

VEGOIL DAILY

September 20, 2006

REFINE SOY OIL

SPOT MARKETS

The prices of soy oil remain steady on emerging demand in most of the spot market and improvement could be seen in few other locations. Production of soybean during 2006-07 is estimated at 75.46 lakh tonnes against earlier target of 86.92 lakh tonnes. This is expected to inflate the prices of soybean in near term and results into further improvement in the soy oil prices. Improvement in the international prices of palm and soy oil further boost the market up. Low import of edible oil in August is expected to provide further support into the market. The market is expected to remain tight on improving demand in near terms. The CIF cost of soy oil for September shipment decline slightly at \$584/ton on Saturday. The prices are expected to align with other oils in near term.

FUTURES MARKETS:

Soy oil futures opened weak and traded sideways on stable demand. Speculative buying on the later part gives some support to the market on later part of the trading session. October soy oil futures opened at 434.05 and traded in the range of 432.30 and 435.30 and settled at 433.60.

PRICE DRIVERS:

Bullish:

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

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

Spindle top formation by candlesticks indicates indecisive market sentiment. Stochastic continue to generate bullish signal into the market and having wide divergence between %K line and %D line. Prices closed above 9 days and 18 days EMA. MACD cross central line with bullish sentiments. Volume declined while OI remain almost steady.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	431.4	433.1	433.6	439.8	442.6

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:
Buy above 435.10; T1 437.10, and put stop loss at 434.0.

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

Centres	19.09.06	18.09.06	Change
Mumbai (Soy Ref oil)+VAT	425	423	+2
Indore (Soy Ref oil)+VAT	416	415	+1
Kota (Soy Ref. Oil)+VAT	417	417	0
Hyderabad (Soy Ref)+VAT	445	445	0
Rajkot (Soy Ref)+Tax	413	413	0

PALM OIL

International Highlights

Speculative Buying Keep BMD Futures Firm

Crude palm oil futures on the BMD settled higher on Tuesday on speculative buying on greater September exports. The most active December contract settled at MYR1,562 per metric ton, up MYR12 compared to last trading day and remain in the range between MYR1,547 and MYR1,563/ton. SGS and Intertek is going to release their export data on Wednesday and traders are quite optimistic about high export data. As per traders the surveyors may report exports of more than 800,000 tons that results into high speculative buying. Expected sound export data could give a boost in the BMD futures in near term. The gain could be expected to remain in a tight range on hefty stock position as per traders.

Domestic Spot Market Highlights

Spot market prices of palm oil in major market remain steady to slight bullish on strength in the BMD futures. Recent announcement by the government on FTA with ASEAN members to cut import duty on palm oil at 50% is expected to soften the prices on its implementation. The market will closely follow the international developments in near terms.

BMD: CPO Futures (19.9.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Oct 06	1532	1533	1545	1529	1545	+13	992
Nov 06	1542	1541	1552	1536	1552	+10	3079
Dec 06	1550	1552	1563	1547	1562	+12	3983
Jan 07	1560	1562	1574	1557	1574	+14	788
Feb 07	1567	1574	1579	1571	1579	+12	272

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	19.09.06	18.09.06	Change
Kandla CPO (5 % FFA)	390	388	+2
Kandla RBD Palmolein +VAT	410	410	0
Mumbai RBD Palmolein +VAT	422	425	-3
Chennai RBD Palmolein +VAT	430	428	+2
Kakinada RBD Palmolein +VAT	414	414	0
Hyderabad RBD Palmolein +VAT	435	435	0
Delhi RDB Palmolein	455	455	0

Rape/Mustard oil

Spot market prices of mustard oil increased in different centers with steady sentiments. The selling prices of mustard seed remain unchanged keeping the mustard oil prices steady. The mustard oil demand is increasing day by day. Mustard seed prices at Jaipur and Kota remain at Rs 1735-40 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	19.09.06	18.09.06	Change
Mumbai (Exp. Oil) +VAT	421	420	+1
Kota (Expeller Oil)+VAT	392	394	-2
Jaipur (Expeller Oil)+VAT	394	394	0
Delhi (Expeller Oil)	418	416	+2
Neewai (Expeller Oil) +VAT	392	392	0

Groundnut Refine Oil

Groundnut oil prices remain firm in most of the market on high demand and low availability of seeds. The arrivals increased in the market with high export demand for the seeds and thereby limited availability for crushing. The prices at other location remain constant. The prices will much depend on the upcoming festival demand.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	19.09.06	18.09.06	Change
Mumbai +VAT	530	525	+5
Rajkot +VAT	535	535	0
Andhra Region +VAT	590	575	+15
Chennai +VAT	540	535	+5
Delhi	550	550	0

Sunflower Refine Oil

Sunflower prices increased in different locations on high rainfall in AP and Maharashtra region. The rainfall is expected to cause some damage to the crops. Low stock position provides strength into the market. The price is expected to follow other oils closely.

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

Markets	19.09.06	18.09.06	Change
Mumbai +VAT	505	500	+5
Chennai +VAT	510	507	+3
Hyderabad VAT	510	505	+5

Cotton Refine Oil

Cotton refine prices improved in most of the centers taking cue from the improvement in other oils. 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	19.09.06	18.09.06	Change
Mumbai +VAT	445	440	+5
Hyderabad +VAT	450	450	0
Rajkot + VAT	439	437	+2
Delhi	430	425	+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	Arrived
	Meriom Dream	6000	SBO	Expected
Kolkata	Padang Halaban	7500	CPO	Arrived
	Marida Prince	10500	CPO	Expected
	Nikos A	6000	SBO	Expected
Kakinada	Nikos A	7000	SBO	Expected
Cochin	Vernal Grace	6000	Palm Oil	Arrived
	Golden Crane	6000	Palm Oil	Expected
	Ace 7	4000	Palm Oil	Expected
Chennai	Spring Wind	7250	Palm Oil	Arrived
	MMM Jackson	6000	CPO	Expected

Forex Rates**(As on 19.09.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.11
European Union	Euro	58.57
Japan	100 Yen	39.06
United Kingdom	Pound Sterling	86.72