

## VEGOIL DAILY

August 12, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil remain steady on the confusion on talk of reduction of import duty on the palm oil. The market was waiting for confirmation and it was notified after closing of the market. Bearish sentiments in the CBOT futures and choppy trade in BMD hold its prices in the current position. Torrential rains in few regions of MP and Maharashtra may results into the crop loss. CIF soy oil prices (Aug/Sept shipments) decline on Friday at \$583/ton. The price in the spot market is expected to decline marginally in near terms.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened firm on Friday and witnessed choppy trade for some time followed by improvements up to the mid session and closely follow the BMD futures. The sentiments decline sharply during the later part on the news about reduction in the import duty on palm oil. The contract traded between 452.00-456.35 and the prices finally closed at 454.45.

#### PRICE DRIVERS:

##### Bullish:

1. Lower stock of soybean
2. Stock piling by stockists.

##### Bearish:

1. Import duty cut on palm oil
2. Huge production estimates.
3. Low consumer demands

#### Weather

Heavy rainfall in the Maharashtra and MP during the active growth stage results into water logging which is injurious to the crop growth. Soybean cannot tolerate water logging at any growth stage.

#### TECHNICALS

Small unfilled candlestick shows indecisive market sentiments. Stochastic is in overbought region and moving down after making bearish cross over indicating bearish sentiments likely to continue. MACD made bearish cross over. Volumes decreased while OI increased slightly indicating weak market sentiments. Trade with caution.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX September	446.4	448.0	454.45	456.0	458.1

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
Sell below 453.65; T1 near 451.75; T2-450.20 and put stop loss at 454.70.

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

Centres	11.08.06	10.08.06	Change
Mumbai (Soy Ref oil)+VAT	434	434	0
Indore (Soy Ref oil)+VAT	424	424	0
Kota (Soy Ref. Oil)+VAT	420	418	+2
Hyderabad (Soy Ref)+VAT	482	482	0
Rajkot (Soy Ref)+Tax	420	420	0

## PALM OIL

### International Market Highlights

#### BMD CPO Futures Witnessed Choppy Trade

Crude palm oil futures on BMD closed slightly up on Friday followed by choppy trade as the market remain confused on the issue that whether the resistance could be broken down or not. The benchmark October contract settled at MYR1, 659 per metric ton, up MYR4 from Thursday level. It oscillates between positive and negative territory throughout the day, with a low of MYR1, 644 and a high of MYR1, 674/ton. After touching two-year high level the prices seems to decline as the upper resistance is still intact and the down trend is likely to continue from this level as per the traders. The market needs some direction as evident by the lack lusture trade. The growing prices of the crude oil may still hold the prices of the palm oil buy higher stocks still make doubt about the possible stock piling and increasing the stock condition. The Malaysian Palm Oil Board reveal decline in Malaysian palm oil stocks to 1.58 million tons at end-July from 1.65 million tons at end-June. The marginal decline in the stock results into doubt in the mind of traders, which results into non-breaking of the resistance of MYR1, 700 psychological resistance.

### Domestic Spot Market Highlights

Palm oil prices at spot market decline in almost all the centers on the back of choppy trade in the BMD futures. The market further loses its lusture on the news about reduction of import duty on the crude palm oil and RBD Palmolein. The market is expected to follow the BMD futures.

#### BMD: CPO Futures (11.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Jun 06	1624	1635	1639	1627	1627	+3	130
July 06	1634	1633	1654	1625	1639	+5	637
Aug 06	1655	1653	1674	1644	1659	+4	7219
Sep 06	1671	1667	1687	1660	1672	+1	3637
Oct 06	1685	1685	1697	1675	1688	+3	443

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	11.08.06	10.08.06	Change
Kandla CPO (5 % FFA)	433	433	0
Kandla RBD Palmolein +VAT	446	448	-2
Mumbai RBD Palmolein +VAT	452	454	-2
Chennai RBD Palmolein +VAT	479	480	-1
Kakinada RBD Palmolein +VAT	455	457	-2
Hyderabad RBD Palmolein +VAT	475	475	0
Delhi RDB Palmolein	470	NA	-

#### Rape/Mustard oil

The spot market prices of the mustard seeds remain firm at Newai while remain range bound on other centers on high demand of oil for coming festivals. The mustard seed prices at Jaipur and Kota remain at Rs. 1770 and 1580-1610 respectively. NAFED is selling the mustard seeds at Rs. 1575 in different centers of Rajasthan. The price is expected to follow other oils closely.

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

Centres	11.08.06	10.08.06	Change
Mumbai (Exp. Oil) +VAT	430	426	+4
Kota (Expeller Oil)+VAT	405	405	0
Jaipur (Expeller Oil)+VAT	408	408	0
Delhi (Expeller Oil)	430	NA	-
Neewai (Expeller Oil) +VAT	425	415	+10

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot markets witnessed mixed sentiments as the prices were already higher and there is little room for its further improvement. This year the crop is expected to down by 7 lakh tonnes. Gujarat's arrivals of groundnut seeds were around 10000-12000 bags (bag=35 kg). GN oil prices expected to follow other oils.

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

Centres	11.08.06	10.08.06	Change
Mumbai +VAT	535	540	-5
Rajkot +VAT	525	525	0
Andhra Region +VAT	570	580	-10
Chennai +VAT	530	520	+10
Delhi	560	NA	-

#### Sunflower Refine Oil

Sunflower oil prices at Mumbai and Hyderabad increased on high demand. Demand from the Southern states keeps the prices on the higher level. The prices closely follow the palm oil prices. CIF sunflower oil prices (Aug/Sep shipments) increased on Friday at \$645/ton.

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

Markets	11.08.06	10.08.06	Change
Mumbai +VAT	509	500	+9
Chennai +VAT	525	525	0
Hyderabad VAT	525	520	+5

#### Cotton Refine Oil

The spot market prices remain range bound with slight bearish note closely following other palm oil. Prices are expected to move range bound with slight bearish sentiments in near term.

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

Markets	11.08.06	10.08.06	Change
Mumbai +VAT	464	464	0
Hyderabad +VAT	470	473	-3
Rajkot + VAT	450	450	0
Delhi	445	NA	-

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Southern Unicorn	5000	CPO	Arrived
	Hartati	5000	CPO	Expected
	Aquidneck	16550	SBO	Arrived
	Shimakaze	8700	CPO	Arrived
	Acushnet	30500	SBO	Expected
Kolkata	Cheras	59993	CPO	Arrived
	Padang Halaban	6000	CPO	Expected
Cochin	Golden Jane	5000	CPO	Arrived
	Havi Ocean	7000	Palm Oil	Arrived
New Mangalore	Khadijah	4000	CPO	Arrived
	Aquidneck	16550	SBO	Arrived
Mumbai	Shimakaze	8300	Palm Oil	Expected
Chennai	Spring Wind	2000	Palm Oil	Expected
	Spring Glory	7250	Palm Oil	Arrived
	Global Pallas	3500	CPO	Expected
JN Port	Aquidneck	15000	SBO	Expected
	Global Venus	9000	CPO	Expected
Mundra	Vernal Grace	6000	CPO	Expected

**Forex Rates**

(As on 11.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.52
European Union	Euro	59.34
Japan	100 Yen	40.19
United Kingdom	Pound Sterling	87.97