

VEGOIL DAILY

August 31, 2006

REFINE SOY OIL

SPOT MARKETS

Steady sentiments in most of the spot market could be seen as the volatility continues in the futures market. Crop damage concern in major growing area results into expectation of decline in the production of soybean. Heavy rains in Kota on Wednesday combined with previous torrential rains in MP and Maharashtra results into the delay of harvest and fresh harvest is expected to arrive in Oct. Expected fresh demand for coming festivals would results into the improvement in prices in the spot. Increase in crude oil prices will also have a bullish impact on its prices. CIF soy oil prices (September shipments) remain steady at \$562/ton on Wednesday. The price in the spot market is expected to improve in near terms.

FUTURES MARKETS:

NCDEX refined soyoil September contract opened firm on Wednesday and surge high on speculative buying. Strength in BMD and rising crude oil gives it underlying support. The contract traded between 434.5-439.1 and the prices finally closed at 438.7.

PRICE DRIVERS:

Bullish:

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

Bearish:

1. Roll back of hike in tariff value.
2. Low consumer demands

Weather

Heavy rainfall expected to delay crop harvest, which in turn delay crushing. Heavy rainfalls in few locations with cloudy weather encourage pest attack which will further lowers its yield.

TECHNICALS

Long unfilled candlesticks indicating bullish sentiments in the market. Stochastic is improving after bullish crossover. The price line is closed inbetween 9 and 18 days EMA indicating improvement. MACD remain in negative region and heading towards north indicating bullish market sentiments. Volume decline marginally and OI remain almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	434.0	436.4	438.7	445.3	447.2

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:
Buy above 439.4; T1 near 441.7; T2-443.50, and put stop loss at 438.00.

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

Centres	30.08.06	29.08.06	Change
Mumbai (Soy Ref oil)+VAT	425	425	0
Indore (Soy Ref oil)+VAT	412	412	0
Kota (Soy Ref. Oil)+VAT	414	411	+3
Hyderabad (Soy Ref)+VAT	440	440	0
Rajkot (Soy Ref)+Tax	412	413	-1

PALM OIL

International Market Highlights

BMD Futures Improved on Short Covering

Crude palm oil futures on the BMD settled higher on Wednesday breaking the previous short trend. Short covering and profit booking on the eve of Malaysian Independence Day results into strong gain. Rising crude oil prices also provided support to the market. The most active November CPO contract closed at MYR1,578 a metric ton, up MYR21 from Wednesday and varied in between MYR1,556 and a high of MYR1,578/ton. Speculation over the high export data from Malaysia results into some support to the market. As per trader expectations for exports remains around 1.35 million to 1.38 million tons.

Domestic Spot Market Highlights

Palm oil prices at spot market remain almost steady at the lower prices with slight whipsaw movements into its prices. The price at the spot is expected to follow the international developments and crude oil.

BMD: CPO Futures (30.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1541	1540	1557	1536	1557	+16	661
Oct 06	1549	1546	1567	1545	1567	+18	1208
Nov 06	1557	1557	1578	1556	1578	+21	5224
Dec 06	1569	1571	1589	1568	1588	+19	1468
Jan 06	1584	1633	1634	1576	1595	+11	236

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	30.08.06	29.08.06	Change
Kandla CPO (5 % FFA)	397	398	-1
Kandla RBD Palmolein +VAT	422	422	0
Mumbai RBD Palmolein +VAT	435	435	0
Chennai RBD Palmolein +VAT	443	445	-2
Kakinada RBD Palmolein +VAT	428	425	+3
Hyderabad RBD Palmolein +VAT	450	450	0
Delhi RDB Palmolein	465	465	0

Rape/Mustard oil

The spot market prices improved in most locations as NAFED again hiked its selling prices by Rs 15. NAFED continue to sell its new stock at Rs 1615 and improved slightly for its old stock at Rs 1535 in different centers of Rajasthan. 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.

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

Centres	30.08.06	29.08.06	Change
Mumbai (Exp. Oil) +VAT	424	426	-2
Kota (Expeller Oil)+VAT	393	390	+3
Jaipur (Expeller Oil)+VAT	395	394	+1
Delhi (Expeller Oil)	410	410	0
Neewai (Expeller Oil) +VAT	389	388	+1

Groundnut Refine Oil

Groundnut oil prices on major domestic spot market remain steady on most of the location. Some decline could be noticed in Rajkot on lower demand for the day. 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	30.08.06	29.08.06	Change
Mumbai +VAT	530	530	0
Rajkot +VAT	540	542	-2
Andhra Region +VAT	550	550	0
Chennai +VAT	540	540	0
Delhi	565	565	0

Sunflower Refine Oil

Sunflower oil prices remain mixed and waiting for any development in the domestic market. Low stock position results holding its prices at its current level. CIF sunflower oil prices (September shipments) decline at \$635/ton compared to Tuesday level. Sunflower is expected to follow other oils in near terms.

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

Markets	30.08.06	29.08.06	Change
Mumbai +VAT	500	500	0
Chennai +VAT	502	505	-3
Hyderabad VAT	505	500	+5

Cotton Refine Oil

The spot market prices remain mixed with bullish undertone indicating improvement. 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	30.08.06	29.08.06	Change
Mumbai +VAT	460	460	0
Hyderabad +VAT	445	440	+5
Rajkot + VAT	462	463	-1
Delhi	445	440	+5

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
	Chenroad Echo	6000	Palm oil	Expected
Kolkata	Khadijah	6300	CPO	Arrived
Kakinada	Istana VI	5000	CPO	Arrived
	Sun Pine	5000	CPO	Expected
	Shimakaze	11000	CPO	Expected
	Madura	14000	CPO	Expected
Mumbai	Royal Emerald	4000	Palm oil	Expected
	Olympic	12290	CPO	Expected
Chennai	MMM Jackson	6000	CPO	Arrived
JN Port	Produce	13000	SBO	Expected
Tuticorin	Spring Wind	7000	Palm Oil	Arrived
	Filma Satu	620	Palm Oil	Expected

Forex Rates

(As on 30.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.51
European Union	Euro	59.66
Japan	100 Yen	39.79
United Kingdom	Pound Sterling	88.35