

## VEGOIL DAILY

August 29, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil decline in Mumbai while the prices remain steady at other locations. Continuous bearish sentiments in overseas followed by price checking action by the government results into easing of the prices of soy refine in the spot market. Talk about market tie up of Ruchi Soya with Reliance for Retail business would results into some liquidity of the seeds and oil. Open weather results into some demand of soy oil from the dealers. Talk of delay crop arrivals support the futures market up. CIF soy oil prices (September shipments) remain steady at \$564/ton on Monday. The price in the spot market is expected to remain range bound.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened weak on Monday and with slight downfall improved steeply on speculative buying and profit booking stage. The contract traded between 429.10-434.80 and the prices finally closed at 433.85.

#### PRICE DRIVERS:

##### **Bullish:**

1. Lower stock of soybean
2. Low import compared to last month.
3. Expected delay in crop arrivals
4. Pest infestation to few regions

##### **Bearish:**

1. Import duty cut on palm oil
2. Roll back of hike in tariff value.
3. Low consumer demands

#### Weather

Heavy rainfall followed by water stagnation results into crop stress and expected to increase diseases and pest attack on the crop.

#### TECHNICALS

Un filled long candlesticks indicates strong bullish sentiment into the market. Stochastic remain flat and indecisive indicating no proper direction. The price line is closed below 9 and 18 days EMA. MACD remain in negative region and curving up for possible bullish cross over. Volume increased significantly and OI remain almost steady. The market is highly volatile, trade with caution.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	431.3	433.3	433.85	438.0	440.4

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
Buy above 434.60; T1 near 436.45, and put stop loss at 433.00.

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

Centres	28.08.06	26.08.06	Change
Mumbai (Soy Ref oil)+VAT	421	424	-3
Indore (Soy Ref oil)+VAT	415	415	0
Kota (Soy Ref. Oil)+VAT	408	408	0
Hyderabad (Soy Ref)+VAT	440	440	0
Rajkot (Soy Ref)+Tax	417	417	0

## PALM OIL

### International Market Highlights

#### BMD Futures Settled Low on Decline in Crude Sentiments

Crude palm oil futures on BMD settled lower on Monday following the break in crude oil prices and no fresh fundamental demand. The sentiments closely follow the crude oil prices as its decline sharply on weakness in the cyclone in Hati. Market friendly Malaysian palm oil exports data could not be able to provide further support to the market. The most active November CPO contract settled MYR24 lower at MYR1,575/ton. Increasing stock levels with no fresh demand results into increasing the stock position of the Malaysia that account for a bearish impact on the market. Heavy oil production these months further added to its bearish undertone. The futures at BMD is expected to remain bearish as per trade sources.

### Domestic Spot Market Highlights

Palm oil prices at spot market witnessed further decline on low international prices combined with bearish sentiments into the BMD futures. Low landing cost results into sharp fall in the domestic market prices. The price at the spot is expected to follow the international developments and crude oil.

#### BMD: CPO Futures (25.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1578	1573	1576	1558	1558	-20	378
Oct 06	1588	1582	1586	1566	1566	-22	900
Nov 06	1599	1598	1598	1575	1575	-24	7582
Dec 06	1612	1610	1610	1587	1587	-25	1019
Jan 06	1624	1624	1624	1600	1603	-21	149

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	28.08.06	26.08.06	Change
Kandla CPO (5 % FFA)	400	403	-3
Kandla RBD Palmolein +VAT	422	424	-2
Mumbai RBD Palmolein +VAT	430	431	-1
Chennai RBD Palmolein +VAT	448	448	0
Kakinada RBD Palmolein +VAT	426	428	-2
Hyderabad RBD Palmolein +VAT	455	455	0
Delhi RDB Palmolein	465	470	-5

#### Rape/Mustard oil

The spot market prices remain subdued on low demand and further smoothening of the selling prices of NAFED. NAFED selling its new stock at Rs 1600, down by Rs 15 from Saturday's level, while selling its old stock at Rs 1520 in different centers of Rajasthan. This results into lowering of the oil prices. The mustard seed prices at Jaipur and Kota remain at Rs. 1735 and 1530-155 respectively. The price will depend on the NAFEDs action for any further price cut.

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot market in few centers decline on easing prices of other oils. Any sharp decline in the prices of groundnut oil is not expected as heavy crop loss is expected. Low availability of seeds for crushing and low stock position of oil keeps the market tight. The price is expected to improve in coming days.

#### Sunflower Refine Oil

Sunflower oil prices decline as the other oils witnessed sharp decline. There is a low chance for further sharp fall in its prices owing to low stock position. CIF sunflower oil prices (September shipments) remain steady at \$639/ton compared to Saturday's level. Sunflower is expected to follow other oils in near terms.

#### Cotton Refine Oil

The spot market prices decline in most of the locations on low demand and dwindling prices of major oils. The demand is expected to increase in near terms on coming festivals in the next month. Prices are expected to move range bound following other oils in near term.

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

Centres	28.08.06	26.08.06	Change
Mumbai (Exp. Oil) +VAT	425	426	-1
Kota (Expeller Oil)+VAT	388	388	0
Jaipur (Expeller Oil)+VAT	390	391	-1
Delhi (Expeller Oil)	410	415	-5
Neewai (Expeller Oil) +VAT	388	388	0

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

Centres	28.08.06	26.08.06	Change
Mumbai +VAT	525	530	-5
Rajkot +VAT	540	545	-5
Andhra Region +VAT	550	550	0
Chennai +VAT	545	545	0
Delhi	656	570	+4

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

Markets	28.08.06	26.08.06	Change
Mumbai +VAT	498	500	-2
Chennai +VAT	505	510	-5
Hyderabad VAT	505	505	0

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

Markets	28.08.06	26.08.06	Change
Mumbai +VAT	458	460	-2
Hyderabad +VAT	445	445	0
Rajkot + VAT	460	465	-5
Delhi	440	445	-5

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Chem Cosmos	24500	Palm oil	Expected
	Central Park	6200	SBO	Arrived
	Produce	13000	SBO	Arrived
	Pacific Sound	6800	Palm oil	Arrived
	Prita Dewi	8000	Palm oil	Expected
	Olympic	4000	CPO	Expected
Kolkata	Padang Halaban	2000	CPO	Arrived
Kakinada	Ace I	6000	CPO	Expected
	Istana VI	5000	CPO	Expected
Mumbai	Royal Emerald	4000	Palm oil	Expected
Chennai	MMM Jackson	6000	CPO	Expected
JN Port	Produce	13000	SBO	Expected
Tuticorin	Spring Wind	7000	Palm Oil	Expected

**Forex Rates**

(As on 28.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.56
European Union	Euro	59.55
Japan	100 Yen	39.73
United Kingdom	Pound Sterling	88.06