

## VEGOIL DAILY

August 16, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil decline in most of the market as a result of recent cut in the import duty on the palm oil. Bearish sentiments in the BMD and eCBOT further added to its bearish note. At the mean time the GOI hiked the tariff value on the palm oils and crude soy oil in the later part of the day. RBD Palm Olein Base Import Price increase to \$512/Ton, Crude Palm Olein to \$509/Ton, RBD Palm Oil to \$506/Ton, Crude Soy Oil to \$572/Ton and Crude Palm Oil to \$481/Ton. 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 gap opened on Monday and decline sharply closely following BMD and eCBOT futures. The market traded sideways up to the mid session for some time and again taken a sharp dip on lack of demand. Later part saw some improvements. The contract traded between 446.55-452.55 and the prices finally closed at 447.35.

#### PRICE DRIVERS:

##### **Bullish:**

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

##### **Bearish:**

1. Import duty cut on palm oil
2. Huge production estimates.
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 filled candlestick indicates weak sentiment in the market. Stochastic remain in neural region and moving down indicating bearish sentiments. MACD indicating bearish sentiments. Volumes significantly increase while OI decline indicating weak market sentiments. 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	445.0	443.0	447.35	452.6	454.8

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:

Buy above 446.6; T1 near 448.6; T2-450.5 and put stop loss at 444.50

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

Centres	14.08.06	12.08.06	Change
Mumbai (Soy Ref oil)+VAT	434	434	0
Indore (Soy Ref oil)+VAT	420	419	-1
Kota (Soy Ref. Oil)+VAT	416	418	-2
Hyderabad (Soy Ref)+VAT	476	480	-4
Rajkot (Soy Ref)+Tax	419	419	0

## PALM OIL

### International Market Highlights

#### BMD Futures Traded with Bearish Note

Crude palm oil futures on the BMD settled weak on Monday owing to weakness in soy oil in CBOT. The most active October CPO contract closed at MYR1, 647 per metric ton, down MYR12 from Friday. The contract remain on the lower side since after its opening and traded with bearish note. Bearish sentiments in the CBOT and negative projections from eCBOT results to pressurized the palm oil futures. Weakness in the crude oil futures by \$1 further added to its bearish sentiments on lower demand of bio-diesel. The demand and supply scenario remain steady and could not be able to provide any support to the futures of palm oil. The export data on last Tuesday would not provide any support to its futures. The recent import duty cut on palm oil would not be able to attract the bulls as the hike in tariff value seems to nullify its impact.

### Domestic Spot Market Highlights

Palm oil prices at spot market decline significantly in almost all the centers on reduction of the import duty on palm oil. The market further loses its lusture on the news about reduction of import duty on the crude palm oil and RBD Palmolein. The market is expected to follow the BMD futures.

#### BMD: CPO Futures (14.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Jun 06	1629	1618	1626	1617	1626	-3	142
July 06	1639	1635	1637	1625	1634	-5	413
Aug 06	1659	1648	1657	1635	1647	-12	5276
Sep 06	1672	1661	1670	1645	1659	-13	5374
Oct 06	1688	1675	1676	1651	1663	-25	262

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	14.08.06	12.08.06	Change
Kandla CPO (5 % FFA)	405	419	-14
Kandla RBD Palmolein +VAT	440	440	0
Mumbai RBD Palmolein +VAT	450	440	+10
Chennai RBD Palmolein +VAT	472	470	+2
Kakinada RBD Palmolein +VAT	451	443	+8
Hyderabad RBD Palmolein +VAT	470	472	-2
Delhi RDB Palmolein	460	450	+10

#### Rape/Mustard oil

The spot market prices of the mustard seeds remain mixed and waiting for any further development as the govt of India hiked the tariff value on palm and soy oil. The impact on the hike in tariff value could be seen on a day or two and expected to follow other oils. The mustard seed prices at Jaipur and Kota remain at Rs. 1750-1760 and 1550-1580 respectively. NAFED is selling the mustard seeds at Rs. 1570-1575 in different centers of Rajasthan, which had a bearish impact on the market. The price is expected to follow other oils closely.

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot markets decline in few region while in other market the prices remain steady. Some improvement could be witnessed in the Mumbai on emerging demands on festive demand. This is a jerk in the bullish sentiments on reduction of import duty on palm oil. Gujarat's arrivals of groundnut seeds were around 10000-12000 bags (bag=35 kg). GN oil prices expected to follow other oils.

#### Sunflower Refine Oil

Sunflower oil prices at almost all the centers remain steady on equality on demand and supply. Demand from the Southern states keeps the prices on the higher level. The prices closely follow the palm oil prices. CIF sunflower oil prices (Aug/Sep shipments) remain steady on Monday at \$650/ton.

#### Cotton Refine Oil

The spot market prices improved in the major markets on high demand as festival on the eve of festival season. Prices are expected to move range bound following other oils in near term.

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

Centres	14.08.06	12.08.06	Change
Mumbai (Exp. Oil) +VAT	428	430	-2
Kota (Expeller Oil)+VAT	402	402	0
Jaipur (Expeller Oil)+VAT	404	405	-1
Delhi (Expeller Oil)	423	420	+3
Neewai (Expeller Oil) +VAT	401	401	0

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

Centres	14.08.06	12.08.06	Change
Mumbai +VAT	545	535	+10
Rajkot +VAT	525	525	0
Andhra Region +VAT	565	567	-2
Chennai +VAT	520	520	0
Delhi	460	570	-10

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

Markets	14.08.06	12.08.06	Change
Mumbai +VAT	510	510	0
Chennai +VAT	525	525	0
Hyderabad VAT	525	525	0

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

Markets	14.08.06	12.08.06	Change
Mumbai +VAT	465	463	+2
Hyderabad +VAT	465	460	+5
Rajkot + VAT	450	448	+2
Delhi	440	445	-5

**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 14.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.56
European Union	Euro	59.36
Japan	100 Yen	40.00
United Kingdom	Pound Sterling	88.13