

## VEGOIL DAILY

December 14th, 2006

### REFINED SOY OIL

#### FUNDAMENTALS

Poor interest of stockist to pace to pile up their inventories on expectation of more import of imported oil in next year had bearish impact in domestic market. Poor demand in domestic market, low CBOT and BMD futures and palm oil export sales by Malaysian Palm oil Board (MPOB) cast weakness of spot market prices of refined soy oil. Decline meal demand on likely congestion at ports added the bearish impact combining with sharp decline in crude soy oil CIF prices. On Wednesday, it quoted at quoted at \$715 for January shipment. Weakness in overseas markets supported speculative selling on NCDEX soy oil futures during most of trade-session. Soybean refined oil prices likely to follow underlying bullish sentiments in overseas market.

#### PRICE DRIVERS:

1. Steady arrival pressure
2. Low crude soy oil CIF prices
3. Low meal demand and congestion at ports
4. Weak BMD and CBOT futures
5. Depleting stockists inventories
- 6.

#### Weather

Mainly dry weather over major producing areas would help trade activities and soybean arrivals in coming days.

#### TECHNICALS

The long filled candlestick with short lower shadow indicates sellers remained strong during most part of trade-session. Stochastic is running smoothly forward to make bullish crossover in the oversold region. The prices kept below 9 days and 18 days EMA indicate weak prices. MACD are moving smoothly downward after bearish crossover. Volume increased but open interest declined.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	454	459	463.2	473	478

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

Buy near 464; T1 467, T2 468 and put stop loss at 462.

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

Centres	13.12.06	12.12.06	Change
Mumbai (Soy Ref oil)+VAT	448	445	+3
Indore (Soy Ref oil)+VAT	433	435	-2
Kota (Soy Ref. Oil)+VAT	NA	448	-
Hyderabad (Soy Ref)+VAT	445	445	0
Rajkot (Soy Ref)+Tax	455	458	-3

## PALM OIL

### International Highlights

#### BMD Crude Palm oil Futures Settle Weak

Crude palm oil futures at Bursa Malaysian Derivatives remained moderate weak on lack of new fundamental news, low overnight soy oil futures at CBOT. The most active February contract finished MYR6 down at MYR1,902 per metric ton. The low crude palm oil export sales data by SGS and Malaysian Palm oil Board had extended weakness to Wednesday.

### Domestic Spot Market Highlights

Spot market prices of palm oil remained steady in the domestic market on weak demand from retailers and vanaspati makers. The shift of consumer demand from vanaspati to refined oil results into ample stock to the stockists and curbed new buying. The CIF prices of crude palm oil remains unchanged and quoted at \$560 per metric ton for January shipment on Wednesday. Palm oil prices likely decline in near terms on poor demand from retailers.

#### BMD: CPO Futures (13.12.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Dec.06	1885	1889	1895	1885	1885	0	57
Jan.07	1898	1884	1912	1884	1887	-11	867
Feb.07	1908	1890	1926	1887	1902	-6	5932
Mar.07	1918	1899	1935	1897	1911	-7	3808
Apr.07	1923	1923	1940	1905	1915	-8	497

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	13.12.06	12.12.06	Change
Kandla CPO (5 % FFA)	406	405	+1
Kandla RBD Palmolein +VAT	427	426	+1
Mumbai RBD Palmolein +VAT	443	443	0
Chennai RBD Palmolein +VAT	453	453	0
Kakinada RBD Palmolein +VAT	430	430	0
Hyderabad RBD Palmolein	470	465	+5
Delhi RDB Palmolein	470	470	0

#### Rape/Mustard oil

Spot prices of mustard oil remained range bound on steady demand/supply. The ground frost condition in major growing areas would affect mustard productivity. Nafed reduced its mustard seed prices on second consecutive days and recorded at Rs. 1785 per quintal for stock during 2005/06. In lack on new fundamental news, its prices likely to remains steady in coming days.

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

Centres	13.12.06	12.12.06	Change
Mumbai (Exp. Oil) +VAT	455	455	0
Kota (Expeller Oil)+VAT	430	430	0
Jaipur (Expeller Oil)+VAT	438	435	+3
Delhi (Expeller Oil)	460	460	0
Neewai (Expeller Oil) +VAT	NA	425	-

#### Groundnut Refine Oil

Poor trade activities results in range bound prices of groundnut refined oil in the spot market. Although, groundnut arrival declined but low meal demand on congestion on port results in low crushing helped its prices to stay range bound. In Rajkot, shelled groundnut quoted at Rs.400 per 20 kg on Wednesday. Under low meal demand, cotton refined oil prices likely to stay steady in coming days.

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

Centres	13.12.06	12.12.06	Change
Mumbai +VAT	552	548	+4
Rajkot +VAT	532	535	-3
Andhra Region +VAT	600	600	0
Chennai +VAT	565	565	0
Delhi	540	540	0

#### Sunflower Refine Oil

Spot market prices of sunflower refined oil stood range bound on follow-through demand in the domestic market ignored inconsistent sunflower arrival. The CIF prices of sunflower oil quoted at \$740 for January shipment on Wednesday. Further delay of sunflower arrivals likely to support oil prices in coming days.

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

Centres	13.12.06	12.12.06	Change
Mumbai +VAT	580	580	0
Chennai +VAT	590	590	0
Hyderabad +VAT	600	600	0

#### Cotton Refine Oil

Cottonseed arrival remains steady in major growing areas but improvement in stockist demand had some bullish impact on cotton refined oil prices in the spot market. Traders are expecting its prices to improve further on underlying dormant demand.

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

Centres	13.12.06	12.12.06	Change
Mumbai +VAT	444	442	+2
Hyderabad +VAT	440	440	0
Rajkot + VAT	431	432	-1
Delhi	428	426	+2

#### Forex Rates

(As on 13.12.2006)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	44.83
European Union	Euro	59.52
Japan	100 Yen	38.31
United Kingdom	Pound Sterling	88.30

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Mumbai	Global Eros	10,996	Palm oil	Arrived
	Pantelena	5,000	Palm oil	Expected
Kandla	Chemroad	23,000	CPO	Expected
	Olympic	14,284	CPO	Expected
	Central Success	8,000	CPO	Expected
Kolkata	Siam Bhavas	3,800	CPO	Expected
	Hua Yun-5	3,150	CPO	Expected
	Hua Yun-5	6,650	CPO	Arrived

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