

REFINED SOY OIL

Oct 24, 2007

SPOT MARKET:

Physical prices of refined soy oil traded on softer side on sluggish demand and subdued trades activities but the losses were limited by recovery of refined soy oil futures on NCDEX, MCX and NBOT. Currently NAFED is watching the overseas markets carefully before to float new order to import edible oil on daily basis. Government will not subsidize commercial operation of NAFED. Due to slower demand from India and focus of China on USA soy oil, Argentina September soy oil production improved 19.73% to 689,190 tonnes against 575,626 tonnes a year earlier. Also, soy oil stock improved significantly by 50.66% to 330,612 tonnes vs 219,440 tonnes a year ago. Whereas CBOT continue to trade down from Friday's weakness on strengthening dollar, harvesting pressure of US soybeans and improved weather conditions in Brazil for 2007/08 soybeans sowing. The CIF prices of crude soy oil for November shipment remained unchanged on Tuesday at \$957 per tonne to last day.

FUTURES MARKET:

Despite bearish global cues **NCDEX** refined soy oil futures remained firm on Tuesday on firming soybeans futures. The **November** futures contract of refined soy oil opened at Rs. 486.50 per 10 kg from previous close of Rs. 485.4 per 10 kg. The futures contract closed down at Rs.489.1 per 10 Kg.

Despite lack of supportive news, bearish global cues and ideas of supply would outstrip demand in short-term, refined soy oil futures moved up on **MCX**. Futures contract opened at Rs. 486.4 per 10kg against previous closing of Rs. 485.4 per 10kg. The prices settled down at Rs. 488.9 per 10 Kg.

PRICE DRIVERS:

- Weakness on CBOT and BMD
- Refined soy oil futures recouped on NCDEX, MCX and NBOT
- Argentina, September soy oil production improved 19.73% to 689,190 tonnes
- Argentina soy oil stocks improved 50.66% to 330,612 tonnes in September
- Weakness in others edible oil

WEATHER

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

TECHNICALS

Hollow marubozu candlestick formation indicates strong buying interest among traders. Prices move up sharply and closed above 9-days and 18-days EMA, suggests medium-term firmness. MACD remained flat in positive territory. Stochastic is falling whereas RSI is rising in neutral region. Volume declined and open interest increased. Market is likely to move further up after steady to firm opening.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Nov.	486	487	489.1	495	496
MCX-Nov.	486	487	488.9	495	496

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:

BUY Near 489.5; T1 near 491, T2 near 492 and put stop loss at 488.7.

MCX Refined Soy Oil November Contract:

BUY Near 489.5; T1 near 491, T2 near 492 and put stop loss at 488.7.



■ REFINED SOY OIL ■

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

Centres	23.10.07	22.10.07	Change
Mumbai (Soy Ref oil)+VAT	480	482	-2
Indore (Soy Ref oil)	468	468	Nil
Kota (Soy Ref. Oil)+VAT	480	480	Nil
Hyderabad (Soy Ref)	505	MC	-
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	489.15	486.50	489.10	485.40	+0.76
NCDEX	Dec	491.00	493.15	490.60	492.90	489.55	+0.68
NCDEX	Jan	494.50	496.50	494.30	496.50	493.65	+0.58
MCX	Nov	486.40	490.00	486.40	488.90	485.40	+0.72
MCX	Dec	490.90	492.80	490.90	492.60	489.45	+0.64
MCX	Jan	494.00	495.90	494.00	495.90	493.05	+0.58

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	23.10.07	22.10.07	Change
Crude Soy Oil	957	957	Nil
Crude Palm Oil	895	887	+8
Sunflower Oil	1405	1445	-40

■ PALM OIL ■

International Highlights

BMD CPO Futures Down on CBOT

Ideas of exports demand will squeeze further at prevailing prices of palm oil and weakness in overnight CBOT pushed down the crude palm oil futures on Bursa Malaysian Derivatives. The expectation of Indonesian may further revise base prices taxes of palm oil for exports aided the mid session but in lack of confirmation market reacted weak. The most active January futures contract of crude palm oil declined further by MYR10 to MYR2,704 per tonne. Trading volume rose sharply on Tuesday to 12,403 lots up from 10,152 lots yesterday and open interest declined to 45,214 lots from 51,776 lots on Monday.

Domestic Spot Market Highlights

Physical prices of palm oil traded in weak tone on bearish overseas markets and more the availability of others edible oil in physical markets. However, there is shortage of palm oil on ports and traders are cling to their stocks for better profitability in coming days. Under the influence of BMD, palm oil prices in Indonesian moved up slightly, however, market lack the 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 (23.10.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov 07	2821	2843	2854	2808	2808	-13	948
Dec 07	2760	2776	2794	2745	2745	-15	1950
Jan 08	2714	2745	2753	2701	2704	-10	8092
Feb 08	2688	2724	2424	2679	2679	-9	1521
March 08	2678	2700	2710	2690	2690	+12	34

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	23.10.07	22.10.07	Change
Kandla CPO (5 % FFA)	426	424	+2
Kandla RBD Palmolein +VAT	454	455	-1
Mumbai RBD Palmolein +VAT	476	478	-2
Chennai RBD Palmolein +VAT	510	505	+10
Kakinada RBD Palmolein +VAT	475	MC	-
Hyderabad RBD Palmolein +VAT	500	MC	-
Delhi RDB Palmolein	500	500	Nil

OTHERS

Rape/Mustard oil

After Dusshehra demand dropped suddenly and spot prices of mustard oil begin to decelerated to support the demand at lower level. The mixed tone witnessed on seeds price on domestic exchanges and physical markets, which failed to support mustard oil 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

Further improvement in shelled groundnut arrivals and weakness in others edible oil cast weakness for groundnut oil across domestic markets. Currently nearly 150 mills are operative and more like to start soon as expellers would have to procure enough seeds to continue the crushing for longer period. This added the weakness to groundnut oil. Prices of shelled groundnut of different quality declined further on Tuesday to Rs. 410-460 per 20 kg against Rs. 410-465 per 20 kg on Monday. Weakness in cotton oil and palm oil is likely to push the prices of groundnut oil in short-term.

Refined Sunflower Oil

Prices of refined sunflower oil remained in firm tone on underlying firmness in overseas markets. According to the Agriculture Secretariat of Argentina, September sunflower seeds crushing down 22% to 192,318 tonnes vs 246,494 tonnes corresponding period last year. September sunflower oil production dropped 25.51% to 78,485 tonnes from 105,364 tonnes a year ago. The CIF prices of sunflower oil for November shipment declined on Tuesday to \$1405 per tonne from \$1445 per tonne on Monday.

Refined Cottonseeds Oil

Steady demand, arrivals of new cottonseeds oil and subdued trades activities favor the weakness in major 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).

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	23.10.07	22.10.07	Change
Mumbai (Exp. Oil) +VAT	492	494	-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	480	Nil

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	23.10.07	22.10.07	Change
Mumbai +VAT	650	670	-20
Rajkot +VAT	600	610	-10
Hyderabad +VAT	600	MC	-
Chennai +VAT	585	585	Nil
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	23.10.07	22.10.07	Change
Mumbai +VAT	610	610	Nil
Chennai +VAT	640	620	+20
Hyderabad	620	610	+10

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	23.10.07	22.10.07	Change
Mumbai +VAT	495	495	Nil
Hyderabad +VAT	505	MC	-
Rajkot + VAT	484	490	-6
Delhi	470	470	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		23.10.07	22.10.07
USA	Dollar	39.69	39.79
European Union	Euro	56.42	56.98
Japan	100 Yen	34.61	34.84
United Kingdom	Pound Sterling	80.90	81.62

■ 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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