

REFINED SOY OIL

Oct 20, 2007

SPOT MARKET:

Physical prices of refined soy oil moved up further offsetting bulls run on BMD and CBOT. Rising crude oil prices and tight supplies also remain supportive to soy oil, however demand remained steady. BMD is rising on CBOT and crude oil. After floating the tender to import 15,000 tonnes of crude palm oil, NAFED is planning to issue tenders daily to import palm oil during ongoing festivals. NAFED is seeking 10,000 tonnes of palm oil in each tender but actual quantity to be purchased will depend upon prices offered. This move will pressure on stockists to release edible oil in the markets. CBOT found support from bullish weekly exports report of soy oil, depreciation of dollar and slowing harvesting on rains. The weekly sales of soy oil totaled at 26,400 tonnes from trades expectation between 5,000-15,000 tonnes. The CIF prices of crude soy oil for November shipment jumped on Friday to \$971 per tonne from \$951/tonne on Thursday.

FUTURES MARKET:

Following contiguous gains on BMD and improving buying interest boosted **NCDEX** refined soy oil futures on Friday. The **November** futures contract of refined soy oil opened at Rs. 490 per 10 kg to previous close of Rs. 489 per 10 kg. The futures contract closed up at Rs.490.15 per 10 Kg.

Profit taking from higher level and firmed up physical prices combined with bullish undertone on global markets managed to support the refined soy oil futures on **MCX**. The November futures contract opened at Rs. 490.5 per 10kg against previous closing of Rs. 489.05 per 10kg. The prices settled up at Rs. 489.65 per 10 Kg.

PRICE DRIVERS:

- NAFED aggressive to purchase 10,000 tonnes palm oil daily on ongoing festivals
- Bulls run on BMD and CBOT
- Bullish USDA weekly exports sales report of soy oil
- Slow harvesting of US soybeans crop on rains
- Strengthening prices of others rival edible oil
- CIF prices of crude soy oil declined \$5 to \$951 per tonne

WEATHER

Mainly clear weather forecast would support the fieldwork and bulk of soybeans arrivals is likely in coming days.

TECHNICALS

Chart shows prices gap open with strong selling pressure at higher level. Prices close high above 9-days and 18-days EMA, advocates medium-term firmness. MACD is rising with steady pace in positive zone. Stochastic remain flat in overbought region. RSI is hinting for firmness in prices. Volume increased and open interest declined. Prices are expecting to rise from current level with steady to weak opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Nov.	485	486	490.15	494	496
MCX-Nov.	484	485	489.65	494	496

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:

BUY Near 489.5; T1 near 491, T2 near 492 and put stop loss at 488.8.

MCX Refined Soy Oil October Contract:

BUY Near 489.5; T1 near 491, T2 near 492 and put stop loss at 488.8.



REFINED SOY OIL

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

Centres	19.10.07	18.10.07	Change
Mumbai (Soy Ref oil)+VAT	482	482	Nil
Indore (Soy Ref oil)	468	467	+1
Kota (Soy Ref. Oil)+VAT	482	480	+2
Hyderabad (Soy Ref)	502	502	Nil
Rajkot (Soy Ref)+Tax	475	472	+3

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Oct	491.80	492.00	490.40	490.40	488.20	+0.45
NCDEX	Nov	490.00	492.90	489.30	490.15	489.00	+0.24
NCDEX	Dec	493.90	495.70	492.60	492.95	492.00	+0.19
NCDEX	Jan	496.65	498.45	495.50	495.80	494.50	+0.26
MCX	Nov	490.50	493.00	489.25	489.65	489.05	+0.12
MCX	Dec	494.50	495.50	492.55	492.85	491.80	+0.21
MCX	Jan	495.25	497.90	495.00	495.00	494.15	+0.17

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	19.10.07	18.10.07	Change
Crude Soy Oil	971	951	+20
Crude Palm Oil	897	890	+7
Sunflower Oil	1445	1425	+20

■ PALM OIL

International Highlights

BMD CPO Futures Settle Up on Crude oil

Rising crude oil and soy oil prices remained supportive for follow-through buying interest for crude palm oil futures on Bursa Malaysian Derivatives. The most active January contract of CPO rose sharply to record level at MYR2,795 per tonne after gaining MYR 30. However, traders are expecting the downward correction as the growth achieve recently may slow down in next week and palm oil exports is expecting between 880,000 tonnes and 895,000 tonnes in the October 1-20. Trading volume declined on Friday at 10,646 lots against 13,692 lots previous day and moved up at 51,369 lots from 50,451 lots on Thursday.

Domestic Spot Market Highlights

The latest ban on import of palm oil production on Kochi port sparked the sentiments across domestic markets and prices moved up offsetting firmness in other edible oil and steady demand. The rising palm oil sentiments in overseas markets remain supportive to physical prices. Festive mood of weekly long holidays of Id-ul-fitr that started from last Friday made traders quiet and market fall albeit surging BMD. The CIF prices of crude palm oil for November shipment further increase on Friday to \$897 per tonne from \$890 per tonne on Thursday. The constant inflow of imported palm oil by government agencies like STC, MMTTC and NADED are likely to weigh on palm oil prices domestically in coming days.

BMD: CPO Futures (19.10.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov 07	2817	2849	2882	2849	2860	+43	982
Dec 07	2770	2794	2828	2794	2809	+39	1409
Jan 08	2735	2773	2795	2756	2765	+30	7021
Feb 08	2711	2758	2770	2734	2750	+39	1157
March 08	2705	2750	2735	2735	2740	+35	47

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	19.10.07	18.10.07	Change
Kandla CPO (5 % FFA)	425	422	+3
Kandla RBD Palmolein +VAT	454	454	Nil
Mumbai RBD Palmolein +VAT	477	472	+5
Chennai RBD Palmolein +VAT	505	480	+25
Kakinada RBD Palmolein +VAT	480	475	+5
Hyderabad RBD Palmolein +VAT	505	505	Nil
Delhi RDB Palmolein	500	500	Nil

OTHERS

Rape/Mustard oil

Prices of mustard oil stood in bullish trends on the back of rising improving demand and escalating mustards seeds prices. Despite appreciation step by government to hike the Minimum Support Price of mustard seeds by Rs. 85 to Rs. 1800 per qtl, acreage is not expecting to increase. As the hike in wheat and chana MSP is seems to more lucrative and farmers are like to opt any of above commodities, so the pressure is on mustard.

Groundnut Oil

The drop in shelled groundnut arrivals strengthened prices there with spill over impact on oil prices. The groundnut oil prices turned range bound in major trading centres on balance in demand and supply coupled with laclustre trade activities. Market also found support from improving meals sentiments in domestic markets. Still the limited numbers of mills are running with expectation of more mills by Dushserra. Prices of shelled groundnut of different quality improved on Friday to Rs. 410-472 per 20 kg as compared to Rs. 410-465 per 20 kg on Thursday.

Refined Sunflower Oil

Physical prices of refined sunflower oil maintained bullish trends and remained range bound on steady demand and supply. The surge in crude oil and others related commodities also lent some support. As well as prices also found support from declining arrivals of sunflower seeds in major trading centers. The CIF prices of sunflower oil for November shipment remained unchanged on Thursday at \$1425 per tonne from yesterday. Traders declined the sharp drop in oil and as trends are high in global markets.

Refined Cottonseeds Oil

With the recovery on groundnut oil, refined cottonseeds oil found support and firmed up. This year fall in US cotton production is expecting to boost Indian cotton exports by 20% and rise in prices by 10% strengthened the markets. Indian cotton exports rose 27% to 6 million bales from 4.7 million bales last year. However, further improvement in oil prices from current level cannot be deny on underlying firmness in other edible oil in very short-term.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	19.10.07	18.10.07	Change
Mumbai (Exp. Oil) +VAT	493	493	Nil
Kota (Exp. Oil)+VAT	483	481	+2
Jaipur (Exp. Oil)+VAT	488	486	+2
Delhi (Exp. Oil)	515	510	+5
Neewai (Exp. Oil) +VAT	481	480	+1

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	19.10.07	18.10.07	Change
Mumbai +VAT	660	660	Nil
Rajkot +VAT	620	620	Nil
Hyderabad +VAT	640	640	Nil
Chennai +VAT	590	585	+5
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	19.10.07	18.10.07	Change
Mumbai +VAT	610	610	Nil
Chennai +VAT	620	620	Nil
Hyderabad	605	605	Nil

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	19.10.07	18.10.07	Change
Mumbai +VAT	490	490	Nil
Hyderabad +VAT	510	512	-2
Rajkot + VAT	490	485	+5
Delhi	472	470	+2

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		19.10.07	18.10.07
USA	Dollar	39.79	39.47
European Union	Euro	56.87	56.18
Japan	100 Yen	34.60	33.86
United Kingdom	Pound Sterling	81.41	80.59

OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Southern Condor	10,000	Palm oil Product	Arrived (10.10.07)
	Chem Lily	4,635	Palm oil Product	Arrived (09.10.07)
	Vale	5,000	Palm oil Product	Arrived (06.10..07)
	SC Sanghai	12,000	Palm oil	Arrived (09.10.07)
	Process	18,500	CPO	Expected (10.10.07)
	Global Neptune	13,000	Palm oil Product	Expected (13.10.07)
	Westama	4,000	CPO	Expected (15.10.07)
	Peasus 7	17,000	CPO	Expected (12.10.07)
	Samho Heron	10,000	Palm oil Product	Expected (13.10.07)
	Silvia	21,704	CDSBO	Arrived (06.10.07)
Kolkata	Sea Lustre	6,570	CPO	Arrived (12.10.07)
Mumbai	Oil Ambassador	8,688	Pal m oil	Arrived (07.10.07)
	Pantelis	10,012	Palm oil Product	Arrived (09.10.07)
	Global Triton	8,000	Palm oil	Expected (15.10.07)
Chennai	Theresa II	7,380	CPO	Arrived (08.10.07)
New Mangalore	Raisinj-om	500	Sunflower oil	Expected (12.10.07)
Port of Mundra	Golden Express	6,000	Soy oil	Expected (17.10.07)
Turicorin	Shimakaze	4,750	Palm oil	Expected 19.10.07

New vessels on chart are in bold.

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