

## REFINED SOY OIL

Dec 27, 2007

### SPOT MARKET:

On Wednesday, BMD CPO futures tested all time high at MYR3,082/tonne on supportive exports figures and expectation of fall in December palm oil production by 20-26%. Palm oil production in November was 1.64 mmt. This remained inductive for soy oil in futures and local markets. Anticipating the long-term firmness in soy oil, stockists are holding their stocks and concentrating on buying. After testing lows of Rs. 500/10kg on December 10th, soy oil is strengthening again and touched Rs. 521/10kg level on December 26th. This is reflecting the strength in international and domestic markets. During trading session, SGS released, highlighted Malaysia palm oil exports increased 1.1% to 1.12 mmt in December 1-25. In November 1-25, export was at 1.1 mmt. Whereas another cargo Surveyor, Intertek pegged exports at 1.11 mmt. Both were inline with trade expectations of 1-1.2 mmt. The CIF price of crude soy oil for January shipment improved further on Wednesday to \$1125/tonne from \$1121/tonne on Monday.

### FUTURES MARKET:

Record high BMD CPO futures and prospects of tight supplies rose **NCDEX** refined soy oil futures on Monday. The good buying supports among traders were noticed. Firm tone in others edible oil aided some support. The **January** futures contract of refined soy oil opened at Rs. 548.1 per 10 kg from previous close of Rs. 546.65 per 10 kg. The futures contract closed up at Rs. 546.7 per 10 kg to previous close.

**MCX** refined soy oil futures settled up after tested all time high on profit taking. However, the prospects of tight supplies prevailed in the domestic markets that are also supported the sentiments. The most active **January** contract opened at Rs. 547.4 per 10 kg against previous closing of Rs. 546.1 per 10kg. The prices settled down at Rs. 546.2 per 10 Kg.

### PRICE DRIVERS:

- BMD CPO futures tested new high at MYR3,082/tonne
- Low stocks of degummed soy oil at ports
- December crude palm oil production is expecting to fall by 20-26% from 1.64 mmt
- Attractive parity supported soybean crushing
- Supportive palm oil exports figures in December 1-25
- Strengthening local rival edible oil
- CIF price of Crude soy oil improved by \$4 to \$1125/tonne

### WEATHER

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

### TECHNICALS

Candlestick chart pattern indicates sideways trade with improved selling at higher level. Prices managed to close above short and medium term EMA, which indicate medium term firmness. MACD is rising slowly in positive territory. Stochastic predominantly in overbought region while RSI is flat in neutral region. Price are expecting to rise with firm bias.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	541	542	547.7	554	555
MCX-Jan	541	542	546.2	554	555

### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil January Contract:**

**BUY Above 547** T1 near 549, T2 near 550 and put stop loss at 546.

**MCX Refined Soy Oil January Contract:**

**BUY Above 547;** T1 near 549, T2 near 550 and put stop loss at 546.



## REFINED SOY OIL

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

Centres	26.12.07	24.12.07	Change
Mumbai (Soy Ref oil)+VAT	541	540	+1
Indore (Soy Ref oil)	520	518	+2
Kota (Soy Ref. Oil)+VAT	525	525	Nil
Hyderabad (Soy Ref)	540	540	Nil
Rajkot (Soy Ref)+Tax	537	537	Nil

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	Change
NCDEX	Jan	548.10	549.20	546.25	546.70	546.55	+0.15
NCDEX	Feb	555.00	557.30	554.25	554.80	553.45	+1.35
NCDEX	March	559.20	563.30	559.20	560.60	558.75	+1.85
MCX	Jan	547.40	548.80	545.50	546.20	546.10	+0.10
MCX	Feb	554.80	557.10	554.15	554.50	553.40	+1.10
MCX	March	560.00	563.00	559.10	560.55	559.30	+1.25

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	26.12.07	24.12.07	Change
Crude Palm Oil	975	960	+15
Crude Soy Oil	1125	1121	+4
Sunflower Oil	1450	1450	Nil

## ■ PALM OIL

### International Highlights

#### BMD CPO Futures Tested New Highs

Supportive exports figures and hiked in base price of palm products by Indonesia lifted crude palm oil futures to new highs at Bursa Malaysian Derivatives Exchange Wednesday and futures breached the previous highs of MYR3,068/tonne. Rise in crude oil and fall in palm oil output in December by 20-26% also supported the sentiments. The most active March contract of crude palm oil futures finished MYR50 up at MYR3,080 per tonne. Trading volume recovered further to 7,459 lots from 4,693 lots Monday and open interest declined to 39,757 lots from 40,615 lots yesterday.

### Domestic Spot Market Highlights

Record high in BMD CPO futures and tight supplies pushed up prices of palm oil in major markets. According to SGS figures, Malaysia palm oil exports increased 1.1% to 1.12 mmt in December 1-25. In November 1-25, export was at 1.1 mmt. While to India, exports nearly 28% to 36,865 tonnes from 28,820 tonnes in the November 1.25. While trade activities remained thin in Indonesia, however, palm olein firmed tracking BMD. The crude palm oil CIF prices for January shipment increased further on Wednesday to \$975 per tonne from \$960 per tonne on Monday.

#### BMD: CPO Futures (26.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan 08	3015	3025	3073	3025	3069	+54	478
Feb 08	3026	3074	3060	3075	3074	+48	1206
March 08	3030	3080	3079	3080	3080	+50	5107
April 08	3024	3077	3070	3079	3077	+53	661
May 08	3022	3050	3075	3050	3062	+40	7

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	26.12.07	24.12.07	Change
Kandla CPO (5 % FFA)	463	460	+3
Kandla RBD Palmolein +VAT	494	494	Nil
Mumbai RBD Palmolein +VAT	505	502	+3
Chennai RBD Palmolein +VAT	492	492	Nil
Kakinada RBD Palmolein +VAT	488	488	Nil
Hyderabad RBD Palmolein +VAT	506	506	Nil
Delhi RDB Palmolein	545	545	Nil

## OTHERS

### Rape/Mustard oil

Physical price of mustard oil mostly traded mostly week domestically on oversupplies to demand and lackluster trade. Buyers are eagerly looking for further weakness in price but expellers were reluctant to unload anticipating further upward movement in price. The dry weather is forecasted in Rajasthan by IMD, which could support the sentiments in short-term. The expectations of huge deliveries of mustard seeds on NCDEX in coming months, which will supports the sentiments.

### Groundnut Oil

Despite bullish tone in rival edible oil, groundnut oil fell slightly on steady demand and improved supplies to previous day. Still the decision for groundnut export to Russia is waiting to clear. The recent visit to Russian delegates did some suggestion to testing laboratories regarding technology and quality certificates. Against same, revised format and quality assurance sent to Russian government, which is waiting to clear. The price of shelled groundnut remained unchanged on Wednesday at 521 per 20 kg on steady demand from previous day in different markets of Gujarat.

### Refined Sunflower Oil

In lack of supportive news and steady demand and supplies forced local price of sunflower oil mostly range bound. Although, trade activities remained thin. As price in less likely to fall, stockists are waiting price to be dearer to sell off in the market. The CIF price of crude sunflower oil for January shipment remained unchanged on Wednesday at \$1450 per tonne from previous closed. The underlying firmness in international market and tight supplies in local markets is expecting to keep sunflower oil buoyant in near-term.

### Refined Cottonseeds Oil

Physical price of refined cottonseeds oil consolidated on Wednesday on demand compression at higher price and weak tone in groundnut oil. As per International Cotton Advisory Committee (ICAC), India will exports record 1.2 million tonnes of cotton in 2007/08 and will become the second largest exporter. Country 2007/08 cotton production is expecting to rise by 10.7% to 5.27 million tonnes v/s 4.76 million tonnes in 2006/07. Traders remain optimist for long-term demand of cottonseeds oil on rising domestic demand.

### Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	26.12.07	24.12.07	Change
Mumbai (Exp. Oil) +VAT	542	546	-4
Kota (Exp. Oil)+VAT	518	518	Nil
Jaipur (Exp. Oil)+VAT	526	526	Nil
Delhi (Exp. Oil)	535	540	-3
Neewai (Exp. Oil) +VAT	516	516	Nil

### Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	26.12.07	24.12.07	Change
Mumbai +VAT	640	640	Nil
Rajkot +VAT	670	675	-5
Hyderabad +VAT	620	620	Nil
Chennai +VAT	620	620	Nil
Delhi	700	700	Nil

### Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	26.12.07	24.12.07	Change
Mumbai +VAT	685	685	Nil
Chennai +VAT	700	700	Nil
Hyderabad	705	705	Nil

### Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	26.12.07	24.12.07	Change
Mumbai +VAT	520	524	-4
Hyderabad +VAT	515	515	Nil
Rajkot + VAT	514	518	-4
Delhi	505	505	Nil

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		26.12.07	24.12.07
USA	Dollar	39.39	39.49
European Union	Euro	56.77	56.78
Japan	100 Yen	34.50	34.61
United Kingdom	Pound Sterling	78.02	78.33



## ■ OTHERS

### PORT-WATCH (Latest):

#### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Suzanne	10,000	Palm Product	Expected (29.12.07)
	Chemroad Vega	28,500	Palm oil Product	Expected (25.12.07)
Mumbai	Global Triton	12,000	Palm oil Product	Arrived (21.12.07)
Kolkata	Marida Prince	7,944	CPO	Arrived (20.12.07)
	Yong Cheng-15	5,500	CPO	Arrived (17.12.07)
	Sea Lustre	6,550	CPO	Arrived (16.12.07)
New Manglore	Global Evos	11,000	CPO	Expected (22.12.07)
Chennai	<b>Siteam Merkur</b>	<b>7,500</b>	<b>SBO</b>	<b>Arrived (26.12.07)</b>

**New vessels on chart are in bold.**

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