

## VEGOIL DAILY

August 18, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The spot market prices of the soy refine oil continue to maintain its down rally in the major market with weak sentiments. Average yield is expected for soybean as per the trade sources that had a bearish impact on the market. Bearish sentiments in the overseas market further stumble the prices in the spot market as BMD and eCBOT decline sharply on low demand and favourable weather condition in the corn belt in USA. Low landing cost further added to its bearish note. CIF soy oil on Thursday decline sharply at \$568/ton from the previous day levels. The price in the spot market is expected to decline further closely following its futures.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened steady to weak on Thursday and continue to maintain its down rally throughout its trading session. Steep decline in BMD futures and negative projection in the eCBOT results into sharp decline into the market. The contract traded between 439.50-445.10 and the prices finally closed at 440.20.

#### PRICE DRIVERS:

##### Bullish:

1. Lower stock of soybean
2. Low import compared to last month.

##### Bearish:

1. Import duty cut on palm oil
2. Roll back of hike in tariff value.
3. Low consumer demands
4. Weakness in overseas market

#### 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 open bozu candlesticks indicate weak sentiment in the market. Stochastic remain in neural region and moving down indicating bearish sentiments likely to continue. The price line is closed below 9 and 18 days EMA shows bearish sentiments. MACD remain bearish. Volumes decline marginally while OI remains almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX September	433.3	435.4	440.2	443.2	445.1

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
Sell below 440.9; T1 near 439.3; T2-437.5 and put stop loss at 442.0

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

Centres	17.08.06	16.08.06	Change
Mumbai (Soy Ref oil)+VAT	434	434	0
Indore (Soy Ref oil)+VAT	419	420	-1
Kota (Soy Ref. Oil)+VAT	412	MC	-
Hyderabad (Soy Ref)+VAT	455	461	-6
Rajkot (Soy Ref)+Tax	NA	MC	-

## PALM OIL

### International Market Highlights

#### Sharp Decline in BMD Futures

Crude palm oil futures on the BMD witnessed sharp decline on low demand for the bio- diesel as the crude is declining fast. The most active November contract settled at MYR1, 586 per metric ton, down MYR41 from Wednesday. Speculative selling remains dominant over the market since after opening and brings its futures down to its lowest value MYR1, 577. High production during this quarter further added to its bearish tone to the market. The prices is expected to decline as long as the crude oil prices will decline as per the trade source. Sharp decline in eCBOT further results in sharp decline.

### Domestic Spot Market Highlights

Palm oil prices at spot market decline slightly in Kakinada owing to cheap palm oils and its derivatives amid recent cut in import duty and rolling back of hike in tariff value. Spot market prices at other locations remain steady owing to stable demand into the market. Sharp decline in the BMD futures will results into the slackness in the prices of palm oil group.

#### BMD: CPO Futures (17.8.2006)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1610	1603	1604	1500	1565	-45	392
Oct 06	1617	1619	1620	1565	1576	-41	4163
Nov 06	1627	1623	1629	1577	1586	-41	12179
Dec 06	1639	1636	1637	1589	1600	-39	991
Jan 06	1651	1643	1643	1606	1615	-36	328

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	17.08.06	16.08.06	Change
Kandla CPO (5 % FFA)	404	404	0
Kandla RBD Palmolein +VAT	430	430	0
Mumbai RBD Palmolein +VAT	442	442	0
Chennai RBD Palmolein +VAT	460	460	0
Kakinada RBD Palmolein +VAT	438	442	-4
Hyderabad RBD Palmolein +VAT	460	460	0
Delhi RDB Palmolein	475	MC	-

#### Rape/Mustard oil

The spot market prices remain stale compared to the previous day prices on account of decline in the spot prices in soy and palm oil. Huge stocks of seeds with the NAFED and low liquidity of the stocks results into weak sentiments into the market. The blending of mustard oil with vanaspati is not practising and remains only in the paper and therefore the prices remain stale. Reduction of the selling prices by NAFED at Rs 1560 also added to bearish tone in the market. The mustard seed prices at Jaipur and Kota remain at Rs. 1740 and 1540-1560 respectively. The price is expected to remain on the lower levels.

#### Groundnut Refine Oil

Groundnut oil prices on domestic spot market maintained its steady position with slight decline at Mumbai. Low stock in one hand and decline in prices of other oils at other results into holding prices at its current levels. The price is expected to remain range bound.

#### Sunflower Refine Oil

Sunflower oil prices decline remain mixed on low stock of oil and decline in the prices of its competitive oils. CIF sunflower oil prices (Aug/Sep shipments) remain steady on Thursday at \$649/ton.

#### Cotton Refine Oil

The spot market prices remain mixed on low stocks and weak sentiments in other oils. 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.

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

Centres	17.08.06	16.08.06	Change
Mumbai (Exp. Oil) +VAT	426	428	-2
Kota (Expeller Oil)+VAT	394	MC	-
Jaipur (Expeller Oil)+VAT	397	MC	-
Delhi (Expeller Oil)	422	MC	-
Neewai (Expeller Oil) +VAT	394	MC	-

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

Centres	17.08.06	16.08.06	Change
Mumbai +VAT	540	545	-5
Rajkot +VAT	NA	MC	-
Andhra Region +VAT	550	550	0
Chennai +VAT	520	520	0
Delhi	560	MC	-

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

Markets	17.08.06	16.08.06	Change
Mumbai +VAT	515	510	+5
Chennai +VAT	520	520	0
Hyderabad VAT	505	515	-10

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

Markets	17.08.06	16.08.06	Change
Mumbai +VAT	465	463	+2
Hyderabad +VAT	450	455	-5
Rajkot + VAT	NA	MC	-
Delhi	438	MC	-

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Hartati	5000	CPO	Arrived
	Chem Cosmos	24500	Palm oil	Expected
	Central Park	6200	SBO	Expected
	Produce	13000	SBO	Expected
	Ace 7	11760	Palm Oil	Arrived
	Acushnet	30500	SBO	Arrived
Kolkata	Padang Halaban	6000	CPO	Arrived
Cochin	Havi Ocean	7000	Palm Oil	Arrived
New Mangalore	L Star	6000	CPO	Expected
	Tirta Niaga I	6000	CPO	Expected
Mumbai	Shimakaze	8300	Palm Oil	Expected
	Global Eos	11000	CPO	Expected
	Royal Emerald	4000	Palm oil	Expected
Chennai	Spring Wind	2000	Palm Oil	Arrived
JN Port	Produce	13000	SBO	Expected
Mundra	Vernal Grace	6000	CPO	Arrived
	Acushnet	7700	SBO	Arrived
Kakinada	Ace I	5000	CPO	Arrived
	Sun Pine	5000	CPO	Expected
Tuticorin	Chem Baltic	6000	Palm Oil	Expected

**Forex Rates**

(As on 17.08.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.46
European Union	Euro	59.72
Japan	100 Yen	40.20
United Kingdom	Pound Sterling	88.15