

VEGOIL DAILY

September 15, 2006

REFINE SOY OIL

SPOT MARKETS

The soy refine prices at different locations improved on improving demand on approaching festivals. Strong gain in the overseas market results into hike in the prices thereby increasing the landing cost of soy refine and thus results into increase in soy refine prices in the domestic market. Improvement in BMD futures provided additional support to the market. Domestic high demand combined with increase in the crude oil prices results into increasing demand of the edible oil for bio-diesel production. The CIF cost of soy oil for September shipment remain at \$585/ton on Thursday. The prices are expected to align with other oils in near term.

FUTURES MARKETS:

Soy oil futures opened weak and with initial decline traded in the positive zone for most of the time. Speculative buying on low stock position and crop concern results into strong gains into the futures market. October soy oil futures opened at 422.50 and traded in the range of 421.2 and 425.4 and settled at 424.80.

PRICE DRIVERS:

Bullish:

1. Expected increase in festival demand
2. Crop damage concern and low acreage of other oilseeds

Bearish:

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

Weather

Weather so far is conducive, but latest forecast of IMD calls for scattered showers in some parts of central India and Maharashtra. Since, Soybean crop is nearing maturity, extended spell of rains will not be desirable.

TECHNICALS

Unfilled long body candlestick indicates bullish sentiments. Prices closed inbetween 9-days and 18-day EMA with some improvement. Stochastic made bullish cross over shows bullish sentiment. MACD made bullish cross over and heading northwards indicating further improvement. Volume increased significantly while OI remains almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	425.0	427.1	429.2	434.0	436.8

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:
Buy above 430.00; T1 432.10, and put stop loss at 428.50.

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

Centres	14.09.06	13.09.06	Change
Mumbai (Soy Ref oil)+VAT	421	421	0
Indore (Soy Ref oil)+VAT	407	403	+4
Kota (Soy Ref. Oil)+VAT	414	410	+4
Hyderabad (Soy Ref)+VAT	440	435	+5
Rajkot (Soy Ref)+Tax	411	410	+1

PALM OIL

International Market Highlights

Sharp Gain in BMD Futures on Rising Crude Oil Prices

Crude palm oil futures on the BMD settled higher on Thursday closely following the crude oil prices. The market taken a giant leap forward to break the continuous decline of past four days. Speculative buying on probable gain in crude oil prices results into strong speculation of further increase in demand of palm oil for bio-diesel production. The most active November contract settled at MYR1,537/metric ton, up MYR10 from previous closing prices. The prices moved in the range of MYR1534 to MYR1546 and waiting for the crucial level of MYR1550 to cross. Technical correction is expected at this stage as the market is in over sold condition as per trader. Gain in soy oil overnight further provided additional support to the market. Fundamentally the bears dominated the market as there is no high demand of the commodity combined with record palm oil stocks of 1.68 million tons at last week of August.

Domestic Spot Market Highlights

Spot market prices of palm oil in major market decline on low demand combined with high volume of import at relatively cheaper rate. Sharp decline in BMD futures also pressurized the market further on resulting into low CIF costs. The market will closely follow the international developments in near terms.

BMD: CPO Futures (14.9.2006)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1515	1530	1531	1526	1526	+11	240
Oct 06	1521	1531	1535	1528	1531	+10	1473
Nov 06	1527	1536	1546	1534	1537	+10	4641
Dec 06	1532	1540	1551	1540	1545	+13	2915
Jan 06	1542	1552	1560	1551	1554	+12	492

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	14.09.06	13.09.06	Change
Kandla CPO (5 % FFA)	388	387	+1
Kandla RBD Palmolein +VAT	413	410	+3
Mumbai RBD Palmolein +VAT	423	423	0
Chennai RBD Palmolein +VAT	NA	428	-
Kakinada RBD Palmolein +VAT	413	410	+3
Hyderabad RBD Palmolein +VAT	435	435	0
Delhi RDB Palmolein	455	455	0

Rape/Mustard oil

The prices of the mustard oil increased sharply on increasing demand as the festivals are approaching. The selling prices of mustard seed remain firm thereby making the market firm. The mustard oil demand is expected to increase in near terms on coming festivals. Mustard seed prices at Jaipur and Kota remain at Rs 1735 and 1560-1580 respectively. The prices of mustard oil will much depend on the selling price of mustard seed by NAFED.

Groundnut Refine Oil

Groundnut oil prices continue to increase in few locations on good demand compared to Wednesday. Due to the dry weather in Rayalseema, the incidence of Peanut Stem Necrosis Disease has been on the rise in Anantapur and Chittoor, the main groundnut growing districts that may account for some damage. The prices will much depend on the upcoming festival demand.

Sunflower Refine Oil

Sunflower markets remain stale demand with lack lustre trade. The prices are expected to stay at current levels with no sharp decline further. Low stock situation kept its prices unchanged in other locations. The price is expected to follow other oils closely.

Cotton Refine Oil

Cotton refine prices improved on the back of other oils as the prices were at its bottom levels. The price of cotton oil is expected to stay range bound closely following other oils in near term. The arrival of cotton oil is expected from October that will results into sharp decline.

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

Centres	14.09.06	13.09.06	Change
Mumbai (Exp. Oil) +VAT	415	417	-2
Kota (Expeller Oil)+VAT	392	386	+6
Jaipur (Expeller Oil)+VAT	394	389	+5
Delhi (Expeller Oil)	410	408	+2
Neewai (Expeller Oil) +VAT	390	385	+5

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	14.09.06	13.09.06	Change
Mumbai +VAT	525	520	+5
Rajkot +VAT	525	515	+10
Andhra Region +VAT	550	560	-10
Chennai +VAT	NA	530	-
Delhi	460	560	0

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

Markets	14.09.06	13.09.06	Change
Mumbai +VAT	495	510	-10
Chennai +VAT	NA	510	-
Hyderabad VAT	505	505	0

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

Markets	14.09.06	13.09.06	Change
Mumbai +VAT	440	440	0
Hyderabad +VAT	440	430	+10
Rajkot + VAT	432	425	+7
Delhi	440	430	+10

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	MMM Kingston	6000	CPO	Expected
	Chemroad Nova	20000	CPO	Arrived
	Chemroad Lily	8000	Palm Oil	Expected
	Algonquin	18540	SBO	Expected
Kolkata	Padang Halaban	7500	CPO	Arrived
	Zhong Hua 7	8300	CPO	Arrived
Kakinada	Thressa II	4000	CPO	Arrived
	Cheras	6000	SBO	Arrived
	Nikos A	7000	SBO	Expected
Mumbai	Global Eos	7000	CPO	Arrived
Cochin	Vernal Grace	6000	Palm Oil	Expected
Chennai	Spring Glory	7257	Palm Oil	Arrived
	Spring Wind	7250	Palm Oil	Expected
	MMM Jackson	6000	CPO	Expected
New Mangalore Port	Global Venus	8500	CPO	Arrived
JN Port	Algonquin	20000	SBO	Arrived

Forex Rates

(As on 14.09.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.15
European Union	Euro	58.54
Japan	100 Yen	39.24
United Kingdom	Pound Sterling	86.65