

VEGOIL DAILY

December 05th, 2006

REFINED SOY OIL

FUNDAMENTALS

Adequate supply of refined soy oil reported in the physical market, witnessed steady to weak prices accordingly to demand. The weak demand further strengthens by improvement of soybean arrival to yesterday kept bears high in the market. Further downward progression of prices is expected by majority of traders to restore trade activities to optimum level. Bearishness in the crude palm oil futures at BMD repeated the same blow in domestic market along with weak projection for soy oil futures at CBOT. CIF rate of refined soy oil decline sharply, quoted at \$ 725 for December shipment on Monday added the bearishness in the domestic market. Further prices fall is expected by majority of traders in order to see normal trade activities in coming days. Weak projections for soy oil futures at CBOT and steep decline in crude palm oil futures at BMD witnessed speculative selling on NCDEX soy oil futures during most part of trade-session.

PRICE DRIVERS:

1. Declined soybeans prices
2. Low domestic demand
3. Improvement in arrival pressure
4. Weakness in crude palm oil futures at BMD
5. Decline in soy oil CIF prices.

Weather

Isolated rainfall liking at few places over West Rajasthan might hamper trade activities and dry weather likely other regions support arrivals.

TECHNICALS

The long filled body candle sticks indicating sellers remained strong during most part of day. Stochastic after reaching down to over sold regions approaching face upward. The prices moved down to 9 days EMA and 18 days EMA indicating losing firmness in prices. MACD are running smoothly downwards after making bearish crossover. Volume increased significantly while open interest declined.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec.	455	458	463	469	472

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil December Contract:
Sell near 465; T1 461, T2 460 and put stop loss at 467.

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

Centres	04.12.06	02.11.06	Change
Mumbai (Soy Ref oil)+VAT	459	468	-9
Indore (Soy Ref oil)+VAT	443	447	-3
Kota (Soy Ref. Oil)+VAT	452	457	-5
Hyderabad (Soy Ref)+VAT	455	455	0
Rajkot (Soy Ref)+Tax	465	470	-5

PALM OIL

International Highlights

BMD Crude Palm oil Futures Finish Weak

Sharp gains in last of November pushed crude palm oil market to overbought condition, since then market witnessed technical correction and profit taking. Weakness in soy oil and strengthens in ringgit also had inductive effect on crude palm oil as both compete in tandem in major consuming countries like India and China. All this led the foundation for crude palm oil futures at Bursa Malaysian Derivatives and most active February contract of crude palm oil futures fall MYR 25 at MYR 1,863 per metric ton.

Domestic Spot Market Highlights

Palm oil spot market price remained weak in most of locations on low domestic demand. As having property to solidify on low temperature, its preference shift to other available vegetable oil in northern part had bearish impact along with sharp decline in BMD crude palm oil futures.

BMD: CPO Futures (04.12.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Dec.06	1855	1860	1860	1825	1835	-20	190
Jan.07	1877	1877	1892	1842	1850	-27	1958
Feb.07	1888	1890	1906	1852	1863	-25	5450
Mar.07	1896	1895	1910	1859	1870	-26	2570
Apr.07	1899	1875	1880	1875	1880	-19	24

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

c	04.12.2006	02.12.2006	Change
Kandla CPO (5 % FFA)	410	412	-2
Kandla RBD Palmolein +VAT	427	428	-1
Mumbai RBD Palmolein +VAT	443	447	-4
Chennai RBD Palmolein +VAT	450	450	0
Kakinada RBD Palmolein +VAT	430	430	0
Hyderabad RBD Palmolein	463	467	-4
Delhi RDB Palmolein	478	473	+5

Rape/Mustard oil

Mustard oil price remained weak in the spot market on poor physical demand coupled with lack of fundamental news and cloud weather with likely showers conditions in few centres. To boost sell up, Nafed sold its mustard seed stock at Rs. 1840 per quintal for last year stock on Monday. As per hefty Nafed mustard stocks, traders are not expecting any sharp price movement.

Groundnut Refine Oil

Follow-through demand, weak trends in other vegetable oils and high spirit for further fall of prices witnessed mixed prices range of groundnut refined oil countrywide. In Rajkot shelled groundnut prices quoted at Rs.405/20 kg to lure millers. Arrivals remains steady but less number of buyers had bearish impact. Under prevailing low demand, traders are expecting further fall in oil prices.

Sunflower Refine Oil

Sunflower refined oil prices remains steady on balance in demand/supply scenario. With firm sentiments of arrival approach in full swing in coming days, curbed demand of imported sunflower oil. The CIF prices of refined sunflower oil remained at \$ 735 for December shipment on Monday. Sunflower seed arrivals are likely to determine oil fate in coming days.

Cotton Refine Oil

Improvement in arrival, weakness in other vegetable oils and follow-through demand brought cotton refined oil prices down in the spot market. Weakness in over seas market also pressure prices to see downwards movement. Since, the market sentiments are weak and to get short gains stockists likely to release more oil in coming day, may hampers spot prices.

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

Centres	04.12.06	02.11.06	Change
Mumbai (Exp. Oil) +VAT	460	465	-5
Kota (Expeller Oil)+VAT	432	442	-10
Jaipur (Expeller Oil)+VAT	435	452	-17
Delhi (Expeller Oil)	475	478	-3
Neewai (Expeller Oil) +VAT	438	450	-12

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	04.12.06	02.11.06	Change
Mumbai +VAT	560	565	-5
Rajkot +VAT	535	538	-3
Andhra Region +VAT	610	600	+10
Chennai +VAT	575	575	0
Delhi	560	560	0

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

Centres	04.12.06	02.11.06	Change
Mumbai +VAT	595	595	0
Chennai +VAT	602	602	0
Hyderabad +VAT	610	610	0

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

Centres	04.12.06	02.11.06	Change
Mumbai +VAT	448	453	-5
Hyderabad +VAT	445	445	0
Rajkot + VAT	446	448	-2
Delhi	435	438	-3

Forex Rates

(As on 04.12.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.59
European Union	Euro	59.40
Japan	100 Yen	38.38
United Kingdom	Pound Sterling	88.24

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Mumbai	Star Dream	7,964	Palm oil	Arrived
	MT ACE 7	6,070	Palm oil	Expected
Mundra	MT ACE 7	7,145	Palm oil	Expected
Turicorin	Spring Glory	7,300	Palm oil	Arrived
Chennai	Spring Wind	5,200	CPO	Arrived
Kandla	M.T. SC Singapor	4,000	CPO	Expected
	M.T. Nora	6,600	Palm oil	Expected

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