

VEGOIL DAILY

July 21, 2006

REFINED SOY OIL

SPOT MARKETS

The spot market prices of refined soy oil on different centers decline closely followed the futures of the last day. Further weakness in CBOT oil futures results into weakness into the spot at major markets. Some improvement could be noticed in Rajasthan market owing to demand from the consumer side. Ruchi soya delivered 2000 MT of refines soybean oil to Liberty at Mumbai. The Northern Limit of Monsoon as on 20th July passes through Jalore, Jodhpur and Ganganagar. CIF soy oil prices (July shipments) decline further on Wednesday by \$3 and remain at \$547/ton. Prices of soy refined are expected to increase further on improvement in futures contract and firmness in BMD.

FUTURES MARKETS:

Refined soyoil futures at NCEDX opened firm and traded with firm note with initial hour but next two session witnessed sharp decline followed by sharp rally. Strong improvement in BMD and positive projections from the CBOT kept the prices on the higher levels in futures market. August soy oil contract closed up at Rs 431.20 per 10 kg, up Rs 6.60 from Wednesday. Prices moved in a wide range of Rs 426.15-431.80. Prices are expected to trade range bound with bullish sentiments.

PRICE DRIVERS:

Bullish:

1. Lower stock of soy bean and Oil
2. Import get delay on GMO dilemma
3. Firmness in overseas markets

Bearish:

1. Huge production of soybean expected.

TECHNICALS

Strong unfilled white candlesticks indicate strong improvement into the market. Stochastic hinting towards bearish sentiments. Kick back pattern formation by the MACD indicates improved sentiments. Prices closed above 9-days and of 18-days EMA, which indicates strength into the market. Volume increased while open interests remain steady.



SUPPORT / RESISTANCES:

| Contract | S1 | S2 | PCP | R1 | R2 |
|--------------|--------|--------|--------|--------|--------|
| NCDEX-August | 430.20 | 428.70 | 431.20 | 435.60 | 437.55 |

TRADE RECOMMENDATION:

NCDEX Aug Refined Soy Oil Contract:

Buy above 432.15, target near: T1- 434.30 and put stop loss at 431.00

Refined Soybean Oil:

Spot Market Prices (Rs/10Kg excluding VAT)

| Centres | 20.07.06 | 19.07.06 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Ref. Soy Oil)+VAT | 403 | 411 | -8 |
| Indore (Ref. Soy Oil)+VAT | 400 | 402 | -2 |
| Kota (Ref. Soy Oil)+VAT | 411 | 406 | +5 |
| Hyderabad (Ref. Soy Oil)+VAT | 433 | 435 | -2 |
| Rajkot (Ref. Soy Oil)+Tax | 394 | 397 | -3 |

PALM OIL

International Market Highlights

Crude Palm Oil Futures Improved Significantly on BMD

Crude palm oil futures on the BMD settled with sharp gains on Thursday with fetching the benchmark October contract its highest level in more than 25 months. The October contract closed at MYR1, 591 a metric ton, up MYR51 from Wednesday. Trading volume increased severely to an all-time record high of 26,478 lots as compared to more than double the daily levels of around 12,000 lots witnessed in the past few days. As per traders surged in prices on Thursday is due to combination of factors including the increasing demand for biodiesel. From Malaysia's Plantation Industries and Commodities Ministry the country will allow up to 6 million tons or 40% of their annual CPO production for conversion into biodiesel.

Domestic Spot Market Highlights

Palm oil prices on domestic spot market remains mixed on Thursday. Initial part of the day at few centers saw some decline but later half witnessed improvement on strong improvement in the BMD futures. Prices at Mumbai decline while few centers remain steady and other registered strong improvements. Improvement in projections of CBOT and firmness in BMD helped to provide underlying support to the palm oil in spot market.

BMD: CPO Futures (20.07.2006)

| | | | | | | (Ringgit/ton) | |
|--------|----------|------|------|------|-------|---------------|--------|
| Months | Previous | Open | High | Low | Close | Change | Volume |
| Aug.06 | 1483 | 1488 | 1537 | 1488 | 1533 | +50 | 1099 |
| Sep.06 | 1515 | 1520 | 1570 | 1520 | 1569 | +54 | 5886 |
| Oct.06 | 1540 | 1542 | 1595 | 1542 | 1591 | +51 | 14448 |
| Nov.06 | 1561 | 1565 | 1610 | 1565 | 1606 | +45 | 3366 |
| Dec.06 | 1579 | 1585 | 1625 | 1585 | 1619 | +40 | 758 |

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 20.07.06 | 19.07.06 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 398 | 398 | 0 |
| Kandla RBD Palmolein +VAT | 410 | 410 | 0 |
| Mumbai RBD Palmolein +VAT | 413 | 415 | -2 |
| Chennai RBD Palmolein +VAT | 435 | 430 | +5 |
| Kakinada RBD Palmolein +VAT | 418 | 416 | +2 |
| Hyderabad RBD Palmolein +VAT | 435 | 435 | 0 |
| Delhi RDB Palmolein | 445 | 440 | +5 |

Rape/Mustard Expeller Oil

Mustard oil prices at different centers observed mixed sentiments on Thursday. NAFED continue to sell the seeds at different centers. Improvement in the mustard oil owing to its emerging demand results into some improvement into the spot market. The price is expected to trade range bound from this level with slight bullish sentiments. Today's arrivals of mustard seed were around 400-500 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 1540-60 and 1760-1765 in Kota and Jaipur respectively per quintal. Mustard oil prices are expected to move range bound with slightly improvement in near term.

Refined Groundnut Oil

Groundnut oil prices in the physical market witnessed decline in Mumbai and remain steady in almost all other centers. 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 improve on upcoming festivals.

Sunflower Expeller Oil

Sunflower oil prices on spot market remain steady in almost all centers on stable demand and supply. CIF (Aug Shipment) prices remain steady on Thursday 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 witnessed mixed sentiments with range bound movement in major centers on Thursday and expected to trade side ways. 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 | 20.07.06 | 19.07.06 | Change |
|--------------|----------|----------|--------|
| Mumbai + VAT | 411 | 411 | 0 |
| Kota + VAT | 385 | 381 | +4 |
| Jaipur + VAT | 388 | 383 | +5 |
| Delhi | 405 | 408 | -3 |
| Neewai + VAT | 384 | 384 | 0 |

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

| Centres | 20.07.06 | 19.07.06 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 520 | 530 | -10 |
| Rajkot +VAT | 512 | 512 | 0 |
| Andhra Region +VAT | 550 | 530 | 0 |
| Chennai +VAT | 500 | 500 | 0 |
| Delhi | 550 | 550 | 0 |

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

| Markets | 20.07.06 | 19.07.06 | Change |
|--------------|----------|----------|--------|
| Mumbai +VAT | 475 | 475 | 0 |
| Chennai +VAT | 482 | 482 | 0 |
| Hyderabad | 485 | 485 | 0 |

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

| Markets | 20.07.06 | 19.07.06 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 435 | 441 | -6 |
| Hyderabad +VAT | 435 | 430 | +5 |
| Rajkot + VAT | 436 | 435 | +1 |
| 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 20.07.2006)**

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 46.84 |
| European Union | Euro | 59.00 |
| Japan | 100 Yen | 40.14 |
| United Kingdom | Pound Sterling | 86.38 |