

VEGOIL DAILY

September 26, 2006

REFINE SOY OIL

SPOT MARKETS

Refined soy prices witnessed sharp decline in the spot market getting cue from the bearish overseas market. Dwindling crude oil prices and breaking the psychological level of \$60 results into low demand of bio-diesel. Sharp break in the eCBOT followed by steep decline in BMD futures results into strong bearish sentiment into the spot and that results into low volume of trade in the spot market. Traders are waiting for more decline and therefore avoiding stocking of soy refine. The CIF rate for refined soy oil for September shipment remain steady at \$574 on Monday, which results into cheap availability of imported refined soy oil. The prices are expected to follow the developments in overseas market.

FUTURES MARKETS:

Soy oil futures opened weak and initial short covering could be seen on yesterdays decline. Closely following the crude oil and BMD futures the sentiments decline sharply upto the later session. October soy oil futures opened at 421.55 and traded in the range of 418.25 and 422.20 and settled at 418.25.

PRICE DRIVERS:

Bullish:

1. Expected increase in festival demand
2. Crop damage concern and low acreage of other oilseeds
3. Low crop estimate by government

Bearish:

1. Improving weather situation
2. Low consumer demands
3. Weak advises from overseas markets

Weather

Heavy rainfall in Southern and Central region is expected to cause crop damage as the crop is in flowering stage.

TECHNICALS

Large filled body closing candlestick indicating strong bearish sentiments into the market. Stochastic indicates bearish sentiments. Prices closed below 9 days and 18 days EMA indicating slackness in the market sentiments. MACD with increasing divergence indicating bearish trend likely to continue for some more time. Volume increased and OI remains almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	416.9	415.6	418.25	432.5	424.8

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:
Sell near 420.00; T1 418.00, and put stop loss at 421.50.

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

Centres	25.09.06	23.09.06	Change
Mumbai (Soy Ref oil)+VAT	415	417	-2
Indore (Soy Ref oil)+VAT	405	407	-2
Kota (Soy Ref. Oil)+VAT	408	Closed	-
Hyderabad (Soy Ref)+VAT	435	438	-3
Rajkot (Soy Ref)+Tax	413	413	0

PALM OIL

International Highlights

BMD Futures Fall Sharply on Sharp Decline in Crude

Crude palm oil futures on BMD settled with sharp decline on Monday closely followed sharp break in crude oil futures at NYMEX combined with gloomy export data by SGS. Technically palm oil remains bearish and breaking of important support level results plunge in its prices further. The most active December contract settled down by MYR39 at MYR1,506 per metric ton. The contract traded in the range from MYR1498 to MYR1538. Breaking \$60 psychological support level results into sharp decline in the BMD futures. Bio-fuel expected to remain higher than the fossil fuel that will results into lower demand for the same.

Domestic Spot Market Highlights

Spot market prices of palm oil continue to follow decline in on low demand, cheap import and sharp decline in the crude oil futures in NYMEX and BMD futures. The market will closely follow the international developments in near terms.

BMD: CPO Futures (25.9.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Oct 06	1528	1519	1519	1484	1492	-36	541
Nov 06	1538	1525	1529	1497	1500	-38	1655
Dec 06	1545	1538	1538	1498	1506	-39	8026
Jan 07	1555	1545	1546	1511	1516	-39	1323
Feb 07	1564	1552	1552	1522	1524	-40	217

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	25.09.06	23.09.06	Change
Kandla CPO (5 % FFA)	380	381	-1
Kandla RBD Palmolein +VAT	406	406	0
Mumbai RBD Palmolein +VAT	414	416	-2
Chennai RBD Palmolein +VAT	425	426	-1
Kakinada RBD Palmolein +VAT	405	407	-2
Hyderabad RBD Palmolein +VAT	425	430	-5
Delhi RDB Palmolein	450	450	0

Rape/Mustard oil

Spot market prices of mustard oil remain stale in the domestic centers lacking fresh buying support. Hefty stock position with the NAFED keeps pressurizing the market down. Therefore little activity was seen in these markets. The selling prices of old stock of mustard seed remain steady at Rs 1620 for new seed stocks while it remains at 1525 for old stock. The prices of mustard oil will much depend on the selling price of mustard seed by NAFED.

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

Centres	25.09.06	23.09.06	Change
Mumbai (Exp. Oil) +VAT	415	415	0
Kota (Expeller Oil)+VAT	382	Closed	-
Jaipur (Expeller Oil)+VAT	387	Closed	-
Delhi (Expeller Oil)	410	415	-5
Neewai (Expeller Oil) +VAT	386	Closed	-

Groundnut Refine Oil

Groundnut oil prices remains stable in different centers while improvement could be seen in Chennai on reduced stock position. The arrivals of new seeds remains at its higher levels increasing trend could be seen on high export demand of the seeds. The prices at other location remain steady. The prices will much depend on the upcoming festival demand.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	25.09.06	23.09.06	Change
Mumbai +VAT	545	545	0
Rajkot +VAT	535	535	0
Andhra Region +VAT	600	600	0
Chennai +VAT	570	560	+10
Delhi	540	540	0

Sunflower Refine Oil

The prices of sunflower oil remain steady with slight decline in the Chennai market. The market seems to be in wait and watch condition for any further development. Low stock positions keep checking its prices for further downfall. The price is expected to follow other oils closely.

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

Markets	25.09.06	23.09.06	Change
Mumbai +VAT	500	500	0
Chennai +VAT	517	520	-3
Hyderabad VAT	510	510	0

Cotton Refine Oil

Cotton refine prices remain steady in most of the market with slight decline in Delhi on low demand and increasing stock position. The cotton oil started to arrive in few locations that will pressurize the market in near terms. The prices of the cotton oil will much depend on its arrivals and governed by the prices of other oils.

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

Markets	25.09.06	23.09.06	Change
Mumbai +VAT	445	445	0
Hyderabad +VAT	440	440	0
Rajkot + VAT	435	435	0
Delhi	420	425	-5

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	MMM Kingston	6000	CPO	Expected
	Al Rafel	4000	SBO	Expected
	Chemroad Lily	8000	Palm Oil	Expected
	Meriom Dream	6000	SBO	Arrived
Kolkata	Global Pallas	8200	CPO	Arrived
	Nikos A	6000	SBO	Arrived
	Hua Yun 5	6000	CPO	Arrived
	Bum Woo	9000	CPO	Expected
Kakinada	Nikos A	7000	SBO	Expected
Cochin	Golden Crane	6000	Palm Oil	Arrived
	Ace 7	4000	Palm Oil	Arrived
Chennai	Spring Wind	7250	Palm Oil	Arrived
	MMM Jackson	6000	CPO	Expected
JN Port	Marion Dream	8000	SBO	Arrived
New Mangalore Port	L Star	4000	CPO	Arrived
Mumbai	Ace 7	7450	CPO	Expected
Mundra	WS Enterprise	-	SBO	Expected

Forex Rates**(As on 25.09.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.86
European Union	Euro	58.77
Japan	100 Yen	39.46
United Kingdom	Pound Sterling	87.44