ton. Prices expected to move range bound and would follow the trends in major oil.

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

Markets	28.07.06	27.07.06	Change
Mumbai +VAT	472	472	0
Chennai +VAT	480	480	0
Hyderabad	490	485	+5

Cotton Refine Oil

Cotton oil prices on spot market remain increased on improved demand and improvement in the sentiments of other oils. Prices are expected to remain range bound and with slight improvement and will closely follow other oils.

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

Markets	28.07.06	27.07.06	Change
Mumbai +VAT	438	436	+2
Hyderabad +VAT	430	432	-2
Rajkot + VAT	436	434	+2
Delhi	425	422	+3

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Samho Heron	9500	CPO	Arrived
	Pacific Sound	11000	CPO	Arrived
	Global Eos	11000	CPO	Expected
	Southern Unicorn	5000	CPO	Expected
Kolkata	MMM Jackson	6000	CPO	Arrived
	Tirta Niaga II	6000	CPO	Expected
	Padang Halaban	6000	CPO	Expected
	Istana	3000	CPO	Expected
Mumbai	Southern Unicorn	5500	Palm Oil	Expected
	Shimakaz	8300	Palm Oil	Expected
Chennai	Cheras	3500	CPO	Expected
	Spring Wind	7250	CPO	Expected
	Khadijah	6000	CPO	Expected
	Istena	2000	CPO	Expected
New Mangalore	Yan Shui Hu	14000	SBO	Expected
	Bum Ik	6500	CPO	Expected
Tuticorin	Spring Glory	7300	Palm Oil	Expected
Kakinada	Ionion	11000	SBO	Expected
	Istana	3000	CPO	Expected
Cochin	Golden Jane	5000	CPO	Expected

Forex Rates**(As on 28.07.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.56
European Union	Euro	59.10
Japan	100 Yen	40.35
United Kingdom	Pound Sterling	86.54