

VEGOIL DAILY

August 17, 2006

REFINE SOY OIL

SPOT MARKETS

The spot market prices of the soy refine oil decline in Hyderabad while other centers remain steady. Few centers remain closed on the occasion of Janmastami. Rolling back of the hike in tariff value results into further slackening in the prices of soy oil in the spot market as the landed costs will remain low. The rates at high seas also decline soon after the notification and favour the easing out prices as per the expectation of GOI to check inflation. CIF soy oil on Monday remains steady at \$577/ton. The price in the spot market is expected to maintain its firm position.

FUTURES MARKETS:

NCDEX refined soyoil September contract opened weak on Wednesday and soon after retracement the sentiments increase closely follow the CBOT closing and then again decline and witnessed a choppy trade through out of the day. The contract traded between 444.70-448.70 and the prices finally closed at 445.70.

PRICE DRIVERS:

Bullish:

1. Lower stock of soybean
2. Stock piling by stockists.

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

Bearish long upper legged spinning top candlesticks indicate weak sentiment in the market. Stochastic remain in neutral region and moving down indicating bearish sentiments. MACD indicating bearish sentiments. Volumes and open interest remains steady. The market is volatile at this juncture and fundaments seems to be dominant over technical. Trade with caution.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX September	438.4	440.1	445.7	447.8	449.9

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:
Sell below 444.6; T1 near 443.2; T2-441.65 and put stop loss at 445.60

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

Centres	16.08.06	14.08.06	Change
Mumbai (Soy Ref oil)+VAT	434	434	0
Indore (Soy Ref oil)+VAT	420	420	0
Kota (Soy Ref. Oil)+VAT	MC	416	-
Hyderabad (Soy Ref)+VAT	461	476	-15
Rajkot (Soy Ref)+Tax	MC	419	-

PALM OIL

International Market Highlights

BMD Futures End Low on Speculative Selling

Crude palm oil futures on the BMD settled with sharp decline on Wednesday on concerns on the low demand of bio-diesel on declining prices of the crude oil. The most active November contract settled at MYR1, 627 per metric ton, down MYR26 from Tuesday. Sharp rally in the CPO futures about 10%-15% between mid-June and early August on the basis of growing demand of bio-diesel concern closely tracking crude oil. Weakening crude oil prices results into weak bio-diesel demand, which results into a plunge into the BMD futures market. Any fresh buying results into stopping the bull run as it was unable to break the key resistance. Crude oil futures decline at around \$73 a barrel compared to the recent highs of \$77-\$78/bbl. Speculative selling in the futures market results into further weakness into the market. The oil palm production is expected to increase from August to October as the production is expected to remain higher during the said period.

Domestic Spot Market Highlights

Palm oil prices at spot market decline significantly in almost all the centers on rolling back on the hike in tariff value on palm oil. Steep decline in the BMD also propelled the prices down. The market is expected to follow the BMD futures.

BMD: CPO Futures (16.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1626	1630	1630	1606	1610	-16	457
Oct 06	1642	1640	1648	1612	1617	-25	3174
Nov 06	1653	1648	1651	1623	1627	-26	9355
Dec 06	1665	1665	1669	1636	1639	-26	1447
Jan 06	1675	1677	1677	1648	1651	-24	590

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	16.08.06	14.08.06	Change
Kandla CPO (5 % FFA)	404	405	-1
Kandla RBD Palmolein +VAT	430	440	-10
Mumbai RBD Palmolein +VAT	442	450	-8
Chennai RBD Palmolein +VAT	460	472	-12
Kakinada RBD Palmolein +VAT	442	451	-9
Hyderabad RBD Palmolein +VAT	460	470	-10
Delhi RDB Palmolein	MC	460	-

Rape/Mustard oil

Most of the market remains closed on the occasion of auspicious Janmastami. The prices at Mumbai remain steady.

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

Centres	16.08.06	14.08.06	Change
Mumbai (Exp. Oil) +VAT	428	428	0
Kota (Expeller Oil)+VAT	MC	402	-
Jaipur (Expeller Oil)+VAT	MC	404	-
Delhi (Expeller Oil)	MC	423	-
Neewai (Expeller Oil) +VAT	MC	401	-

Groundnut Refine Oil

Groundnut oil prices on domestic spot market remain steady at few locations while decline could be noticed in Andhra region. The roll back in tariff value on palm oil results into easing of the GN oil in Andhra. The price in the near term is expected to stay range bound.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	16.08.06	14.08.06	Change
Mumbai +VAT	545	545	0
Rajkot +VAT	MC	525	-
Andhra Region +VAT	550	565	-10
Chennai +VAT	520	520	0
Delhi	MC	460	-

Sunflower Refine Oil

Sunflower oil prices decline on weakness of palm oil combine with low demand in the market. CIF sunflower oil prices (Aug/Sep shipments) decline on Wednesday at \$649/ton.

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

Markets	16.08.06	14.08.06	Change
Mumbai +VAT	510	510	0
Chennai +VAT	520	525	-5
Hyderabad VAT	515	525	-10

Cotton Refine Oil

The spot market prices at Mumbai and Hyderabad decline after the decision taken to roll back the hike on tariff value on palm oil group. Prices are expected to move range bound following other oils in near term.

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

Markets	16.08.06	14.08.06	Change
Mumbai +VAT	463	465	-2
Hyderabad +VAT	455	465	-10
Rajkot + VAT	MC	450	-
Delhi	MC	440	-

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hartati	5000	CPO	Expected
	Destiny	5000	CPO	Arrived
	Ace 7	11760	Palm Oil	Expected
	Pacific Ace	7500	CPO	Expected
	Acushnet	30500	SBO	Expected
Kolkata	Padang Halaban	6000	CPO	Arrived
Cochin	Havi Ocean	7000	Palm Oil	Arrived
New Mangalore	L Star	6000	CPO	Expected
Mumbai	Shimakaze	8300	Palm Oil	Expected
Chennai	Spring Wind	2000	Palm Oil	Arrived
JN Port	Produce	13000	SBO	Expected
	Global Venus	9000	CPO	Arrived
Mundra	Vernal Grace	6000	CPO	Arrived
	Acushnet	7700	SBO	Arrived
Kakinada	Ace I	5000	CPO	Arrived
Tuticorin	Chem Baltic	6000	Palm Oil	Expected

Forex Rates

(As on 16.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.55
European Union	Euro	59.54
Japan	100 Yen	40.10
United Kingdom	Pound Sterling	88.13