



REFINED SOY OIL

Sept 21st, 2007

SPOT MARKET:

The spot prices of refined soy oil traded range bound domestically on balance in demand and supplies and subdued trade activities. Despite increase in domestic oilseeds output at 16.1 mmt from 13.9 mmt last year, edible oil imports will not down in next oil year (2007/08) start from November. Traders are expecting higher to 5.2 mmt from projected 4.8 mmt in 2006/07. They also added, the edible oil demand is also rising by more than 600,000 tonne a year. To quell the inflation and rising soybeans prices as well as to encourage import in domestic markets, China government is pondering to reduce the import duty on soybeans to 1% from prevailing 3% for 3 months. This move will boost the soybeans prices on CBOT, as China is big buyer of US soybeans. Crude soy oil CIF prices for September shipment declined on Thursday to \$938 per tonne from \$940 per tonne on Wednesday.

FUTURES MARKET:

Bearish global cues and subdued trade activities turned down, **NCDEX** refined soy oil futures on Thursday. The most active **October** futures contract of refined soy oil futures opened at Rs. 487.10 per 10 kg to previous closing at Rs.487.80 per 10 kg. The contract finished down at Rs. 486.40 per 10 Kg to previous close.

Dull fundamentals and thin trade activities cast weakness for refined soy oil at **MCX**. Weak global cues also favor the lower side. The **October** futures contract opened at Rs. 487.70 per 10kg against yesterday closing of Rs. 488.30 per 10kg. The prices closed down at Rs. 486.90 per 10 Kg to yesterday closing.

PRICE DRIVERS:

- Edible oil import will increase in 2007/08 oil year
- Domestic oilseeds output is expecting at 16.1 mmt from 13.9 mmt
- Domestic edible oil demand is rising by more than 600,000 tonne a year
- China is likely to lower import duty on soybeans by 1% from prevailing 3%
- Crude soy oil CIF prices decline \$2

WEATHER

Weather is conducive for good growth of soybean crop.

TECHNICALS

Short filled candlestick formation with upper and lower shadows shows some indecision with selling pressure. EMA patterns indicate medium term firmness. MACD maintains the up trend in positive territory. Stochastic on the verge to enter into overbought region, while RSI is falling from overbought zone. Both volume and open interest declined. Prices are likely to trade down with steady to weak opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Oct.	481	482	486.4	489	491
MCX-Oct.	481	482	486.9	490	491

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil **October** Contract:

SELL Below 486; T1 near 484, T2 near 483 and put stop loss at 487.

MCX Refined Soy Oil **October** Contract:

SELL Below 487; T1 near 485, T2 near 484 and put stop loss at 488.



Agriwatch
D A I L Y

■ REFINED SOY OIL ■

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

Centres	20.09.07	19.09.07	Change
Mumbai (Soy Ref oil)+VAT	475	475	Nil
Indore (Soy Ref oil)	462	462	Nil
Kota (Soy Ref. Oil)+VAT	463	463	Nil
Hyderabad (Soy Ref)	495	495	Nil
Rajkot (Soy Ref)+Tax	460	460	Nil

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Sept	483.00	483.40	480.00	482.95	481.90	+0.22
NCDEX	Oct	487.10	488.40	484.50	486.40	487.80	-0.29
NCDEX	Nov	484.10	486.00	480.50	483.10	486.05	-0.61
NCDEX	Dec	489.00	489.50	484.50	486.85	489.95	-0.61
MCX	Sep	475.20	476.30	475.15	475.55	474.80	+0.16
MCX	Oct	487.70	489.35	485.10	486.90	488.30	-0.29
MCX	Nov	485.60	485.70	480.50	482.90	485.80	-0.60
MCX	Dec	488.90	489.00	484.50	486.05	489.40	-0.68

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	20.09.07	19.09.07	Change
Crude Soy Oil	938	940	-2
Crude Palm Oil	820	820	Nil
Sunflower Oil	1253	1243	+10

■ PALM OIL

International Highlights

BMD CPO Futures Finish Weak

The thin trade activities and dull soy oil on CBOT triggered weakness for crude palm oil on Bursa Malaysian Derivatives despite bullish exports figures by SGS. The most active December contract of CPO futures finished down MYR 2 at MYR 2,569 per tonne to previous closing level. SGS estimated Malaysian palm oil exports for the period of September 1-20 highlighted exports increased 12.3% at 864,299 tonne. During August 1-20, it totaled at 769,315 tonnes. Trading volume declined sharply to 6,790 lots from 11,784 lots on Wednesday. Open interest also declined to 52,970 lots from 53,925 lots yesterday.

Domestic Spot Market Highlights

The spot prices of palm oil remained week on outpaced supplies to demand and subdued trade activities. To protect the domestic vanaspati industry by preventing the illegal inflow of vanaspati from Sri Lanka, India is negotiating with Sri Lanka to operationalise check on the duty free import of vanaspati by enforcing new system, Tariff Rate Quota (TRQ). This system will decide the inflow of quantity of duty free import of vanaspati under bilateral trade agreement between two nations. Malaysian palm oil exports to India during September 1-20, totaled to 34,260 per tonne from 34,535 tonne same period last month. The CIF prices of crude palm oil for September shipment remained unchanged on Thursday at \$820 per tonne.

BMD: CPO Futures (20.09.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Oct 07	2595	2598	2602	2581	2588	-7	666
Nov 07	2575	2590	2590	2566	2579	+4	1726
Dec 07	2571	2584	2584	2556	2569	-2	3701
Jan 08	2560	2571	2571	2547	2558	-2	645
Feb 08	2558	2545	2550	2540	2550	-8	32

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	20.09.07	19.09.07	Change
Kandla CPO (5 % FFA)	419	420	-1
Kandla RBD Palmolein +VAT	455	455	Nil
Mumbai RBD Palmolein +VAT	454	454	Nil
Chennai RBD Palmolein +VAT	461	460	+1
Kakinada RBD Palmolein +VAT	448	448	Nil
Hyderabad RBD Palmolein +VAT	464	469	-5
Delhi RDB Palmolein	490	492	-2

OTHERS

Rape/Mustard oil

Prices of mustard oil declined in Mumbai market on poor demand and tracking weakness in global markets. Whereas prices remained range bound in rest of markets on balance in demand and supplies. The demand of mustard seeds remains weak from expellers as sluggishness is expecting in oil as well as in seeds prices in short-term. The await for clear price direction would favor the down-trends in coming days.

Groundnut Oil

The spot prices of groundnut oil traded on higher side on slightly improved demand and prevailing sentiments for tight supplies. As per reports, the 2007/08 Kharif groundnut output is expecting near 5.18 million tonnes higher from 3.28 million tonnes a year ago. The last year harsh weather condition was setback for groundnut production but timely and well-distributed rainfall supported around production this year. Price of groundnut oil is likely to stay steady to slightly weak on underlying weakness in other edible oil.

Refined Sunflower Oil

Spiraling CIF prices of crude sunflower oil and steady demand, strengthened spot prices of refined sunflower oil in major trading centres. However, weakness in other edible oil capped the gains to certain extent. The CIF prices of sunflower oil for September shipment increased on Thursday to \$1253 per tonne from \$1243 per tonne on Wednesday. Prices of refined sunflower oil are likely to trade in firm tone in physical market in near-term underlying firmness in overseas market of related commodities.

Refined Cottonseeds Oil

Current higher prices of refined cottonseeds oil and bullish prospects of Kharif production were not strong enough to lure the strong buying interest domestically and price deescalated to manage the mild buying. According to trade estimates, upcoming Kharif cotton output is expecting to 22.94 million bales (170 kg), slightly higher from 22.69 million bales last year. Further weakness may witness in near-term on start of arrivals of new crop.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	20.09.07	19.09.07	Change
Mumbai (Exp. Oil) +VAT	485	488	-3
Kota (Exp. Oil)+VAT	462	462	Nil
Jaipur (Exp. Oil)+VAT	472	472	Nil
Delhi (Exp. Oil)	500	498	+2
Neewai (Exp. Oil) +VAT	461	461	Nil

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	20.09.07	19.09.07	Change
Mumbai +VAT	725	725	Nil
Rajkot +VAT	790	780	+10
Hyderabad +VAT	685	685	Nil
Chennai +VAT	660	660	Nil
Delhi	760	760	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	20.09.07	19.09.07	Change
Mumbai +VAT	575	570	+5
Chennai +VAT	580	580	Nil
Hyderabad	580	570	+10

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	20.09.07	19.09.07	Change
Mumbai +VAT	485	487	-2
Hyderabad +VAT	490	492	-2
Rajkot + VAT	490	492	-2
Delhi	480	480	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		20.09.07	19.09.07
USA	Dollar	39.91	40.26
European Union	Euro	55.88	56.28
Japan	100 Yen	34.46	34.76
United Kingdom	Pound Sterling	79.88	81.15

■ OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Chem Cosmos	20,248	Palm oil	Expected (19.09.07)
	Bow Plata	8,000	CPO	Berthed (19.09.07)
	Rosa Tomasos	20,000	CDSBO	Expected (24.09.07)
Kolkata	Sea Lustre	2,800	CPO	Arrived (19.09.07)
New Manglore	World Magesty	7,000	CPO	Expected (19.09.07)
Mumbai	Gloabal Neptune	6,000	Palm oil Product	Expected (14.09.07)
	Global Triton	12,000	Palm oil Product	Expected (24.09.07)
	Chem Cosmos	4,000	RBD Palm olein	Expected (24.09.07)

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.