

VEGOIL DAILY

August 9, 2006

REFINE SOY OIL

SPOT MARKETS

The spot market prices of the soy refined oil increased significantly in major centres and demand is coming in trickle but still waiting for the major demand to come in. Rains continue to lash in the Maharashtra and Khandwa and adjoining region with expected crop damage in the region. CIF soy oil prices (August shipments) remain steady on Tuesday at \$577/ton. Prices of soy refined are expected to increase near terms in spot market.

FUTURES MARKETS:

NCDEX refined soyoil August contract opened steady on Tuesday and traded with firm note on with slight initial dip. The market witnessed trading with intermittent short covering as it is at its highest levels. The news about possible hike on the import duty on refined palm oil further added to its bullish tone. The contract traded between 439.60-445.20 and the prices finally closed at 444.00.

PRICE DRIVERS:

Bullish:

1. Lower stock of soybean
2. Stock piling by stockists.
3. Import duty hike on refined palm oil

Bearish:

1. Huge production estimates.
2. 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 unfilled candlesticks indicate strong bullish sentiments. Stochastic is running parallel showing bullish sentiments. MACD continue to move up ward and running parallel to its signal line indicating bullish sentiments. Volumes remain steady while OI decline marginally indicating less strength in the market. Trade with caution at these high levels as indicators are hinting for further improvements.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX August	441.95	443.4	444.0	448.5	451.8

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:
Buy above 445.20; T1 near 447.00 and put stop loss at 445.50.

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

Centres	8.08.06	7.08.06	Change
Mumbai (Soy Ref oil)+VAT	430	430	0
Indore (Soy Ref oil)+VAT	421	419	+2
Kota (Soy Ref. Oil)+VAT	420	416	+4
Hyderabad (Soy Ref)+VAT	470	468	+2
Rajkot (Soy Ref)+Tax	426	426	0

PALM OIL

International Market Highlights

BMD CPO Futures Improved on Bio-Diesel Demand

Crude palm oil futures on the BMD settled up on Tuesday on high bio-diesel demand as the crude oil is rising sharply and maintained its major up trend. Technically the market regains its growth by breaking the various resistances. The most active October contract settled at MYR1, 659 per metric ton, up MYR41 from Monday and ranged between MYR1, 615 and MYR1, 660/ton. Active speculative buying with short covering results into strong gain into the market as the crude oil futures reached to \$77/barel in NYMEX. As long as the crude oil prices will maintain its firm level the demand of bio-diesel will remain on the higher levels. As per the trade expectations the export data seems to be trade friendly, which further provided underlying support.

Domestic Spot Market Highlights

Palm oil prices at spot market increased as the government is planning to hike to hike in the import duty on refined palm oil. At present the import duty on refined palm oil is 90% while crude palm oil is 80%. Government is planning to encourage the value addition for the domestic industry. The prices at almost centres improved on the firmness in the BMD futures. The prices at few locations remain almost steady. The prices of palm complex will much depend on the BMD futures.

BMD: CPO Futures (8.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Jun 06	1589	1600	1625	1600	1625	+36	438
July 06	1604	1604	1645	1604	1643	+39	1062
Aug 06	1618	1615	1660	1615	1659	+41	6046
Sep 06	1628	1634	1672	1630	1672	+44	2923
Oct 06	1638	1654	1682	1646	1682	+44	469

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	8.08.06	7.08.06	Change
Kandla CPO (5 % FFA)	422	423	-1
Kandla RBD Palmolein +VAT	443	442	+1
Mumbai RBD Palmolein +VAT	450	450	0
Chennai RBD Palmolein +VAT	465	462	+3
Kakinada RBD Palmolein +VAT	450	444	+6
Hyderabad RBD Palmolein +VAT	470	464	+6
Delhi RDB Palmolein	475	475	0

Rape/Mustard oil

Mustard oil prices at most of the centres witnessed further improvements while other centers remain steady. The selling prices of the mustard seed by NAFED continue to remain at Rs 1580 in Rajasthan. Today's arrivals of mustard seed were around 1000 and 3500 bags in Kota and Jaipur respectively and 35000-40000 bags in Rajasthan (bags=85 kg). Mustard seeds prices were quoted at Rs 1570-1660 in Kota and 1770 in Jaipur per quintal. Mustard oil prices are expected to improve in near terms.

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

Centres	8.08.06	7.08.06	Change
Mumbai (Exp. Oil) +VAT	423	423	0
Kota (Expeller Oil)+VAT	410	407	+3
Jaipur (Expeller Oil)+VAT	413	410	+3
Delhi (Expeller Oil)	430	430	0
Neewai (Expeller Oil) +VAT	402	400	+2

Groundnut Refine Oil

Groundnut oil prices on domestic spot markets remain almost steady on equality in demand and supply except in Chennai. Gujarat's arrivals of groundnut seeds were around 10000-12000 bags (bag=35 kg). GN oil prices expected to improve in near term on high festival demand.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	8.08.06	7.08.06	Change
Mumbai +VAT	540	540	0
Rajkot +VAT	525	525	0
Andhra Region +VAT	570	570	0
Chennai +VAT	515	505	+10
Delhi	565	565	0

Sunflower Refine Oil

Sunflower oil prices on domestic spot market improved slightly as the prices of other oils still maintain its firm position. CIF sunflower oil prices (August shipments) decline slightly on Saturday at \$628/ton.

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

Markets	8.08.06	7.08.06	Change
Mumbai +VAT	500	495	+5
Chennai +VAT	505	505	0
Hyderabad VAT	515	510	+5

Cotton Refine Oil

The spot market prices remain on the higher level at Mumbai and Hyderabad on increasing demand in the spot market. Low stock combined with expected coming demand results into the positive sentiments into the market. Prices are expected to move range bound with positive sentiments in near term.

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

Markets	8.08.06	7.08.06	Change
Mumbai +VAT	458	450	+8
Hyderabad +VAT	465	455	+10
Rajkot + VAT	450	450	0
Delhi	445	445	0

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 8.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.59
European Union	Euro	59.74
Japan	100 Yen	40.42
United Kingdom	Pound Sterling	88.77