

## VEGOIL DAILY

August 30, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil remain mixed on whip saw trade in the futures market. Delay of the expected crop arrivals due to torrential rains in few regions results into the improvement in the sentiments of refine soy oil. Certain crop damage also accounts for increase in prices as slight decline in production is expected. On the other hand bearish international sentiments combined with government effort to curb inflation results into any steep rise in the prices of edible oil. Recent government announcement not to hike tariff value would expect to have a temporary effect on smoothing edible oil prices. CIF soy oil prices (September shipments) decline at \$562/ton on Tuesday. The price in the spot market is expected to remain range bound.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened weak on Tuesday and spurt high on speculative buying. After govt statement not to hike the tariff value the market witnessed sharp fall. The contract traded between 431.3-436.3 and the prices finally closed at 433.3.

#### PRICE DRIVERS:

##### Bullish:

1. Lower stock of soybean
2. Low import compared to last month.
3. Expected delay in crop arrivals
4. Pest infestation to few regions

##### Bearish:

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

#### Weather

Heavy rainfall followed by water stagnation results into crop stress and expected to increase diseases and pest attack on the crop.

#### TECHNICALS

Doji formation by the candlesticks indicates indecisive sentiments. Stochastic remain flat with slight improvement and bullish crossover. The price line is closed below 9 and 18 days EMA. MACD remain in negative region with bullish cross over. Volume decrease marginally and OI remain almost steady. The market is highly volatile, trade with caution.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	430.6	432.7	433.3	439.0	441.0

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
Buy above 434.60; T1 near 437.00, and put stop loss at 433.00.

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

Centres	29.08.06	28.08.06	Change
Mumbai (Soy Ref oil)+VAT	425	421	+4
Indore (Soy Ref oil)+VAT	412	415	-3
Kota (Soy Ref. Oil)+VAT	411	408	+3
Hyderabad (Soy Ref)+VAT	440	440	0
Rajkot (Soy Ref)+Tax	413	417	-4

## PALM OIL

### International Market Highlights

#### BMD Futures Continue its Down Trend

Crude palm oil futures on BMD settled lower on Tuesday on no fresh demand and on the back of expected higher production. Weakness in the cyclone ease out the soaring prices of crude and give relieve on the major concern of damage of oil refinery in Mexico gulf. The most active November CPO contract settled MYR18 lower at MYR1,556/ton. Increasing stock levels with no fresh demand results into increasing the stock position of the Malaysia that account for a bearish impact on the market. The futures at BMD is expected to remain bearish as per trade sources.

### Domestic Spot Market Highlights

Palm oil prices at spot market witnessed decline on stale international prices and lingered with bearish sentiments into the BMD futures. The price at the spot is expected to follow the international developments and crude oil.

#### BMD: CPO Futures (29.8.2006)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1560	1555	1555	1535	1537	-23	380
Oct 06	1566	1555	1563	1546	1548	-18	3236
Nov 06	1575	1569	1574	1555	1557	-18	9276
Dec 06	1588	1579	1584	1567	1569	-19	1633
Jan 06	1603	1595	1595	1580	1581	-22	277

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	29.08.06	28.08.06	Change
Kandla CPO (5 % FFA)	398	400	-2
Kandla RBD Palmolein +VAT	422	422	0
Mumbai RBD Palmolein +VAT	435	430	+5
Chennai RBD Palmolein +VAT	445	448	-3
Kakinada RBD Palmolein +VAT	425	426	-1
Hyderabad RBD Palmolein +VAT	450	455	-5
Delhi RDB Palmolein	465	465	0

#### Rape/Mustard oil

The spot market prices improved in most of the market closely following the futures market of other oils. NAFED continue to sell its new stock at Rs 1600 and improved slightly for its old stock at Rs 1530 in different centers of Rajasthan. Therefore the prices are improved at its higher levels. The mustard seed prices at Jaipur and Kota remain at Rs. 1735 and 1540-1560 respectively. The price will depend on the NAFEDs action for any further price cut.

#### Groundnut Refine Oil

Groundnut oil prices on major domestic spot market improved on improvement in other oils and low stock position. Any sharp decline in the prices of groundnut oil is not expected as heavy crop loss is expected. 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 and in wait and watch condition. Low stock position results holding its prices at its current level. CIF sunflower oil prices (September shipments) improved slightly at \$643/ton compared to Monday level. Sunflower is expected to follow other oils in near terms.

#### Cotton Refine Oil

The spot market prices remain mixed in most of the locations closely following major oils. 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	29.08.06	28.08.06	Change
Mumbai (Exp. Oil) +VAT	426	425	+1
Kota (Expeller Oil)+VAT	390	388	+2
Jaipur (Expeller Oil)+VAT	394	390	+4
Delhi (Expeller Oil)	410	410	0
Neewai (Expeller Oil) +VAT	388	388	0

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

Centres	29.08.06	28.08.06	Change
Mumbai +VAT	530	525	+5
Rajkot +VAT	542	540	+2
Andhra Region +VAT	550	550	0
Chennai +VAT	540	545	-5
Delhi	565	656	+9

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

Markets	29.08.06	28.08.06	Change
Mumbai +VAT	500	498	+2
Chennai +VAT	505	505	0
Hyderabad VAT	500	505	-5

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

Markets	29.08.06	28.08.06	Change
Mumbai +VAT	460	458	+2
Hyderabad +VAT	440	445	-5
Rajkot + VAT	463	460	+3
Delhi	440	440	0

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Chem Cosmos	24500	Palm oil	Expected
	Prita Dewi	8000	Palm oil	Expected
	Olympic	4000	CPO	Expected
Kolkata	Khadijah	6300	CPO	Arrived
Kakinada	Ace I	6000	CPO	Arrived
	Istana VI	5000	CPO	Arrived
Mumbai	Royal Emerald	4000	Palm oil	Expected
Chennai	MMM Jackson	6000	CPO	Arrived
JN Port	Produce	13000	SBO	Expected
Tuticorin	Spring Wind	7000	Palm Oil	Expected
	Filma Satu	620	Palm Oil	Expected

**Forex Rates**

**(As on 29.08.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.52
European Union	Euro	59.66
Japan	100 Yen	39.81
United Kingdom	Pound Sterling	88.31