

## VEGOIL DAILY

December 12th, 2006

### REFINED SOY OIL

#### FUNDAMENTALS

Sluggish demand of refined soy oil kept spot market prices mixed in the physical market. The lower offtake of soybeans under poor realization, cost of soy oil and weak meal demand from exporters added bearish impact in the market although arrival remains steady. The CIF price of crude soy oil remained unchanged and was quoted at \$717 for January shipment on Monday. NCDEX soy oil futures followed similar trends as that of crude palm oil futures at BMD. Short covering their position and support from USDA release raised later half of soy oil futures market. Traders are in wait and watch situation and keeping eye on underlying bullish development in international market.

#### PRICE DRIVERS:

1. Steady arrival pressure and domestic demand
2. Weakness in crude oil prices
3. Steady crude soy oil CIF prices
4. Millers are taking less interest in procuring soybeans

#### Weather

Mainly dry weather over major producing areas would like to support trade activities and soybean arrivals.

#### TECHNICALS

The small hollow candlestick with short lower shadow indicated buyer's dominance even after choppy trading during most part of day. Stochastic is running smoothly forward after bearish crossover. The prices kept below 9 days and 18 days EMA indicate weak prices. MACD are moving smoothly downward after bearish crossover. Volume increased but OI declined.



#### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	457	461	467.7	472	476

#### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

**Buy** near 465; T1 469, T2 470 and put stop loss at 463.

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

Centres	11.12.06	09.11.06	Change
Mumbai (Soy Ref oil)+VAT	452	454	-2
Indore (Soy Ref oil)+VAT	435	436	-1
Kota (Soy Ref. Oil)+VAT	447	452	-5
Hyderabad (Soy Ref)+VAT	445	445	0
Rajkot (Soy Ref)+Tax	458	455	+3

## PALM OIL

### International Highlights

#### BMD Crude Palm oil Futures Finish High

Crude palm oil futures ended sharply high on Monday at Bursa Malaysian Derivatives due to short covering, bullish export data for November month that to be released by Malaysian Palm oil Board on Tuesday as well as by SGS cargo surveyor for the period of Dec 1-10. The most active February contract finished MYR 29 high at MYR 1,894 per metric ton. The underlying long-term demand also had some bullishness to CPO futures.

#### Domestic Spot Market Highlights

Spot market prices of palm oil remained mixed nationwide on lacklustre demand. Previous purchase at high prices resisted current prices of palm oil to fall in compare to other vegetable oils. In coming days, traders are expecting slightly drop in prices in lack of proper demand.

#### BMD: CPO Futures (11.12.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Dec.06	1846	1835	1865	1835	1865	+19	94
Jan.07	1854	1846	1882	1842	1882	+28	289
Feb.07	1865	1851	1895	1847	1894	+29	6042
Mar.07	1871	1860	1904	1853	1902	+31	3236
Apr.07	1872	1875	1900	1873	1900	+28	200

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	11.12.06	09.12.06	Change
Kandla CPO (5 % FFA)	405	407	-2
Kandla RBD Palmolein +VAT	426	427	-1
Mumbai RBD Palmolein +VAT	443	446	-3
Chennai RBD Palmolein +VAT	450	450	0
Kakinada RBD Palmolein +VAT	427	426	+1
Hyderabad RBD Palmolein	466	464	+2
Delhi RDB Palmolein	470	470	0

#### Rape/Mustard oil

Mustard oil prices remained weak in the spot market amidst poor physical demand and lack of new fundamental news. Nafed reduced mustard seed prices on Monday and quoted at Rs. 1850 per quintal for stock during 2005/06. Traders declined abrupt change in prices amidst hefty stock position of Nafed.

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

Centres	11.12.06	09.11.06	Change
Mumbai (Exp. Oil) +VAT	455	455	0
Kota (Expeller Oil)+VAT	430	432	-2
Jaipur (Expeller Oil)+VAT	433	440	-7
Delhi (Expeller Oil)	465	465	0
Neewai (Expeller Oil) +VAT	428	430	-2

#### Groundnut Refine Oil

Spot market prices of groundnut stood bullish in the physical market on underlying dormant sentiments. Lower supply of groundnut refined oil in few centres claimed price gain. In Rajkot market, shelled groundnut quoted at Rs.395/20kg with steady arrivals. In support of steady demand, traders anticipated steadiness in prices.

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

Centres	11.12.06	09.11.06	Change
Mumbai +VAT	548	550	-2
Rajkot +VAT	530	530	0
Andhra Region +VAT	600	590	+10
Chennai +VAT	570	565	+5
Delhi	540	540	0

#### Sunflower Refine Oil

Sunflower refined oil prices remained steady in the spot market on follow-through demand, inconsistent arrival of sunflower seed and steady CIF rate. The CIF prices of refined sunflower oil quoted at \$738 for January shipment on Monday. In lack of proper arrival, traders are expecting extend steadiness in the physical market.

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

Centres	11.12.06	09.11.06	Change
Mumbai +VAT	580	580	0
Chennai +VAT	585	592	-7
Hyderabad +VAT	590	590	0

#### Cotton Refine Oil

Steady cottonseed arrival and weak sentiments in other vegetable oil failed to provide clear advice that reflected on cotton refined oil nationwide. In few markets, cotton refined oil prices remain steady on balance in demand/supply while in other locations poor demand results weak prices. In these arrival conditions, cotton refined oil price likely to remain weak in coming days.

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

Centres	11.12.06	09.11.06	Change
Mumbai +VAT	438	440	-2
Hyderabad +VAT	440	440	0
Rajkot + VAT	427	432	-5
Delhi	430	430	0

#### Forex Rates

(As on 11.12.2006)

Country/ Continent	Currency	Value In Rupees
USA	Dollar	44.76
European Union	Euro	58.95
Japan	100 Yen	38.36
United Kingdom	Pound Sterling	87.32

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

Ports	Vessels	Volume (Ton)	Carrying	Status
Mumbai	Global Eros	10,996	Palm oil	Expected
	Pantelena	5,000	Palm oil	Expected
Kandla	Chemroad	23,000	CPO	Expected
	Olympic	14,284	CPO	Expected
	Central Success	8,000	CPO	Expected

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