

VEGOIL DAILY

October 19, 2006

REFINE SOY OIL

SPOT MARKETS

A combination of factors marked soy oil futures bullish on CBOT on Tuesday and it gained strong on soy oil futures. Domestic market followed the development in overseas market and effect is easily visualized in Mumbai, which gained easy access to reach high in soy oil spot prices. The CIF rate of soy oil also jumped witnessed some improvement in Chennai Market on costlier landing of imported oil and gained in Mumbai market as stated. High buying on CBOT also induced strong gain on palm oil futures on Bursa Malaysian Derivatives. The overall positive effect of these markets negotiated low demand in rest of locations nationwide and bound soy oil price at range bound. Today arrival pressure in major producing states decline in addition of low demand and sufficient buying of soybean seed at previous price dampen any movement in price in these locations. The CIF rate for refined soy oil for September-January shipment jumped to at \$607 on Wednesday. The more positive development in overseas market with emergence of dormant demand is expected in near term.

FUTURES MARKETS:

Soy oil sentiments at the futures market traded downward following a higher opening. Some selling interest among the investors pressurized the futures. The steady to weak spot prices is also underpinning the tone. Most active November contract settled slight down Rs.0.65 at Rs.417.70 and hovered within the range of Rs.417.50-420.30.

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

The bearish candlestick with big upper shadow indicates bearish market sentiments. The sellers mainly dominated the market. Stochastic is in normal region and moving slightly downward, hinting some downtrend. The prices closed just above 9 day and 18 day EMA indicating improvement in the market sentiments. MACD is moving slightly upward indicating some recovery at medium term. Volume as well as OI remained mostly steady at some higher level. Overall picture is indicating some bearish tone.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Nov.	413.9	415.3	417.7	420.5	422.0

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:

Sell Below 419.30; T1 417.00, T2 416.00 and put stop loss at 420.30

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

Centres	18.10.06	17.10.06	Change
Mumbai (Soy Ref oil)+VAT	415	412	+3
Indore (Soy Ref oil)+VAT	405	405	0
Kota (Soy Ref. Oil)+VAT	407	407	0
Hyderabad (Soy Ref)+VAT	NA	428	-
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 with bullish tone with MYR14 to MYR1,612. Strong gained on soy oil futures and strictly followed by palm oil settled high on BMD futures. Strong buying on soy oil influence firm gain on palm oil futures, additionally expectation of high exports data also fuelling palm oil futures to rise.

Domestic Spot Market Highlights

Strong development in overseas market fuelling palm oil price on spot at countable location but ready to meet to demand at other locations keeping price at range bound. The weak sentiments in domestic market also supportive to fix price at previous price.

BMD: CPO Futures (18.10.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Nov.06	1559	1565	1572	1562	1564	+5	521
Dec.06	1580	1588	1595	1585	1590	+10	1905
Jan.07	1598	1605	1617	1602	1612	+14	8142
Feb.07	1611	1621	1631	1618	1623	+12	1745
Mar.07	1621	1627	1637	1625	1633	+12	558

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	18.10.06	17.10.06	Change
Kandla CPO (5 % FFA)	380	379	-1
Kandla RBD Palmolein +VAT	403	403	0
Mumbai RBD Palmolein +VAT	415	415	0
Chennai RBD Palmolein +VAT	435	435	0
Kakinada RBD Palmolein +VAT	NA	404	-
Hyderabad RBD Palmolein +VAT	NA	418	-
Delhi RDB Palmolein	440	435	+5

Rape/Mustard oil

The stalled mustard oil requirement nationwide kept price at range bound level. Proper stock position and NAFED mustard selling pressure providing additional support to make current situation under control. When only few days short to dipawali, traders are in hope to shoot up dormant demand.

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

Centres	18.10.06	17.10.06	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	387	0

Groundnut Refine Oil

Low influence by other veg oil to groundnut refined oil faced mixed sentiments in many locations. Good arrival condition and low consumer demand result of it. Still crushing of seed not reach up to mark but strong enough to kept market to taste down price. Flourishing of exact demand as in festival days still most awaiting by traders.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	18.10.06	17.10.06	Change
Mumbai +VAT	545	550	-5
Rajkot +VAT	520	525	-5
Andhra Region +VAT	NA	590	-
Chennai +VAT	550	550	0
Delhi	505	500	+5

Sunflower Refine Oil

The low demand still prominent feature in sunflower refined oil. Some underlying development in soy oil in overseas market and steep rise in CIF price bound domestic market firm to last record in many centres along with low demand condition. The CIF price of refined sunflower oil for September-January shipment steep rise at \$ 637 on Wednesday. Traders expecting market to revert the present demand condition to bring some happiness in approaching Diwali.

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

Markets	18.10.06	17.10.06	Change
Mumbai +VAT	505	505	0
Chennai +VAT	522	522	0
Hyderabad VAT	NA	500	-

Cotton Refine Oil

Cotton refined oil also facing poor demand condition as in other veg oil. Arrival pressure at few locations improves, which helped market to down. In Mumbai strong changes in overseas market made this centre to rise. It likely to follows the same trends as in other oil as per trade sources.

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

Markets	18.10.06	17.10.06	Change
Mumbai +VAT	422	420	+2
Hyderabad +VAT	NA	425	-
Rajkot + VAT	420	425	-5
Delhi	408	410	-2

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 18.10.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.26
European Union	Euro	56.80
Japan	100 Yen	38.22
United Kingdom	Pound Sterling	84.72