

## VEGOIL DAILY

September 14, 2006

### REFINE SOY OIL

#### SPOT MARKETS

The soy oil prices at most of the location decline on Wednesday closely following the overseas market. Low landing cost of soy oil and huge flow of palm oil at cheaper rate results into sharp decline in the spot. The international futures market keep pressurizing the domestic market combine with low landing cost of the imported oils. The price of soy refine is expected to improve in the spot market on low acreage of other oilseeds and delayed crop arrivals. The CIF cost of soy oil for September shipment remain at \$575/ton on Wednesday. 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. Expectation of festive demand in coming weeks
2. Possible hike on import duty on palm oil

##### **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 reveals strong bullish sentiments. Prices closed below both the 9-days and 18-day EMA. Stochastic is curving up indicating certain level of improvement. RSI curved sharply for possible bullish cross over. MACD is also improving and heading towards bullish crossover. Volume decline and OI remains almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	420.3	423.2	424.2	431.3	433.2

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:  
Buy above 426.20; T1 428.90, and put stop loss at 425.00.

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

Centres	13.09.06	12.09.06	Change
Mumbai (Soy Ref oil)+VAT	421	423	-2
Indore (Soy Ref oil)+VAT	403	407	-4
Kota (Soy Ref. Oil)+VAT	410	412	-2
Hyderabad (Soy Ref)+VAT	418	420	-2
Rajkot (Soy Ref)+Tax	410	410	0

## PALM OIL

### International Market Highlights

#### BMD Futures Continue to Decline on High Stock Position

Crude palm oil futures on the BMD settled lower on Wednesday as the down rally continue in the BMD futures on high stock expectation and continue weakness in crude oil in NYMEX. Good crop estimation by USDA results into sharp decline in CBOT futures that in turn pressurized the palm oil futures in BMD. Most active November contract settled at MYR1,527 per metric ton, down by MYR11 from last trading day. The price oscillates between MYR1517 and 1536 and traded in a tight range in Nov contract. No fundamental support kept the trade subdued. High stock positions in Malaysia continue to build pressure in the market. It is only the export that would support the market up in coming days as per traders.

### 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 (13.9.2006)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1525	1515	1520	1513	1517	-8	118
Oct 06	1530	1519	1527	1517	1521	-9	1454
Nov 06	1538	1535	1536	1517	1527	-11	4338
Dec 06	1546	1542	1544	1528	1532	-14	2822
Jan 06	1558	1551	1553	1541	1542	-16	471

\*BMD Remains Closed on Saturday and Sunday

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	13.09.06	12.09.06	Change
Kandla CPO (5 % FFA)	387	390	-3
Kandla RBD Palmolein +VAT	410	413	-3
Mumbai RBD Palmolein +VAT	423	426	-3
Chennai RBD Palmolein +VAT	428	428	0
Kakinada RBD Palmolein +VAT	410	412	-2
Hyderabad RBD Palmolein +VAT	435	435	0
Delhi RDB Palmolein	455	455	0

#### Rape/Mustard oil

The prices of the mustard oil at different locations remain mixed on weak to steady demand in various markets. The prices of mustard seed was further hiked by NAFED by Rs 5 compared to Tuesday and remain 1625 for new stocks and 1525 for the old stocks. The mustard oil demand is expected to increase in near terms on coming festivals. Mustard seed prices at Jaipur and Kota remain at Rs 1720 and 1560-1580 respectively. The prices of mustard oil will much depend on the selling price of mustard seed by NAFED.

#### Groundnut Refine Oil

Improvements in few locations could be viewed on improving demand compared to the previous day level. The prices were at its bottom level and therefore there was room for its improvement as per traders. Steady to weak demands at other locations keep the prices in narrow range. The prices will much depends on the upcoming festival demand.

#### Sunflower Refine Oil

Sunflower markets remain steady to weak on low demand and weakness in its competitive oils. Low stock situation kept its prices unchanged in other locations. The price is expected to follow other oils closely.

#### Cotton Refine Oil

Cotton refine markets featured weak trend. According to traders, demand for the same is dwindling at higher prices from the retail end. Also, harvest of kharif oilseed ahead kept the market dispirited. Weather in western and central zone will play crucial in shaping sentiments in the market ahead.

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

Centres	13.09.06	12.09.06	Change
Mumbai (Exp. Oil) +VAT	417	420	-3
Kota (Expeller Oil)+VAT	386	386	0
Jaipur (Expeller Oil)+VAT	389	389	0
Delhi (Expeller Oil)	408	405	+3
Neewai (Expeller Oil) +VAT	385	384	+1

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

Centres	13.09.06	12.09.06	Change
Mumbai +VAT	520	525	-5
Rajkot +VAT	515	500	+15
Andhra Region +VAT	560	550	+10
Chennai +VAT	530	535	-5
Delhi	560	560	0

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

Markets	13.09.06	12.09.06	Change
Mumbai +VAT	510	505	-5
Chennai +VAT	510	510	0
Hyderabad VAT	505	505	0

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

Markets	13.09.06	12.09.06	Change
Mumbai +VAT	440	448	-8
Hyderabad +VAT	430	435	-5
Rajkot + VAT	425	422	+3
Delhi	430	425	+5

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

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

Forex Rates		(As on 13.09.2006)
Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.22
European Union	Euro	58.65
Japan	100 Yen	39.25
United Kingdom	Pound Sterling	86.61