

VEGOIL DAILY

September 16, 2006

REFINE SOY OIL

SPOT MARKETS

Further improvement of soy refine prices could be seen at different locations on improvement of demand compared to Thursday. Talk about export of soybean to Pakistan further provided support the prices to stay at higher levels. Gain in eCBOT provided additional support to the soy oil prices. Domestic soy oil demand is expected to increase as festival is approaching. The CIF cost of soy oil for September shipment increased at \$595/ton on Friday. The prices are expected to align with other oils in near term.

FUTURES MARKETS:

Soy oil futures opened steady with slight decline initially followed by strong gain in the first half on anticipation of hike in tariff value by \$30. But at later half of the trading session sharp decline could be seen on government notification of hiking tariff value by only \$1. This non-significant gain could hardly alter the spot prices. October soy oil futures opened at 428.35 and traded in the range of 427.40 and 433.20 and settled at 428.00.

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

Inverted dragon fly formation by candlesticks indicates indecisiveness into the market. Stochastic is improving and heading northwards indicating bullish sentiments. MACD is also improving indicating bullish sentiments into the market. Volume increased significantly while OI decline slightly.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	425.2	427.0	428.0	433.0	435.0

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:
Buy above 429.00; T1 431.00, and put stop loss at 427.50.

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

Centres	15.09.06	14.09.06	Change
Mumbai (Soy Ref oil)+VAT	424	421	+3
Indore (Soy Ref oil)+VAT	410	407	+3
Kota (Soy Ref. Oil)+VAT	414	414	0
Hyderabad (Soy Ref)+VAT	440	440	0
Rajkot (Soy Ref)+Tax	412	411	+1

PALM OIL

International Market Highlights

BMD Futures Witness Choppy Trade

Crude palm oil futures on the BMD closed mixed on Friday with initial decline followed by aggressive buying on later half. The weak export data kept the trade choppy in tight range. The most active November contract settled at MYR1,537 per metric ton, remain unchanged and varied between of MYR1,528-MYR1,538/ton. Trading volume remains significantly low at 5,829 lots compared to 10,433 lots Thursday. The traders are waiting for the MYR1520 support to break. If it will break then the futures will plunge further. Malaysian palm oil exports decline by 12% during the period of Sept. 1-15 to 552,866 metric tons, cargo surveyor SGS (Malaysia) Bhd. released estimation on Friday. Exports in corresponding period of August were at 628,542 tons. SGS' Sept. 1-15 estimate is marginally higher than an earlier estimate from Intertek Agri Services, which projected exports at 544,652 tons. Hefty stock position being the main reason for its break out said traders.

Domestic Spot Market Highlights

Spot market prices of palm oil in major market remain mixed with no sharp change. The market seems to continue follow the BMD futures. The market will closely follow the international developments in near terms.

BMD: CPO Futures (15.9.2006)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Oct 06	1531	1527	1530	1521	1526	-5	1231
Nov 06	1537	1536	1538	1528	1537	0	1560
Dec 06	1545	1543	1545	1535	1544	-1	2082
Jan 07	1554	1555	1555	1547	1552	-2	527
Feb 07	1560	1557	1558	1557	1558	-2	101

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	15.09.06	14.09.06	Change
Kandla CPO (5 % FFA)	388	388	0
Kandla RBD Palmolein +VAT	410	413	-3
Mumbai RBD Palmolein +VAT	424	423	+1
Chennai RBD Palmolein +VAT	428	NA	-
Kakinada RBD Palmolein +VAT	415	413	+2
Hyderabad RBD Palmolein +VAT	435	435	0
Delhi RDB Palmolein	455	455	0

Rape/Mustard oil

The prices of the mustard oil remain steady in most of the centers with slight improvement in Mumbai. The market is in wait and watch condition. The selling prices of mustard seed remain unchanged keeping the mustard oil prices steady. 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.

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

Centres	15.09.06	14.09.06	Change
Mumbai (Exp. Oil) +VAT	417	415	+2
Kota (Expeller Oil)+VAT	392	392	0
Jaipur (Expeller Oil)+VAT	394	394	0
Delhi (Expeller Oil)	410	410	0
Neewai (Expeller Oil) +VAT	390	390	0

Groundnut Refine Oil

Groundnut oil prices continue to increase in few locations, as the seeds became short for crushing and what so ever is coming into the market is not crushable amid high moisture content. Tight supply of old seeds keeps the prices at higher levels. The prices will much depend on the upcoming festival demand.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	15.09.06	14.09.06	Change
Mumbai +VAT	525	525	0
Rajkot +VAT	535	525	+10
Andhra Region +VAT	560	550	+10
Chennai +VAT	435	NA	-
Delhi	560	460	0

Sunflower Refine Oil

Sunflower markets improved slightly into some location. The prices of oil remain steady at other locations. Low stock situation kept its prices unchanged in other locations. The price is expected to follow other oils closely.

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

Markets	15.09.06	14.09.06	Change
Mumbai +VAT	497	495	+2
Chennai +VAT	505	NA	-
Hyderabad VAT	505	505	0

Cotton Refine Oil

Cotton refine prices remain mixed with range bound movement in various locations. 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.

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

Markets	15.09.06	14.09.06	Change
Mumbai +VAT	440	440	0
Hyderabad +VAT	440	440	0
Rajkot + VAT	435	432	+3
Delhi	435	440	-5

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	MMM Kingston	6000	CPO	Expected
	Chemroad Lily	8000	Palm Oil	Expected
	Algonquin	18540	SBO	Expected
Kolkata	Padang Halaban	7500	CPO	Arrived
	Zhong Hua 7	8300	CPO	Arrived
Kakinada	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 15.09.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.13
European Union	Euro	58.69
Japan	100 Yen	39.25
United Kingdom	Pound Sterling	87.08