

VEGOIL DAILY

October 14, 2006

REFINE SOY OIL

SPOT MARKETS

There is mixed sentiments is seen in refined soy oil prices in domestic market. The weak demand most of centres in domestic markets pushing its prices downward but underlying support by increased in CIF and crude oil prices restored soy oil prices as on Friday. There is decline in arrival pressure and positive cutting on NBOT provide temporary firmness in Indore Market. The available soybean in market is not supportive for crushing due to high moisture content. The rise of soy oil futures on CBOT and BMD futures pushed up biodiesel demand in overseas market influenced domestic market to follow up bullish tone, hence support its price to followed and ended at range bound at most of location. The futures market is expected to trade side ways as the market lack proper direction. The CIF rate for refined soy oil jumped at achieved September-January shipment at \$593 on Friday.

FUTURES MARKETS:

The refined soy futures at NCDEX November contract opened firm at 415.00 and rally up in continuation of the Thursday's gain and maintain its firm position till mid session when slight decline could be noticed on short covering. The refined soy oil closely followed the improvement in crude oil prices in the international market combined with the solid gain in CBOT overnight and strong bullish sentiments in BMD futures. The sentiments improved further on the later part of the trading session and witnessed marginal decline again on short covering. The market is in transition phase and closely following the crude at overseas market. The prices moved in the range between 415.00 and 417.70 and finally settled at 417.25

PRICE DRIVERS:

Bullish:

1. Low crop forecast in advance estimates
2. Increase 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 for good harvesting.

TECHNICALS

Long body un-filled candlestick with opening bozu formation indicates strong bullish market sentiments. Stochastic continues to improve indicating bullish sentiments likely to continue in near terms. The prices closed above 9 day and 18 day EMA indicating improvement in the market sentiments. MACD moving upward with wide divergence indicating firm sentiments. Volume increased significantly and OI remains almost steady.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|------------|-------|-------|--------|-------|-------|
| NCDEX Nov. | 412.2 | 415.8 | 417.25 | 423.4 | 426.7 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:

Buy above 418.80; T1 421.20, and put stop loss at 417.00

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

| Centres | 13.10.06 | 12.10.06 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 409 | 412 | -3 |
| Indore (Soy Ref oil)+VAT | 404 | 403 | +1 |
| Kota (Soy Ref. Oil)+VAT | 404 | 404 | 0 |
| Hyderabad (Soy Ref)+VAT | 434 | 434 | 0 |
| Rajkot (Soy Ref)+Tax | 398 | 398 | 0 |

PALM OIL

International Highlights

BMD Futures High on Friday

The most active contract of Dec. ended with firm note at MYR1,576. Rise in crude oil futures price improved biodiesel demand with pushed market up. However, some underlying support provided by SGS cargo on optimism of rise of export and supply data of October 1-15 pushed up sentiments among traders mark BMD future to rise.

Domestic Spot Market Highlights

Mixed sentiments of palm oil are found nationwide. Some locations witnessed some relief from down price on increase in demand whereas few of other location felt the poor demand but rise of BMD futures market influenced domestic market to follow up and support palm oil price at range bound on rest of centres on Friday.

BMD: CPO Futures (13.10.2006)

(Ringgit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Oct 06 | 1530 | 0 | 1530 | 0 | 1530 | 0 | 0 |
| Nov 06 | 1548 | 1551 | 1563 | 1551 | 1557 | +9 | 788 |
| Dec 06 | 1560 | 1570 | 1582 | 1567 | 1576 | +16 | 3985 |
| Jan 07 | 1575 | 1582 | 1595 | 1580 | 1591 | +16 | 1787 |
| Feb 07 | 1587 | 1595 | 1603 | 1590 | 1599 | +12 | 204 |

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 13.10.06 | 12.10.06 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 378 | 377 | +1 |
| Kandla RBD Palmolein +VAT | 403 | 403 | 0 |
| Mumbai RBD Palmolein +VAT | 411 | 411 | 0 |
| Chennai RBD Palmolein +VAT | 430 | 427 | +3 |
| Kakinada RBD Palmolein +VAT | 405 | 404 | -1 |
| Hyderabad RBD Palmolein +VAT | 420 | 425 | -5 |
| Delhi RDB Palmolein | 440 | 430 | +10 |

Rape/Mustard oil

Stagnant demand in most of location and high stock by NAFED kept mustard oil price at range bound. Only Delhi centre showed slightly improvement in demand and boosted its price. NAFED sold mustard seed at Rs. 1510 per quintal for old stock and at Rs. 1590 per quintal for new stock. Some rise from dormant demand may come up in approaching festival days.

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

| Centres | 13.10.06 | 12.10.06 | Change |
|----------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 410 | 410 | 0 |
| Kota (Expeller Oil)+VAT | 382 | 382 | 0 |
| Jaipur (Expeller Oil)+VAT | 382 | 382 | 0 |
| Delhi (Expeller Oil) | 410 | 409 | +1 |
| Neewai (Expeller Oil) +VAT | 383 | 383 | 0 |

Groundnut Refine Oil

The groundnut seed arrival pressure is continued to high in Rajkot in addition with poor demand in groundnut refined oil pushed market further down whereas in other location no change in demand is noticed bound its price at range bound. There is lot of expectation in oil demand by trader likely to come in upcoming days.

Groundnut Oil Spot Market Price (Rs/10 kg)

| Centres | 13.10.06 | 12.10.06 | Change |
|--------------------|----------|----------|--------|
| Mumbai +VAT | 565 | 565 | 0 |
| Rajkot +VAT | 525 | 535 | -10 |
| Andhra Region +VAT | 590 | 590 | 0 |
| Chennai +VAT | 570 | 570 | 0 |
| Delhi | 525 | 530 | -5 |

Sunflower Refine Oil

The sunflower oil followed the same demand scenario as in other vegetable oil and witnessed more of less same sentiments. However some improvement in demand from consumer side seen in Chennai and raised its price. The CIF price also repeated and curtails any price movement and market repeated its price at yesterday position. The CIF price of refined sunflower oil for September-January shipment also repeated at \$ 631 on Friday. Some improvement in consumers demand is likely to come up in near terms.

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

| Markets | 13.10.06 | 12.10.06 | Change |
|---------------|----------|----------|--------|
| Mumbai +VAT | 507 | 507 | 0 |
| Chennai +VAT | 525 | 520 | +5 |
| Hyderabad VAT | 510 | 510 | 0 |

Cotton Refine Oil

Although some improvement in Cotton seed arrival seen in Hyderabad which, forced cotton refined oil prices down and rest of centres taste the same trends as in other veg oil and helped its price to remains unchanged to yesterday price. As per traders expectation due demand likely to come by in festival day.

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

| Markets | 13.10.06 | 12.10.06 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 430 | 430 | 0 |
| Hyderabad +VAT | 435 | 440 | -5 |
| Rajkot + VAT | 418 | 418 | 0 |
| Delhi | 415 | 415 | 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 |
| | Akti N | 20,000 | SBO | Arrived |
| | MMM Galvestone | 2,500 | CPO | Expected |
| | Chemroad Vega | 10,000 | CPO | Expected |
| | Smho Heron | 3,000 | CPO | Expected |
| Kolkata | Global Pallas | 5,000 | CPO | Arrived |
| | Southern York | 2,229 | CPO | Arrived |
| | Olympic | 2,229 | CPO | Arrived |
| Mumbal | 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 |
| Cochin | Star Dream | 3,000 | Palm Oil | Arrived |
| | Golden Dream | 6,000 | Palm Oil | Expected |

Forex Rates**(As on 13.10.2006)**

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 45.49 |
| European Union | Euro | 57.15 |
| Japan | 100 Yen | 38.11 |
| United Kingdom | Pound Sterling | 84.64 |