

VEGOIL DAILY

October 5, 2006

REFINE SOY OIL

SPOT MARKETS

Refined soy prices decline in most of the centers on weakness in overseas market. Sharp break in the crude oil results into steep decline in the BMD futures and Soy oil futures at CBOT that results into cheap landing cost of the refined soy oil into the market. This further pressurized the domestic futures that result into smoothening of soy oil prices at the spot market. Low demand after Navaratri also weakens the sentiments in the spot as per traders. High crop estimation of soybean further pulled down the soy oil futures. The CIF rate for refined soy oil for September-January shipment witnessed further decline to \$568 on Wednesday. The prices are expected to follow the developments in overseas market and movement in the crude oil prices.

FUTURES MARKETS:

Sharp decline could be noticed in NCDEX refined soy oil October contract on high speculative selling initially. The prices fell sharply closely watching the developments in overseas market. Low demand after Dashehra festival further results into weakening in the sentiments. High volume of arrivals of new seeds started to flush into the Indore spot market that further pressurized the market down. After weak opening at 420.55 the prices moved in the range between 419.10 and 420.90 and finally settled at 420.00

PRICE DRIVERS:

Bullish:

1. Low crop forecast in advance estimates
2. Sharp decline in crude oil prices

Bearish:

1. Congenial weather situation
2. Low consumer demands

Weather

Weather looks favourable for the soybean crop and dry weather is desirable during pod maturity and harvesting.

TECHNICALS

Candlestick forms somewhat spindle top indicating indecisive sentiments into the market with bearish tone. Stochastic about to make bearish cross over indicating weakness. Prices closed below 9 days and 18 days EMA indicating weak sentiments. MACD made bearish cross over indicating bearish sentiments likely to continue. Volume and OI decreased marginally. Trade with caution as the market lack proper direction and remain volatile at this juncture.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	417.3	418.0	420.0	421.8	422.70

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:
Sell near 419.70; T1 418.20, and put stop loss at 421.00.

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

Centres	4.10.06	3.10.06	Change
Mumbai (Soy Ref oil)+VAT	412	414	-2
Indore (Soy Ref oil)+VAT	408	409	-1
Kota (Soy Ref. Oil)+VAT	406	Closed	-
Hyderabad (Soy Ref)+VAT	435	Closed	-
Rajkot (Soy Ref)+Tax	405	Closed	-

PALM OIL

International Highlights

BMD Futures Decline Remain in Tandem with Crude

Crude palm oil futures on the BMD settled down on Wednesday closely following the crude oil prices. The most active December CPO contract closed at MYR1,522 per metric ton, which is down by MYR12 from Tuesday and ranged from MYR1,510 to MYR1,525/ton. Sharp break in the crude oil prices results into limited scope for the bio-diesel demand as crude became cheaper. Lack of fundamental support on export front could not be able to provide any support to restrict the falling crude oil prices and export for the September month could be seen down by 4.4% as per SGS. With rising stock of Malaysian palm oil to 1.68 million tons at end-August remains the main concern as export to different countries seen falling except India where the export jumped to 142.78% during September compared to August. Traders expect that the stock may increase in near term.

Domestic Spot Market Highlights

There is a weak sentiment seen in Palm oil in overseas market and its effect result in mixed sentiments in domestic market. However only a centre showed some demand that help to strengthen its price up marginally.

BMD: CPO Futures (4.10.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Oct 06	1518	1500	1501	1495	1497	-21	338
Nov 06	1529	1514	1515	1503	1515	-14	1624
Dec 06	1534	1523	1523	1510	1522	-12	7520
Jan 07	1544	1531	1533	1520	1533	-11	2316
Feb 07	1552	1532	1550	1530	1540	-12	203

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	4.10.06	3.10.06	Change
Kandla CPO (5 % FFA)	378	381	-3
Kandla RBD Palmolein +VAT	405	407	-2
Mumbai RBD Palmolein +VAT	410	414	-4
Chennai RBD Palmolein +VAT	430	422	+8
Kakinada RBD Palmolein +VAT	404	Closed	-
Hyderabad RBD Palmolein +VAT	418	Closed	-
Delhi RDB Palmolein	450	450	0

Rape/Mustard oil

Mustard oil prices witnessed the slightly weak demand in different centers. NAFED continue to sell its new and old stock at compatible prices resulting cheap availability for crushing. Weak demand into the market also results into lack lustre trade. The price of mustard oil is expected to follow other oils in near terms in absence of demand.

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

Centres	4.10.06	3.10.06	Change
Mumbai (Exp. Oil) +VAT	416	418	-2
Kota (Expeller Oil)+VAT	385	Closed	-
Jaipur (Expeller Oil)+VAT	387	Closed	-
Delhi (Expeller Oil)	410	412	-1
Neewai (Expeller Oil) +VAT	385	386	-1

Groundnut Refine Oil

Spot price of Groundnut showed the mixed sentiments different centres. Demand for it kept low as end of Navaratri lowered the oil demand and it supported by marginally decline. Traders are looking forward for the rise in demand in up coming festival days. The demand for seeds weaken in the spot market on low export demand and traders are waiting for improves demand in near terms.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	4.10.06	3.10.06	Change
Mumbai +VAT	560	560	-
Rajkot +VAT	555	Closed	-
Andhra Region +VAT	595	Closed	-
Chennai +VAT	570	580	-10
Delhi	540	530	+10

Sunflower Refine Oil

Respite in weak arrival brought the sunflower price in down trends. As the most of the oil facing the weak demand, sunflower is one of these as well as crude oil demand also dwindling in international market pulling back the demand of edible oils for making bio-diesel.

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

Markets	4.10.06	3.10.06	Change
Mumbai +VAT	507	510	-3
Chennai +VAT	520	520	0
Hyderabad VAT	500	Closed	-

Cotton Refine Oil

Weaken demand of Cotton refine continue to rule in few centers while the stagnant demand is observed in others. Weak demand in other oil supported its price to decline. Market is still in the position of wait and watch. Cotton arrival already started in few locations that also lowering its demand and prices expected to follow the same trends with other oil closely.

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

Markets	4.10.06	3.10.06	Change
Mumbai +VAT	442	442	0
Hyderabad +VAT	438	Closed	-
Rajkot + VAT	437	Closed	-
Delhi	420	425	-5

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	MMM Kingston	6000	CPO	Expected
	Holly Galaxy	18250	CPO	Arrived
	Global Union	5300	Palm Oil	Expected
	Al Rafel	4000	SBO	Expected
	Pacific Sound	8808	Palm Oil	Arrived
	Shimakaze	12750	CPO	Arrived
	WS Enterprises	13000	SBO	Expected
	Gagasen Melaka	7000	CPO	Expected
Kolkata	Laju Sejahtera	4500	CPO	Arrived
	Matina	11747	CPO	Arrived
	Olympic	2229	CPO	Expected
	Khadijah	6300	CPO	Arrived
Kakinada	Nikos A	7000	SBO	Expected
Chennai	Spring Wind	7300	Palm Oil	Expected
	Bow Maastard	7600	SBO	Arrived
	Lion Ping Hu	3000	Palm Oil	Expected
New Mangalore	Vernal Grace	6000	CPO	Expected
Tuticorin Port	Spring Glory	7250	Palm Oil	Arrived
	Khadijah	6300	CPO	Arrived
Mumbai	Shimakaze	4000	CPO	Expected
	Madura	13775	CPO	Arrived
Mundra	Golden Far East	4500	SBO	Expected

Forex Rates

(As on 4.10.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.69
European Union	Euro	58.15
Japan	100 Yen	38.70
United Kingdom	Pound Sterling	86.10