

VEGOIL DAILY

July 27, 2006

REFINED SOY OIL

SPOT MARKETS

The spot market prices in different centers decline in the spot market owing to weak demand and weakness in the futures market. Slackness in CBOT and BMD results into the steep downfall into the market. DGFT notification to allow free import of Vanaspati from Sri Lanka under FTA is likely to have any effect in the market only when the consignment is having very high volume which is not clear till now. CIF soy oil prices (August shipments) increase slightly on Monday at \$550/ton. Prices of soy refined are expected to trade with marginal bearish note.

FUTURES MARKETS:

Refined soyoil futures Aug contract at NCDEX opened weak on the back of weakness in CBOT. The prices remain subdued for most of the time, as it got no buyers support. Meanwhile the notification to allow vanaspati from Sri Lanka before the Bill of Landing date 1.06.06 further added to its bearish tone. Intermittent profit booking can also be seen during the trading session. August soy oil contract closed down at Rs 420.80 per 10 kg, down Rs 3.10 from Wednesday level. Prices moved in a wide range of Rs 420.40-423.50. Prices are expected to trade on the lower side.

PRICE DRIVERS:

Bullish:

1. Lower stock of soy bean and Oil

Bearish:

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

TECHNICALS

Dark filled candlestick formation indicates bearish sentiments into the market. Stochastic indicating bearish sentiments likely to continue. Prices closed below 9-days and at 18-days EMA indicating bearish sentiments. MACD indicating bearish sentiments. Volumes remain almost steady while open interests decline indicating weakness in strength.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX- August	416.65	414.80	420.80	421.80	422.90

TRADE RECOMMENDATION:

NCDEX Aug Refined Soy Oil Contract:

Sell below 420.40, target near: T1- 418.30 and put stop loss at 421.20

Refined Soybean Oil:

Spot Market Prices (Rs/10Kg excluding VAT)

Centres	26.07.06	25.07.06	Change
Mumbai (Ref. Soy Oil)+VAT	406	406	0
Indore (Ref. Soy Oil)+VAT	397	399	-2
Kota (Ref. Soy Oil)+VAT	400	403	-3
Hyderabad (Ref. Soy Oil)+VAT	433	430	+3
Rajkot (Ref. Soy Oil)+Tax	396	400	-4

PALM OIL

International Market Highlights

BMD Palm Oil Futures Decline on Speculative Selling

Crude palm oil futures on the BMD closed lower on Wednesday on the back of weakness in crude oil. Speculative selling and profit booking results into steep decline into the market. The benchmark October contract settled at MYR1, 565 a metric ton, down MYR11 from Tuesday. The prices varied between MYR1, 561 and MYR1, 577/ton. Weakness in the futures of soy oil at CBOT and crude oil futures markets overnight results into decline in the BMD futures. Indecisiveness in the market direction leads to growing concern among the traders. This is probably the consolidation phase through which the market is going through. It is expected that the prices move range bound for a while and traders are in wait and watch situation.

Domestic Spot Market Highlights

Palm oil prices on domestic spot market improved in most of the market on the back of yesterday's improvement in BMD. Slight decline could be noticed in Chennai few centers remain steady. The price is expected to trade side ways and will much depend on the futures in BMD.

BMD: CPO Futures (26.07.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Aug.06	1524	1523	1525	1511	1516	-8	205
Sep.06	1554	1649	1649	1536	1545	-9	2761
Oct.06	1576	1574	1577	1561	1565	-11	6554
Nov.06	1593	1593	1594	1579	1581	-12	1393
Dec.06	1604	1605	1605	1591	1594	-10	586

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	26.07.06	25.07.06	Change
Kandla CPO (5 % FFA)	402	402	0
Kandla RBD Palmolein +VAT	416	410	+6
Mumbai RBD Palmolein +VAT	418	418	0
Chennai RBD Palmolein +VAT	435	436	-1
Kakinada RBD Palmolein +VAT	417	412	+5
Hyderabad RBD Palmolein +VAT	435	430	+5
Delhi RDB Palmolein	440	440	0

Rape/Mustard Expeller Oil

Mustard oil prices at different centers remain mixed. NAFED continue to sell the seeds at Rajasthan and lowers slightly its selling prices, which remain at Rs. 1545-1555 per quintal. The prices are expected to decline from the current level if NAFED further lowers its selling prices. Negligible arrivals could be seen in Neewai. Mustard seed prices remain Rs 1730 and 1525-1550 per quintal in Jaipur and Kota respectively with arrivals of 4000 and 1200 bags in the concerned centers. Mustard oil prices are expected to trade sideways and expected to remain range bound.

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

Centres	26.07.06	25.07.06	Change
Mumbai + VAT	408	409	-1
Kota + VAT	380	-	-
Jaipur + VAT	383	-	-
Delhi	407	405	+2
Neewai + VAT	382	383	-1

Refined Groundnut Oil

Groundnut oil prices in the physical market witnessed marginal increase in few location while the prices decline in Chennai. Other centers remain steady. Prices expected to decline in near term as the export demand of seeds are weakened. Arrivals of groundnut seeds in Gujarat remain at 15000 bags (bag=35 kg) with the seed rate remain at 378/10 kg. GN oil prices are expected to decline in near term.

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

Centres	26.07.06	25.07.06	Change
Mumbai +VAT	525	525	0
Rajkot +VAT	512	510	+2
Andhra Region +VAT	550	545	+5
Chennai +VAT	485	495	-10
Delhi	550	550	0

Sunflower Expeller Oil

Sunflower oil prices on major spot market remain decline on low demand and low buying interest among the traders. CIF (Aug Shipment) prices decline further on Wednesday at \$625/ton. Prices expected to move range bound and witnessed slight decline on weakness in other oils.

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

Markets	26.07.06	25.07.06	Change
Mumbai +VAT	472	475	-3
Chennai +VAT	477	480	-3
Hyderabad	470	475	-5

Cotton Refine Oil

Cotton oil prices on spot market remain mixed in different centers. Weak demand in one hand and low stock at the others results into holding the prices at its current level. Prices are expected to remain range bound and with slight decline in near terms.

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

Markets	26.07.06	25.07.06	Change
Mumbai +VAT	438	440	-2
Hyderabad +VAT	430	427	+3
Rajkot + VAT	434	434	0
Delhi	422	425	-3

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Samho Heron	9500	CPO	Expected
	Pacific Sound	11000	CPO	Arrived
	Athlos	19000	SBO	Arrived
	Southern Unicorn	5000	CPO	Expected
Kolkata	MMM Jackson	6000	CPO	Arrived
	Tirta Niaga II	6000	CPO	Expected
Mumbai	Southern Unicorn	5500	Palm Oil	Expected
Chennai	Cheras	3500	CPO	Expected
	Spring Wind	7250	CPO	Expected
	Khadijah	6000	CPO	Expected
	Istena	2000	CPO	Expected
New Manglore	Yan Shui Hu	14000	SBO	Expected
	Bum Ik	6500	CPO	Expected
	L Star	6000	CPO	Arrived
Tuticorin	Spring Glory	7300	Palm Oil	Expected
Kakinada	Ionion	11000	SBO	Expected
	Istana	3000	CPO	Expected

Forex Rates**(As on 26.07.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.85
European Union	Euro	58.89
Japan	100 Yen	40.04
United Kingdom	Pound Sterling	86.26