

REFINED SOY OIL

Dec 05, 2007

SPOT MARKET:

Bearish global advice, balance in supply and demand and weak trade led to range bound price of soy oil across domestic markets. Currently, traders are in wait and watch condition and looking close into overseas market ahead of fresh buying. According to govt. official, edible oil import in 2007/08 oil year (Nov-Dec) is likely to be around 4.5 mmt, down 4.55% vis-à-vis last year. This is due to oilseeds output that increased 25% to 16.5-17 mmt against last year's 13.5-14 mmt. Country's edible oil output in 2007/08 is expected at 8.38 mmt from 7.24 mmt a year ago while domestic usage is also likely to go up by 3.79% to 12.88 mmt against last year. Meanwhile, government kept unchanged the base prices and import tariff of imported oil. The CIF price of crude soy oil for December shipment declined on 3rd straight day to \$ 1116 per tonne from \$1118 per tonne on Monday.

FUTURES MARKET:

Tracking weakness in BMD CPO futures, **NCDEX** refined soy oil futures declined further Tuesday on follow-through selling pressure among traders. However, losses were capped by strong physical fundamentals. The **January** futures contract of refined soy oil opened at Rs. 539.40 per 10 kg from previous close of Rs. 538.65 per 10 kg. The futures contract closed down at Rs. 534.7 per 10 Kg.

MCX refined soy oil futures traded down on weak global cues and low refined soybean futures. Market also found support in expectation of improved supplies in coming days. The most active **January** contract opened at Rs. 538.50 per 10 kg against previous closing of Rs. 537.6 per 10kg. The prices settled down at Rs. 533.80 per 10 Kg.

PRICE DRIVERS:

- Weakness in BMD and CBOT
- BMD CPO futures traded near to MYR2,900 level
- Edible oil import is likely to fell 4.55% to 4.5 mmt in 2007/08 oil year
- CIF price of CDSBO declined further to \$2 to \$1116 per tonne
- Weakness in rival edible oil
- Steady to weak soybean arrivals into markets

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 conformation of trend break out and price fell sharply and tested support level of Rs. 535 level. EMA and MACD pointing medium term weakness. Price closes slight below to 18-days EMA. MACD is falling in positive zone. Both stochastic and RSI is falling in neutral region. Market is likely to fall further with possibility of late upward movement.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	526	528	534.7	541	542
MCX-Jan	527	529	533.80	541	542

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

SELL Below 534 T1 near 532, T2 near 531 and put stop loss at 535.

MCX Refined Soy Oil January Contract:

SELL Below 534; T1 near 532, T2 near 531 and put stop loss at 535.



■ REFINED SOY OIL

COMMODITIES RESEARCH

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

Centres	04.12.07	03.12.07	Change
Mumbai (Soy Ref oil)+VAT	530	530	Nil
Indore (Soy Ref oil)	507	507	Nil
Kota (Soy Ref. Oil)+VAT	518	518	Nil
Hyderabad (Soy Ref)	535	537	-2
Rajkot (Soy Ref)+Tax	530	526	+4

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Dec	533.10	533.70	528.80	528.80	532.25	-0.65
NCDEX	Jan	539.40	540.80	534.50	534.70	538.54	-0.73
NCDEX	Feb	546.50	547.20	541.30	541.50	545.00	-0.72
MCX	Dec	532.00	532.30	527.20	527.30	530.65	-0.63
MCX	Jan	538.50	539.70	533.55	533.80	537.60	-0.71
MCX	Feb	546.00	546.00	540.00	541.50	545.35	-0.71
MCX	March	-	-	-	-	546.00	-

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	04.12.07	03.12.07	Change
Crude Palm Oil	927	925	+2
Crude Soy Oil	1116	1118	-2
Sunflower Oil	1440	1440	Nil

■ PALM OIL ■

International Highlights

BMD CPO Futures Settled Down

Afternoon selling in soy oil on e-CBOT sparked weakness in crude palm oil futures on Bursa Malaysian Derivatives Exchange Tuesday. Lack of fresh fundamentals and supportive news prompted traders to profit taking. The fears of oversupplies to demand also weigh on futures. The most active February contract of crude palm oil futures settled MYR37 to MYR2,889 per tonne. Traders are expecting till the crude oil is hover near \$90 a barrel level, palm oil unlikely to gain sharply. Trading volume declined further to 10,017 lots from 11,508 lots on Monday and open interest improved further to 42,308 lots from 42,049 lots yesterday.

Domestic Spot Market Highlights

Despite weakness in global markets and low demand kept the domestic palm oil on softer side. The weakness in others rival edible oil also weigh on prices. In winter, demand usually compress and higher price also not affective, so some weakness in likely. In South Asian Association for Regional Corporation (SAARC), India's representatives is highlighted to waive off the custom duty in 4,536 items including vanaspati from neighboring SAFTA countries like Nepal, Bangladesh, Maldives and Bhutan. The CIF price of crude palm oil for December shipment recovered slightly to \$942 per tonne from \$940 per tonne on Monday. The demand compression and expectation of improve stocks in November end is likely to pressure further BMD CPO futures with spill over impact in domestic markets.

BMD: CPO Futures (04.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Dec 07	2899	2907	2920	2880	2880	-19	161
Jan 08	2909	2912	2942	2882	2882	-27	1703
Feb 08	2926	2926	2949	2887	2889	-37	5436
March 08	2917	2927	2952	2888	2891	-26	2289
April 08	2920	2924	2928	2891	2891	-29	217

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	04.12.07	03.12.07	Change
Kandla CPO (5 % FFA)	452	452	Nil
Kandla RBD Palmolein +VAT	488	488	Nil
Mumbai RBD Palmolein +VAT	495	495	Nil
Chennai RBD Palmolein +VAT	488	490	-2
Kakinada RBD Palmolein +VAT	480	480	Nil
Hyderabad RBD Palmolein +VAT	502	500	+2
Delhi RDB Palmolein	540	540	Nil

OTHERS

Rape/Mustard oil

Currently market is under correction mode and price of mustard oil declined further reflecting weak demand and lackluster trading. The nearly 100% rainfall deficiency in Rajasthan, which supported bullish sentiments but disinterest of traders for fresh buying and isolated rainfall in initial of current weak wash out the gains. However, the overall sentiments are firm and spurt gains in likely in coming days on winter demand for northeast part of country.

Groundnut Oil

Physical price of groundnut oil traded range bound in most of markets on balance in demand and supply and subdued trade activities. The dry spell after September may affect the groundnut productivity in Rabi season. Price of Prices of shelled groundnut of different quality declined slightly on Tuesday to Rs. 410-511 per 20 kg from Rs. 410-515 per 10 kg on Monday in different markets in Gujarat. The halt in outside demand low parity on exports is likely to pressure the groundnut oil in short-term.

Refined Sunflower Oil

Despite weakness in crude oil and steady demand and supply, physical price of refined sunflower oil traded range bound. In expectation of good exports inquiry of sunflower oil, Russia and Ukraine is maintaining considerably good crushing of seeds. The CIF price of crude sunflower oil for December shipment remains unchanged on Tuesday at \$1440 per tonne to yesterday. However, the dependency on import oil is low against domestically produced, spot prices is unlikely to come down in short-term, however temporary weakness is likely.

Refined Cottonseeds Oil

Weakness in rival edible oil and subdued trading pushed down the price of refined cottonseeds oil in major trading centres. However, the cotton oil production is likely to surpass the last year estimations, but long-term firmness in edible oil ignored the expected spurt weakness in cotton oil. According to USDA estimation, global cotton production in 2007/08 is likely to fall nearly 2% to last year's estimation to 119.4 million bales. Last year it was 121.9 million bales.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	04.12.07	03.12.07	Change
Mumbai (Exp. Oil) +VAT	545	550	-5
Kota (Exp. Oil)+VAT	510	512	-2
Jaipur (Exp. Oil)+VAT	520	520	Nil
Delhi (Exp. Oil)	540	540	Nil
Neewai (Exp. Oil) +VAT	511	512	-1

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	04.12.07	03.12.07	Change
Mumbai +VAT	655	655	Nil
Rajkot +VAT	670	670	Nil
Hyderabad +VAT	630	630	Nil
Chennai +VAT	620	630	-10
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	04.12.07	03.12.07	Change
Mumbai +VAT	700	700	Nil
Chennai +VAT	710	710	Nil
Hyderabad	720	720	Nil

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	04.12.07	03.12.07	Change
Mumbai +VAT	516	520	-4
Hyderabad +VAT	517	518	-1
Rajkot + VAT	533	533	Nil
Delhi	522	522	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		04.12.07	03.12.07
USA	Dollar	39.43	39.56
European Union	Euro	57.83	58.04
Japan	100 Yen	35.78	35.78
United Kingdom	Pound Sterling	81.35	81.39



■ 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 vessels on chart are in bold.

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