

## VEGOIL DAILY

November 1<sup>st</sup>, 2006

### REFINE SOY OIL

#### SPOT MARKETS

Demand for soy refined oil remained weak in the spot market. Soybean arrival improved in major growing areas but low buying support overpowered its prices. Arrival expected to further increase in coming days. Still all the mills/crushers are not operating to its full capacity added further weakness. Combining negative impact of crude oil and soy oil futures along with fall in crude palm oil prices in international market added bearishness in domestic spot market. Increase in landing cost of soy oil remained ineffective to support the market. The CIF rate for refined soy oil for September-January shipment was increased at \$635 on Tuesday.

#### FUTURES MARKETS:

The refined soy futures at NCDEX November contract opened weak sentiments with gap formation at 430.50 and decline then after as sharp fall in the BMD futures underpin the market sentiments. Sharp improvement could be noticed on later part of the trading session on recent estimates of low kharif oilseed production this year compared to the last year combined with reduced acreage in mustard area and sharp hike in the selling prices of mustard seed on Tuesday. The market sentiments remain mostly range bound with indecisive sentiments. The prices moved in the range between 427.25 and 431.60 and finally settled at 430.60

#### PRICE DRIVERS:

1. Millers demand
2. Increasing Arrival Pressure
3. Harvesting in Progress
4. Firm tone is overseas market.

#### Weather

Weather looks favourable fieldwork for soybean harvest.

#### TECHNICALS

Long legged doji formation by the candlestick indicates indecisive market sentiments. Stochastic continue to improve and touched the overbought region indicating bullish sentiments but as prices touch the overbought region is likely to take correction. The prices closed above day and 18 day EMA indicating improvement in the market sentiment. MACD is moving upward with wide divergence indicating firm sentiments. Volume and OI remains almost steady.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Nov.	427.8	429.4	430.6	434.9	436.3

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:  
**Buy** Above 431.20; T1 433.50 and put stop loss at 430.00.

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

Centres	31.10.06	30.10.06	Change
Mumbai (Soy Ref oil)+VAT	417	Closed	-
Indore (Soy Ref oil)+VAT	405	408	-3
Kota (Soy Ref. Oil)+VAT	415	NA	-
Hyderabad (Soy Ref)+VAT	433	436	-3
Rajkot (Soy Ref)+Tax	411	413	-2

## PALM OIL

### International Highlights

#### Crude Palm oil Futures Finish Down on BMD

Crude palm oil futures collapsed at Bursa Malaysian Derivatives on Tuesday. The weak soy oil futures closing on yesterday on CBOT guided crude palm oil to fall down as well as some support came from out of tune crude oil futures. The SGS cargo released its export estimation for the period of October 1-31 showed the trader's expected figures remained unsupportive. The most active contract for January 2007 ended down MYR37 at MYR1,661.

### Domestic Spot Market Highlights

Sentiments remained weak for Palm oil price in the spot market. The bearish tone in overseas market confirmed the same tone. Last week saw the upwardly trend in rising land cost of oil but decline in FOB price added bears in the spot market. Many vessels are expected to fuelling palm oil in domestic market.

#### BMD: CPO Futures (31.10.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Nov.06	1651	1626	1628	1621	1622	-29	162
Dec.06	1677	1664	1664	1639	1643	-34	2644
Jan.07	1698	1690	1692	1661	1661	-37	8969
Feb.07	1713	1702	1703	1673	1673	-40	3277
Mar.07	1738	1710	1710	1687	1696	-42	1915

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	31.10.06	30.10.06	Change
Kandla CPO (5 % FFA)	391	390	+1
Kandla RBD Palmolein +VAT	406	407	-1
Mumbai RBD Palmolein +VAT	419	Closed	-
Chennai RBD Palmolein +VAT	436	440	-4
Kakinada RBD Palmolein +VAT	417	420	-3
Hyderabad RBD Palmolein	448	450	-2
Delhi RDB Palmolein	Closed	NA	-

#### Rape/Mustard oil

Sentiments in mustard oil demand remained bullish in the spot markets. Nafed further hiked its mustard seed prices to offsetting the demand. Nafed released its mustard seed at Rs. 1750 per quintal for last year stock. According to traders low acreage was expected up to last week added bullish tone. Price may further improve in coming days.

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

Centres	31.10.06	30.10.06	Change
Mumbai (Exp. Oil) +VAT	428	Closed	-
Kota (Expeller Oil)+VAT	395	397	-2
Jaipur (Expeller Oil)+VAT	404	402	+2
Delhi (Expeller Oil)	Closed	NA	-
Neewai (Expeller Oil) +VAT	405	405	0

#### Groundnut Refine Oil

Sentiments remained weak for groundnut refined oil prices in the spot markets. Good arrival reported in major producing areas. In Rajkot market shelled groundnut was quoted at Rs. 388/20kg. Weather is suitable for harvesting. Its prices likely to falls further on increasing arrivals.

#### Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	31.10.06	30.10.06	Change
Mumbai +VAT	540	Closed	-
Rajkot +VAT	511	520	-9
Andhra Region +VAT	580	590	-10
Chennai +VAT	560	560	0
Delhi	Closed	NA	-

#### Sunflower Refine Oil

Inconsistent arrival of sunflower witnessed in the market. Traders are switching to other oilseed offsetting its arrival. Arrival is likely to consistent in coming days as harvesting in progress. The CIF price of refined sunflower oil for September-January shipment declined at \$ 635 on Tuesday.

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

Centres	31.10.06	30.10.06	Change
Mumbai +VAT	512	Closed	-
Chennai +VAT	535	535	0
Hyderabad VAT	530	530	0

#### Cotton Refine Oil

Demand remained weak for cotton refined oil in the spot market with steady arrival. The weakness in soy prices in overseas market as well as in domestic market profoundly supported the bearish tone. Harvesting remained smooth in many producing states.

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

Centres	31.10.06	30.10.06	Change
Mumbai +VAT	427	Closed	-
Hyderabad +VAT	435	440	-5
Rajkot + VAT	422	427	-5
Delhi	Closed	NA	-

#### Forex Rates

(As on 31.10.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.02
European Union	Euro	57.24
Japan	100 Yen	38.32
United Kingdom	Pound Sterling	85.56

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Nord Farer	12,500	SBO	Arrived
Kolkata	Vernal Grace	6,000	CPO	Arrived
	Frabandari	7,300	CPO	Arrived
	Matina	6,500	CPO	Arrived
	Laju Sejahtrea	5,000	CPO	Arrived
	O.Princess	6,000	CPO	Arrived
Chennai	Southern Unicorn	6,000	CPO	Arrived
Tamil Nadu	Global Eros	10,800	Palm Oil	Expected
	Khadijah	6,250	Palm oil	Expected
Mumbai	Madura-III	5,005	Palm oil	Expected

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