

VEGOIL DAILY

September 12, 2006

REFINE SOY OIL

SPOT MARKETS

Soy oil markets featured bearish trend following weak advises from overseas markets. Traders blame expectation of bearish monthly crop report due to be released by USDA on Tuesday for current weak trend. Traders are expecting that USDA might raise its estimates for soybean production in United States. Weather in India also is favourable and its harvest is round the corner. So, demand for the same remained weak.

FUTURES MARKETS:

Soy oil October futures opened weak gapping lower significantly versus previous day closing. Futures started moving further downward soon after opening and this downtrend persisted through the day. Futures bottomed out near 15.15 hrs. Day's low was set at Rs 421.25 per 10 kg. Thereafter, futures moved in narrow range till end of the day. October Soy oil future finished off Rs 7.70 at Rs 422.00 per 10 kg.

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 again 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

Dark Candlestick body with 'opening marubozu' and small lo shadow reflects strongly bearish pattern. Prices closed below the 9-days and 18-days EMA. Stochastic oscillator has m bearish crossover with %d line. MACD is tilting downward negative territory.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	416.30	419.10	422	426.90	431.80

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:
Sell above 422.00; T1 419.20, and put stop loss at 423.50.

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

Centres	11.09.06	09.09.06	Change
Mumbai (Soy Ref oil)+VAT	426	427	-1
Indore (Soy Ref oil)+VAT	410-412	412	-
Kota (Soy Ref. Oil)+VAT	412	417	-5
Hyderabad (Soy Ref)+VAT	440	440	-
Rajkot (Soy Ref)+Tax	408	413	-5

PALM OIL

International Market Highlights

BMD Crude Palm Oil Futures Settle Down

Palm oil futures at Bursa Malaysian Derivative Exchange settled lower on bearish data release. Benchmark November futures settled off MYR 14 at MYR 1539 per ton. According to cargo Surveyor, Intertek estimated the Malaysian palm oil export during September 1-10 at 356,717 ton, down 22% compared to its export during the corresponding period last month. MPOB data also confirm earlier fears of high inventories. Further, people are expecting bearish number in USDA crop data to be released on Tuesday.

Domestic Spot Market Highlights

Palm oil markets also observed weak trend. Weak advises from overseas markets and dull demand in domestic markets kept the local players in low spirit. Demand for the palm oil from vanaspati industry remained weak. People, however, are expecting its demand to improve in coming weeks for festive season ahead.

BMD: CPO Futures (11.9.2006)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1540	1530	1530	1512	1515	-25	74
Oct 06	1545	1545	1545	1520	1529	-16	1024
Nov 06	1553	1553	1555	1528	1539	-14	7244
Dec 06	1563	1560	1565	1538	1550	-13	3979
Jan 06	1576	1570	1570	1550	1559	-17	440

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	11.09.06	09.09.06	Change
Kandla CPO (5 % FFA)	392	394	-2
Kandla RBD Palmolein +VAT	414	416	-2
Mumbai RBD Palmolein +VAT	428	429	-1
Chennai RBD Palmolein +VAT	428	430	-2
Kakinada RBD Palmolein +VAT	413	418	-5
Hyderabad RBD Palmolein +VAT	435	440	-5
Delhi RDB Palmolein	455	460	-5

Rape/Mustard oil

Rape oil markets observed lusterless trading. NAFED still is having substantial stock with it. Weak demand in spot markets continued to weigh on values. People are not optimistic about its friendly outlook in long term. Recent rains have replenished enough soil moisture for rabi season. However, acreage under the same in coming crop season might decline, as farmers might have high inclination towards other available alternatives like Gram, of which perspectives seem quite promising.

Groundnut Refine Oil

Correction was also seen in groundnut oil markets. Weather has improved in Gujarat. It's harvest is in progress. Arrivals of groundnut in Rajkot belt totalled at 15,000 - 20,000 bags, which traders are expecting to increase to 50,000 bags in couple of weeks. Trading remained low, as people are not convinced with current high prices ahead of its harvest. Also, spill over weakness in imported oil weighed on its values.

Sunflower Refine Oil

Sunflower oil was the only exception among veg oils that had seen slightly bullish trend. Demand for the same remained weak. Only supportive factor is its low inventories. Traders are expecting ease in its prices with increase in supply of groundnut oil coming weeks, of which harvest is in progress in most key producing areas.

Cotton Refine Oil

Sentiments remained weak in cottonseed oil markets. According to traders, this correction was due as market was in overbought situation. Also, harvest of groundnut is expected to gain momentum, as weather has improved across Gujarat.

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

Centres	11.09.06	09.09.06	Change
Mumbai (Exp. Oil) +VAT	421-422	423	-1
Kota (Expeller Oil)+VAT	386	392	-6
Jaipur (Expeller Oil)+VAT	389	394	-5
Delhi (Expeller Oil)	408	410	-2
Neewai (Expeller Oil) +VAT	386	389	-3

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	11.09.06	09.09.06	Change
Mumbai +VAT	525	527	-2
Rajkot +VAT	505-510	525	-15
Andhra Region +VAT	540	550	-10
Chennai +VAT	535	535	-
Delhi	560	560	-

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

Markets	11.09.06	09.09.06	Change
Mumbai +VAT	510	508	+2
Chennai +VAT	510	505	+5
Hyderabad VAT	505	495	+10

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

Markets	11.09.06	09.09.06	Change
Mumbai +VAT	448	450	-2
Hyderabad +VAT	435	440	-5
Rajkot + VAT	425	445	-20
Delhi	430	435	-5

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Chenroad Echo	6000	Palm oil	Expected
	MMM Kingston	6000	CPO	Expected
	Global Eos	4000	CPO	Arrived
Kolkata	Global Pallas	8300	CPO	Arrived
	Zhong Hua 7	8000	CPO	Expected
Kakinada	Bum Woo	14000	CPO	Arrived
	Madura	14000	CPO	Arrived
	Shimakaze	5000	CPO	Expected
Mumbai	Royal Emerald	4000	Palm oil	Expected
JN Port	Produce	13000	SBO	Expected
Tuticorin	Filma Satu	620	Palm Oil	Expected
Chennai	Thressa II	7998	Palm Oil	Arrived
	MMM Jackson	6000	CPO	Expected
New Mangalore Port	Hua Yun V	6500	CPO	Arrived

Forex Rates

(As on 11.09.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.07
European Union	Euro	58.37
Japan	100 Yen	39.39
United Kingdom	Pound Sterling	85.94