

VEGOIL DAILY

August 19, 2006

REFINE SOY OIL

SPOT MARKETS

The spot market prices of the soy refine oil remain steady to weak in different centers as the prices saw steep decline during the week. As per trade sources the prices remain in parity with the international prices and only slight decline is further expected from the current levels. Weakness in CBOT further added to its bearish note. CIF soy oil on Friday remains steady at \$568/ton from the previous day levels. The price in the spot market is expected to trade sideways with not much decline.

FUTURES MARKETS:

NCDEX refined soyoil September contract opened firm on Friday and traded with firm note to fetch today's high at 443.50. India on Friday offered new tariff concessions for reducing the import duty on palm oil and its derivatives in a phased manner which results into steep fall into the market. These were refined palm oil from 90 per cent to 60 per cent and Crude palm oil from 80 per cent to 50 per cent. The contract traded between 437.55-443.50 and the prices finally closed at 441.50.

PRICE DRIVERS:

Bullish:

1. Lower stock of soybean
2. Low import compared to last month.

Bearish:

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

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

Bearish long legged doji formation by the candlesticks pattern in the down trend indicate possible changing in trend as the prices could not be able to sustain lower levels. Stochastic is bending towards for bullish crossover in oversold region. The price line is closed below 9 and 18 days EMA shows bearish sentiments. MACD continue to remain bearish. Volumes increased while OI remains almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	438.8	440.5	441.5	448.8	451.0

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:
Buy above 442.8; T1 near 444.7; T2-446.6 and put stop loss at 441.5

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

Centres	18.08.06	17.08.06	Change
Mumbai (Soy Ref oil)+VAT	434	434	0
Indore (Soy Ref oil)+VAT	419	419	0
Kota (Soy Ref. Oil)+VAT	412	412	0
Hyderabad (Soy Ref)+VAT	450	455	-5
Rajkot (Soy Ref)+Tax	420	NA	-

PALM OIL

International Market Highlights

BMD Futures Witnessed Choppy Trade

Crude palm oil futures on the BMD settled marginally higher on Friday on short covering on the back of steep fall in last few days back. The most active November contract settled at MYR1,592 per metric ton, up MYR6 from previous day levels. Choppy trade was witnessed on Friday, touching a low of MYR1,574 and a high of MYR1,608/ton. Sharp decline could be noticed in the initial hours followed by strong short covering. The market responded positively on the news about possible hike in the interest rate by China. The market was not able to break the key resistance at MYR1,600 resistance level and therefore the market sentiments remain weak. The BMD futures is expected to closely follow the prices of crude oil in near terms.

Domestic Spot Market Highlights

Palm oil prices at spot market remain steady in most of the market but slight decline could be observed in Kakinada and Delhi on low demand. Sharp decline in the BMD futures will results into the slackness in the prices of palm oil group.

BMD: CPO Futures (17.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1564	1565	1581	1555	1569	+5	636
Oct 06	1576	1581	1597	1565	1582	+6	1735
Nov 06	1586	1595	1608	1574	1592	+6	6656
Dec 06	1598	1600	1619	1587	1604	+6	1052
Jan 06	1615	1606	1631	1605	1618	+3	449

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	18.08.06	17.08.06	Change
Kandla CPO (5 % FFA)	404	404	0
Kandla RBD Palmolein +VAT	430	430	0
Mumbai RBD Palmolein +VAT	442	442	0
Chennai RBD Palmolein +VAT	460	460	0
Kakinada RBD Palmolein +VAT	435	438	-3
Hyderabad RBD Palmolein +VAT	460	460	0
Delhi RDB Palmolein	470	475	-5

Rape/Mustard oil

The spot market prices remain steady in most of the market. Slight decline could be noticed in Delhi and Neewai. Low demand results into slackness into the market. NAFED continue to sell the seeds at Rs 1560 also added to bearish tone in the market. The mustard seed prices at Jaipur and Kota remain at Rs. 1735 and 1560-1580 respectively. The seed prices at Neewai remain at Rs. 1650. The price is expected to remain on the lower levels.

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

Centres	18.08.06	17.08.06	Change
Mumbai (Exp. Oil) +VAT	426	426	0
Kota (Expeller Oil)+VAT	394	394	0
Jaipur (Expeller Oil)+VAT	397	397	0
Delhi (Expeller Oil)	420	422	-2
Neewai (Expeller Oil) +VAT	393	394	-1

Groundnut Refine Oil

Groundnut oil prices on domestic spot market remain steady on low stock position despite stumbling other edible oil prices. Low stock in one hand and decline in prices of other oils at other results into holding prices at its current levels. The price is expected to remain range bound.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	18.08.06	17.08.06	Change
Mumbai +VAT	540	540	0
Rajkot +VAT	535	NA	-
Andhra Region +VAT	550	550	0
Chennai +VAT	520	520	0
Delhi	560	560	0

Sunflower Refine Oil

Sunflower oil prices decline on low demand. The bearish impact of the futures market could be clearly seed on the spot market prices. CIF sunflower oil prices (Aug/Sep shipments) remain steady on Friday at \$649/ton.

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

Markets	18.08.06	17.08.06	Change
Mumbai +VAT	515	515	0
Chennai +VAT	510	520	-10
Hyderabad VAT	500	505	-5

Cotton Refine Oil

The spot market prices remain almost steady in most of the market except in Delhi where slight decline was noticed. 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.

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

Markets	18.08.06	17.08.06	Change
Mumbai +VAT	465	465	0
Hyderabad +VAT	450	450	0
Rajkot + VAT	451	NA	-
Delhi	435	438	-3

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hartati	5000	CPO	Arrived
	Chem Cosmos	24500	Palm oil	Expected
	Central Park	6200	SBO	Expected
	Produce	13000	SBO	Expected
Kolkata	Arabian Wind	6000	SBO	Arrived
	Matina	10997	CPO	Arrived
	Hua Yun 5	6500	CPO	Arrived
Cochin	Royal Emerald	8000	CPO	Expected
New Mangalore	L Star	6000	CPO	Expected
	Tirta Niaga I	6000	CPO	Expected
Mumbai	Shimakaze	8300	Palm Oil	Expected
	Global Eos	11000	CPO	Expected
	Royal Emerald	4000	Palm oil	Expected
Chennai	Spring Wind	2000	Palm Oil	Arrived
JN Port	Produce	13000	SBO	Expected
Kakinada	Sun Pine	5000	CPO	Expected
Tuticorin	Cheras	6000	Palm Oil	Expected

Forex Rates

(As on 18.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.48
European Union	Euro	59.66
Japan	100 Yen	40.09
United Kingdom	Pound Sterling	87.61