

VEGOIL DAILY

August 22, 2006

REFINE SOY OIL

SPOT MARKETS

The spot market prices of the soy refine oil witnessed decline in the spot market on weak demand. Weakness in international market helped to pressurized the market down. As per the trade sources trades are having concern about the new crop damage in some major producing areas of Vidharbha (Karanja, Amravati ect) due to pest attack on adverse weather condition in the growing area. Moreover, plant owners are interested in buying at reduce rates. This will results into high buying which might results into the improvement in the prices of soy oil in the spot market. CIF soy oil on Monday remains steady at \$564/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 on Monday and sideways trading was witnessed with slight bullish tone upto the mid session. Sudden spurt in its prices could be noticed followed by sharp decline. The contract traded between 438.0-442.0 and the prices finally closed at 440.10.

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

Unfilled candlesticks indicate bullish sentiment into the market. Stochastic is about to make bullish crossover show sentiments are firm. The price line is closed below 9 and 18 days EMA shows indicating slackness into the market sentiments. MACD is curving up witnessed some improvement. Volumes and OI remains almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	436.3	438.6	440.3	446.5	449.6

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:
Buy above 441.40; T1 near 442.90; T2-444.00 and put stop loss at 439.50

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

Centres	21.08.06	19.08.06	Change
Mumbai (Soy Ref oil)+VAT	430	432	-2
Indore (Soy Ref oil)+VAT	417	419	-2
Kota (Soy Ref. Oil)+VAT	410	410	0
Hyderabad (Soy Ref)+VAT	442	450	-8
Rajkot (Soy Ref)+Tax	420	419	+1

PALM OIL

International Market Highlights

BMD Further Improved on Bio-diesel Demand

Crude palm oil futures on the BMD settled higher on Monday on the back of rising crude oil prices that result into another bull run. Export friendly data for the period of Aug. 1-20 further supported the market up. The most active November contract settled at MYR1,610 per metric ton, up MYR18 from Friday and traded in the range between MYR1,590 to MYR1,616/ton. As long as the crude prices will rise the BMD futures will closely follow the footsteps and will rise along with the bio-diesel demand. Cargo surveyor Intertek Agri Services projected Malaysian palm oil exports in the Aug. 1-20 period at 856,885 tons, up 14.1% on month while, SGS (Malaysia) Bhd, estimated Aug. 1-20 exports at 870,560 tons, up 22.1% on month.

Domestic Spot Market Highlights

Palm oil prices at spot market remain weak to steady closely following the weakness in the BMD futures of last trading day combine with weak demand in the domestic market. The price at the spot is expected to increase as the futures traded with bullish sentiments. On soaring crude prices the demand is expected to increase in near terms.

BMD: CPO Futures (21.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1569	1584	1593	1568	1588	+19	425
Oct 06	1582	1591	1603	1579	1598	+16	2079
Nov 06	1592	1600	1616	1590	1610	+18	6511
Dec 06	1604	1608	1628	1603	1622	+18	1209
Jan 06	1618	1622	1639	1622	1636	+18	117

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	21.08.06	19.08.06	Change
Kandla CPO (5 % FFA)	403	404	-1
Kandla RBD Palmolein +VAT	427	427	0
Mumbai RBD Palmolein +VAT	436	438	-2
Chennai RBD Palmolein +VAT	460	460	0
Kakinada RBD Palmolein +VAT	420	435	-15
Hyderabad RBD Palmolein +VAT	460	460	0
Delhi RDB Palmolein	470	470	0

Rape/Mustard oil

The spot market prices decline in low demand combined with slackness in the prices of other oils. Low demand continues to hit the market down. NAFED further reduces its selling prices in a bid to check the inflation and selling at the rate of Rs 1530-1545 in different centers of Rajasthan. The mustard seed prices at Jaipur and Kota remain at Rs. 1730 and 1540-1560 respectively. The seed prices at Neewai remain at Rs. 1660. The price is expected to follow other oils and improve in near term.

Groundnut Refine Oil

Groundnut oil prices on domestic spot market increased on the news of crop damage in Gujarat. Torrential rains followed by water logging in the field results into severe expected losses. The crop is in pegging stage and needs well aerated soil for proper pegging and seed setting. The expectation of crop losses results into stride in the oil prices into the market. 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 mixed in most of the market and lack proper direction. Strength in groundnut oil and low stock position of its stock holds its firm position. CIF sunflower oil prices (Sep shipments) decline on Monday at \$638/ton.

Cotton Refine Oil

The spot market prices remain mixed with bullish sentiments in the major centers. 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	21.08.06	19.08.06	Change
Mumbai (Exp. Oil) +VAT	424	424	0
Kota (Expeller Oil)+VAT	390	394	-4
Jaipur (Expeller Oil)+VAT	393	397	-4
Delhi (Expeller Oil)	420	420	0
Neewai (Expeller Oil) +VAT	391	393	-2

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	21.08.06	19.08.06	Change
Mumbai +VAT	530	530	0
Rajkot +VAT	550	540	+10
Andhra Region +VAT	550	550	0
Chennai +VAT	535	525	+10
Delhi	560	560	0

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

Markets	21.08.06	19.08.06	Change
Mumbai +VAT	500	505	-5
Chennai +VAT	510	510	0
Hyderabad VAT	510	500	+10

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

Markets	21.08.06	19.08.06	Change
Mumbai +VAT	458	460	-2
Hyderabad +VAT	465	450	+15
Rajkot + VAT	460	453	+7
Delhi	435	435	0

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 21.08.2006)

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