

VEGOIL DAILY

July 21, 2006

REFINED SOY OIL

SPOT MARKETS

The spot market prices of refined soy oil on major centers remain mixed on Friday. Prices at Kota and Hyderabad decline while at Mumbai slight improvement could be seen. GOI removed restriction of importing GM soy oil from the west in an attempt to check inflation. Now the door is open for free import of GM soy oil thereby no details and certification will be required to submit before GEAC. This will result into free import of soy oil and subsequent removal of hurdles for the import of GM soy oil. CIF soy oil prices (August shipments) increased marginally on Thursday by \$2 and remain at \$549/ton. Prices of soy refined are expected to decline further on anticipated huge imports of soy oil.

FUTURES MARKETS:

Refined soy oil futures at NCDEX opened weak and decline soon after its opening. Prices tried to regain its strength but could not be able to sustain the higher levels. The market decline significantly from noon onwards as the news about removal of restriction from imported GM soy oil flushed into the market. The weakness is further fuelled by weakness in BMD. August soy oil contract closed down at Rs 422.70 per 10 kg, down Rs 8.50 from Thursday. Prices moved in a wide range of Rs 422.40-430.05. 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

Long filled black candlesticks indicate sharp price decline indicating bearish sentiments into the market. Stochastic is declining indicating bearish sentiments. Prices below 9-days and at 18-days EMA, which indicates bearish sentiments likely to dominate into the market. Bearish cross over of MACD also indicating towards bearish sentiments. Volume increased significantly while open interests decline slightly.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-August	418.55	415.6	422.7	425.0	427.0

TRADE RECOMMENDATION:

NCDEX Aug Refined Soy Oil Contract:

Sell below 422.4, target near: T1- 420.10 and put stop loss at 423.60

Refined Soybean Oil:

Spot Market Prices (Rs/10Kg excluding VAT)

Centres	21.07.06	20.07.06	Change
Mumbai (Ref. Soy Oil)+VAT	409	403	+6
Indore (Ref. Soy Oil)+VAT	400	400	0
Kota (Ref. Soy Oil)+VAT	403	411	-8
Hyderabad (Ref. Soy Oil)+VAT	432	433	-1
Rajkot (Ref. Soy Oil)+Tax	395	394	+1

PALM OIL

International Market Highlights

Crude Palm Oil Futures Decline on Speculative Selling in BMD

Crude palm oil futures on the BMD settled slightly lower on Friday on profit taking after a strong rally to two-year highs. The October CPO contract after rising on Thursday to its highest level since June 2004 retreated back on Friday to settle at MYR11 lower at MYR1, 580 per metric ton. Weak demand results into some decline and loss of buying interest results into the decline into the market. Weakness in crude oil and the negative projection in electronic trading in CBOT added further to its bearish tone. The traders didn't have any buying support that results into some decline into the market. The maximum amount of palm oil that can be diverted for the production of bio-diesel is about 12 million tonnes in Malaysia and it should not go beyond that level as per trader.

Domestic Spot Market Highlights

Palm oil prices on domestic spot market remains mixed in tandem with the previous day. Improvement in few centers is owing to the strong close of BMD on Thursday. Prices at Kandla and Mumbai increased while other registered steep decline on low demand. Decline in the prices at BMD and negative projection on CBOT is expected to have a bearish impact on the spot prices of palm oil.

BMD: CPO Futures (21.07.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug.06	1533	1530	1538	1522	1538	+5	533
Sep.06	1568	1565	1572	1550	1560	-8	2375
Oct.06	1591	1589	1594	1570	1580	-11	7035
Nov.06	1606	1600	1610	1587	1596	-10	2161
Dec.06	1620	1610	1614	1600	1611	-9	355

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	21.07.06	20.07.06	Change
Kandla CPO (5 % FFA)	401	398	+3
Kandla RBD Palmolein +VAT	412	410	+2
Mumbai RBD Palmolein +VAT	419	413	+6
Chennai RBD Palmolein +VAT	432	435	-3
Kakinada RBD Palmolein +VAT	415	418	-3
Hyderabad RBD Palmolein +VAT	435	435	0
Delhi RDB Palmolein	400	445	-5

Rape/Mustard Expeller Oil

Mustard oil prices at different centers decline except Delhi where some improvement could be noticed. NAFED continue to sell the seeds at different centers, which pressurized the market down. Hedging of mustard seed by the NAFED to liquidate its huge stocks also had a bearish impact on the market. The price is expected to trade range bound from this level with slight bearish sentiments. Today's arrivals of mustard seed were around 400-500 bags in Neewai, 1000 bags in Kota, 4500 in Jaipur and around 42000-45000 bags in Rajasthan (bags=85 kg). Mustard seeds prices were quoted at Rs 1500-35 and 1735 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 decline in AP and Chennai while slight improvement could be seen in Mumbai. Prices expected to remain steady in near terms on reducing stocks combined with high export demand. 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 decline in most centers amid low demand from the retail end. CIF (Aug Shipment) prices remain steady on Friday at \$628/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 mixed on equality of demand and supply and still sustain its higher levels with range bound movement and expected to trade side ways with slight decline. 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	21.07.06	20.07.06	Change
Mumbai + VAT	411	411	0
Kota + VAT	383	385	-2
Jaipur + VAT	386	388	-2
Delhi	408	405	+3
Neewai + VAT	383	384	-1

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

Centres	21.07.06	20.07.06	Change
Mumbai +VAT	525	520	+5
Rajkot +VAT	512	512	0
Andhra Region +VAT	540	550	-10
Chennai +VAT	495	500	-5
Delhi	550	550	0

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

Markets	21.07.06	20.07.06	Change
Mumbai +VAT	475	475	0
Chennai +VAT	480	482	-2
Hyderabad	480	485	-5

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

Markets	21.07.06	20.07.06	Change
Mumbai +VAT	441	435	+6
Hyderabad +VAT	430	435	-5
Rajkot + VAT	433	436	-3
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	Arrived
	Pacific Sound	6000	Palm Oil	Arrived
Chennai	Cheras	3500	CPO	Expected
	Spring Wind	7250	CPO	Expected
	Khadijah	6000	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 21.07.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.83
European Union	Euro	59.17
Japan	100 Yen	40.07
United Kingdom	Pound Sterling	86.61