

REFINED SOY OIL

Oct 27, 2007

SPOT MARKET:

As soybean price is rising across domestic markets and expected to move further up. Seeing this, stockists and solvent units are maintained their aggressively buying to pile up inventories. On the other hand, farmers are also keen for better profitability in short-term and release slowing into the market. This is remains supportive from physical prices of soy oil. In the meanwhile, crude palm oil futures rose sharply on BMD amidst hike in CPO taxes in Indonesia and surge in crude oil. As the average crude palm oil prices reached \$854 per tonne in the international markets during September 20-October 19th, the export taxes were hiked to 10% in Indonesia. The slow down selling of new soybean, within trade expected weekly exports sales and active fund buying raised CBOT. The USDA weekly export sales of soybeans and soy oil totaled at 463,400 tonnes and 24,300 tonnes against trades expectation between 550,000-750,000 tonnes and 20,000-30,000 tonnes respectively. The new taxes will be effective November 1st onwards. The CIF price of crude soy oil moved up further on Friday to \$977 per tonne from \$961 per tonne on Wednesday.

FUTURES MARKET:

To remain in line with sharp gains on BMD and CBOT, **NCDEX** soy futures moved up. Market also found support from soybeans fundamentals and ideas of tight supplies till Diwali. The **November** futures contract of refined soy oil opened at Rs. 495 per 10 kg from previous close of Rs. 493.6 per 10 kg. The futures contract closed up at Rs.497.25 per 10 Kg.

Rising global markets and bullish domestic development pushing **MCX** refined soy oil futures. Market also generated support from bullish firm fundamentals and rising soybeans futures. November contract opened at Rs. 496.70 per 10kg against previous closing of Rs. 493.50 per 10kg. The prices settled up at Rs. 497.30 per 10 Kg.

PRICE DRIVERS:

- Strengthening BMD and CBOT
- Indonesia raise 10% export taxes on CPO
- Improving soybean prices domestically
- Strengthening soy oil futures on NCDEX, MCX and NBOT
- Weakness in others edible oil
- CIF prices of crude soy oil moved up by \$12 to \$977 per tonne

WEATHER

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

TECHNICALS

Hollow candlestick formation indicates strong buying interest among traders with mild selling at higher level. MACD and EMA remain medium-term favours bulls. Stochastic is rising in neutral and overbought region respectively. Market is expected to move further up from this level with firm bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Nov.	493	494	497.25	503	505
MCX-Nov.	493	494	497.30	503	505

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:

Risk taker can **BUY** above 497; T1 near 499, T2 near 500 and put stop loss at 496.

MCX Refined Soy Oil October Contract:

Risk taker can **BUY** above 497; T1 near 499, T2 near 500 and put stop loss at 496.



■ REFINED SOY OIL

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

Centres	26.10.07	25.10.07	Change
Mumbai (Soy Ref oil)+VAT	487	485	+2
Indore (Soy Ref oil)	475	472	+3
Kota (Soy Ref. Oil)+VAT	490	481	+9
Hyderabad (Soy Ref)	510	505	+5
Rajkot (Soy Ref)+Tax	477	475	+2

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Nov	495.00	498.15	495.00	497.25	493.60	+0.75
NCDEX	Dec	498.20	501.25	498.20	500.25	496.85	+0.69
NCDEX	Jan	501.90	503.90	501.90	503.00	499.25	+0.75
MCX	Nov	496.70	498.25	496.00	497.30	493.50	+0.77
MCX	Dec	499.00	500.60	498.40	499.90	496.15	+0.76
MCX	Jan	502.00	503.30	501.80	503.30	498.90	+0.88

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	26.10.07	25.10.07	Change
Crude Soy Oil	977	965	+12
Crude Palm Oil	910	880	+30
Sunflower Oil	1328	1395	-67

■ PALM OIL

International Highlights

BMD CPO Futures Rise on Indonesia Tax Hike

To remain in sync with others related commodities like crude oil and overnight firmness on soy futures on CBOT strengthened crude palm oil futures on Bursa Malaysian Derivatives. As well as market also found support from Indonesian's hike in export tariff from 7.5% to 10% on crude palm oil to remain in line with the international market. The most active January futures contract of crude palm oil futures finished up sharply MYR 93 at MYR2,800 per tonne. Palm oil prices would stay firm unless there was downward correction in crude oil. Trading volume jumped sharply higher to 22,229 lots from 9,908 lots on Thursday and open interest increased to 47,076 lots from 45,648 lots on Thursday.

Domestic Spot Market Highlights

With the sharp gains in overseas markets and shortage of palm oil supported domestic market. Due to prevailing higher prices vanaspati makers stayed away from the market and higher vanaspati prices is not suitable to continue to demand longer. With sharp gain on BMD, Indonesian palm oil market strengthened further from yesterday level. The CIF prices of crude palm oil for November shipment jumped on Friday to \$910 per tonne from \$880 per tonne on Thursday. Traders are expecting further firmness in likely in coming days as market reached to level of demand compression but festival demand supporting the markets even at current prices.

BMD: CPO Futures (26.10.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov 07	2805	2850	2899	2850	2896	+91	1191
Dec 07	2748	2888	2847	2786	2847	+99	2901
Jan 08	2707	2740	2800	2738	2800	+93	12106
Feb 08	2684	2715	2770	2714	2770	+86	4206
March 08	2680	2730	2754	2715	2754	+74	1825

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	26.10.07	25.10.07	Change
Kandla CPO (5 % FFA)	432	426	+6
Kandla RBD Palmolein +VAT	474	454	+20
Mumbai RBD Palmolein +VAT	487	484	+3
Chennai RBD Palmolein +VAT	505	495	+10
Kakinada RBD Palmolein +VAT	482	480	+2
Hyderabad RBD Palmolein +VAT	505	501	+4
Delhi RBD Palmolein	510	500	+10

OTHERS

Rape/Mustard oil

Since the NAFED has decided to sell 2 lakh tonnes of mustard seeds, domestic market is reacting with no response and currently most of markets turned range bound on balance in demand and supply. Since, Diwali is approaching, stockists has learnt to hold their stocks on ideas of further improvement in prices in short-term. Besides market also found support from firmness in mustard seeds prices domestically.

Groundnut Oil

To stay in sync with others edible oil and soaring overseas markets, prices of groundnut oil turned bullish across domestic markets. Market also found support from rising seeds prices, which declined sharply earlier in the current week. But this is temporary and seeds prices could drop in November 1st week onwards due to crop mostly in maturity/harvesting stage. Prices of shelled groundnut of different quality increased to Rs. 410-470 per 20 kg on Friday from Rs. 410-462 per 20 kg on Thursday.

Refined Sunflower Oil

Despite firmness in overseas markets, prices of refined sunflower oil decline sharply as rival edible oil is available at cheaper rate in same market and arrivals of new oil in the markets. Demands remained weak with subdued trade activities supported the bears. The CIF prices of sunflower oil for November shipment decline sharply on Friday to \$1328 per tonne from 1395 per tonne on Thursday. With arrivals of more sunflower oil in short-term as solvent plants are running, weakness in sunflower oil is likely in short-term.

Refined Cottonseeds Oil

With the rise in others edible oil, prices of refined cottonseeds oil inched up to match with physical markets. This year, huge cotton exports is expecting by majority of traders. This would keep the cottonseeds oil buoyant in physical markets on costlier seeds prices. Till Diwali, refined cottonseeds oil is likely to trade range bound to slight firm and sharp weakness in expecting, then after.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	26.10.07	25.10.07	Change
Mumbai (Exp. Oil) +VAT	497	497	Nil
Kota (Exp. Oil)+VAT	490	481	+9
Jaipur (Exp. Oil)+VAT	498	485	+13
Delhi (Exp. Oil)	510	505	+5
Neewai (Exp. Oil) +VAT	490	480	+10

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	26.10.07	25.10.07	Change
Mumbai +VAT	650	640	+10
Rajkot +VAT	615	600	+15
Hyderabad +VAT	620	610	+10
Chennai +VAT	620	600	+20
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	26.10.07	25.10.07	Change
Mumbai +VAT	615	645	-30
Chennai +VAT	605	605	Nil
Hyderabad	625	620	+5

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	26.10.07	25.10.07	Change
Mumbai +VAT	495	493	+2
Hyderabad +VAT	510	505	+5
Rajkot + VAT	492	485	+7
Delhi	480	475	+5

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		26.10.07	25.10.07
USA	Dollar	39.51	39.54
European Union	Euro	56.76	56.42
Japan	100 Yen	34.54	34.67
United Kingdom	Pound Sterling	81.16	80.94

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)

New vessels on chart are in bold.

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