

REFINED SOY OIL

Dec 11, 2007

SPOT MARKET:

Under reaction of bearish export figures by Malaysian Palm oil Board (MPOB) and SGS, BMD lost all the gains attained in the mid day session, which influenced futures and domestic markets. The subdued trade and poor demand fuelled the sentiments. Traders are stayed away from market on lack of clear price direction in short term. As per MPOB, palm oil export fell 7.7% to 1.23 mmt in November from 1.33 mmt a month ago. November crude palm oil production increased 4.44% to 1.64 mmt from 1.58 mmt a month ago. While stocks rose 16.19% to 1.8 mmt in November end. In October, it totaled at 1.56 mmt. Meanwhile, SGS highlighted, Malaysia palm oil export rose 0.6% to 432,315 tonnes in the December 1-10. In November 1-10, export was totaled at 429,643 tonnes. The CIF price of crude soy oil for December shipment declined marginally on Monday to \$1106 per tonne from \$1108 per tonne on Saturday.

FUTURES MARKET:

Tracking mixed global advice, **NCDEX** refined soy oil futures traded in narrow range on Monday on mild selling interest among traders. However, weakness is capped by underlying bullish fundamentals. The **January** futures contract of refined soy oil opened at Rs. 535 per 10 kg from previous close of Rs. 534.15 per 10 kg. The futures contract closed up at Rs. 532.6 per 10 Kg.

MCX refined soy oil futures declined on profit taking and slight selling interest and bearish-tone in BMD CPO futures. The most active **January** contract opened at Rs. 534.2 per 10 kg against previous closing of Rs. 533.95 per 10kg. The prices settled down at Rs. 532.40 per 10 Kg.

PRICE DRIVERS:

- Bearish exports figures of November by MPOB
- Costlier landing cost of soy degummed oil to domestic produce
- Soybean crushing in full swing pressurized the market
- Malaysian palm oil exports rose mere 0.6% in December 1-10 from 432,315 tonnes
- Weakened rival edible oil
- Poor demand and subdued tradeCIF price of crude soy oil recovered slightly \$2 to \$1108/tonne

WEATHER

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

TECHNICALS

Candlesticks chart pattern showed sideways trade in selling pressure at higher level. EMA and MACD remain weak for medium term. MACD is falling in positive territory. Stochastic is attempts for bullish crossover in oversold region, which is a bullish indication. RSI is failing in neutral region. Market is expected to trade down with weak bias.



SUPPORT / RESISTANCES:

| Contract | S2 | S1 | PCP | R1 | R2 |
|-----------|-----|-----|--------|-----|-----|
| NCDEX-Jan | 524 | 526 | 532.60 | 538 | 539 |
| MCX-Jan | 526 | 528 | 532.40 | 536 | 538 |

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

SELL Below 533 T1 near 531, T2 near 530 and put stop loss at 534.

MCX Refined Soy Oil January Contract:

SELL Below 533; T1 near 531, T2 near 529 and put stop loss at 534.



■ REFINED SOY OIL

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

| Centres | 10.12.07 | 08.12.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 526 | 526 | Nil |
| Indore (Soy Ref oil) | 500 | 501 | -1 |
| Kota (Soy Ref. Oil)+VAT | 515 | 515 | Nil |
| Hyderabad (Soy Ref) | 525 | 528 | -3 |
| Rajkot (Soy Ref)+Tax | 530 | 530 | Nil |

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

| Exchange | Expiry | Open | High | Low | Close | Prev Close | Change |
|----------|--------|--------|--------|--------|--------|------------|--------|
| NCDEX | Dec | 528.30 | 529.60 | 525.30 | 526.50 | 527.20 | -0.70 |
| NCDEX | Jan | 535.00 | 537.60 | 531.90 | 532.60 | 534.15 | -1.55 |
| NCDEX | Feb | 539.20 | 543.45 | 538.25 | 538.80 | 540.45 | -1.45 |
| MCX | Dec | 527.60 | 528.55 | 525.10 | 526.05 | 526.75 | -0.70 |
| MCX | Jan | 534.20 | 536.10 | 531.70 | 532.40 | 533.95 | -1.55 |
| MCX | Feb | 542.00 | 542.35 | 538.05 | 538.80 | 540.00 | -1.20 |
| MCX | March | 544.00 | 544.00 | 544.00 | 544.00 | 543.40 | +0.60 |

CIF Price Basis Kandla Port (\$/MT)

| Edible Oil | 10.12.07 | 08.12.07 | Change |
|----------------|----------|----------|--------|
| Crude Palm Oil | 920 | NA | - |
| Crude Soy Oil | 1106 | 1108 | -2 |
| Sunflower Oil | 1385 | 1395 | -10 |

■ PALM OIL

International Highlights

BMD CPO Futures Traded Range bound Despite Record Stocks in November

All time high stocks of palm oil pressurized crude palm oil futures at Bursa Malaysian Derivatives Exchange Monday but gains were capped by prospects of low production in December due to likely flood conditions. The most active February contract of crude palm oil futures fell MYR2 to MYR2,868 per tonne. During the trade session, Malaysian Palm oil Board highlighted stocks rose 16.19% to 1.8 mmt surpassed the earlier record of 1.79 mmt in September 2006. Besides MPOB, SGS highlighted export in December 1-10 rose merely 0.6% to 449,543 tonnes compared to same period last month. Trading volume declined to 9,793 lots from 9,926 lots Friday and open interest also fell to 43,207 lots from 43,454 lots yesterday.

Domestic Spot Market Highlights

Physical price of palm oil consolidated on Friday on slow demand from Vanaspati markers and thin trading. According to trade estimation, in December nearly 300,000-350,000 tonnes of edible oil likely to import which is nearly close to last year's figures. Out of this figures nearly 80%, palm oil would import, traders added. As per latest SGS reports, Malaysia palm oil exports to India reported at 12,750 tonnes in December 1-10 v/s 9,820 tonnes same period last month. The improve inventories of palm oil as traders are waiting for clear price direction in Indonesian. The CIF price of crude palm oil for December shipment declined on Monday to \$920 per tonne from \$925 per tonne on Friday.

BMD: CPO Futures (10.12.2007)

(Ringgit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|----------|----------|------|------|------|-------|--------|--------|
| Dec 07 | 2858 | 2929 | 2929 | 2850 | 2867 | +9 | 96 |
| Jan 08 | 2857 | 2853 | 2870 | 2838 | 2864 | +7 | 884 |
| Feb 08 | 2870 | 2859 | 2881 | 2843 | 2868 | -2 | 6830 |
| March 08 | 2876 | 2861 | 2888 | 2850 | 2870 | -6 | 1760 |
| April 08 | 2877 | 2882 | 2887 | 2865 | 2870 | -7 | 223 |

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres | 10.12.07 | 08.12.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 448 | 447 | +1 |
| Kandla RBD Palmolein +VAT | 480 | 482 | -2 |
| Mumbai RBD Palmolein +VAT | 485 | 488 | -3 |
| Chennai RBD Palmolein +VAT | 480 | 485 | -5 |
| Kakinada RBD Palmolein +VAT | 470 | 470 | Nil |
| Hyderabad RBD Palmolein +VAT | 495 | 493 | +2 |
| Delhi RDB Palmolein | 540 | 540 | Nil |

OTHERS

Rape/Mustard oil

Physical price of mustard oil traded on softer side on lack of clear price direction and sluggish demand. In November 2007, rapeseeds meals exports rose to 79,250 tonnes from 68,250 tonnes last year. This is due to good demand from importing nation. The IMD forecast of isolated rainfall in North Rajasthan in next 48 hours will support the mustard sowing in tailing end. Traders are expecting the range bound trade in short-term under weakness in rival edible oil.

Groundnut Oil

Good demand of groundnut oil in the local markets in Gujarat is offsetting by good crushing seeds resulting range bound price range. The better prices offered of groundnut meals in domestic markets forcing traders to unload rather to exports. According to latest trade estimates, groundnut meals exports in November were negligible from 3,200 tonnes a year ago. Price of shelled groundnut of traded range bound on Monday to Rs.500 per 20 kg down from previous day in different markets of Gujarat.

Refined Sunflower Oil

Balance in demand and supply and weakness in others edible oil pulled the refined sunflower oil range bound across domestic markets. According to latest trade estimates, Rabi sunflower seeds sowing are completed in 7.84 lakh hectares as on December 7th against 9.07 lakh hectares a weak ago and 9.32 lakh hectares last year. The CIF price of crude sunflower oil for December shipment declined on Monday to \$1385 per tonne from \$1395 per tonne on Saturday. T

Refined Cottonseeds Oil

Physical price of refined cottonseeds oil traded on softer side on subdued demand and lackluster trade. Traders are in confusion over lack of clear price direction and expecting bearish-trends in short-term. According to trade sources, Haryana witnessed considerably high arrivals of cotton, which was reported around 50,000 qtl. The cotton arrivals in state are likely at 20.52 lakh qtl up from 20.02 lakh qtl last year.

Rape Oil: Spot Market Price

(Rs/10 kg)

| Centres | 10.12.07 | 08.12.07 | Change |
|------------------------|----------|----------|--------|
| Mumbai (Exp. Oil) +VAT | 535 | 535 | Nil |
| Kota (Exp. Oil)+VAT | 505 | 506 | -1 |
| Jaipur (Exp. Oil)+VAT | 516 | 516 | Nil |
| Delhi (Exp. Oil) | 530 | 530 | Nil |
| Neewai (Exp. Oil) +VAT | 505 | 505 | Nil |

Groundnut Oil Spot Market Price

(Rs/10 kg)

| Centres | 10.12.07 | 08.12.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 645 | 655 | -10 |
| Rajkot +VAT | 650 | 650 | Nil |
| Hyderabad +VAT | 630 | 620 | Nil |
| Chennai +VAT | 600 | 600 | Nil |
| Delhi | 700 | 700 | Nil |

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

| Centres | 10.12.07 | 08.12.07 | Change |
|--------------|----------|----------|--------|
| Mumbai +VAT | 670 | 685 | -15 |
| Chennai +VAT | 675 | 680 | -5 |
| Hyderabad | 695 | 695 | Nil |

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

| Centres | 10.12.07 | 08.12.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT | 510 | 510 | Nil |
| Hyderabad +VAT | 505 | 510 | -5 |
| Rajkot + VAT | 510 | 512 | -2 |
| Delhi | 505 | 515 | -10 |

Forex Rates

| Country/ Continent | Currency | Value in Rupees | |
|--------------------|----------------|-----------------|----------|
| | | 10.12.07 | 08.12.07 |
| USA | Dollar | 39.38 | 39.41 |
| European Union | Euro | 57.66 | 57.75 |
| Japan | 100 Yen | 35.29 | 35.28 |
| United Kingdom | Pound Sterling | 80.07 | 79.95 |



■ OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|--------------|--------------------|--------------|--------------------|----------------------|
| Kandla | Stolt Vestland | 6,000 | G'nut oil (Export) | Expected (12.12.07) |
| | Chembulk Singapore | 12,420 | CPO | Expected (03.12.07) |
| Kolkata | Golden Dream | 3,800 | CPO | Arrived (01.12.07) |
| Mumbai | Global Triton | 12,000 | Palm oil Product | Arrived (27.11.07) |
| Tuticorin | Spring Glory | 4,100 | Palm oil | Expected (02.12..07) |
| New Manglore | S.C. Tianjin | 6,000 | CPO | Expected (09.12.07) |

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