

REFINED SOY OIL

Oct 30, 2007

SPOT MARKET:

Despite revised high soybean production estimates in the COOIT's 2nd advance Kharif oilseeds output estimation, physical prices of refined soy oil escalated further from Saturday's firmness on soaring CPO futures and firmness in others edible oil. In latest report, COOIT highlighted the country soybean production to be near 9.46 million tonnes against 7.96 million tonnes, a year ago. COOIT also added domestic vegetable oil import in 2006/07 oil year is likely to near 5.6 million tonnes up from 5.42 million tonnes last year. As per market sources, currently lesser number of solvent units are operating due to insufficient buffer stock of soybean. Monday, CPO futures breached another record level and most active January contract settled at MYR 2,910/tonne after intraday gains of MYR110. This is mainly due to bullish trends in crude oil and market talk of China is considering to cut the import duty on edible oils to maintained adequate supplies in domestic markets. The CIF price of crude soy oil for November shipment declined marginally on Monday to \$986/tonne from \$989/tonne on Saturday.

FUTURES MARKET:

Sharp jump in CPO futures on BMD and underlying firmed sentiments pushed up **NCDEX** soy futures. Market also found support on ideas of tight supplies till Diwali. The **November** futures contract of refined soy oil opened at Rs. 505.6 per 10 kg from previous close of Rs. 504.4 per 10 kg. The futures contract closed up at Rs.508.80 per 10 Kg.

Rising global markets and underlying bullish soybean sentiments is pushing **MCX** refined soy oil futures. Market also generated support from bullish firm fundamentals. November contract opened at Rs. 507.1 per 10kg against previous closing of Rs.504.35 per 10kg. The prices settled up at Rs. 508.70 per 10 Kg.

PRICE DRIVERS:

- CPO futures gained MYR110 and finished up at \$2910/tonne on Monday
- Refined soy oil futures is rising above psychological barrier on NCDEX, MCX and NBOT
- Higher production estimates for soybean in COOIT's latest data
- Total vegetable oil import in current oil is expecting at 5.6 million tonnes
- Firmness in others edible oil
- Crude soy oil CIF prices declined \$3 to \$986/tonne

WEATHER

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

TECHNICALS

Refined soy oil chart show the firmness in the market. EMA and MACD remain medium term firmness. MACD is rising in positive territory, which favors the bulls. Stochastic and RSI is continuing to rise in overbought region. Prices are likely to rise cautiously from further current level with firm bias.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|------------|-----|-----|-------|-----|-----|
| NCDEX-Nov. | 504 | 505 | 508.8 | 515 | 517 |
| MCX-Nov. | 504 | 505 | 508.7 | 515 | 517 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil November Contract:
Risk takers can **BUY** Near 508; T1 near 510, T2 near 511 and put stop loss at 507.

MCX Refined Soy Oil October Contract:
Risk takers can **BUY** Near 508.5; T1 near 510, T2 near 511 and put stop loss at 507.8.



■ REFINED SOY OIL ■

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

| Centres | 29.10.07 | 27.10.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 494 | 493 | +1 |
| Indore (Soy Ref oil) | 486 | 483 | +3 |
| Kota (Soy Ref. Oil)+VAT | 493 | 492 | +1 |
| Hyderabad (Soy Ref) | 510 | 508 | +2 |
| Rajkot (Soy Ref)+Tax | 490 | 485 | +5 |

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

| Exchange | Expiry | Open | High | Low | Close | Prev Close | % Change |
|----------|--------|--------|--------|--------|--------|------------|----------|
| NCDEX | Nov | 505.60 | 510.75 | 505.60 | 508.80 | 504.40 | +0.87 |
| NCDEX | Dec | 509.00 | 512.75 | 509.00 | 511.00 | 506.40 | +0.91 |
| NCDEX | Jan | 511.15 | 515.50 | 511.15 | 514.00 | 508.80 | +1.02 |
| MCX | Nov | 507.10 | 510.60 | 506.95 | 508.70 | 504.35 | +0.86 |
| MCX | Dec | 508.90 | 512.30 | 508.55 | 510.80 | 506.35 | +0.88 |
| MCX | Jan | 512.00 | 515.00 | 511.45 | 513.50 | 508.05 | +1.07 |
| MCX | Feb | 513.20 | 514.00 | 513.00 | 514.00 | 508.60 | +1.06 |

CIF Price Basis Kandla Port (\$/MT)

| Edible Oil | 29.10.07 | 28.10.07 | Change |
|----------------|----------|----------|--------|
| Crude Soy Oil | 986 | 989 | -3 |
| Crude Palm Oil | NA | NA | - |
| Sunflower Oil | 1333 | 1313 | +20 |

■ PALM OIL

International Highlights

BMD CPO Futures is Soaring

The CPO breached another record level at MYR 2,900 per tonne and most active January futures contract of crude palm oil finished at MYR2,910 per tonne after gaining MYR110 on Monday. Market found strong support from bullish trends in crude oil, soy oil and market talk of China is considering to cut the import duty on edible oils to maintained supplies in domestic markets. Trading volume on the BMD totaled at 16,426 lots down from Friday's 22,229 lots. Open interest also declined to 46,239 lots from 47,076 lots on last weekend.

Domestic Spot Market Highlights

Physical prices of palm oil remained mixed on steady demand, sharp gains in oversea markets and shortage of palm oil. Due to prevailing higher prices vanaspati makers preferred to stayed away from the market as higher vanaspati prices is not suitable to support demand firm for longer period. Trades activities remained thin in Indonesia as prevailing prices are quite high to support demands. While olein prices moved up BMD. Traders are expecting, market is quickly reached too high, so correction from current level is require to maintain the market in flow.

BMD: CPO Futures (29.10.2007)

(Ringgit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|----------|----------|------|------|------|-------|--------|--------|
| Nov 07 | 2897 | 2952 | 2994 | 2940 | 2985 | +88 | 1027 |
| Dec 07 | 2847 | 2902 | 2959 | 2900 | 2959 | +112 | 1877 |
| Jan 08 | 2800 | 2840 | 2920 | 2840 | 2910 | +110 | 8582 |
| Feb 08 | 2770 | 2810 | 2900 | 2810 | 2900 | +130 | 4516 |
| March 08 | 2754 | 2801 | 2868 | 2800 | 2868 | +114 | 424 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 29.10.07 | 27.10.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 442 | 440 | +2 |
| Kandla RBD Palmolein +VAT | 484 | 477 | +7 |
| Mumbai RBD Palmolein +VAT | 494 | 497 | -2 |
| Chennai RBD Palmolein +VAT | 507 | 505 | +2 |
| Kakinada RBD Palmolein +VAT | 495 | 490 | +5 |
| Hyderabad RBD Palmolein +VAT | 505 | 505 | Nil |
| Delhi RDB Palmolein | 520 | 515 | +5 |

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 and Usually market witness demand compression at higher prices. This is also pulling the mustard oil. Since, Diwali is approaching, stockists has learnt to hold their stocks on ideas of further improvement in prices in short-term.

Groundnut Oil

To stay in sync with seeds prices and soaring overseas markets, prices of groundnut oil stood firm across domestic markets. In latest report, COOIT highlighted the Kharif groundnut production is estimated at 5.27 million tonnes, high from 3.5 million tonnes a year ago. As Kharif groundnut crop is in mostly maturity/harvesting stage, its arrivals are like to improve significantly from 80,000-125,000 bags to 1.5-2 lakh bags from November 1st week onward. Prices of shelled groundnut of different quality increased to Rs. 410-488 per 20 kg on Monday from Rs. 410-478 per 20 kg on Saturday.

Refined Sunflower Oil

With soaring overseas markets, prices of refined sunflower oil reacted same and remained in bullish under tone across domestic markets. Currently seeds and oil prices is soaring and in expectation of further uptrends, farmers reluctant to sell off now. The CIF prices of sunflower oil for November shipment recovered and reached to \$1333 per tonne on Monday from Saturday's \$1313 per tonne. With arrivals of more sunflower oil in short-term as solvent plants are running less to full capacity, weakness in sunflower oil is unlikely in short-term.

Refined Cottonseeds Oil

With the rise in others edible oil, prices of refined cottonseeds oil soared to match with physical markets. This year, huge cotton exports is expecting to overseas markets due to low cotton production in the global markets. So the export will be costlier and farmers are fetching good prices, which underpinned the cottonseeds prices with spill over impact on oil prices.

Rape Oil: Spot Market Price

(Rs/10 kg)

| Centres | 29.10.07 | 27.10.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | NA | 509 | - |
| Kota (Exp. Oil)+VAT | 492 | 492 | Nil |
| Jaipur (Exp. Oil)+VAT | 502 | 502 | Nil |
| Delhi (Exp. Oil) | 527 | 515 | +12 |
| Neewai (Exp. Oil) +VAT | 491 | 492 | -1 |

Groundnut Oil Spot Market Price

(Rs/10 kg)

| Centres | 29.10.07 | 27.10.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 650 | 650 | Nil |
| Rajkot +VAT | 625 | 625 | Nil |
| Hyderabad +VAT | 630 | 615 | +15 |
| Chennai +VAT | 625 | 620 | +5 |
| Delhi | 700 | 700 | Nil |

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

| Centres | 29.10.07 | 27.10.07 | Change |
|--------------|----------|----------|--------|
| Mumbai +VAT | 630 | 630 | Nil |
| Chennai +VAT | 615 | 610 | +5 |
| Hyderabad | 650 | 640 | +10 |

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

| Centres | 29.10.07 | 27.10.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 505 | 495 | +10 |
| Hyderabad +VAT | 513 | 511 | +2 |
| Rajkot + VAT | 508 | 495 | +13 |
| Delhi | 505 | 485 | +20 |

Forex Rates

| Country/ Continent | Currency | Value in Rupees | |
|--------------------|----------------|-----------------|----------|
| | | 29.10.07 | 27.10.07 |
| USA | Dollar | 39.38 | 39.30 |
| European Union | Euro | 56.81 | 56.56 |
| Japan | 100 Yen | 34.49 | 34.40 |
| United Kingdom | Pound Sterling | 80.96 | 80.62 |



■ OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|---------------|--------------------|--------------|------------------|----------------------------|
| Kandla | Samho Heron | 10,000 | Palm oil Product | Berthed (22.10.07) |
| | Nogogini | 4,500 | Palm oil | Expected (02.11.07) |
| Kolkata | Fatima | 5,000 | CPO | Arrived (23.10.07) |
| New Mangalore | Global Evous | 11,030 | CPO | Expected (24.10.07) |
| | Nagogini | 6,000 | CPO | Expected (30.10.07) |
| Turicorin | Spring Glory | 4,080 | Palm oil | Expected (27.10.07) |
| | Spring Wind | 4,000 | Palm oil | Expected (29.10.07) |

New vessels on chart are in bold.

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