

## REFINED SOY OIL

Sept 28<sup>th</sup>, 2007

### SPOT MARKET:

In recent past, the curb the upwardly prices rise of edible oil in lean season, Central government allowed nodal agencies to import edible oil. So far, Nafed has imported nearly 40,000 tonnes of edible oil, which included 9,000 tonnes crude soy oil and rest is crude palm oil (31,000 tonnes). Prior to fresh spurt purchase, Nafed is waiting prices of edible oil in international market to calm down. To quell inflation and to raise the edible oil availability in domestic markets, Chinese government is planning to boost the soybeans and vegetable oil reservoir as well as oilseeds production in upcoming months. Also, ready to auction 200,000 tonne of edible oil, which include 178,000 tonnes of soybeans oil and 22,000 tonnes of rapeseeds oil. The crude soy oil CIF price for October shipment recoups on Thursday to \$925 per tonne from \$917 per tonne on Wednesday.

### FUTURES MARKET:

NCDEX refined soy oil futures settled up on Thursday on renews buying interest but selling pressure weigh on prices and futures closed slightly higher to yesterday. The most active **October** futures contract of refined soy oil futures opened at Rs. 492 per 10 kg to previous closing at Rs. 490.65 per 10 kg. The contract settled up at Rs. 492.6 per 10 Kg to previous close.

The mixed global cues and renewed buying interest pushed the **MCX** refined soy oil futures higher to yesterday. The **October** futures contract opened at Rs. 492.45 per 10kg against yesterday closing of Rs. 491.65 per 10kg. The prices closed up at Rs. 493.7 per 10 Kg to yesterday closing.

### PRICE DRIVERS:

- Renewed bulls run in CBOT and BMD
- So far, Nafed has purchased 40,000 tonnes edible oil
- Chinese government is ready to sell 200,000 edible oil
- Sluggish demand and lack of fresh fundamentals
- Crude soy oil CIF price recoups on Thursday by \$8 to \$925 per tonne

### WEATHER

Occasional rainfall would not effect the production of soybeans but delay in arrivals is likely.

### TECHNICALS

Short hollow candlesticks with upper and lower shadow indicate indecisiveness among traders. Prices move higher to 9 days and 18 days EMA suggest medium-term firmness is maintains. MACD is turning flat in positive zone. Stochastic is falling after bearish crossover in overbought region, whereas RSI is hovering in neutral region. Both volume and open interest declined. Prices are likely to trade high with possibility of downward movement in late session.



### SUPPORT / RESISTANCES:

| Contract   | S2  | S1  | PCP   | R1  | R2  |
|------------|-----|-----|-------|-----|-----|
| NCDEX-Oct. | 487 | 489 | 492.6 | 498 | 499 |
| MCX-Oct.   | 488 | 490 | 493.7 | 499 | 500 |

### TRADE RECOMMENDATION:

NCDEX Refined Soy Oil **October** Contract:

**BUY** Near 493; T1 near 495, T2 near 496 and put stop loss at 492.

MCX Refined Soy Oil **October** Contract:

**BUY** Near 494; T1 near 496, T2 near 497 and put stop loss at 493.



## ■ REFINED SOY OIL ■

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

| Centres                  | 27.09.07 | 26.09.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 475      | 477      | -2     |
| Indore (Soy Ref oil)     | 468      | 468      | Nil    |
| Kota (Soy Ref. Oil)+VAT  | 470      | 470      | Nil    |
| Hyderabad (Soy Ref)      | 505      | 500      | +5     |
| Rajkot (Soy Ref)+Tax     | 463      | 463      | Nil    |

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

| Exchange | Expiry | Open   | High   | Low    | Close  | Prev Close | % Change |
|----------|--------|--------|--------|--------|--------|------------|----------|
| NCDEX    | Oct    | 492.00 | 493.90 | 490.50 | 492.60 | 490.65     | +0.40    |
| NCDEX    | Nov    | 485.30 | 489.00 | 485.30 | 486.90 | 484.85     | +0.42    |
| NCDEX    | Dec    | 489.60 | 492.50 | 480.00 | 490.35 | 488.95     | +0.29    |
| MCX      | Oct    | 492.45 | 494.65 | 492.15 | 493.70 | 491.65     | +0.42    |
| MCX      | Nov    | 487.20 | 489.05 | 485.30 | 487.10 | 485.50     | +0.33    |
| MCX      | Dec    | 491.65 | 492.40 | 489.45 | 490.25 | 489.10     | +0.24    |
| MCX      | Jan    | 495.00 | 495.00 | 495.00 | 495.00 | 491.90     | +0.63    |

### CIF Price Basis Kandla Port (\$/MT)

| Edible Oil     | 27.09.07 | 26.09.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil  | 930      | 917      | +13    |
| Crude Palm Oil | 835      | 840      | -5     |
| Sunflower Oil  | 1368     | 1388     | -20    |

## ■ PALM OIL ■

### International Highlights

#### BMD CPO Futures Trade Sideline

Fund liquidity and side ways movement among traders and news of Indonesia hiked the base prices forced crude palm oil futures to traded thin on Bursa Malaysian Derivatives. Market failed the get support from surge in crude oil and overnight firm CBOT soy oil futures. The most active December contract of CPO fall MYR 7 to MYR 2,605 per tonne. Generally, the rallies in crude oil are supportive to crude palm oil from biodiesel manufacturers. CPO trading volume on BMD increased further to 15,469 lots from 9,212 lots yesterday, open interest declined to 48,154 lots from 49,322 lots on Wednesday.

### Domestic Spot Market Highlights

Physical prices of palm oil maintained the down trends domestically under poor demand and improved selling activities from stockists. Usually in winter, the palm oil demand squeeze. Considering this factor, stockists are aggressive unloading the palm oil in physical markets ahead of winter season. As well as after removal of 10% VAT by Indonesia, palm oil may trade weak, as traders would ready to sell at cheaper prices. Wait for clears prices direction and method for reimbursement of palm oil products results poor trade activities. As edible oil The CIF prices of crude palm oil for October shipment declined on Thursday to \$835 per tonne from \$840 per tonne on Wednesday.

#### BMD: CPO Futures (27.09.2007)

(Ringgit/ton)

| Months | Previous | Open | High | Low  | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Oct 07 | 2640     | 2648 | 2665 | 2647 | 2647  | +7     | 886    |
| Nov 07 | 2618     | 2640 | 2648 | 2615 | 2615  | -3     | 4227   |
| Dec 07 | 2612     | 2632 | 2641 | 2602 | 2605  | -7     | 8610   |
| Jan 08 | 2605     | 2628 | 2595 | 2605 | 2595  | -10    | 1526   |
| Feb 08 | 2600     | 2600 | 2600 | 2600 | 2600  | 0      | 10     |

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres                      | 27.09.07 | 26.09.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA)         | 418      | 420      | -1     |
| Kandla RBD Palmolein +VAT    | 456      | 455      | +1     |
| Mumbai RBD Palmolein +VAT    | 452      | 456      | -4     |
| Chennai RBD Palmolein +VAT   | 467      | 467      | Nil    |
| Kakinada RBD Palmolein +VAT  | 458      | 454      | +4     |
| Hyderabad RBD Palmolein +VAT | 480      | 472      | +8     |
| Delhi RDB Palmolein          | 500      | 490      | +10    |

## OTHERS

### Rape/Mustard oil

In recent past, when the trends in edible oil started declining, expellers lowered their crushing to remains in sync with physical prices of edible oil. This situation is prevailing arise, leading to temporary shortage of mustard oil in major producing regions. This paved the way of mustard oil for further strengthening. Mustard oil release from expellers is also tight that lent some support. Further uptrend may see in near-terms on underlying firm tone in others edible oil.

### Groundnut Oil

The prices of groundnut oil step down a tag in Rajkot market on poor demand and mixed trends in others edible oil. Nafed has taken initiative for contract farming by signing the MoUs with state government of Tamil Nadu and Orissa. In Tamil Nadu, it undertakes 50 villages and the focus on cultivation of groundnut and a pulse local variety whereas in Orissa it included 20 villages and cultivate groundnut. The shelled groundnut in different markets in Gujarat declined on Thursday to Rs. 410-548 per 20 kg from Rs. 410-550 per 20 kg on Wednesday.

### Refined Sunflower Oil

Refined sunflower oil traded on softer side on weak demand and softening crude oil prices. According to the Agriculture Secretariat of Argentina, August sunflower seeds crushing down 26% to 256,753 tonnes vs 347,549 tonnes corresponding period last year. August sunflower oil production totaled 103,382 tonnes from 151,760 tonnes a year ago. The CIF prices of sunflower oil for October shipment declined on Thursday to \$1368 per tonne from \$1388 per tonne on Wednesday.

### Refined Cottonseeds Oil

Prices of refined cottonseeds oil declined in major trading centres on weak demand and lacklustre trading activities. The erratic conditions for cotton in world market may support the Indian cotton and exports may fetch better prices in coming days. This capped the losses to certain extent. Traders are expecting prices current prices level is quiet high, which would resist the up trends in near-term. d

### Rape Oil: Spot Market Price

(Rs/10 kg)

| Centres                | 27.09.07 | 26.09.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 487      | 486      | +1     |
| Kota (Exp. Oil)+VAT    | 468      | 464      | +4     |
| Jaipur (Exp. Oil)+VAT  | 475      | 472      | +3     |
| Delhi (Exp. Oil)       | 495      | 510      | -15    |
| Neewai (Exp. Oil) +VAT | 464      | 463      | +1     |

### Groundnut Oil Spot Market Price

(Rs/10 kg)

| Centres        | 27.09.07 | 26.09.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 720      | 720      | Nil    |
| Rajkot +VAT    | 800      | 810      | -10    |
| Hyderabad +VAT | 685      | 685      | Nil    |
| Chennai +VAT   | 665      | 665      | Nil    |
| Delhi          | 770      | 760      | +10    |

### Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

| Centres      | 27.09.07 | 26.09.07 | Change |
|--------------|----------|----------|--------|
| Mumbai +VAT  | 580      | 585      | -5     |
| Chennai +VAT | 605      | 605      | Nil    |
| Hyderabad    | 585      | 585      | Nil    |

### Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

| Centres        | 27.09.07 | 26.09.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 492      | 492      | Nil    |
| Hyderabad +VAT | 505      | 505      | Nil    |
| Rajkot + VAT   | 505      | 510      | -5     |
| Delhi          | 495      | 510      | -15    |

### Forex Rates

| Country/ Continent | Currency       | Value in Rupees |          |
|--------------------|----------------|-----------------|----------|
|                    |                | 27.09.07        | 26.09.07 |
| USA                | Dollar         | 39.75           | 39.70    |
| European Union     | Euro           | 56.24           | 56.09    |
| Japan              | 100 Yen        | 34.38           | 34.56    |
| United Kingdom     | Pound Sterling | 80.33           | 80.10    |

## ■ OTHERS

### PORT-WATCH (Latest):

#### Current Vessels Positions

| Ports        | Vessels                | Volume (Ton)  | Carrying                | Status                     |
|--------------|------------------------|---------------|-------------------------|----------------------------|
| Kandla       | <b>Southern Condor</b> | <b>10,000</b> | <b>Palm oil Product</b> | <b>Expected (03.10.07)</b> |
|              | Rosa Tomasos           | 20,000        | CDSBO                   | Expected (29.09.07)        |
|              | Maersk Belfast         | 16,990        | CDSBO                   | Berthed (24.09.07)         |
|              | <b>Southern Condor</b> | <b>10,000</b> | <b>Palm oil Product</b> | <b>Expected (03.10.07)</b> |
|              | <b>Shintoku</b>        | <b>14,000</b> | <b>Palm oil Product</b> | <b>Expected (26.09.07)</b> |
|              | <b>Suzanne</b>         | <b>10,000</b> | <b>Palm oil</b>         | <b>Expected (29.09.07)</b> |
| New Manglore | World Magesty          | 7,000         | CPO                     | Berthed (23.09.07)         |
|              | Rosa Tomosos           | 7,000         | CDSBO                   | Arrived (21.09.07)         |
| Mumbai       | Global Triton          | 12,000        | Palm oil Product        | Arrived (24.09.07)         |
|              | Chem Cosmos            | 4,000         | RBD Palm olein          | Expected (24.09.07)        |
| Tuticorin    | Starling               | 8,350         | Palm oil                | Arrived (24.09.07)         |
|              | <b>Jem of Dahej</b>    | <b>3,250</b>  | <b>Palm oil</b>         | <b>Expected (25.09.07)</b> |

**New vessels on chart are in bold.**

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.