

VEGOIL DAILY

September 6, 2006

REFINE SOY OIL

SPOT MARKETS

Soy oil refine decline in almost all the centers on low demand that results into poor off taking from the market yard. The markets continue to follow the international prices as landing costs of imported oils get cheaper and cheaper. The weakness in international markets also had a bearish impact on the domestic market and thereby slackness in the prices of edible oil. The futures market further added to bearish note in the spot market. CIF soy oil prices (September shipments) improved slightly at \$576/ton on Tuesday. The price in the spot market is expected to trade range bound.

FUTURES MARKETS:

NCDEX refined soyoil September contract opened slightly firm on Tuesday and witnessed choppy trade closely followed the BMD futures. Despite low demand the contract witnessed slight improvement on short covering and profit booking. The contract traded between 427.20-430.60 and the prices finally closed at 429.10.

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

Doji formation by candlesticks indicating indecisive market sentiment. Stochastic is in neutral region and heading southwards indicating bearish sentiments. The price line is closed below 9 and 18 days EMA. MACD remain bearish indicating the sentiments likely to continue. Volumes and OI remains almost steady. Trade with caution.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Sep	421.5	424.0	429.1	431.5	433.4

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil September Contract:
Sell below 428.10; T1 426.00, and put stop loss at 429.50.

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

Centres	5.09.06	4.09.06	Change
Mumbai (Soy Ref oil)+VAT	427	427	0
Indore (Soy Ref oil)+VAT	412	415	-3
Kota (Soy Ref. Oil)+VAT	415	417	-2
Hyderabad (Soy Ref)+VAT	435	440	-5
Rajkot (Soy Ref)+Tax	410	413	-3

PALM OIL

International Market Highlights

BMD Futures Continue to Slide on Low Demand

Crude palm oil futures on BMD settled down on Tuesday closely following the declining crude oil prices. Strong ringgit compared to dollar had also a bearish impact on the palm oil as import become relatively costlier. High production estimates and bulging stocks further drive the market down as large inventories expected to stay up to year end. The most active November CPO contract settled at MYR1,563 per metric ton, down MYR9 from last trading day and remain in the range between MYR1,555 and MYR1,575. Falling crude oil prices results into lower demand of palm oil for bio-diesel production.

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 (5.9.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Sep 06	1552	1549	1555	1540	1540	-12	124
Oct 06	1563	1558	1565	1546	1553	-10	1387
Nov 06	1572	1568	1575	1555	1563	-9	4427
Dec 06	1581	1577	1585	1564	1570	-11	1440
Jan 06	1595	1594	1596	1575	1581	-14	327

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	5.09.06	4.09.06	Change
Kandla CPO (5 % FFA)	393	397	-4
Kandla RBD Palmolein +VAT	418	418	0
Mumbai RBD Palmolein +VAT	430	430	0
Chennai RBD Palmolein +VAT	435	440	-5
Kakinada RBD Palmolein +VAT	420	420	0
Hyderabad RBD Palmolein +VAT	438	441	-3
Delhi RDB Palmolein	460	460	0

Rape/Mustard oil

The spot market prices of mustard seeds decline in few centers while other centers remain steady. Further reduction of the mustard seed prices by NAFED results into slight decline in the prices of mustard oil. NAFED selling seeds at Rs 1620 and 1525 for new and old stocks respectively. The mustard seed prices at Jaipur and Kota remain at Rs. 1730-1735 and 1540-1560 respectively. The price will depend on the NAFEDs action for any further price cut.

Groundnut Refine Oil

Groundnut oil prices on major domestic spot market remain steady to weak on low demand compared to previous day and trading at its subdued levels. The prices of groundnut oil tend to follow other oils closely. The price is expected to remain range bound in near terms.

Sunflower Refine Oil

Sunflower oil prices remain mixed in major market on moderate demand and slackness in other oil prices. Low stock position results holding its prices at its current level. CIF sunflower oil prices (September shipments) increased marginally at \$640/ton compared to Monday level. Sunflower is expected to follow other oils in near terms.

Cotton Refine Oil

The spot market decline in major centers on low demand and slackness in other oils. 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.

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

Centres	5.09.06	4.09.06	Change
Mumbai (Exp. Oil) +VAT	423	425	-2
Kota (Expeller Oil)+VAT	391	391	0
Jaipur (Expeller Oil)+VAT	393	393	0
Delhi (Expeller Oil)	410	410	0
Neewai (Expeller Oil) +VAT	388	390	-2

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	5.09.06	4.09.06	Change
Mumbai +VAT	530	530	0
Rajkot +VAT	525	530	-5
Andhra Region +VAT	540	540	0
Chennai +VAT	454	NA	-
Delhi	560	560	0

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

Markets	5.09.06	4.09.06	Change
Mumbai +VAT	515	510	+5
Chennai +VAT	510	NA	-
Hyderabad VAT	500	505	-5

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

Markets	5.09.06	4.09.06	Change
Mumbai +VAT	456	458	-2
Hyderabad +VAT	435	440	-5
Rajkot + VAT	447	450	-3
Delhi	435	440	-5

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 5.09.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	46.22
European Union	Euro	59.33
Japan	100 Yen	39.88
United Kingdom	Pound Sterling	87.94