

## VEGOIL DAILY

July 20, 2006

### REFINED SOY OIL

#### SPOT MARKETS

The spot market prices of refined soy oil on different centers decline except Hyderabad where prices witnessed some improvement. Weakness in CBOT futures and combined with the weakness in palm oil futures in BMD results into the down ward movement of prices in major market. Delivery intention of sellers in NCDEX for soybean remains at 100 MT at Indore and 1890 MT in Kota, which further added to the bearish tone into the market. CIF soy oil prices (July shipments) decline further on Wednesday by \$6 and remain at \$550/ton. Prices are expected to decline further owing to the approaching cutting time.

#### FUTURES MARKETS:

Refined soyoil futures at NCDEX opened weak with wide gap and decline afterwards on the back of good rain in the growing region fuelled by the news about delivery of nearly 2000 MT of soybean seeds into the market. The market tried to gain strength initially but could not sustain the higher levels. August soy oil contract closed down at Rs 424.60 per 10 kg, down Rs 5.50 from Tuesday. Prices moved in a wide range of Rs 424.5-428.05. Prices are expected to trade with bearish sentiments till cutting is over.

#### PRICE DRIVERS:

##### Bullish:

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

##### Bearish:

1. Huge production of soybean expected.
2. Talk about possible reduction of 4% CVD
3. Delivery intention of soy seeds by sellers

#### TECHNICALS

Black filled Marubozu formation by the candlestick indicates strong bearish sentiments into the market. Stochastic indicates bearish sentiments evident by the bearish cross over of stochastic. MACD indicates possible bearish cross over. Prices closed below 9-days but remain higher of 18-days EMA, which indicates indecisiveness into the market. Volume increased while open interests remain steady.



#### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX- August	421.20	419.30	424.60	427.15	430.10

#### TRADE RECOMMENDATION:

NCDEX Aug Refined Soy Oil Contract:

Sell below 426.9424.55, target near: T1- 423.00; T2-422.55 and put stop loss at 425.25

#### Refined Soybean Oil:

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

Centres	20.07.06	18.07.06	Change
Mumbai (Ref. Soy Oil)+VAT	411	414	-3
Indore (Ref. Soy Oil)+VAT	402	404	-2
Kota (Ref. Soy Oil)+VAT	406	408	-2
Hyderabad (Ref. Soy Oil)+VAT	435	430	+5
Rajkot (Ref. Soy Oil)+Tax	397	402	-5

## PALM OIL

### International Market Highlights

#### Crude Palm Oil Futures Decline on BMD

Crude palm oil futures on BMD closed lower on Wednesday decline further amid decline in soy and crude oil. The October CPO contract ended at MYR1, 540 per metric ton, down MYR15 from Tuesday. The contract after a sharp rises of three trading days to a two-year high but failed to sustain its higher levels on Wednesday. The market remains in tandem with the crude oil and with sharp fall in the crude the futures of palm oil also went down. The futures of the palm oil also drag down amid slackness in the CBOT. Traders at this stage expected this downfall as the market was in technically overbought territory. In June 1-20, exports were estimated at 658,000-678,000 tons.

#### Domestic Spot Market Highlights

Palm oil prices on domestic spot market witnessed mixed sentiments on Wednesday. Prices at Hyderabad and Delhi improved while other centers remain steady to weak. The bearish tone into the market is owing to the bearish impact of BMD futures fuelled with the bearish sentiments into CBOT futures. Low demand further added to its bearish tone.

#### BMD: CPO Futures (19.07.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug.06	1495	1488	1495	1486	1486	-9	720
Sep.06	1531	1525	1532	1519	1519	-12	1406
Oct.06	1555	1550	1560	1543	1544	-11	5109
Nov.06	1575	1570	1579	1563	1564	-11	702
Dec.06	1593	1586	1594	1581	1581	-12	632

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	19.07.06	18.07.06	Change
Kandla CPO (5 % FFA)	398	401	-3
Kandla RBD Palmolein +VAT	410	410	0
Mumbai RBD Palmolein +VAT	415	418	-3
Chennai RBD Palmolein +VAT	430	430	0
Kakinada RBD Palmolein +VAT	416	418	-2
Hyderabad RBD Palmolein +VAT	435	432	+3
Delhi RDB Palmolein	440	438	+2

#### Rape/Mustard Expeller Oil

Mustard oil prices at different centers decline on Wednesday in most of the centers. Weakness in the mustard seeds futures and soy oil results into the weakness into mustard oil. The price is expected to decline slightly at this level and likely to improve in coming days. Today's arrivals of mustard seed were around 500 bags in Neewai, 1500 bags in Kota, 4000 in Jaipur and around 55000 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 witnessed mixed sentiments and in major centers the prices remained mixed. Prices expected to improve 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 decline initially and then expected to improve.

#### Sunflower Expeller Oil

Sunflower oil prices on spot market remain steady and improved slightly in Chennai. CIF (July Shipment) prices decline on Wednesday at \$628/to. 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 witnessed mixed sentiments with range bound movement in major centers on Wednesday 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 remain range bound and follow other oils.

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

Centres	19.07.06	18.07.06	Change
Mumbai + VAT	411	408	+3
Kota + VAT	381	383	-2
Jaipur + VAT	383	386	-3
Delhi	408	410	-2
Neewai + VAT	384	385	-1

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

Centres	19.07.06	18.07.06	Change
Mumbai +VAT	530	525	+5
Rajkot +VAT	512	515	-3
Andhra Region +VAT	530	530	0
Chennai +VAT	500	500	0
Delhi	550	550	0

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

Markets	19.07.06	18.07.06	Change
Mumbai +VAT	475	475	0
Chennai +VAT	482	480	+2
Hyderabad	485	485	0

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

Markets	19.07.06	18.07.06	Change
Mumbai +VAT	441	439	+2
Hyderabad +VAT	430	430	0
Rajkot + VAT	435	440	-5
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 Mangalore	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 19.07.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.95
European Union	Euro	58.69
Japan	100 Yen	39.99
United Kingdom	Pound Sterling	85.75