

## VEGOIL DAILY

September 21, 2006

### REFINE SOY OIL

#### SPOT MARKETS

Soy refine spot market prices at different centers remain weak on the backdrop of international prices. Low demand compared to the last trading day results to prevent the fresh buying in the spot market. The talk about arrivals of fresh vessels carrying refine soy oil further provided weak tone to the market. Huge cloud cover in Southern MP and major part of Maharashtra results into intermittent rainfall in the region. If the rain persists over the region may results into some loss to the standing crop of soybean. Coming festival season is expected to pull up the soy oil prices in near terms. The CIF rate for soy oil for September shipment improved marginally at \$581/ton on Thursday. The prices are expected to improve in near term as per trade sources.

#### FUTURES MARKETS:

Soy oil futures opened weak and decline sharply up to the mid session closely following the BMD futures. The sentiments retraced back on improvement in BMD futures later on. Weakness in CBOT also added to its bearish note. October soy oil futures opened at 429.25 and traded in the range of 425.40 and 429.35 and settled at 427.20.

#### 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

Opening bozu filled candlesticks indicate bearish market sentiment but long lower shadow indicates certain level of retracement. Stochastic made bearish cross over indicating weakness in the market sentiments. Prices closed below 9 days and 18 days EMA indicating slackness in the market sentiments. MACD made bearish cross over indicating weakness. Volume increased while OI remains almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	421.3	422.7	427.2	429.1	431.0

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:  
Sell below 426.60; T1 424.40, and put stop loss at 427.50.

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

Centres	21.09.06	20.09.06	Change
Mumbai (Soy Ref oil)+VAT	422	423	-1
Indore (Soy Ref oil)+VAT	413	412	+1
Kota (Soy Ref. Oil)+VAT	413	416	-3
Hyderabad (Soy Ref)+VAT	445	445	0
Rajkot (Soy Ref)+Tax	413	414	-1

## PALM OIL

### International Highlights

#### BMD Futures Witness Lack Lusture Trade

Crude palm oil futures on BMD closed slightly up with slight positive tone on profit booking and short covering on Thursday after consecutive sharp decline. The most active December CPO contract closed at MYR1,535 per metric ton, up MYR7 from Wednesday. It however oscillates between MYR1521 and MYR1541. Sharp decline could be witnessed since from the mid August closely tracking the crude oil in NYMEX. As per traders this is the level one can book profits as the prices already at its lowest level. The market is expected to follow the crude oil prices in near term as per trade expectation. Day by day rising of Malaysian palm oil stocks and touching it of 1.68 million tons at the end of August remains the main concern among the bulls as till there is no further export demand is expected. The volume decline at 10,559 lots, compared to 14,775 lots on Wednesday.

### Domestic Spot Market Highlights

Spot market prices of palm oil decline in most of the centers closely following the BMD futures. Low prices of imported palm oil remains lucrative for the importers to import at cheaper rate. The market will closely follow the international developments in near terms.

#### BMD: CPO Futures (21.9.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Oct 06	1514	1515	1523	1506	1518	+4	492
Nov 06	1521	1519	1532	1514	1523	+2	1550
Dec 06	1528	1528	1541	1521	1535	+7	7619
Jan 07	1540	1538	1550	1533	1543	+3	553
Feb 07	1545	1550	1558	1542	1551	+6	304

\*BMD Remains Closed on Saturday and Sunday

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	21.09.06	20.09.06	Change
Kandla CPO (5 % FFA)	384	388	-4
Kandla RBD Palmolein +VAT	408	410	-2
Mumbai RBD Palmolein +VAT	418	419	-1
Chennai RBD Palmolein +VAT	430	430	0
Kakinada RBD Palmolein +VAT	410	410	0
Hyderabad RBD Palmolein +VAT	432	434	-2
Delhi RDB Palmolein	455	NA	-

#### Rape/Mustard oil

Spot market prices of mustard oil witnessed further decline on low volume of trade in different locations. The weakness in other oils also results into further weakness into the market. The selling prices of mustard seed improved slightly for the new seeds by Rs 5 for its old and new stocks. Mustard seed prices at Jaipur and Kota remain at Rs 1720-25 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	21.09.06	20.09.06	Change
Mumbai (Exp. Oil) +VAT	421	424	-3
Kota (Expeller Oil)+VAT	387	391	-4
Jaipur (Expeller Oil)+VAT	390	392	-2
Delhi (Expeller Oil)	415	NA	-
Neewai (Expeller Oil) +VAT	389	389	0

#### Groundnut Refine Oil

Groundnut oil prices remain maintains its firm position 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	21.09.06	20.09.06	Change
Mumbai +VAT	535	535	0
Rajkot +VAT	535	535	0
Andhra Region +VAT	600	590	+10
Chennai +VAT	555	550	+5
Delhi	540	NA	-

#### Sunflower Refine Oil

Stand still condition persists in different centers for the prices of Sunflower oil in most of the market on steady demand and low stock position. 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	21.09.06	20.09.06	Change
Mumbai +VAT	505	505	0
Chennai +VAT	510	510	0
Hyderabad VAT	510	510	0

#### Cotton Refine Oil

Cotton refine prices remain steady with slight weak undertone in most of the centers with 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	21.09.06	20.09.06	Change
Mumbai +VAT	445	445	0
Hyderabad +VAT	445	445	0
Rajkot + VAT	436	437	-1
Delhi	425	NA	-

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	MMM Kingston	6000	CPO	Expected
	Al Rafel	4000	SBO	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	Arrived
	Nikos A	6000	SBO	Arrived
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
JN Port	Marion Dream	8000	SBO	Arrived

**Forex Rates****(As on 21.09.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.88
European Union	Euro	58.28
Japan	100 Yen	39.17
United Kingdom	Pound Sterling	86.81