

VEGOIL DAILY

September 5, 2006

REFINE SOY OIL

SPOT MARKETS

Soy oil refine remain almost steady with slight bearish sentiment on most of the centers. The central government on Sunday hiked the tariff value on crude soybean oil by \$7 but it will results into marginal increase in the imported soy oil prices by Rs 165/ton. Low demand in the spot market combined with lack of interest among trader's results into low off take into the market. The market is in wait and watch and there is little chances of further decline in the spot market prices. CIF soy oil prices (September shipments) decline at \$575/ton on Saturday. The price in the spot market is expected to trade range bound with slight bearish note.

FUTURES MARKETS:

NCDEX refined soyoil September contract opened weak on Monday and with slight decline improved a little on tariff hike and plunge down sharply closely following the BMD futures. The contract traded between 428.40-434.30 and the prices finally closed at 428.75.

PRICE DRIVERS:

Bullish:

1. Lower stock of soybean
2. Expected delay in crop arrivals
3. Pest infestation in few regions

Bearish:

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

Weather

Heavy rainfall expected to delay crop harvest, which in turn delay crushing. Heavy rainfalls in few locations with cloudy weather encourage pest attack which will further lowers its yield.

TECHNICALS

Long filled Candlesticks indicating strong bearish sentiment in the market. Stochastic made bearish crossover. The price line is closed below 9 and 18 days EMA. MACD made bearish crossover indicating the beginning of bearish trend. Volumes declined while OI remains almost steady. The market is highly volatile at the juncture. Trade with caution.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	421.4	423.9	428.7	430.6	432.8

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:
Sell below 428.40; T1 426.00, and put stop loss at 429.6.

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

Centres	4.09.06	2.09.06	Change
Mumbai (Soy Ref oil)+VAT	427	427	0
Indore (Soy Ref oil)+VAT	415	416	-1
Kota (Soy Ref. Oil)+VAT	417	416	+1
Hyderabad (Soy Ref)+VAT	440	435	+5
Rajkot (Soy Ref)+Tax	413	413	0

PALM OIL

International Market Highlights

Sharp Decline in BMD Palm Oil Futures

Crude palm oil futures on the BMD settled lower on Monday on sharp break in crude oil and comparative lower demand for bio-diesel production. The most active November CPO contract settled at MYR1,572 per metric ton, down MYR18 compared with previous trading day and ranged between MYR1,569 and MYR1,590/ton. The market is expected to closely follow the crude oil as much of the palm oil depends on the higher prices of crude. The palm oil prices is expected to trade on the lower side in absence of any fresh demand and supply and closely follows the other oil prices.

Domestic Spot Market Highlights

Palm oil prices at spot market remain steady to weak on low international prices and slackness in the BMD futures. Low demand compared to previous day further weaken the sentiments. The price at the spot is expected to follow the international developments and crude oil.

BMD: CPO Futures (4.9.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1570	1559	1565	1550	1550	-20	24
Oct 06	1581	1573	1579	1561	1563	-18	932
Nov 06	1590	1588	1590	1569	1572	-18	3301
Dec 06	1600	1595	1600	1579	1581	-19	807
Jan 06	1621	1610	1613	1592	1595	-26	1045

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	4.09.06	2.09.06	Change
Kandla CPO (5 % FFA)	397	397	0
Kandla RBD Palmolein +VAT	418	421	-3
Mumbai RBD Palmolein +VAT	430	430	0
Chennai RBD Palmolein +VAT	440	440	0
Kakinada RBD Palmolein +VAT	420	425	-5
Hyderabad RBD Palmolein +VAT	441	445	-4
Delhi RDB Palmolein	460	460	0

Rape/Mustard oil

The spot market prices of mustard seeds decline in most of the centers on low demand compared to the previous day and subdued selling prices by the NAFED. NAFED selling seeds at Rs 1620 and 1535 for new and old stocks respectively. The mustard seed prices at Jaipur and Kota remain at Rs. 1730-1735 and 1540-1560 respectively. The price will depend on the NAFEDs action for any further price cut.

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

Centres	4.09.06	2.09.06	Change
Mumbai (Exp. Oil) +VAT	425	425	0
Kota (Expeller Oil)+VAT	391	394	-3
Jaipur (Expeller Oil)+VAT	393	395	-2
Delhi (Expeller Oil)	410	412	-2
Neewai (Expeller Oil) +VAT	390	391	-1

Groundnut Refine Oil

Groundnut oil prices on major domestic spot market remain steady to weak on low demand compared to last day and expected crop arrivals. The prices of groundnut oil tend to follow other oils closely. The price is expected to remain range bound in near terms.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	4.09.06	2.09.06	Change
Mumbai +VAT	530	530	0
Rajkot +VAT	530	535	-5
Andhra Region +VAT	540	550	-10
Chennai +VAT	NA	540	-
Delhi	560	560	0

Sunflower Refine Oil

Sunflower oil prices remain steady in major market on respective high demand compared to the previous day. Low stock position results holding its prices at its current level. CIF sunflower oil prices (September shipments) remain steady at \$639/ton compared to Saturday level. Sunflower is expected to follow other oils in near terms.

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

Markets	4.09.06	2.09.06	Change
Mumbai +VAT	510	510	0
Chennai +VAT	NA	510	-
Hyderabad VAT	505	505	0

Cotton Refine Oil

The spot market remain steady to weak on low demand scenario. The prices of the cotton oil are already at its highest levels and decline in its prices is obvious as there are little chances for its further improvement. Prices are expected to move range bound following other oils in near term.

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

Markets	4.09.06	2.09.06	Change
Mumbai +VAT	458	458	0
Hyderabad +VAT	440	440	0
Rajkot + VAT	450	458	-8
Delhi	440	440	0

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Chem Cosmos	24500	Palm oil	Expected
	Prita Dewi	8000	Palm oil	Expected
	Chenroad Echo	6000	Palm oil	Expected
	MMM Kingston	6000	CPO	Expected
Kolkata	Khadijah	6300	CPO	Arrived
	Bao De Jin	9498	CPO	Arrived
	Zhong Hua 7	8000	CPO	Expected
Kakinada	Istana VI	5000	CPO	Arrived
	Sun Pine	5000	CPO	Expected
	Shimakaze	11000	CPO	Expected
	Madura	14000	CPO	Expected
Mumbai	Royal Emerald	4000	Palm oil	Expected
	Olympic	12290	CPO	Arrived
JN Port	Produce	13000	SBO	Expected
Tuticorin	Spring Wind	7000	Palm Oil	Arrived
	Filma Satu	620	Palm Oil	Expected
Chennai	Shimakaze	6000	CPO	Arrived

Forex Rates

(As on 4.09.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.44
European Union	Euro	59.68
Japan	100 Yen	39.87
United Kingdom	Pound Sterling	88.52