

VEGOIL DAILY

October 23, 2006

REFINE SOY OIL

SPOT MARKETS

The positive tone of soy oil futures on CBOT on support of some likely rain might stall harvesting at few locations with high crude oil futures on NYMEX boosted biodiesel demand up supporting soy oil futures. Some supporting news like mandatory use of biodiesel additionally supporting futures market. Some convergent pressure mount from high crude palm oil futures on BMD pushing market to higher side. The jump in CIF price also supportive to soy oil price. Under the cumulative development in overseas market domestic market provided room to price rise, however in addition to above factors additive push up provided from demand side and ended with price rise. The closure of Mandi stopped the progress of soybean seed influx in market having solid effect and respite market to down trends in prices. Some improvement in demand in Kota pushed market to rise, while with no change in demand situation at few locations kept prices at range bound position. The CIF rate for refined soy oil for September-January shipment jumped to new level at \$617 on Friday. The underlying development in overseas along with arrival pressure will guide market in near terms.

FUTURES MARKETS:

Increased buying support lifted Soy oil sentiments at the futures market at some higher levels initially following a higher opening. However, increased profit booking activities at the higher levels pressurized the futures and traded somewhat down thereafter. The meager arrival at spots is also underpinning the tone. Most active November contract settled higher Rs.3.05 at Rs.425.30 and hovered within the range of Rs.423.80-426.70.

PRICE DRIVERS:

Bullish:

1. Increase in crude oil prices
2. Increasing biodiesel 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

The long upper shadow indicated buyers' domination at the higher levels. Stochastic is in normal region. The % K line after crossing %D line from the below and moving upwards, hinting some up trend. The prices closed above 9 day and 18 day EMA indicating some strength in the market sentiments. MACD is in positive territory and moving slightly upward indicating firm tone at medium term. Volume has increased and OI has decreased. Overall picture is indicating some sideways tone.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Nov.	420.0	422.7	425.3	429.5	430.6

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:

Buy above 427.50; T1 425.00, T2 423.70 and put stop loss at 429.00

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

Centres	20.10.06	19.10.06	Change
Mumbai (Soy Ref oil)+VAT	416	415	+1
Indore (Soy Ref oil)+VAT	408	403	+5
Kota (Soy Ref. Oil)+VAT	410	407	+3
Hyderabad (Soy Ref)+VAT	425	425	0
Rajkot (Soy Ref)+Tax	403	403	0

PALM OIL

International Highlights

BMD Futures Settled High on Friday

The most active contract of Jan. 07 of crude palm oil futures ended high on BMD by MYR13 to MYR1,623. High crude oil futures with bullish expectation of export estimation by a cargo surveyor SGS supported market to end high. Some market news to mandatory use of biodiesel in futures by some European countries additionally fuelling crude palm oil future prices.

Domestic Spot Market Highlights

Rising in crude oil futures with the support of domestic demand, which improved marginally support palm oil price to rise on spot market at most of locations. Steep rise in FOB price of CPO provide underlying support to domestic market to rise.

BMD: CPO Futures (20.10.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Nov.06	1570	1572	1575	1570	1574	+4	609
Dec.06	1589	1600	1601	1594	1599	+10	771
Jan.07	1610	1620	1623	1617	1623	+13	5658
Feb.07	1624	1634	1638	1630	1638	+14	1249
Mar.07	1636	1643	1648	1643	1648	+12	661

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	20.10.06	19.10.06	Change
Kandla CPO (5 % FFA)	381	379	+2
Kandla RBD Palmolein +VAT	405	403	+2
Mumbai RBD Palmolein +VAT	417	415	+2
Chennai RBD Palmolein +VAT	437	435	+2
Kakinada RBD Palmolein +VAT	409	407	+2
Hyderabad RBD Palmolein +VAT	425	420	+5
Delhi RDB Palmolein	425	435	-10

Rape/Mustard oil

The emergence of dormant demand at climax stage of festival days from consumer side to certain level supporting spot market price of mustard oil to rise. Buying pressure seen in nearly all centres. With the hefty stock position by NAFED market will revolve to present condition as per trade sources.

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

Centres	20.10.06	19.10.06	Change
Mumbai (Exp. Oil) +VAT	417	412	+5
Kota (Expeller Oil)+VAT	388	386	+2
Jaipur (Expeller Oil)+VAT	388	386	+2
Delhi (Expeller Oil)	415	414	+1
Neewai (Expeller Oil) +VAT	388	NA	-

Groundnut Refine Oil

Hefty stock position still pressurizing market at few locations with stagnant demand condition, whereas ready to meet supply kept prices at range bound in other locations. In Chennai, the improved position of soy oil somehow manage to support groundnut refined oil at spot market with little improvement in demand. Traders expecting fall in price in near terms on improvement of arrival.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	20.10.06	19.10.06	Change
Mumbai +VAT	540	540	0
Rajkot +VAT	505	510	-5
Andhra Region +VAT	585	585	0
Chennai +VAT	550	530	+20
Delhi	510	525	-15

Sunflower Refine Oil

Sudden shoot of CIF rate up supported the domestic market to remains at range bound with stagnant demand condition. At Mumbai, switch off of oil choice weaken sunflower refined oil prices. The CIF price of refined sunflower oil for September-January shipment sudden shoot up at \$ 650 on Friday. Market still in wait and watch condition.

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

Markets	20.10.06	19.10.06	Change
Mumbai +VAT	503	505	-2
Chennai +VAT	520	520	0
Hyderabad VAT	505	505	0

Cotton Refine Oil

Weak demand from last days get extension of relief to certain extends and remains range bound to high. Respite from arrival pressure with emergence of dormant demand raised spot prices at few locations and having proper stock position kept market at range bound at other locations. High arrival will pressurize market is expected by trade sources.

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

Markets	20.10.06	19.10.06	Change
Mumbai +VAT	422	422	0
Hyderabad +VAT	425	420	+5
Rajkot + VAT	413	413	0
Delhi	405	400	+5

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	NCC Jubail	8,000	CPO	Expected
	Star Dream	6,000	CPO	Expected
	Golden Charlotte	11,000	Palm Oil	Expected
	Global Union	5,300	Palm Oil	Expected
	Nord Trader	10,000	CPO	Expected
Kolkata	Padang Halaban	6,350	CPO	Arrived
	Frabandari	7,300	CPO	Arrived
	Marida Prince	10,450	CPO	Arrived
	Spring Glory	7,239	CPO	Arrived
Mumbai	Pacific Sound III	16,750	Palm Oil	Expected
Chennai	Chemroad Vega	6,500	CPO	Expected
New Mangalore	Golden Dream	4,000	CPO	Expected

Forex Rates**(As on 20.10.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.31
European Union	Euro	57.18
Japan	100 Yen	38.29
United Kingdom	Pound Sterling	85.01