

VEGOIL DAILY

September 7, 2006

REFINE SOY OIL

SPOT MARKETS

Soy oil refine remain steady in most of the market with slight gain in Indore. The market prices remain at its lower levels and further downward movement is not possible as per traders. Improvement in the BMD futures would support the soy oil prices in the domestic market. The expected demand for the festival season further propelled its prices on the higher levels. Low acreage of oilseeds during this Kharif remains the main concern for oil production this year. Settlement of dispute on vanaspati with Sri Lanka is expected to have an impact over the market in coming days when company will start to produce vanaspati in Sri Lanka. CIF soy oil prices (September shipments) decline at \$576/ton on Wednesday. The price in the spot market is expected to trade range bound.

FUTURES MARKETS:

NCDEX refined soyoil September contract opened firm on Wednesday and decline sharply on the Vanaspati issue. The contract traded between 429.00-432.70 and the prices finally closed at 430.50.

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 lower and upper shadow indicates indecisiveness while candlesticks body indicating bearish sentiment in the market. Stochastic showing bearish sentiments. The price line is closed below 9 and 18 days EMA. MACD about to make bullish cross over. Volumes declined while OI remains almost steady. Trade with caution.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-------|-------|-------|-------|-------|
| NCDEX Sep | 423.3 | 425.5 | 430.5 | 431.4 | 433.5 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:
Sell below 429.50; T1 427.50, and put stop loss at 430.50.

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

| Centres | 6.09.06 | 5.09.06 | Change |
|--------------------------|---------|---------|--------|
| Mumbai (Soy Ref oil)+VAT | 427 | 427 | 0 |
| Indore (Soy Ref oil)+VAT | 413 | 412 | +1 |
| Kota (Soy Ref. Oil)+VAT | Closed | 415 | - |
| Hyderabad (Soy Ref)+VAT | Closed | 435 | - |
| Rajkot (Soy Ref)+Tax | 410 | 410 | 0 |

PALM OIL

International Market Highlights

BMD Futures Settled Mixed

Crude palm oil futures on BMD settled mixed on Wednesday amid both side trading in a restricted zone. The traders are waiting anxiously for the data on production and supply. The most active November CPO contract settled at MYR1,562 per metric ton, down MYR1 from last day trading and oscillate between MYR1,560 and MYR1,574. Slight improvement could be seen on Sep and Jan contracts while other contract remain unchanged. It is the export data which will guide the market up or down on Sep 10.

Domestic Spot Market Highlights

Palm oil prices at most of the spot market remain steady with slight bearish note on low landing cost of imported palm oil. Weakness in BMD further had a bearish impact on the market that results into slackness of prices. The price at the spot is expected to follow the international developments and crude oil.

BMD: CPO Futures (6.9.2006)

| | | | | | | (Ringgit/ton) | |
|--------|----------|------|------|------|-------|---------------|--------|
| Months | Previous | Open | High | Low | Close | Change | Volume |
| Sep 06 | 1542 | 1540 | 1552 | 1540 | 1550 | +8 | 122 |
| Oct 06 | 1553 | 1550 | 1563 | 1550 | 1553 | 0 | 1224 |
| Nov 06 | 1563 | 1562 | 1574 | 1560 | 1562 | -1 | 4039 |
| Dec 06 | 1570 | 1574 | 1582 | 1569 | 1570 | 0 | 1955 |
| Jan 06 | 1581 | 1584 | 1591 | 1580 | 1588 | +7 | 228 |

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 6.09.06 | 5.09.06 | Change |
|------------------------------|---------|---------|--------|
| Kandla CPO (5 % FFA) | 390 | 393 | -3 |
| Kandla RBD Palmolein +VAT | 418 | 418 | 0 |
| Mumbai RBD Palmolein +VAT | 430 | 430 | 0 |
| Chennai RBD Palmolein +VAT | 435 | 435 | 0 |
| Kakinada RBD Palmolein +VAT | Closed | 420 | - |
| Hyderabad RBD Palmolein +VAT | Closed | 438 | - |
| Delhi RDB Palmolein | 460 | 460 | 0 |

Rape/Mustard oil

The spot market prices of mustard seeds remain steady while most of the North Indian markets remain closed on local festivals. The prices of mustard oil will much depend on the selling prices of mustard seed by NAFED.

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

| Centres | 6.09.06 | 5.09.06 | Change |
|----------------------------|---------|---------|--------|
| Mumbai (Exp. Oil) +VAT | 423 | 423 | 0 |
| Kota (Expeller Oil)+VAT | Closed | 391 | - |
| Jaipur (Expeller Oil)+VAT | Closed | 393 | - |
| Delhi (Expeller Oil) | 410 | 410 | 0 |
| Neewai (Expeller Oil) +VAT | Closed | 388 | - |

Groundnut Refine Oil

Groundnut oil prices on major domestic spot market remain steady to weak on low demand compared to previous day. 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 | 6.09.06 | 5.09.06 | Change |
|--------------------|---------|---------|--------|
| Mumbai +VAT | 530 | 530 | 0 |
| Rajkot +VAT | 520 | 525 | -5 |
| Andhra Region +VAT | Closed | 540 | - |
| Chennai +VAT | 540 | 454 | -4 |
| Delhi | 560 | 560 | 0 |

Sunflower Refine Oil

Sunflower oil prices decline in Mumbai while remain stable in other locations. Low stock position results holding its prices at its current level. CIF sunflower oil prices (September shipments) remain steady at \$640/ton compared to Tuesday level. Sunflower is expected to follow other oils in near terms.

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

| Markets | 6.09.06 | 5.09.06 | Change |
|---------------|---------|---------|--------|
| Mumbai +VAT | 510 | 515 | -5 |
| Chennai +VAT | 510 | 510 | 0 |
| Hyderabad VAT | Closed | 500 | - |

Cotton Refine Oil

The spot market decline in Rajkot while remains stable at other locations. 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 | 6.09.06 | 5.09.06 | Change |
|----------------|---------|---------|--------|
| Mumbai +VAT | 456 | 456 | 0 |
| Hyderabad +VAT | Closed | 435 | - |
| Rajkot + VAT | 445 | 447 | -2 |
| Delhi | 435 | 435 | 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 6.09.2006)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 46.21 |
| European Union | Euro | 59.24 |
| Japan | 100 Yen | 39.76 |
| United Kingdom | Pound Sterling | 87.53 |