

REFINED SOY OIL

Oct 26, 2007

SPOT MARKET:

Physical prices of soy oil traded on higher side on await of Indonesia to likely hike in exports taxes and lackluster trade activities. Market also found support from rising soybeans prices in mandi and plant delivery and further improvement in refined soy oil futures on NCDEX, MCX and NBOT. The Chinese focus on soy oil on domestic shortage and soybeans crop damage resulting September soybeans and soy oil import rose 5.5% and 114% to 1.89 million tonnes and 340,641 tonnes respectively from yearly basis. Whereas the palm oil imports improved 7.6% to 640,824 tonnes vis-à-vis last year. With the bearish exports figures of Malaysian palm oil, BMD finished weak. Exports rose merely 3.3% to 1.11 million tonnes in the October 1-25 from 1.08 million tonnes last month. The CIF price of crude soy oil moved up on Wednesday to \$965 per tonne from \$961 per tonne on Tuesday.

FUTURES MARKET:

Despite weakness on BMD and mixed CBOT soy futures **NCDEX** refined soy oil futures remained in firm tone on bullish soybeans fundamentals and ideas of tight supplies till Diwali. The **November** futures contract of refined soy oil opened at Rs. 493.20 per 10 kg from previous close of Rs. 492.80 per 10 kg. The futures contract closed up at Rs.493.75 per 10 Kg.

Despite bearish global cues, refined soy oil futures rose on **MCX** on underlying firm fundamentals and rising soybeans futures. November contract opened at Rs. 493.60 per 10kg against previous closing of Rs. 492.60 per 10kg. The prices settled up at Rs. 493.65 per 10 Kg.

PRICE DRIVERS:

- Weakness on BMD
- Malaysian palm oil exports rose 3.3% to 1.11 million tonnes in the October 1-25
- Indonesia is likely to disclose the expected hike in export taxes on CPO
- STC has floated orders to import 12,000 tonnes on palm oil product
- Weakness in others edible oil
- CIF prices of crude soy oil moved up by \$4 to \$965 per tonne

WEATHER

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

TECHNICALS

Candlestick chart pattern reflects indecisive market. MACD and EMA remains firm for the medium-term favouring bulls. MACD is rising in the positive territory. Stochastic has made bullish crossover while RSI is moving flat in neutral region. Market is expected to trade range bound with firm bias following steady to slightly weak opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Nov.	490	491	493.75	496	497
MCX-Nov.	490	491	493.65	496	497

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:

Risk taker can **BUY** above 492; T1 near 494, T2 near 495 and put stop loss at 491.

MCX Refined Soy Oil October Contract:

Risk taker can **BUY** above 492; T1 near 494, T2 near 495 and put stop loss at 491.



■ REFINED SOY OIL ■

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

Centres	25.10.07	24.10.07	Change
Mumbai (Soy Ref oil)+VAT	485	482	+3
Indore (Soy Ref oil)	472	470	+2
Kota (Soy Ref. Oil)+VAT	481	481	Nil
Hyderabad (Soy Ref)	505	505	Nil
Rajkot (Soy Ref)+Tax	475	475	Nil

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Nov	493.20	495.00	492.00	493.75	492.80	+0.95
NCDEX	Dec	497.70	498.00	494.70	496.90	496.30	+0.60
NCDEX	Jan	499.85	500.05	497.20	499.25	499.10	+0.15
MCX	Nov	493.60	495.10	492.10	493.65	492.60	+1.05
MCX	Dec	497.00	497.40	494.20	496.10	495.65	+0.45
MCX	Jan	499.60	499.60	497.10	499.00	498.65	+0.35

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	25.10.07	24.10.07	Change
Crude Soy Oil	965	961	+4
Crude Palm Oil	880	895	-15
Sunflower Oil	1395	1383	+12

■ PALM OIL

International Highlights

BMD CPO Futures Turn Down on Ban of Palm oil by India

Rumor of palm oil export may ban at cost of Andhra Pradesh and below expected export figures in the October 1-25 dragged the crude palm oil futures down on Bursa Malaysian Derivatives. Market also found support from overnight mixed CBOT. The most active January futures contract of crude palm oil finished down MYR6 at MYR2,713 per tonne. According to SGS, a cargo surveyor, Malaysian palm oil exports sales rose merely 3.3% to 1.11 million tonnes in the October 1-25. However, the stocks are declining and also expectation of fall in production in October limited the downside. Trading volume totaled at 9,908 lots on Thursday from 10,625 lots last day and open interest increased to 45,648 lots from 44,867 lots on Wednesday.

Domestic Spot Market Highlights

Thinning stocks both at ports and domestically, rising prices of others edible oil and improving festive demand has strengthened prices of palm oil across the domestic markets. The shortage at ports and domestic market also added the support to the markets. The Indonesian market remained weak on expectation of revise in exports taxes on palm oil and thin trades activities. The CIF prices of crude palm oil for November shipment declined on Thursday to \$880 per tonne from \$897 per tonne on Wednesday. Traders are expecting further weakness in coming days as market reached to level of demand compression.

BMD: CPO Futures (25.10.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov 07	2818	2828	2837	2799	2805	-13	561
Dec 07	2755	2774	2780	2735	2748	-7	992
Jan 08	2713	2729	2740	2694	2707	-6	6557
Feb 08	2690	2703	2708	2670	2684	-6	1541
March 08	2681	2695	2698	2668	2680	-1	356

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	25.10.07	24.10.07	Change
Kandla CPO (5 % FFA)	426	424	+2
Kandla RBD Palmolein +VAT	454	454	Nil
Mumbai RBD Palmolein +VAT	484	480	+4
Chennai RBD Palmolein +VAT	495	495	Nil
Kakinada RBD Palmolein +VAT	480	480	Nil
Hyderabad RBD Palmolein +VAT	501	501	Nil
Delhi RDB Palmolein	500	500	Nil

OTHERS

Rape/Mustard oil

Mustard oil prices firmed up across the cash markets amidst good demand from Uttar Pradesh and Northeast parts of India. 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

Steady groundnut arrivals, steady demand supported the range bound prices of groundnut oil in most of trading centres on balance in demand and supply, else where prices improved. Despite sharp increase in groundnut production, oil prices is not expecting to sold at cheaper prices approaching months as exporters are eyeing the exports of groundnut oil to America, Brazil and China due to crop failure in these countries. Prices of shelled groundnut of different quality declined on Thursday to Rs. 410-462 per 20 kg as compared to Rs. 410-460 per 20 kg on Wednesday.

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 moved up to \$1395 per tonne on Thursday against \$1383 on Wednesday.

Refined Cottonseeds Oil

Spot prices of refined cottonseeds oil maintained the last day's bearish-trends and stood weak on weekend. 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.

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		25.10.07	24.10.07
USA	Dollar	39.54	39.57
European Union	Euro	56.42	56.35
Japan	100 Yen	34.67	34.56
United Kingdom	Pound Sterling	80.94	81.01

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	25.10.07	24.10.07	Change
Mumbai (Exp. Oil) +VAT	497	493	+4
Kota (Exp. Oil)+VAT	481	481	Nil
Jaipur (Exp. Oil)+VAT	485	485	Nil
Delhi (Exp. Oil)	505	507	-2
Neewai (Exp. Oil) +VAT	480	480	Nil

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	25.10.07	24.10.07	Change
Mumbai +VAT	640	645	-5
Rajkot +VAT	600	600	Nil
Hyderabad +VAT	610	600	+10
Chennai +VAT	600	585	+15
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	25.10.07	24.10.07	Change
Mumbai +VAT	645	645	Nil
Chennai +VAT	640	640	Nil
Hyderabad	620	620	Nil

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	25.10.07	24.10.07	Change
Mumbai +VAT	493	493	Nil
Hyderabad +VAT	505	505	Nil
Rajkot + VAT	480	485	-5
Delhi	475	475	Nil

■ OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Mumbai	Global Triton	12,000	Palm oil	Expected (2.11.07)
Kandla	Samho Heron	10,000	Palm oil Product	Expected (22.10.07)
	Peasus 7	17,000	CPO	Berthed(12.10.07)
	Samho Heron	10,000	Palm oil Product	Expected (22.10.07)
Kolkata	Yong Cheng 17	4,600	CPO	Arrived (16.10.07)
New Mangalore	Earth Song	8,000	CPO	Expected (22.10.07)
	Global Evous	11,030	CPO	Expected (24.10.07)
Port of Mundra	Golden Express	6,000	Soy oil	Expected (19.10.07)
Turicorin	Shimakaze	4,750	Palm oil	Arrived (19.10.07)

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