

VEGOIL DAILY

December 06th, 2006

REFINED SOY OIL

FUNDAMENTALS

Continuation of weak physical demand of refined soy oil lowered its prices in most of locations. Low arrival to yesterday records, low meals and oil demand affected crushing and millers are take less interest in procuring seed had some bearish impact. Huge stocking in earlier arrival days opposed further offtake by stockists these days in expectation of more fall in price, kept bulls high. The weak advice from crude palm oil and soy oil futures reflected with same sentiments in domestic market. Slightly firmness in crude oil prices neglected under poor physical demand. Although CIF prices of refined soy oil showed the steadiness and quoted at \$724 for January shipment on Tuesday remained clueless. The development in overseas market will guide to the domestic market in coming days. NCDEX soy oil futures slightly bullish even after bearishness in CBOT soy oil futures and crude palm oil futures at BMD. Price recovered after profit taking and in expectation of long-term demand.

PRICE DRIVERS:

1. Declined soybeans prices
2. Low domestic demand
3. Low arrival pressure
4. Weakness in crude palm oil futures at BMD
5. Steady refined 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 short hollow body with upper short shadow and long lower shadow candlesticks indicate indecisiveness among buyers and sellers during most part of the trading days. Stochastic after reaching further down moves upwards to make bullish crossover. The prices remained below to 9 days EMA and 18 days EMA indicating less firmness in prices. MACD are moving freely and smoothly to downwards after making bearish crossover. Volume increased but open interest decline further.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX Dec.	454	457	463.2	468	471

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil December Contract:

Sell near 464; T1 460, T2 459 and put stop loss at 466.

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

Centres	05.11.06	04.12.06	Change
Mumbai (Soy Ref oil)+VAT	460	459	+1
Indore (Soy Ref oil)+VAT	442	443	-1
Kota (Soy Ref. Oil)+VAT	NA	452	-
Hyderabad (Soy Ref)+VAT	448	455	-7
Rajkot (Soy Ref)+Tax	465	465	0

PALM OIL

International Highlights

BMD Crude Palm oil Futures Finish Weak

Crude palm oil futures at Bursa Malaysian derivatives remained low for third consecutive day on support of strengthens in ringgits, weak soy oil futures at CBOT and neglecting biodiesel idea to be 1 million ton in 2007. The most active February contract of crude palm oil futures fall MYR23 at MYR 1,840 per metric ton. Profit taking continue pushing CPO market further down.

Domestic Spot Market Highlights

Spot market prices of palm oil remained weak on low demand in most of market. Weakness in crude palm oil futures at BMD had the similar impact nationwide. The higher prices of palm oil as well as free import from Sri Lanka hampered demand from vanaspati makers added the bearishness in the market.

BMD: CPO Futures (05.12.2006)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Dec.06	1839	1810	1817	1806	1815	-24	293
Jan.07	1850	1828	1837	1816	1830	-20	804
Feb.07	1863	1830	1849	1827	1840	-23	5272
Mar.07	1868	1850	1855	1836	1846	-22	1772
Apr.07	1871	1856	1856	1841	1845	-26	85

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	05.12.2006	04.12.2006	Change
Kandla CPO (5 % FFA)	406	410	-4
Kandla RBD Palmolein +VAT	425	427	-2
Mumbai RBD Palmolein +VAT	442	443	-1
Chennai RBD Palmolein +VAT	445	450	-5
Kakinada RBD Palmolein +VAT	430	430	0
Hyderabad RBD Palmolein	465	463	+2
Delhi RDB Palmolein	470	478	-8

Rape/Mustard oil

The hefty stock position of mustard seed by Nafed, around 15.84 lack tonnes controlling volatility to mustard seed as well as bye-product oil prices. Nafed sold mustard seed at Rs. 1850 per quintal for last year stock on Tuesday. In domestic market mixed demand triggered mustard oil prices accordingly. Traders are expecting further decline to spark trade activities.

Groundnut Refine Oil

Groundnut refined oil prices remains steady to weak in the spot market on weakness in other vegetable oil coupled with low millers demand amidst weak exporter's meal demand. The availability of shell groundnut at lower prices has the similar bearish impact and quoted at Rs.405/20 kg in Rajkot market on Tuesday. In the prevailing low demand, its prices likely to stay at range bound level in near terms.

Sunflower Refine Oil

Further delay of sunflower seed arrival in domestic market as well as with steady demand, increased the dependency on imported refined sunflower oil and some fresh arrival liking in coming days had bullish impact over sunflower refined oil prices. The CIF prices for January shipment quoted at Rs. 740 per quintal on Tuesday. Steady to weak oil prices expected in coming days by majority of traders.

Cotton Refine Oil

Cotton refined oil remained weak in the spot market on continuous low demand to last few days. However, further improvement in cottonseed arrival with lack of fundement news kept bears high in the market. Mills are running low to full capacity to low meal and oil demand. Cotton refined oil prices likely to come down on low demand in near terms.

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

Centres	05.11.06	04.12.06	Change
Mumbai (Exp. Oil) +VAT	460	460	0
Kota (Expeller Oil)+VAT	438	432	+6
Jaipur (Expeller Oil)+VAT	445	435	+10
Delhi (Expeller Oil)	465	475	-10
Neewai (Expeller Oil) +VAT	437	438	-1

Groundnut Oil Spot Market Price (Rs/10 kg)

Centres	05.11.06	04.12.06	Change
Mumbai +VAT	560	560	0
Rajkot +VAT	530	535	-5
Andhra Region +VAT	610	610	0
Chennai +VAT	570	575	-5
Delhi	560	560	0

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

Centres	05.11.06	04.12.06	Change
Mumbai +VAT	592	595	-3
Chennai +VAT	602	602	0
Hyderabad +VAT	600	610	-10

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

Centres	05.11.06	04.12.06	Change
Mumbai +VAT	445	448	-3
Hyderabad +VAT	438	445	-7
Rajkot + VAT	445	446	-1
Delhi	435	435	0

Forex Rates

(As on 05.12.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.56
European Union	Euro	59.61
Japan	100 Yen	38.64
United Kingdom	Pound Sterling	88.10

PORT-WATCH (Latest):
Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Mumbai	MT ACE 7	6,070	Palm oil	Expected
Mundra	MT ACE 7	7,145	Palm oil	Expected
Kandla	M.T. SC Singapor	4,000	CPO	Expected
	M.T. Nora	6,600	Palm oil	Expected
Kolkata	Shima Kaze	6,754	CPO	Arrived

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