

REFINED SOY OIL

Oct 23, 2007

SPOT MARKET:

Weakness in others edible oil and sharp correction of CPO futures on BMD on fall in crude oil and below expected exports figures cast weakness for physical prices of refined soy oil in domestic markets. Demand remained weak as traders disinterest to buy at higher prices on poor offtake to their ends. As per latest trades estimation, edible oil import in 2007/08 oil year (Nov-Oct) is expected at 5.6-5.8 million tonnes. In 2006/07, edible oil import remains at 4.4 million tonnes. Due to rising global markets and fall in oilseeds output, edible oil import bill is likely to shoot up in 2007/08 to INR150 billion from this year's INR120 billion. As per SGS estimations, Malaysian palm oil exports rose 0.8% to 871,068 tonnes up in the October 1-20 from 864,299 tonnes for same period in September. The CIF prices of crude soy oil for November shipment declined on Monday to \$957 per tonne from \$961 per tonne on Saturday.

FUTURES MARKET:

With bearish BMD and lacklustre trading pressurised **NCDEX** refined soy oil futures on Monday. Market also found weakness from lacks of supportive news. The **November** futures contract of refined soy oil opened at Rs. 486.50 per 10 kg from previous close of Rs. 487.3 per 10 kg. The futures contract closed down at Rs.485.5 per 10 Kg.

Lack of supportive news, bearish global cues and ideas of supply would outstrip demand in short-term cast weakness for **MCX** November. Futures contract opened at Rs. 486.00 per 10kg against previous closing of Rs. 489.7 per 10kg. The prices settled down at Rs. 485.35 per 10 Kg.

PRICE DRIVERS:

- Below expected Malaysian palm oil exports figures
- Sharp fall on BMD
- Expectation of higher edible oil import (5.6-5.8 million tonnes) in 2007/08
- Edible oil import bill in 2007/08 is expecting at INR150 billion
- Weakness in others edible oil
- CIF prices of crude soy oil declined \$4 to \$957 per tonne

WEATHER

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

TECHNICALS

Doji candlestick formation shows indecisive market with trends break out. Prices closed between 9-days and 18-days EMA, suggests short-term firmness. MACD made bearish crossover in positive territory, which indicates market vulnerable to further downward correction. Stochastic is hovering in overbought region while RSI is falling in neutral region. Volume increased and open interest declined. Market is expected to trade with weak undertone after steady to weak opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Nov.	480	481	485.5	487	488
MCX-Nov.	480	481	485.35	487	488

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil **November** Contract:

SELL Near 485-484.5; T1 near 483, T2 near 482 and put stop loss at 485.5.

MCX Refined Soy Oil **November** Contract:

SELL Near 485-484.5; T1 near 483, T2 near 482 and put stop loss at 485.5.



■ REFINED SOY OIL ■

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

Centres	22.10.07	20.10.07	Change
Mumbai (Soy Ref oil)+VAT	482	482	Nil
Indore (Soy Ref oil)	468	470	-2
Kota (Soy Ref. Oil)+VAT	480	480	Nil
Hyderabad (Soy Ref)	MC	500	-
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	486.50	487.65	484.80	485.50	487.30	-0.37
NCDEX	Dec	489.75	491.70	488.10	489.70	490.25	-0.11
NCDEX	Jan	491.10	498.45	491.10	493.00	493.05	-0.01
MCX	Nov	486.00	487.45	484.80	485.35	489.70	-0.89
MCX	Dec	487.75	491.45	487.75	489.40	493.05	-0.74
MCX	Jan	491.00	493.85	491.00	492.30	496.40	-0.83

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	22.10.07	20.10.07	Change
Crude Soy Oil	957	961	-4
Crude Palm Oil	887	NA	-
Sunflower Oil	1445	1445	Nil

■ PALM OIL

International Highlights

BMD CPO Futures Down on Exports Data

Expectation of building up stocks in October and below expected export figures in the October 1-15 cast weakness for crude palm oil futures on Bursa Malaysian Derivatives. Market also found bearish momentum from Friday's CBOT weakness and sluggish crude oil prices. The most active January futures contract of crude palm oil declined sharply MYR51 to MYR2,699 per tonne. According to SGS, Malaysian palm oil exports in the October 1-20 rose 0.8% to 871,068 tonnes up from 864,299 tonnes same period in September but remained weak from trade expectation between 880,000-895,000 tonnes. Trading volume declined to 10,152 lots from 10,646 lots on Friday and open interest increased to 51,776 lots from 51,369 lots yesterday.

Domestic Spot Market Highlights

The insustainability of demand at higher prices and weakness in others edible oil pulled down the spot prices of palm oil domestically. In past 10-15 days, palm oil prices temporary firmed up to offset the demand so prices needed to come down traders added. Some bearish support comes from weak palm oil on BMD. Under the influence of BMD, palm oil prices in Indonesian declined on thin trades activities and lack of clear prices direction. The CIF prices of crude palm oil for November shipment quoted at \$887 per tonne on Monday. More weakness in prices in expecting on palm oil on further consolidation and underlying weakness in overseas markets.

BMD: CPO Futures (22.10.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Nov 07	2860	2804	2834	2792	2821	-39	511
Dec 07	2809	2775	2776	2735	2760	-49	2440
Jan 08	2765	2709	2734	2699	2714	-51	6219
Feb 08	2750	2685	2707	2680	2688	-62	587
March 08	2740	2688	2688	2674	2674	-66	60

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	22.10.07	20.10.07	Change
Kandla CPO (5 % FFA)	424	425	-1
Kandla RBD Palmolein +VAT	455	456	-1
Mumbai RBD Palmolein +VAT	478	482	-4
Chennai RBD Palmolein +VAT	505	505	Nil
Kakinada RBD Palmolein +VAT	MC	480	-
Hyderabad RBD Palmolein +VAT	MC	505	-
Delhi RDB Palmolein	500	500	-

OTHERS

Rape/Mustard oil

Physical prices of mustard oil traded mostly range bound in most of markets on balance in demand and supply and lack of fresh fundamental development. Market also found weakness from sluggish seeds prices. Last week, mustard oil prices traded between Rs. 475-483 per 10kg. Mustard oil prices is likely to stay buoyant due to competition with wheat and chana and lagging mustard sowing in Rajasthan region.

Groundnut Oil

The oil prices dropped sharply by Rs. 20 per 10 kg in Rajkot markets on improved groundnut arrivals with lackluster trade activities elsewhere prices remained range bound on steady demand and supply. In expectations of further weakness in coming days, traders remained stood away from the market. Prices of shelled groundnut of different quality declined on Monday to Rs. 410-465 per 20 kg as compared to Rs. 410-472 per 20 kg on last weekend. Weakness in cotton oil and palm oil is likely to push the prices of groundnut oil in short-term.

Refined Sunflower Oil

Steady demand and weak tone in others edible oil favors the range bound prices of refined sunflower oil in markets. The Hyderabad market remained closed on Monday on celebration mood of 'Labor Day'. The underlying firmness in maintained in global markets which capped the gains to certain extent. The CIF prices of sunflower oil for November shipment remained unchanged on 3rd straight day at \$1445 per tonne on Monday.

Refined Cottonseeds Oil

Higher the cost of laborers in Southern parts of country and lackluster trading forced refined cottonseeds oil to trade mixed with weak undertone in most of trading centres. The cost of laborers gone up by nearly 14% to last year as figures highlighted by Cotton Development and Research Association of the Southern India Mills Association (SIMA-CDRA). Traders are expecting the cottonseeds oil prices likely to come down slowly as new oil arrivals status.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	22.10.07	20.10.07	Change
Mumbai (Exp. Oil) +VAT	494	496	-2
Kota (Exp. Oil)+VAT	481	481	Nil
Jaipur (Exp. Oil)+VAT	485	485	Nil
Delhi (Exp. Oil)	510	510	Nil
Neewai (Exp. Oil) +VAT	480	NA	-

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	22.10.07	20.10.07	Change
Mumbai +VAT	670	670	Nil
Rajkot +VAT	610	620	-10
Hyderabad +VAT	MC	620	-
Chennai +VAT	585	590	-5
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	22.10.07	20.10.07	Change
Mumbai +VAT	610	610	Nil
Chennai +VAT	620	620	Nil
Hyderabad	610	610	Nil

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	22.10.07	20.10.07	Change
Mumbai +VAT	495	492	+3
Hyderabad +VAT	MC	505	-
Rajkot + VAT	490	497	-7
Delhi	470	473	-3

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		22.10.07	20.10.07
USA	Dollar	39.79	39.79
European Union	Euro	56.98	56.87
Japan	100 Yen	34.84	34.60
United Kingdom	Pound Sterling	81.62	81.41

OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Global Neptune	13,000	Palm oil Product	Berthed (13.10.07)
	Westama	4,000	CPO	Westama (15.10.07)
	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)

New vessels on chart are in bold.

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