

## VEGOIL DAILY

August 1, 2006

### REFINED SOY OIL

#### SPOT MARKETS

The spot market prices in most of the centers improved further and remain range bound. The prices sustain the higher levels despite low demand in the domestic market. Firmness in palm oil futures in BMD and positive projections from eCBOT results into the firmness in the futures market and this provided additional support to the spot market. Talk about increase in the tariff value on soy degum also supported the market up. CIF soy oil prices (August shipments) remain steady on Monday at \$562/ton. Prices of soy refined are expected to trade side ways with slight improvement in near terms in spot market.

#### FUTURES MARKETS:

Refined soyoil futures Aug contract at NCEDX opened firm with wide gap in continuation with the other day and then sentiments decline up to the mid session. Talk about possible tariff hike on soy degum results into gain in prices later part of the trading session but finally ended with bearish note. August soy oil contract closed up at Rs 432.00 per 10 kg, up Rs 2.60 on Saturday. Prices moved in a wide range of Rs 429.50-434.50. 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 with long upper and lower shadow with spindle top formation indicate indecisiveness into the market. Stochastic indicating bullish sentiments. Prices closed above 9-days and at 18-days EMA indicating bullish sentiments. MACD indicating bullish sentiments. Volumes increased while open interests remain steady. The market remains volatile this time and traders are advised to trade cautiously.



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-August	430.20	428.30	432.00	437.00	440.00

#### TRADE RECOMMENDATION:

NCDEX Aug Refined Soy Oil Contract:

Buy above 432.50, target near: T1- 434.00; T2-436.20 and put stop loss at 432.50

#### Refined Soybean Oil:

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

Centres	31.07.06	29.07.06	Change
Mumbai (Ref. Soy Oil)+VAT	416	414	+2
Indore (Ref. Soy Oil)+VAT	404	402	+2
Kota (Ref. Soy Oil)+VAT	405	405	0
Hyderabad (Ref. Soy Oil)+VAT	432	432	0
Rajkot (Ref. Soy Oil)+Tax	404	403	+1

## PALM OIL

### International Market Highlights

#### BMD Palm Futures Ended with Firm Note

Crude palm oil futures on the BMD ended with firm note on Monday owing to speculative buying with a view on increased bio-diesel demand. The benchmark October CPO contract settled at MYR1, 641 per metric ton, up MYR21 from Friday, and traded in the range between MYR1, 615/ton and MYR1, 644/ton. Estimation for reduction in stock position fuelled by growing bio-diesel results into sharp increase in the sentiments in BMD. Low production of palm oil this year results into recent rally in these days, as it seems to have diversion of palm oil into the bio-diesel production. July CPO production is expected to remain at 3%-6% lower than in June. Lower output, estimate combined with higher exports results into steep increase in its prices. As per SGS (Malaysia) Bhd. reveals the data on Monday at 1.21 million tons, up 11.8% on month. High crude oil prices are expected to further alleviate the growing energy demand as an alternative energy sources.

### Domestic Spot Market Highlights

Palm oil prices on domestic spot market further increased on hike in tariff value on palm oil and soy oil. Firmness in BMD on good bio-diesel demand results into the strength into the market. The price is expected to improve in near term and will much depend on the futures in BMD.

#### BMD: CPO Futures (31.07.2006)

						(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	31.07.06	29.07.06	Change
Kandla CPO (5 % FFA)	405	404	+1
Kandla RBD Palmolein +VAT	430	425	+5
Mumbai RBD Palmolein +VAT	432	430	+2
Chennai RBD Palmolein +VAT	452	450	+2
Kakinada RBD Palmolein +VAT	430	425	+5
Hyderabad RBD Palmolein +VAT	447	440	+7
Delhi RDB Palmolein	450	440	+10

#### Rape/Mustard Expeller Oil

Mustard oil prices at different centers improved on firmness in other oils and corresponding hike in the selling prices of mustard seed by NAFED. NAFED slightly increased its selling prices in the Rajasthan region and selling seeds at Rs. 1545-1550/quintal. The prices are expected to follow other oils and will much depends at what rate NAFED is selling. Low arrivals continue in Neewai and remain at 200-300 bags. Mustard seed prices remain Rs 1740 and 1550-1575 per quintal in Jaipur and Kota respectively with arrivals of 4000 and 1000 bags in the concerned centers. Mustard oil prices are expected to trade sideways and expected to follow other oils.

#### Refined Groundnut Oil

Groundnut oil prices in the most centers witnessed slight improvement on low seed stock, high rain in the Gujarat, which disrupt the supply chain. Hyderabad noticed marginal decline in its prices. Prices expected to improve in near term on further improvement of palm and other oils. Arrivals of groundnut seeds in Gujarat remain at 10000 bags (bag=35 kg) with the seed rate remain at 380/10 kg.

#### Sunflower Expeller Oil

Sunflower oil prices on major centers improved on low stock and increase in prices of other oils. CIF (Aug Shipment) price remain steady from Saturday's level and remain at \$626/ton. Prices expected to move range bound and would follow the trends in major oil.

#### Cotton Refine Oil

Cotton oil prices on spot market increased in most centers on improvement in other oils. Firmness in the futures market provided additional support to the market. Prices are expected to remain range bound and with slight improvement and will closely follow other oils.

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

Centres	31.07.06	29.07.06	Change
Mumbai + VAT	411	409	+2
Kota + VAT	387	384	+3
Jaipur + VAT	390	387	+3
Delhi	412	410	+2
Neewai + VAT	388	384	+4

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

Centres	31.07.06	29.07.06	Change
Mumbai +VAT	525	525	0
Rajkot +VAT	523	517	+6
Andhra Region +VAT	550	555	-5
Chennai +VAT	496	495	+1
Delhi	550	550	0

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

Markets	31.07.06	29.07.06	Change
Mumbai +VAT	475	472	+3
Chennai +VAT	492	490	+2
Hyderabad	500	495	+5

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

Markets	31.07.06	29.07.06	Change
Mumbai +VAT	442	442	0
Hyderabad +VAT	440	435	+5
Rajkot + VAT	441	437	+4
Delhi	428	430	-2

**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	Tirta Niaga II	6000	CPO	Expected
	Padang Halaban	6000	CPO	Expected
	Istana	3000	CPO	Expected
Mumbai	Southern Unicorn	5500	Palm Oil	Arrived
	Shimakaz	8300	Palm Oil	Expected
Chennai	Cheras	3500	CPO	Expected
	Spring Wind	7250	CPO	Expected
	Khadijah	6000	CPO	Expected
	Istana	2000	CPO	Expected
New Manglore	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
Mundra	Vernal Grace	6000	CPO	Expected

**Forex Rates****(As on 31.07.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.55
European Union	Euro	59.40
Japan	100 Yen	40.60
United Kingdom	Pound Sterling	86.81