

## VEGOIL DAILY

August 23, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil remain steady to weak on low domestic demand. Weak sentiments in the futures market further added to its bearish undertone. As per the trade sources importing genetically modified soy oil have been given a mid-September deadline to submit analytical reports, failing which their applications will be rejected but yet to be confirmed as there is no official notification. Weakness in other international markets results into slackness of its prices. CIF soy oil on Tuesday increased slightly at \$569/ton from the previous day levels. The price in the spot market is expected to improve in near terms.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened steady to firm on Tuesday and with slight initial sharp decline could be noticed in the market on sharp decline in the BMD futures. The market is also expected to react on the reports of fixing deadline regarding submission of report by mid September. The contract traded between 436.70-441.70 and the prices finally closed at 437.00.

#### PRICE DRIVERS:

##### Bullish:

1. Lower stock of soybean
2. Low import compared to last month.
3. Expected lower import in this oil year

##### Bearish:

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

Long filled candlesticks indicate strong bearish sentiment into the market. Stochastic made a kick back pattern and remain bearish. The price line is closed below 9 and 18 days EMA with bearish cross over. MACD continuous to generate bearish signal. Volumes decline while OI remains almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	432.8	429.8	437.0	438.7	441.1

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
Sell below 436.9; T1 near 434.5; and put stop loss at 438.00.

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

Centres	22.08.06	21.08.06	Change
Mumbai (Soy Ref oil)+VAT	426	430	-4
Indore (Soy Ref oil)+VAT	417	417	0
Kota (Soy Ref. Oil)+VAT	410	410	0
Hyderabad (Soy Ref)+VAT	432	442	-10
Rajkot (Soy Ref)+Tax	420	420	0

## PALM OIL

### International Market Highlights

#### BMD Further Decline on Low Demand

Crude palm oil futures on the BMD settled slightly lower after choppy trading on Tuesday as the traders are concern about further gains and profit booking for the earlier gains. The most active November contract settled at the lowest value of MYR1,597 per metric ton, down MYR13 from Monday. Low demand combine with no buyers' supports results into decline of the palm futures in the BMD. If the psychological support of MYR1,600 will be broken down the market is further expected to slide as per trade sources. The futures of the palm oil may improve again if the crude prices soar high followed by high demand of the palm oil for bio-diesel production. High production of palm oil during August- October results into bearish sentiments on no fresh demand. As per the trade sources, biodiesel production from palm oil in Malaysia is expected to less than 5 million tons what the government has approved so far.

### Domestic Spot Market Highlights

Palm oil prices at spot market remain weak to steady with slight improvement in Kandla CPO prices. The price at the spot is expected to follow the developments in BMD futures.

#### BMD: CPO Futures (22.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1588	1589	1589	1577	1577	-11	428
Oct 06	1598	1609	1609	1587	1590	-8	2317
Nov 06	1610	1615	1618	1597	1597	-13	7831
Dec 06	1622	1628	1630	1608	1609	-13	1749
Jan 06	1636	1625	1625	1624	1624	-12	11

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	22.08.06	21.08.06	Change
Kandla CPO (5 % FFA)	405	403	+2
Kandla RBD Palmolein +VAT	427	427	0
Mumbai RBD Palmolein +VAT	434	436	-2
Chennai RBD Palmolein +VAT	460	460	0
Kakinada RBD Palmolein +VAT	418	420	-2
Hyderabad RBD Palmolein +VAT	460	460	0
Delhi RDB Palmolein	470	470	0

#### Rape/Mustard oil

The spot market prices remain weak to steady on low demand. NAFED reduces its selling prices further and selling mustard seeds at the rate of Rs 1525 in different centers of Rajasthan. The mustard seed prices at Jaipur and Kota remain at Rs. 1720 and 1540-1560 respectively. The seed prices at Neewai remain at Rs. 1655. The price is expected to follow other oils and improve in near term.

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot market remain almost steady except in Andhra where slight improvement could be witnessed. Sharp decline in the groundnut area may results into the decline in groundnut oil production but the gap could be filled by mustard oil as NAFED is holding a large stock. 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 remain steady to firm in most of the market and lack proper direction. Strength in groundnut oil and low stock position holds its firm position. CIF sunflower oil prices (Sep shipments) decline on Monday at \$640/ton.

#### Cotton Refine Oil

The spot market prices remain mixed with bullish note in major markets. 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	22.08.06	21.08.06	Change
Mumbai (Exp. Oil) +VAT	425	424	+1
Kota (Expeller Oil)+VAT	390	390	0
Jaipur (Expeller Oil)+VAT	393	393	0
Delhi (Expeller Oil)	415	420	-5
Neewai (Expeller Oil) +VAT	390	391	-1

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

Centres	22.08.06	21.08.06	Change
Mumbai +VAT	530	530	0
Rajkot +VAT	550	550	0
Andhra Region +VAT	460	550	+10
Chennai +VAT	530	535	-5
Delhi	560	560	0

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

Markets	22.08.06	21.08.06	Change
Mumbai +VAT	500	500	0
Chennai +VAT	510	510	0
Hyderabad VAT	515	510	+5

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

Markets	22.08.06	21.08.06	Change
Mumbai +VAT	458	458	0
Hyderabad +VAT	455	465	-10
Rajkot + VAT	470	460	+10
Delhi	440	435	+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	Expected
Kolkata	Matina	10997	CPO	Arrived
Cochin	Royal Emerald	8000	CPO	Arrived
New Mangalore	L Star	6000	CPO	Arrived
	Tirta Niaga I	6000	CPO	Expected
	Global Venus	8500	CPO	Expected
Mumbai	Shimakaze	8300	Palm Oil	Expected
	Global Eos	11000	CPO	Arrived
	Royal Emerald	4000	Palm oil	Expected
Chennai	Spring Wind	2000	Palm Oil	Arrived
JN Port	Produce	13000	SBO	Expected
	Chem Cosmos	14000	CPO	Expected
	Pacific Sound	12000	CPO	Arrived
Tuticorin	Cheras	6000	Palm Oil	Expected

**Forex Rates**

(As on 22.08.2006)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	46.45
European Union	Euro	59.78
Japan	100 Yen	40.06
United Kingdom	Pound Sterling	87.56