

VEGOIL DAILY

October 4, 2006

REFINE SOY OIL

SPOT MARKETS

Refined soy prices lack direction on Tuesday, as many trading centers remain closed after Navaratri festival. Some improvement in the Indore spot market could be seen on buying on limited stock position and keeping the Dipawali festival. The prices in the overseas market decline sharply on dwindling crude oil prices and traders are waiting for optimum time to place import order. They expect some more declines in the SBO and CPO prices on bearish forecast by USDA on good stock position combined with sharp decline in the crude oil prices. The market is in wait and watch condition and closely following the developments in the international market. Harvesting of soybean further added to its bearish tone. The CIF rate for refined soy oil for September-January shipment witnessed sharp decline to \$573 on Tuesday. The prices are expected to follow the developments in overseas market and movement in the crude oil prices.

FUTURES MARKETS:

Soy oil futures opened weak and decline onwards up to the mid session. Some improvement could be seen on later part of the trading session on profit booking and on notification that government of India will not change the tariff value on edible oil group. October soy oil futures opened at 421.50 and traded in the range of 420.50 and 422.20 and settled at 421.70.

PRICE DRIVERS:

Bullish:

1. Low crop forecast in advance estimates
2. Sharp decline 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 during pod maturity and harvesting.

TECHNICALS

Doji star formation by Candlestick indicating indecisive market sentiments. Stochastic continue to remain bullish as %K ruling over %D line. Prices closed below 9 days and 18 days EMA indicating weak sentiments. MACD remain bullish with little divergence indicating indecisiveness. Volume and OI increased marginally. Trade with caution as the market lack proper direction and remain volatile at this juncture.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX October	418.0	419.7	421.7	424.6	426.1

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil October Contract:
Buy above 421.90; T1 423.20, and put stop loss at 420.00.

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

Centres	3.10.06	30.09.06	Change
Mumbai (Soy Ref oil)+VAT	414	414	0
Indore (Soy Ref oil)+VAT	409	407	+2
Kota (Soy Ref. Oil)+VAT	Closed	410	-
Hyderabad (Soy Ref)+VAT	Closed	440	-
Rajkot (Soy Ref)+Tax	Closed	406	-

PALM OIL

International Highlights

BMD Futures Decline Sharply Following Crude

Crude palm oil futures decline sharply closely following the break in crude oil and settled lower at MYR1534 as the fundamentals still remain bearish on no major support in the physical market. The most active December contract oscillates between MYR1531 and MYR1,550/ton. Lack of proper export demand and increasing stock position remain the main bearish force to drive the market down breaking the key support levels as per traders. Weakness in soy oil prices overnight could also be the possible reason for sharp breakdown as per traders. The market is closely following the crude oil prices and the traders watch any development.

Domestic Spot Market Highlights

Palm oil prices at spot market remain mixed on lack lusture trade and weak demand compared to Saturday. The market will closely follow the international developments in near terms.

BMD: CPO Futures (3.10.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Oct 06	1538	1530	1530	1514	1518	-20	781
Nov 06	1551	1538	1539	1525	1529	-22	1605
Dec 06	1558	1550	1550	1531	1534	-24	6504
Jan 07	1568	1561	1561	1542	1544	-24	2581
Feb 07	1576	1562	1562	1551	1551	-25	26

*BMD Remains Closed on Saturday and Sunday

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	3.10.06	30.09.06	Change
Kandla CPO (5 % FFA)	381	382	-1
Kandla RBD Palmolein +VAT	407	407	0
Mumbai RBD Palmolein +VAT	414	412	+2
Chennai RBD Palmolein +VAT	422	423	-1
Kakinada RBD Palmolein +VAT	Closed	407	-
Hyderabad RBD Palmolein +VAT	Closed	421	-
Delhi RDB Palmolein	450	450	0

Rape/Mustard oil

Spot market prices of mustard oil decline on weak demand on different centers. Further smoothening of selling prices by NAFED results into further declining of the prices of mustard seed, which in turn lowers the mustard oil prices. The selling prices of old stock of mustard seed remain steady at Rs. 1510 while new seeds being sold at Rs 1600 per quintal. The prices of mustard oil will much depend on the selling price of mustard seed by NAFED.

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

Centres	3.10.06	30.09.06	Change
Mumbai (Exp. Oil) +VAT	418	422	-4
Kota (Expeller Oil)+VAT	Closed	388	-
Jaipur (Expeller Oil)+VAT	Closed	391	-
Delhi (Expeller Oil)	412	412	0
Neewai (Expeller Oil) +VAT	386	387	-1

Groundnut Refine Oil

Groundnut oil prices remain mixed in few centers while other centers remain closed. High demand of seeds keeps the prices of seeds and oil at its higher level. The groundnut oil prices likely to stay at current levels for some more time as per traders. The prices will much depend on the upcoming festival demand.

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	3.10.06	30.09.06	Change
Mumbai +VAT	560	560	0
Rajkot +VAT	Closed	550	-
Andhra Region +VAT	Closed	600	-
Chennai +VAT	580	575	+5
Delhi	530	540	-10

Sunflower Refine Oil

The prices of sunflower oil improved on high demand and low stock position compared to Saturday. The demand of sunflower remains stable and short supply results into improvement in the sunflower prices into the market. The price is expected to follow other oils closely.

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

Markets	3.10.06	30.09.06	Change
Mumbai +VAT	510	505	+5
Chennai +VAT	520	515	+5
Hyderabad VAT	Closed	505	-

Cotton Refine Oil

Cotton refine prices remain mixed in most of the centers and market is in wait and watch condition. The cotton oil started to arrive in few locations that will pressurize the market in near terms. The prices of the cotton oil will much depend on its arrivals and governed by the prices of other oils.

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

Markets	3.10.06	30.09.06	Change
Mumbai +VAT	442	445	-3
Hyderabad +VAT	Closed	445	-
Rajkot + VAT	Closed	437	-
Delhi	425	420	+5

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	MMM Kingston	6000	CPO	Expected
	Global Union	5300	Palm Oil	Expected
	Al Rafel	4000	SBO	Expected
	Pacific Sound	8808	Palm Oil	Arrived
	Pacific Ace	13000	CPO	Arrived
	Chemroad Mega	10000	CPO	Arrived
Kolkata	Bao De Jin	5900	CPO	Arrived
	Istana 6	4700	CPO	Arrived
	Khadijah	6300	CPO	Arrived
	Hua Yun 5	6000	CPO	Arrived
	Bum Woo	9000	CPO	Arrived
Kakinada	Nikos A	7000	SBO	Expected
Chennai	Cheras	2800	CPO	Expected
	Bow Maastard	7600	SBO	Expected
JN Port	Marion Dream	8000	SBO	Arrived
Tuticorin Port	Spring Glory	7250	Palm Oil	Expected
Mumbai	Shimakaze	4000	CPO	Expected
	Madura	13775	CPO	Arrived
Mundra	WS Enterprise	-	SBO	Expected

Forex Rates

(As on 3.10.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.84
European Union	Euro	58.51
Japan	100 Yen	38.97
United Kingdom	Pound Sterling	86.57