

VEGOIL DAILY

September 21, 2006

REFINE SOY OIL

SPOT MARKETS

Soy refine prices at most of the centers witnessed sharp decline on low demand compared to Tuesday and sharp breaking in overseas market. Sharp breakdown in the BMD futures results into weak sentiments in the spot where the demand seems stale. The lower cutting of the September contract also added to the weak sentiments into the market. The market is in wait and watch condition in absence of any fresh news. The talk about landing of hefty edible oil in ports also makes the market weak. The CIF rate for soy oil for September shipment decline slightly at \$580/ton on Wednesday. The prices are expected to improve in near term as per trade sources.

FUTURES MARKETS:

Soy oil futures opened weak followed by sharp decline for an hour, closely following the BMD futures. Speculative selling keep checking the prices in restricted region and sideways movement could be seen most of the time. October soy oil futures opened at 432.00 and traded in the range of 429.35 and 432.00 and settled at 430.50.

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

Filled body candlesticks indicate bearish market sentiment. Stochastic continue heading northwards indicating bullish signal into the market and having wide divergence between %K line and %D line. Prices closed inbetween 9 days and 18 days EMA. MACD curving down but still remain bullish. Volume declined while OI increased marginally.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	431.0	429.0	430.5	434.8	436.8

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:
Buy above 431.00; T1 433.20, and put stop loss at 429.50.

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

Centres	20.09.06	19.09.06	Change
Mumbai (Soy Ref oil)+VAT	423	425	-2
Indore (Soy Ref oil)+VAT	412	416	-4
Kota (Soy Ref. Oil)+VAT	416	417	-1
Hyderabad (Soy Ref)+VAT	445	445	0
Rajkot (Soy Ref)+Tax	414	413	+1

PALM OIL

International Highlights

Sharp Decline in BMD Futures on Low Export Data

Crude palm oil futures on the BMD settled plunged down on Wednesday on lower export estimates by SGS combined with sharp break in the crude oil sentiments leaving little room for any further demand of bio-diesel in near terms. Day by day increasing in the stock position of palm oil remain the main cause for worry as export demand is not increasing to the extent that of previous estimates. The most active December contract settled at the MYR1,528 per metric ton down by MYR34 which remains the lowest value of the day. The prices swing in between MYR1528 and MYR1556. Speculative selling results into sharp breakdown in the BMD futures.

Domestic Spot Market Highlights

Spot market prices of palm oil in different centers decline sharply closely following the developments in the BMD futures. Low estimation for Malaysian palm oil data results into sharp break into the BMD futures there by weaken the market sentiments. The market will closely follow the international developments in near terms.

BMD: CPO Futures (20.9.2006)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Oct 06	1545	1537	1537	1515	1515	-30	700
Nov 06	1552	1547	1547	1520	1521	-31	3774
Dec 06	1562	1556	1556	1528	1528	-34	7813
Jan 07	1574	1562	1565	1539	1539	-35	2267
Feb 07	1582	1560	1560	1545	1545	-37	104

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	20.09.06	19.09.06	Change
Kandla CPO (5 % FFA)	388	390	-2
Kandla RBD Palmolein +VAT	410	410	0
Mumbai RBD Palmolein +VAT	419	422	-3
Chennai RBD Palmolein +VAT	430	430	0
Kakinada RBD Palmolein +VAT	410	414	-4
Hyderabad RBD Palmolein +VAT	434	435	-1
Delhi RDB Palmolein	NA	455	-

Rape/Mustard oil

Spot market prices of mustard oil decreased in most of the location on decline in the other major oils. The selling prices of mustard seed remain unchanged for the new seeds but lower by Rs 5 for its old stock. 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	20.09.06	19.09.06	Change
Mumbai (Exp. Oil) +VAT	424	421	+3
Kota (Expeller Oil)+VAT	391	392	-1
Jaipur (Expeller Oil)+VAT	392	394	-2
Delhi (Expeller Oil)	NA	418	-
Neewai (Expeller Oil) +VAT	389	392	-3

Groundnut Refine Oil

Groundnut oil prices remain steady to firm in most of the centers on high demand and low availability of seeds. The arrivals increasing day by day on high export demand for the seeds which bringing the seeds and oils at their higher ends. The prices at other location remain steady. The prices will much depend on the upcoming festival demand.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	20.09.06	19.09.06	Change
Mumbai +VAT	535	530	+5
Rajkot +VAT	535	535	0
Andhra Region +VAT	590	590	0
Chennai +VAT	550	540	+10
Delhi	NA	550	-

Sunflower Refine Oil

Sunflower prices remain steady in most of the market on steady demand. 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	20.09.06	19.09.06	Change
Mumbai +VAT	505	505	0
Chennai +VAT	510	510	0
Hyderabad VAT	510	510	0

Cotton Refine Oil

Cotton refine prices decline in most of the centers on weak demand and increasing stock position. 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	20.09.06	19.09.06	Change
Mumbai +VAT	445	445	0
Hyderabad +VAT	445	450	-5
Rajkot + VAT	437	439	-2
Delhi	NA	430	-

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 20.09.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.05
European Union	Euro	58.36
Japan	100 Yen	39.29
United Kingdom	Pound Sterling	86.67