

## VEGOIL DAILY

August 3, 2006

### REFINE SOY OIL

#### SPOT MARKETS

Refined soy oil prices on domestic spot market maintain its firm position amid hike in the tariff value and firmness in its major competitive oils. Firmness in the eCBOT also provide some support to the market. CIF soy oil prices (August shipments) increased further on Wednesday at \$574/ton. Prices of soy refined are expected to trade side ways with slight improvement in near terms in spot market.

#### FUTURES MARKETS:

NCDEX refined soyoil July contract opened firm on Wednesday and rallies up till the mid session and witnessed decline later part on profit booking. Firmness in spot market and positive projection holds the prices in the upper levels. The August contract traded in the range between 433.25-437.00 and finally closed at 434.10.

#### PRICE DRIVERS:

##### Bullish:

1. Lower stock of soybean
2. Stock piling by stockists.
3. Hike in tariff value on imported oils

##### Bearish:

1. Huge production estimates.
2. Low consumer demands

#### Weather

Sowing operation is almost completed in Maharashtra and sowing is in full swing in MP but with bit slow pace in Rajasthan. The recent rains in most of the growing region are congenial for crop growth.

#### TECHNICALS

Candlestick shows evening Doji star in the up trend indicating possible reversal in the trend. Stochastic converging indicating weakness but still remain bullish. MACD is bullish with wide divergence. Volume decline while open interest improved marginally indicating bears strength. The overall sentiments look indecisive.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX August	428.65	430.20	434.10	434.85	436.40

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil August Contract:

Sell below 433.50; T1 near 431.80; T2-431.00 and put stop loss at 434.75.

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

Centres	2.08.06	1.08.06	Change
Mumbai (Soy Ref oil)+VAT	425	420	+5
Indore (Soy Ref oil)+VAT	410	406	+4
Kota (Soy Ref. Oil)+VAT	408	406	+2
Hyderabad (Soy Ref)+VAT	460	450	+10
Rajkot (Soy Ref)+Tax	405	404	+1

## PALM OIL

### International Market Highlights

#### BMD CPO Futures Settled Low on Technical Correction

Crude palm oil futures on BMD settled lower and steep decline on Wednesday on profit booking stage after a steep rise of 27-month high. The benchmark October CPO contract settled at MYR1, 642 per metric ton, down MYR31 from Tuesday and ranged between MYR1, 640 and MYR1, 682/ton. The market was in overbought region and technical correction is expected at this stage. There is a strong resistance at MYR, 700 and the prices were unable to break the resistance. As per trader this is a temporary correction and the up trend is likely to continue in near terms. With the surge in crude oil prices the demand for palm oil is still at its peak and therefore the prices are expected to surge in near term. As per speculators the Malaysian palm oil exports increased around 10% on month to 1.2 million tons. Production decline around 3%-6% from June levels of 1.33 million tons. It is expected that the decline in stock to around 1.55 million-1.58 million tons at end-July from 1.65 million tons at end-June. This all favour the bulls and the sentiments likely to up in near term.

### Domestic Spot Market Highlights

Palm oil prices at most of the centers further improved as the landed cost increased on hike in tariff value. The prices at Hyderabad witnessed slight decline as BMD decline on Wednesday. Low stocks and greater demand by the stockists' results into the improvement in sentiments of palm oil in spot market. Any improvement or decline in the prices is therefore dependent on the futures of BMD and the prices in the spot definitely influenced by its futures.

#### BMD: CPO Futures (1.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Jun 06	1625	1625	1625	1606	1606	-19	169
July 06	1655	1653	1659	1629	1632	-23	423
Aug 06	1673	1670	1682	1640	1642	-31	9643
Sep 06	1692	1692	1699	1655	1657	-35	3286
Oct 06	1705	1705	1711	1666	1666	-39	733

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	2.08.06	1.08.06	Change
Kandla CPO (5 % FFA)	417	412	+5
Kandla RBD Palmolein +VAT	434	432	+2
Mumbai RBD Palmolein +VAT	445	435	+10
Chennai RBD Palmolein +VAT	458	457	+1
Kakinada RBD Palmolein +VAT	435	440	-5
Hyderabad RBD Palmolein +VAT	460	452	+8
Delhi RDB Palmolein	470	455	+15

#### Rape/Mustard oil

Mustard oil prices at almost all the centres improved further on strong improvement on other oils and on account hike in selling price of mustard seed by NAFED at Rs 1565. Today's arrivals of mustard seed were around 1000 and 4000 bags in Kota and Jaipur respectively and 40000-45000 bags in Rajasthan (bags=85 kg). Mustard seeds prices were quoted at Rs 1600 in Kota and 1760 in Jaipur per quintal. Mustard oil prices are expected to move range bound in near term with positive tone.

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot markets remain firm on improvement in its competitive oil such soy and palm oil. Low availability of seeds results into holding its prices in the upper level. Gujarat's arrivals of groundnut seeds were around 10000 bags (bag=35 kg). GN oil prices expected to follow other oils in near term.

#### Sunflower Refine Oil

Sunflower oil prices on domestic spot market remain mixed on low demand and firmness in other oils. CIF sunflower oil prices (August shipments) remain steady on Wednesday at \$628/ton.

#### Cotton Refine Oil

Cotton oil prices at the physical market improved in few locations on improvement in other oils. The prices at Hyderabad decline as the prices of palm oil decline in the region. Prices are expected to move range bound with positive sentiments in near term.

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

Centres	2.08.06	1.08.06	Change
Mumbai (Exp. Oil) +VAT	415	411	+4
Kota (Expeller Oil)+VAT	396	393	+3
Jaipur (Expeller Oil)+VAT	399	395	+4
Delhi (Expeller Oil)	418	415	+3
Neewai (Expeller Oil) +VAT	392	388	+4

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

Centres	2.08.06	1.08.06	Change
Mumbai +VAT	535	530	+5
Rajkot +VAT	525	520	+5
Andhra Region +VAT	562	550	+12
Chennai +VAT	510	510	0
Delhi	560	550	+10

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

Markets	2.08.06	1.08.06	Change
Mumbai +VAT	485	480	+5
Chennai +VAT	500	500	0
Hyderabad VAT	505	510	-5

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

Markets	2.08.06	1.08.06	Change
Mumbai +VAT	446	442	+2
Hyderabad +VAT	445	447	-2
Rajkot + VAT	445	442	+3
Delhi	445	435	+10

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Southern Unicorn	5000	CPO	Expected
	Global Eos	11000	CPO	Arrived
	Sun Jasmine	7000	CPO	Arrived
	Aquidneck	16550	SBO	Expected
	Shimakaze	8700	CPO	Expected
Kolkata	Ionion Trader	16000	SBO	Arrived
	Tirta Niaga II	6000	CPO	Arrived
	Padang Halaban	6000	CPO	Expected
	Hua Yun 5	6000	CPO	Arrived
Cochin	Golden Jane	5000	CPO	Arrived
	Havi Ocean	7000	Palm Oil	Expected
New Mangalore	Khadijah	4000	CPO	Expected
	Aquidneck	16550	SBO	Arrived
Mumbai	Southern Unicorn	5500	Palm Oil	Arrived
	Shimakaze	8300	Palm Oil	Expected
Chennai	Istena	2000	CPO	Arrived
	Global Venus	8505	CPO	Expected
	Global Pallas	3500	CPO	Expected
JN Port	Aquidneck	15000	SBO	Expected
	Global Venus	9000	CPO	Expected
Mundra	Vernal Grace	6000	CPO	Expected
Kakinada	Istana	3000	CPO	Arrived

**Forex Rates****(As on 2.08.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.56
European Union	Euro	59.67
Japan	100 Yen	40.69
United Kingdom	Pound Sterling	87.36