

## VEGOIL DAILY

August 26, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil decline in few regions buy remain steady at others. Sharp decline in the CBOT futures overnight and breaking key support level in the BMD results into decline in the soy oil prices in the spot. Low demand of oil results into staleness in its prices in the spot market. In a recent move the ASEAN members rejected the Indian offers to reduce its import duty and insisting to remove the palm oil from its negative list. If the government will agree on the issue then total oil industry will face a stiff competition and will perish. CIF soy oil prices (September shipments) decline at \$564/ton on Friday. The price in the spot market is expected to remain range bound.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened with wide gap on Friday and decline afterwards. Sideways trading was seen after sharp decline and closely followed BMD futures. The contract traded between 434.15-436.10 and the prices finally closed at 435.15.

#### PRICE DRIVERS:

##### Bullish:

1. Lower stock of soybean
2. Low import compared to last month.
3. Expected lower import in this oil year
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

Bearish opening bozu candlesticks indicate bearish sentiment into the market with certain level of retracement. Stochastic has made bullish crossover indicating improvement. The price line is closed below 9 and 18 days EMA. MACD continue to generate bearish signal indicating downtrend likely to continue. Volumes decline marginally while OI remains almost steady. Trade with caution till clear indication.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	431.0	433.0	435.15	439.4	441.2

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
 Buy above 435.60; T1 near 437.40, and put stop loss at 434.00.

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

Centres	25.08.06	24.08.06	Change
Mumbai (Soy Ref oil)+VAT	422	426	-4
Indore (Soy Ref oil)+VAT	415	417	-2
Kota (Soy Ref. Oil)+VAT	410	410	0
Hyderabad (Soy Ref)+VAT	448	448	0
Rajkot (Soy Ref)+Tax	417	417	0

## PALM OIL

### International Market Highlights

#### BMD Futures Witnessed Sharp Decline on Large Inventory

Crude palm oil futures on the BMD settled lower on Friday on account of high inventories that offset the effect of rising crude oil prices. The most active November contract ended at MYR1,599 per metric ton, down MYR12 from Thursday and thereby breaking the key MYR1,600 psychological support level. Despite marginal improvement initially the market slide down on speculative selling pressure and traders are taking position on the weekend. Sharp decline overnight in the CBOT pressurized the market down and there seems to low interest of bio-diesel demand. High production of palm oil during the Aug to Oct results into increased stock and inflating stocks results into the sharp decline in the sentiments. At end-July, Malaysian palm oil stocks totaled 1.58 million tons. Intertek estimated Aug. 1-25 exports at 1.12 million tons, up 16% on month. SGS pegged exports at 1.11 million tons, up about 17% on month.

### Domestic Spot Market Highlights

Palm oil prices at spot market decline in most of the spot markets on sharp decline in the BMD futures and low demand. The price at the spot is expected to follow the developments in BMD futures.

#### BMD: CPO Futures (25.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1596	1591	1594	1575	1578	-18	496
Oct 06	1603	1600	1604	1582	1588	-15	1830
Nov 06	1611	1608	1615	1591	1599	-12	4933
Dec 06	1626	1617	1625	1603	1612	-14	1729
Jan 06	1638	1630	1635	1625	1625	-13	43

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	25.08.06	24.08.06	Change
Kandla CPO (5 % FFA)	405	405	0
Kandla RBD Palmolein +VAT	426	427	-1
Mumbai RBD Palmolein +VAT	431	432	-1
Chennai RBD Palmolein +VAT	450	455	-5
Kakinada RBD Palmolein +VAT	432	434	-2
Hyderabad RBD Palmolein +VAT	458	460	-2
Delhi RDB Palmolein	470	470	0

#### Rape/Mustard oil

The spot market prices remain steady in most of the region with slight decline in Delhi and Neewai. NAFED started selling its new stock at Rs 1625 along with its old stock. Selling prices of the old stock by the NAFED remains steady at Rs 1540 in different centers of Rajasthan. The mustard seed prices at Jaipur and Kota remain at Rs. 1735 and 1540-1560 respectively. The seed prices at Neewai remain at Rs. 1640 with slight increase. The price is expected to follow other oils and improve in near term.

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

Centres	25.08.06	24.08.06	Change
Mumbai (Exp. Oil) +VAT	430	430	0
Kota (Expeller Oil)+VAT	390	390	0
Jaipur (Expeller Oil)+VAT	393	393	0
Delhi (Expeller Oil)	415	417	-2
Neewai (Expeller Oil) +VAT	388	389	-1

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot market remain mixed. The production of groundnut this year is expected to decline and therefore the oil still hold its firm position. 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.

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

Centres	25.08.06	24.08.06	Change
Mumbai +VAT	530	530	0
Rajkot +VAT	545	550	-5
Andhra Region +VAT	560	560	0
Chennai +VAT	540	530	+10
Delhi	570	570	0

#### Sunflower Refine Oil

Sunflower oil prices remain steady on equality of demand and supply with low stock position with some decline in the Hyderabad. Sunflower is expected to follow other oils in near terms.

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

Markets	25.08.06	24.08.06	Change
Mumbai +VAT	500	500	0
Chennai +VAT	510	510	0
Hyderabad VAT	510	520	-10

#### Cotton Refine Oil

The spot market prices remain mixed with slight decline in North Indian markets and closely following other oils in most of the markets combined with low stock positions. 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.

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

Markets	25.08.06	24.08.06	Change
Mumbai +VAT	460	460	0
Hyderabad +VAT	455	455	0
Rajkot + VAT	465	468	-3
Delhi	448	454	-6

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Chem Cosmos	24500	Palm oil	Expected
	Central Park	6200	SBO	Arrived
	Produce	13000	SBO	Arrived
	Pacific Sound	6800	Palm oil	Arrived
	Prita Dewi	8000	Palm oil	Expected
	Olympic	4000	CPO	Expected
Kolkata	Padang Halaban	2000	CPO	Arrived
Kakinada	Ace I	6000	CPO	Expected
	Istana VI	5000	CPO	Expected
Mumbai	Royal Emerald	4000	Palm oil	Expected
Chennai	MMM Jackson	6000	CPO	Expected
JN Port	Produce	13000	SBO	Expected
Tuticorin	Spring Wind	7000	Palm Oil	Expected

**Forex Rates**

(As on 25.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.61
European Union	Euro	59.44
Japan	100 Yen	39.77
United Kingdom	Pound Sterling	87.79