

## VEGOIL DAILY

September 9, 2006

### REFINE SOY OIL

#### SPOT MARKETS

Soy oil refine remain range bound with bearish sentiments, as the market remain confused on lack of proper stand by the government. The statement of the government keep changing overnight keeping the market confused. In a latest statement the government indicated that there is no plans to raise the base import price of edible oils in the near-term, which will results into further decline in the futures market. Weakness in BMD futures further pressurized the market down in combination of lower demand from the dealers. CIF soy oil prices (September shipments) improved slightly at \$578/ton on Friday. The price in the spot market is expected to trade range bound with marginal decline.

#### FUTURES MARKETS:

NCDEX refined soyoil September contract opened weak and witnessed sharp fall initially. The market tried to improve afterwards but in vain. Decline could be seen on no further government plan to hike the base import prices in near terms. The contract traded between 429.00-431.75 and the prices finally closed at 429.80.

#### PRICE DRIVERS:

##### **Bullish:**

1. Lower stock of soybean
2. Expected delay in crop arrivals
3. Possible hike on import duty on palm oil

##### **Bearish:**

1. Roll back of hike in tariff value.
2. Low consumer demands
3. Slackness in BMD futures

#### Weather

Weather looks good for the soybean crop in MP while some crop damage has been reported from Maharashtra.

#### TECHNICALS

Candlestick indicating indecision into the market but favours bears. Stochastic made bullish cross over in the neutral zone indicating slight improvement. The price line is closed below 9 and 18 days EMA. MACD is curving down further for possible bearish cross over. DMI and parabola indicating bearish sentiments likely to continue. The market is highly volatile at this stage. Volumes decline while OI saw marginal decline. Trade with caution.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	422.0	425.2	429.8	431.3	433.6

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:  
Sell below 429.0; T1 427.0, and put stop loss at 430.50.

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

Centres	809.06	7.09.06	Change
Mumbai (Soy Ref oil)+VAT	427	427	0
Indore (Soy Ref oil)+VAT	414	415	-1
Kota (Soy Ref. Oil)+VAT	417	417	0
Hyderabad (Soy Ref)+VAT	432	433	-1
Rajkot (Soy Ref)+Tax	413	413	0

## PALM OIL

### International Market Highlights

#### BMD Futures Settled Mixed

Crude palm oil futures on the BMD settled mixed on Thursday and witnessed choppy trade on lack of proper direction of the market. The market is waiting for the data to be released on 10th of September. The most active November CPO contract settled at MYR1,570 per metric ton, up MYR8 from the last trading day and varied between MYR1,555 and MYR1575. The choppy traded is expected to continue for some more time. High stock position at around 1.50-million-to-1.55-million-ton range results into large inventories, which pressurized the market with no recent demand.

### Domestic Spot Market Highlights

Palm oil prices at most of the spot market witnessed lack lusture trade and saw some improvement in Mumbai and Kandla owing to the Thursday statement regarding possible hike in the base import duty on palm oil from 1<sup>st</sup> November. But the government officials deny on Friday and stated that no further hike in tariff value is possible in near term. This would have a bearish impact on the market resulting softening in prices.

#### BMD: CPO Futures (8.9.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1548	1552	1552	1538	1540	-8	154
Oct 06	1561	1565	1568	1543	1545	-16	2354
Nov 06	1570	1573	1579	1550	1553	-17	7731
Dec 06	1577	1580	1587	1560	1563	-14	3467
Jan 06	1590	1596	1596	1575	1578	-12	566

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	8.09.06	7.09.06	Change
Kandla CPO (5 % FFA)	394	392	+2
Kandla RBD Palmolein +VAT	416	416	0
Mumbai RBD Palmolein +VAT	429	428	+1
Chennai RBD Palmolein +VAT	430	435	-5
Kakinada RBD Palmolein +VAT	417	417	0
Hyderabad RBD Palmolein +VAT	440	440	0
Delhi RDB Palmolein	460	460	0

#### Rape/Mustard oil

The spot market prices of mustard seeds remain steady in most of the market with slight improvement in Delhi. The prices of mustard oil will much depend on the selling prices of mustard seed by NAFED. NAFED is selling its new stock at Rs 1620 while continue to sell its old stocks at 1520. The mustard seed prices at Jaipur and Kota market remain steady at Rs 1735 and 1560-1580 with average arrivals of 4000 and 500 bags respectively.

#### Groundnut Refine Oil

Groundnut oil prices on major domestic spot market remain steady with slight increase in Rajkot as it was prevailing at the subdued levels. The prices of groundnut oil tend to follow other oils closely. The price is expected to remain range bound in near terms.

#### Sunflower Refine Oil

Sunflower oil prices decline in Chennai further while remain stable in other centers. Low stock position results holding its prices at its current level. CIF sunflower oil prices (September shipments) remain steady at \$640/ton compared to Wednesday level. Sunflower is expected to follow other oils in near terms.

#### Cotton Refine Oil

The spot markets prices of cotton seed oil recovers in Rajkot and Chennai while at other locations the prices remain steady. Low demand compared to last day restricts the trade in narrow levels. Prices are expected to move range bound following other oils in near term.

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

Centres	8.09.06	7.09.06	Change
Mumbai (Exp. Oil) +VAT	423	423	0
Kota (Expeller Oil)+VAT	392	392	0
Jaipur (Expeller Oil)+VAT	394	394	0
Delhi (Expeller Oil)	410	408	+2
Neewai (Expeller Oil) +VAT	389	390	-1

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

Centres	8.09.06	7.09.06	Change
Mumbai +VAT	530	530	0
Rajkot +VAT	530	525	+5
Andhra Region +VAT	550	550	0
Chennai +VAT	535	535	0
Delhi	460	560	0

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

Markets	8.09.06	7.09.06	Change
Mumbai +VAT	510	510	0
Chennai +VAT	505	507	-2
Hyderabad VAT	500	500	0

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

Markets	8.09.06	7.09.06	Change
Mumbai +VAT	456	456	0
Hyderabad +VAT	435	435	0
Rajkot + VAT	446	445	+1
Delhi	435	430	+5

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Chenroad Echo	6000	Palm oil	Expected
	MMM Kingston	6000	CPO	Expected
	Global Eos	4000	CPO	Arrived
Kolkata	Global Pallas	8300	CPO	Arrived
	Zhong Hua 7	8000	CPO	Expected
Kakinada	Bum Woo	14000	CPO	Arrived
	Madura	14000	CPO	Arrived
	Shimakaze	5000	CPO	Expected
Mumbai	Royal Emerald	4000	Palm oil	Expected
JN Port	Produce	13000	SBO	Expected
Tuticorin	Filma Satu	620	Palm Oil	Expected
Chennai	Thressa II	7998	Palm Oil	Arrived
	MMM Jackson	6000	CPO	Expected
New Mangalore Port	Hua Yun V	6500	CPO	Arrived

**Forex Rates**

(As on 8.09.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.20
European Union	Euro	58.72
Japan	100 Yen	39.77
United Kingdom	Pound Sterling	86.56