

VEGOIL DAILY

September 8, 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