

## VEGOIL DAILY

August 25, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil remain steady with slight improvement in few centers while slight decline was noticed in Rajkot. The market is closely watching the situation for and developments and waiting the prices to be stabilized. Previous days gain in BMD and eCBOT helped to recover the prices in spot. As per the report of SEA there have been some reports of damage to standing soybean crops in Maharashtra and Madhya Pradesh, but the exact quantum of damage yet to be assessed. Negotiation with the ASEAN members are going on for further reduction in duties on palm oil which will have impact on soy oil prices. CIF soy oil prices (September shipments) remain at \$568/ton on Wednesday. The price in the spot market is expected to improve in near terms.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened steady on Wednesday and decline initially. Choppy trade could be witnessed throughout the day, following the BMD futures. The contract traded between 437.35-440.50 and the prices finally closed at 437.80.

#### 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

Filled candlesticks with long upper shadow indicate bearish sentiment into the market. Stochastic remains flat indicating indecisiveness. The price line is closed below 9 and 18 days EMA. MACD remain in negative region show downtrend likely to continue. Volumes decline while OI remains almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	431.0	433.2	437.8	440.4	442.3

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
Sell below 437.25; T1 near 435.15, and put stop loss at 438.50.

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

Centres	24.08.06	23.08.06	Change
Mumbai (Soy Ref oil)+VAT	426	422	+4
Indore (Soy Ref oil)+VAT	417	417	0
Kota (Soy Ref. Oil)+VAT	410	410	0
Hyderabad (Soy Ref)+VAT	448	446	+2
Rajkot (Soy Ref)+Tax	417	420	-3

## PALM OIL

### International Market Highlights

#### BMD Futures Witnessed Choppy Trade

Crude palm oil futures on the BMD settled bit lower and witnessed whipsaw movements throughout the trading session on Thursday. The most active November contract settled at MYR1,611 per metric ton, down MYR4 from previous day levels. The market witnessed whipsaw movements as the and lack proper direction. The traders are hopefully waiting for the export friendly data and the market is expected to act accordingly. Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd expect increase in the export of soy oil by 1.05 million-1.1 million tons, from around 950,000-970,000 tons in the same period in July. Choppy trade in crude oil makes the market to move whipsaw movement and palm oil closely following the crude oil on high biodiesel demand.

### Domestic Spot Market Highlights

Palm oil prices at spot market remain steady with slight improvement in Kakinada RBD Palmolein. The price at the spot is expected to follow the developments in BMD futures.

#### BMD: CPO Futures (24.8.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1595	1602	1602	1588	1596	+1	365
Oct 06	1607	1602	1609	1597	1602	-5	1108
Nov 06	1615	1613	1622	1606	1611	-4	3790
Dec 06	1629	1626	1632	1618	1626	-3	561
Jan 06	1640	1640	1643	1630	1638	-2	94

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	24.08.06	23.08.06	Change
Kandla CPO (5 % FFA)	405	405	0
Kandla RBD Palmolein +VAT	427	427	0
Mumbai RBD Palmolein +VAT	432	NA	-
Chennai RBD Palmolein +VAT	455	455	0
Kakinada RBD Palmolein +VAT	434	432	+2
Hyderabad RBD Palmolein +VAT	460	460	0
Delhi RDB Palmolein	470	470	0

#### Rape/Mustard oil

The spot market prices remain steady in most of the region. NAFED started selling its new stock at Rs 1625 along with its old stock. Selling prices of the old stock is slightly increased by the NAFED and selling mustard seeds at the rate of 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	24.08.06	23.08.06	Change
Mumbai (Exp. Oil) +VAT	430	NA	-
Kota (Expeller Oil)+VAT	390	390	0
Jaipur (Expeller Oil)+VAT	393	393	0
Delhi (Expeller Oil)	417	417	0
Neewai (Expeller Oil) +VAT	389	388	+1

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot market remain steady with slight bullish sentiments in Rajkot. Along with decline in area and stress climatic condition now its turn of insects to damage the crop. The overall production is expected to decline this year. 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	24.08.06	23.08.06	Change
Mumbai +VAT	530	NA	-
Rajkot +VAT	550	546	+4
Andhra Region +VAT	560	560	0
Chennai +VAT	530	530	0
Delhi	570	570	0

#### Sunflower Refine Oil

Sunflower oil prices remain steady on equality of demand and supply with low stock position. Strength in groundnut oil and low stock position holds its firm position.

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

Markets	24.08.06	23.08.06	Change
Mumbai +VAT	500	NA	-
Chennai +VAT	510	510	0
Hyderabad VAT	520	520	0

#### Cotton Refine Oil

The spot market prices remain mixed 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	24.08.06	23.08.06	Change
Mumbai +VAT	460	NA	-
Hyderabad +VAT	455	460	-5
Rajkot + VAT	468	468	0
Delhi	454	445	+9

**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
Kolkata	Matina	10997	CPO	Arrived
	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
	Chem Cosmos	14000	CPO	Arrived
Tuticorin	Cheras	6000	Palm Oil	Arrived
	Spring Wind	7000	Palm Oil	Expected

**Forex Rates**

(As on 24.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.50
European Union	Euro	59.39
Japan	100 Yen	39.93
United Kingdom	Pound Sterling	87.87