

VEGOIL DAILY

October 18, 2006

REFINE SOY OIL

SPOT MARKETS

The strong development in overseas market like high settlement of soy oil futures on CBOT strongly influenced domestic market to remain mixed in sentiments. High crude oil futures on NYMEX strengthen biodiesel demand in overseas market supported soy oil to get some momentum on CBOT and palm oil futures on BMD but low domestic demand and start of crushing at few locations adhered soy oil's spot price at range bound position. Above changes in overseas market strongly guided Mumbai market to keep firm and rest of centres is able to meet the bare demand and remained at range bound. No change in FOB price also providing underlying support to keep price at range bound position. In domestic market the lack of proper arrival pressure negotiated price change. The CIF rate for refined soy oil for September-January shipment declined further at \$590 on Tuesday.

FUTURES MARKETS:

Soy oil prices at the futures market remained slight down with sideways movement on volatile trading Tuesday. The steady to weak spot prices supported the market. The futures market traded firm following strong opening at early hour but profit booking at higher level pulled down the prices. Most active November contract settled slight down Rs.0.95 at Rs.418.15 following strong opening at Rs.420 and hovered within the range of Rs.416.90-421.35.

PRICE DRIVERS:

Bullish:

1. Low crop forecast in advance estimates
2. Increase in crude oil prices
3. Festival demand

Bearish:

1. Congenial weather situation
2. Increasing Arrival Pressure

Weather

Weather looks favourable for the soybean crop and dry weather is desirable for good harvesting.

TECHNICALS

Long body filled candlestick with almost equal upper and low shadow indicates bearish market sentiments. Stochastic continued to up indicating bullish sentiments but it has reached overbought region, hinting technical reversal near. The price closed just above 9 day and 18 day EMA indicating improvement in the market sentiments. MACD is moving upward with reduced divergence indicating weak sentiments. Volume increased but decreased.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Nov.	415.0	416.5	418.15	420.0	422.0

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:

Sell Below 419.50; T1 417.00, T2 415.50 and put stop loss at 421.00

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

Centres	17.10.06	16.10.06	Change
Mumbai (Soy Ref oil)+VAT	412	410	+2
Indore (Soy Ref oil)+VAT	405	408	-3
Kota (Soy Ref. Oil)+VAT	407	407	0
Hyderabad (Soy Ref)+VAT	428	430	-2
Rajkot (Soy Ref)+Tax	400	400	0

PALM OIL

International Highlights

BMD Futures Settled High on Tuesday

The most active contract of Jan. 07 of crude palm oil futures on BMD ended a little higher with MYR8 to MYR1,598. Stronger crude oil price influenced palm oil demand to boost up bio diesel demand further strengthens its price. On high exported export figures and low arrival in October by speculative provided additional support to palm oil futures on BMD.

Domestic Spot Market Highlights

The weak sentiments in domestic market and strongly influenced by slightly high crude palm oil futures ended on BMD kept firmed few locations at range bound level while the low demand at rest of location kept its price low with easy availability of oil.

BMD: CPO Futures (17.10.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Nov 06	1574	1577	1584	1576	1579	+5	3140
Dec 06	1590	1590	1604	1590	1598	+8	7560
Jan 07	1603	1606	1618	1605	1611	+8	1489
Feb 07	1614	1620	1628	1616	1621	+7	1444

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	17.10.06	16.10.06	Change
Kandla CPO (5 % FFA)	379	379	0
Kandla RBD Palmolein +VAT	403	403	0
Mumbai RBD Palmolein +VAT	415	411	+4
Chennai RBD Palmolein +VAT	435	437	-2
Kakinada RBD Palmolein +VAT	404	405	-1
Hyderabad RBD Palmolein +VAT	418	420	-2
Delhi RDB Palmolein	435	435	0

Rape/Mustard oil

The weak buying and easy availability of mustard oil kept price strictly in control situation. The no movement in prices also credit by NAFED, which sold mustard seed at 1510 per quintal for old stock and Rs. 1590 per quintal for new stock. When gap is short on Dipawali days, trader are awaiting for emergence of proper demand likely to brings some cheers.

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

Centres	17.10.06	16.10.06	Change
Mumbai (Exp. Oil) +VAT	410	410	0
Kota (Expeller Oil)+VAT	386	386	0
Jaipur (Expeller Oil)+VAT	386	386	0
Delhi (Expeller Oil)	418	418	0
Neewai (Expeller Oil) +VAT	387	386	-1

Groundnut Refine Oil

Spot prices for groundnut oil remains firm at last figures at most of places due to increase in arrival pressurizing market not to extend above range bound level with stagnant demand condition. Some improvement in oil influx helped market to dropped down at few location. Still festival days demand lag behind and traders waiting to overcome soon.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	17.10.06	16.10.06	Change
Mumbai +VAT	550	550	0
Rajkot +VAT	525	525	0
Andhra Region +VAT	590	590	0
Chennai +VAT	550	555	-5
Delhi	500	500	0

Sunflower Refine Oil

At limited centre, cotton arrival increased sufficiently shattered sunflower refined oil price. The handle of demand with proper supply kept price firmed at range bound level at rest of location. The CIF price also remains same provide underlying support to range bound. The CIF price of refined sunflower oil for September-January shipment remains firm at \$ 632 on Tuesday. Traders expecting market to taste some high prices in near terms.

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

Markets	17.10.06	16.10.06	Change
Mumbai +VAT	505	505	0
Chennai +VAT	522	522	0
Hyderabad VAT	500	515	-15

Cotton Refine Oil

Mixed sentiments remains prominent in domestic market. The weak demand in other veg oil repeated with Cotton refined oil. Delay in proper arrival boost price up at single location and proper availability of oil to meet demand remains price at range bound. The hidden demand will be show off in approaching festival days.

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

Markets	17.10.06	16.10.06	Change
Mumbai +VAT	420	420	0
Hyderabad +VAT	425	430	-5
Rajkot + VAT	425	423	+2
Delhi	410	410	0

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Kuarvan	2,000	Palm Oil	Expected
	Global Union	5,300	Palm Oil	Expected
	WS Enterprise	13,000	SBO	Arrived
	Akti N	20,000	SBO	Arrived
	MMM Galvestone	2,500	CPO	Arrived
	Chemroad Vega	10,000	CPO	Expected
	Smho Heron	3,000	CPO	Arrived
Cochin	Star Dream	3,000	Palm Oil	Arrived
	Golden Dream	6,000	Palm Oil	Expected
Goa	Star Dream	5,000	Palm Oil	Arrived
Kolkata	Global Pallas	5,000	CPO	Arrived
	Bow Maastard	18,056	CPO	Arrived
Mumbai	Gemini	13,000	SBO	Arrived
	Havi Ocean	7,205	CPO	Expected
	Chemroad Vega	6,500	CPO	Expected
Chennai	Filma Satu	6,100	Palm Oil	Expected
New Mangalore	Oak Princes	6,000	CPO	Expected

Forex Rates**(As on 17.10.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.36
European Union	Euro	56.83
Japan	100 Yen	38.08
United Kingdom	Pound Sterling	84.46