

REFINED SOY OIL

Dec 13, 2007

SPOT MARKET:

Despite bullish USDA monthly S&D report, both BMD and futures reacted weak on lack of supportive news. This and weakness in rival edible oil pressurized the soy oil. The state government of Andhra Pradesh is estimated a bumper Kharif output in 2007. The state agriculture commissionerate has raised the oilseeds output sharply from 7 lakh tonnes last year to 24 lakh tonne this year. This was well supported by adequate and well distributed rainfall in season. The soybean production has increased to 1.81 lakh tonnes from 1.52 lakh tonnes, last year. As per USDA month S&D estimation, world soy oil production and ending stock is projected at 37.97 mmt and 2.57 mmt in December from 37.73 mmt and 2.6 mmt, respectively in November report. The Indian soy oil production and usage is outlook at 1.4 mmt and 2.78 mmt from 1.29 mmt and 2.8 mmt in November's projection. The CIF price of crude soy oil for December shipment recovered on Wednesday to \$1108 per tonne from \$1106 per tonne on Tuesday.

FUTURES MARKET:

Despite bullish global advice, **NCDEX** refined soy oil futures finished down Wednesday on improved selling interest among traders on underlying weakness in short-term. Besides, weakness is supported by weakness in others edible oil. The **January** futures contract of refined soy oil opened at Rs. 533.8 per 10 kg from previous close of Rs. 533.5 per 10 kg. The futures contract closed down at Rs. 529.9 per 10 kg.

MCX refined soy oil futures settled down on profit taking and weakness in BMD CPO futures. Prospects of tight supplies in domestic markets is diminishing in medium term also fuelled the sentiments. The most active **January** contract opened at Rs. 531.75 per 10 kg against previous closing of Rs. 533.25 per 10kg. The prices settled down at Rs. 529.6 per 10 Kg.

PRICE DRIVERS:

- Bullish USDA monthly S&D report
- Weak BMD CPO futures
- Indian soy oil consumption is expecting to fall to 2.78 mmt from 2.8 mmt in November's USDA projection
- Pressure from weakness in rival edible oil
- Bumper Kharif oilseeds production in Andhra Pradesh
- Weakened rival edible oil
- Poor demand and subdued trade
- CIF price of crude soy oil improve by \$2 to \$1108 per 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 shows the strong selling interest among traders and close slightly high to strong support level near Rs. 529. Price closed below to short and medium term EMA which indicates for medium term weakness. MACD remains weak in positive territory. Stochastic and RSI remains weak in oversold and neutral region, respectively. Market is expected to down with possibility of late upward movement on short covering.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	518	521	529.9	534	536
MCX-Jan	518	521	529.6	533	535

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

SELL near 530 T1 near 528, T2 near 526 and put stop loss at 531.

MCX Refined Soy Oil January Contract:

SELL Near 530; T1 near 528, T2 near 526 and put stop loss at 531.



■ REFINED SOY OIL

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

Centres	12.12.07	11.12.07	Change
Mumbai (Soy Ref oil)+VAT	520	523	-3
Indore (Soy Ref oil)	501	500	+1
Kota (Soy Ref. Oil)+VAT	515	515	Nil
Hyderabad (Soy Ref)	522	522	Nil
Rajkot (Soy Ref)+Tax	528	530	-2

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	Change
NCDEX	Dec	525.55	526.35	523.55	524.00	527.00	-3.00
NCDEX	Jan	533.80	533.80	529.40	529.90	533.55	-3.65
NCDEX	Feb	540.50	540.50	536.50	536.50	539.95	-3.45
NCDEX	March	542.00	543.00	540.80	541.30	545.00	-3.70
MCX	Dec	526.00	526.00	523.60	524.10	526.80	-2.70
MCX	Jan	531.75	532.40	529.40	529.60	533.25	-3.65
MCX	Feb	537.75	538.00	535.70	536.15	538.50	-2.35
MCX	March	548.00	548.00	540.00	543.50	544.50	-1.00

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	12.12.07	11.12.07	Change
Crude Palm Oil	930	927	+3
Crude Soy Oil	1108	1106	+2
Sunflower Oil	1390	1390	Nil

■ PALM OIL ■

International Highlights

BMD CPO Futures Settled Down on Thin Trade

Crude palm oil futures at Bursa Malaysian Derivatives Exchange declined slightly on indecision among traders and thin trade. Market failed to find support from surging soy oil. Currently market is stuck and trading in narrow range of MYR2,850-2,900 per tonne. The all time high stocks position also pressured the sentiments. The most active February contract of crude palm oil futures fell MYR3 to MYR2,877 per tonne. Trading volume fell further to 5,122 lots from 6,761 lots yesterday while open interest improved to 44,276 lots from 44,096 lots Tuesday.

Domestic Spot Market Highlights

Following weakness in BMD CPO futures, physical prices of palm oil traded on softer side oil thin trading and sluggish demand. However, there are low stocks of palm oil at ports but importers are reluctant to stuck fresh deals as demand is fading with the progress to winter. Whereas palm oil cash prices trade low in Indonesia on high stocks and prospects to good production. The CIF prices of crude palm oil for December shipment recovered further on Wednesday to \$930 per tonne from \$927 per tonne on Tuesday. The expectation of improve production in Indonesia and Malaysia is likely to pressure palm oil in short-term.

BMD: CPO Futures (12.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Dec 07	2880	2870	2880	2859	2873	-7	172
Jan 08	2874	2865	2875	2854	2872	-2	434
Feb 08	2880	2868	2885	2859	2877	-3	2954
March 08	2887	2878	2888	2865	2883	-4	1400
April 08	2887	2872	2885	2870	2885	-2	158

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	12.12.07	11.12.07	Change
Kandla CPO (5 % FFA)	448	449	-1
Kandla RBD Palmolein +VAT	480	482	-2
Mumbai RBD Palmolein +VAT	484	484	Nil
Chennai RBD Palmolein +VAT	478	480	-2
Kakinada RBD Palmolein +VAT	465	470	-5
Hyderabad RBD Palmolein +VAT	493	495	-2
Delhi RDB Palmolein	540	540	Nil

OTHERS

Rape/Mustard oil

Weakness in others edible oil and poor demand pressurized the physical price of mustard oil. Poor trade activities also supported the weakness. As per government latest sowing figures, Rabi mustard acreage has dipped in Rajasthan from 28.61 Lt to 23.36 Lt, in UP from 7.65lt to 7.53 Lt, MP from 6.57 Lt to 6.7 Lt on December 7th. The improved November mustard seeds meals exports has piled up oil inventories, which may lower in coming days.

Groundnut Oil

With in appreciation in seed price, groundnut oil firmed in Gujarat while remain weak in other centres due to pressure from lackluster trade and reluctance of expellers to sell off at lower price. Due to weak demand of oil meals at ports expellers are unwilling to increase the crushing, which capped the gains to certain extent. Price of shelled groundnut of firmed up slightly to to Rs. 512 per 20 kg on Wednesday from Rs. 510 per 20 kg from Tuesday's Rs.500 per 20 kg in different markets of Gujarat. Weakness in others edible oil is likely to keep pressure on groundnut oil in coming days.

Refined Sunflower Oil

Despite bullish USDA monthly demand and supply report, price of refined sunflower oil plummeted in major trading centres reflecting sluggish demand in the market. Traders are waiting for clear price direction and looking closely into international market for some direction. The CIF price of crude sunflower oil for December shipment remained unchanged on second straight day at \$1385 per tonne to previous day. As currently international price are high, traders seem less interest to import.

Refined Cottonseeds Oil

Refined cottonseeds oil traded steady to weak on sluggish demand subdued trade activities. Expectation of bearish-trends is likely to rule in coming days, solvent plants has improved their selling activities added the pressure into markets. Expecting short-term weakness in edible oil buyers are hesitating to fresh buying. This may underpin the cotton seeds oil in coming days on prospects of tight supplies.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	12.12.07	11.12.07	Change
Mumbai (Exp. Oil) +VAT	528	531	-3
Kota (Exp. Oil)+VAT	503	505	-2
Jaipur (Exp. Oil)+VAT	512	514	-2
Delhi (Exp. Oil)	525	530	-5
Neewai (Exp. Oil) +VAT	504	505	-1

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	12.12.07	11.12.07	Change
Mumbai +VAT	630	640	-10
Rajkot +VAT	660	650	+10
Hyderabad +VAT	615	630	-15
Chennai +VAT	600	600	Nil
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	12.12.07	11.12.07	Change
Mumbai +VAT	665	680	-15
Chennai +VAT	675	675	Nil
Hyderabad	680	690	-10

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	12.12.07	11.12.07	Change
Mumbai +VAT	507	508	-1
Hyderabad +VAT	500	505	-5
Rajkot + VAT	512	510	+2
Delhi	495	505	-10

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		12.12.07	11.12.07
USA	Dollar	39.36	39.36
European Union	Euro	57.79	57.96
Japan	100 Yen	35.44	35.20
United Kingdom	Pound Sterling	80.31	80.58



■ 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)
	Celestia	11,000	Palm oil	Expected (14.12.07)
Mumbai	Global Triton	12,000	Palm oil Product	Arrived (27.11.07)
New Manglore	S.C. Tianjin	6,000	CPO	Berthed (09.12.07)

New vessels on chart are in bold.

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