

## VEGOIL DAILY

August 24, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil remain steady to weak on weak demand. Traders are in wait and watch mood for stock piling soy refine and closely monitoring the international scenario. Despite the increase in the area of soybean crop, the oil production is expected to be lower this oil year on sharp decline of groundnut area and expected lower production. Hefty stocks of mustard seeds with NAFED will further prevent any panic condition. The price in the spot market is expected to improve in near terms.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened steady to firm on Tuesday and with slight initial sharp decline could be noticed in the market on sharp decline in the BMD futures. The market is also expected to react on the reports of fixing deadline regarding submission of report by mid September. The contract traded between 436.70-441.70 and the prices finally closed at 437.00.

#### 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 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

Long legged unfilled candlesticks indicate bullish sentiment into the market and prices retraced back from its major support. Stochastic made bullish cross over again indicating possible bullish trend continuation. The price line is closed below 9 and 18 days EMA. MACD is curving back again in the negative zone showing improvements. Volumes increased while OI remains almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	435.2	437.2	439.25	444.1	445.4

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
Buy above 439.70; T1 near 441.25, T2-442.40; and put stop loss at 438.50.

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

Centres	23.08.06	22.08.06	Change
Mumbai (Soy Ref oil)+VAT	422	426	-4
Indore (Soy Ref oil)+VAT	417	417	0
Kota (Soy Ref. Oil)+VAT	410	410	0
Hyderabad (Soy Ref)+VAT	432	432	0
Rajkot (Soy Ref)+Tax	420	420	0

## PALM OIL

### International Market Highlights

#### BMD Futures Improved on Speculative Buying

Crude palm oil futures on the BMD settled higher on Wednesday on apprehensions of high crude prices thereby greater bio-diesel demand based on palm oil. The most active November contract settled at MYR1,615 per metric ton, up MYR17 from previous day, after oscillating between MYR1,593/ton and MYR1,619/ton. Strong speculative buying support the market to settled at higher levels. The market is expected to move range bound as per traders due to lack of strong fundamental source. High export estimates by SGS and other organization is expected to give some support as per the trade sources. If the psychological levels of 1600 will be sustained for few days then the market is expected to maintain its bullish trend. Trading volume remains at 11,911 lots with slight decline compared to 13,013 lots on Tuesday..

### Domestic Spot Market Highlights

Palm oil prices at spot market remain weak to steady with slight improvement in Kandla CPO prices. The price at the spot is expected to follow the developments in BMD futures.

#### BMD: CPO Futures (23.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1577	1574	1596	1574	1595	+18	610
Oct 06	1590	1594	1607	1587	1607	+17	1888
Nov 06	1598	1601	1619	1593	1615	+17	7366
Dec 06	1609	1606	1629	1606	1629	+20	1478
Jan 06	1623	1629	1639	1629	1639	+16	117

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	23.08.06	22.08.06	Change
Kandla CPO (5 % FFA)	405	405	0
Kandla RBD Palmolein +VAT	427	427	0
Mumbai RBD Palmolein +VAT	NA	434	-
Chennai RBD Palmolein +VAT	455	460	-5
Kakinada RBD Palmolein +VAT	432	432	0
Hyderabad RBD Palmolein +VAT	460	460	0
Delhi RDB Palmolein	470	470	0

#### Rape/Mustard oil

The spot market prices remain mixed for the mustard oil. NAFED slightly increase its selling prices and selling mustard seeds at the rate of Rs 1535 in different centers of Rajasthan. The mustard seed prices at Jaipur and Kota remain steady at Rs. 1720 and 1540-1560 respectively. The seed prices at Neewai remain at Rs. 1640. The price is expected to follow other oils and improve in near term.

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

Centres	23.08.06	22.08.06	Change
Mumbai (Exp. Oil) +VAT	NA	425	-
Kota (Expeller Oil)+VAT	390	390	0
Jaipur (Expeller Oil)+VAT	393	393	0
Delhi (Expeller Oil)	417	415	+2
Neewai (Expeller Oil) +VAT	388	390	-2

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot market remain steady with slight bullish sentiments in major markets. Sharp decline in the groundnut area may results into the decline in groundnut oil production and results into sharp increase in its prices. 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	23.08.06	22.08.06	Change
Mumbai +VAT	NA	530	-
Rajkot +VAT	546	550	-4
Andhra Region +VAT	560	460	0
Chennai +VAT	530	530	0
Delhi	570	560	+10

#### Sunflower Refine Oil

Sunflower oil prices remain steady to firm in most of the market on increase in other oils followed by low stocks. Strength in groundnut oil and low stock position holds its firm position.

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

Markets	23.08.06	22.08.06	Change
Mumbai +VAT	NA	500	-
Chennai +VAT	510	510	0
Hyderabad VAT	520	515	+5

#### Cotton Refine Oil

The spot market prices improve in most of the markets on 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	23.08.06	22.08.06	Change
Mumbai +VAT	NA	458	-
Hyderabad +VAT	460	455	+5
Rajkot + VAT	468	470	-2
Delhi	445	440	+5

**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	Expected
	Prita Dewi	8000	Palm oil	Expected
Kolkata	Matina	10997	CPO	Arrived
Cochin	Royal Emerald	8000	CPO	Arrived
New Mangalore	L Star	6000	CPO	Arrived
	Tirta Niaga I	6000	CPO	Arrived
	Global Venus	8500	CPO	Arrived
Mumbai	Shimakaze	8300	Palm Oil	Expected
	Royal Emerald	4000	Palm oil	Expected
Chennai	MMM Jackson	6000	CPO	Expected
JN Port	Produce	13000	SBO	Expected
	Chem Cosmos	14000	CPO	Expected
Tuticorin	Cheras	6000	Palm Oil	Arrived
	Spring Wind	7000	Palm Oil	Expected

**Forex Rates**

(As on 23.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.56
European Union	Euro	59.56
Japan	100 Yen	40.01
United Kingdom	Pound Sterling	87.90