

## REFINED SOY OIL

Dec 19, 2007

### SPOT MARKET:

Weakness in crude oil, wheat and apprehensions of spurt selling of soybean by farmers depressed CBOT. This has pressured BMD and futures but ignored in the spot market on improved demand. After temporary weakness, soy oil regained (Rs. 511/10kg) level as on December 1st, reflecting underlying firmness in the market. Solvent units are reportedly maintaining their seeds purchase at current plant delivery rate (Rs. 1880-1935/qlt). The basis is the expectation of further improvement in soy meal and oil. Meanwhile, government kept unchanged the base price and import duty of edible oil. BMD may stay firm in near-term as ongoing rain has affected the harvesting of palm kernel. Malaysian Palm Oil Board (MPOB) also lowered the palm oil production. Output in December may drop to 26% from record 1.8 mmt in November end. The CIF price of crude soy oil for December shipment plummeted on Tuesday to \$1105 per tonne from \$1117 per tonne on Monday.

### FUTURES MARKET:

Despite bearish global advice, **NCDEX** refined soy oil futures finished down Tuesday on follow though buying interest among traders anticipating long-term firmness in the markets. However, firm tone in others edible oil aided some support. The **January** futures contract of refined soy oil opened at Rs. 540.65 per 10 kg from previous close of Rs. 541.75 per 10 kg. The futures contract closed up at Rs. 542 per 10 Kg.

**MCX** refined soy oil futures settled up continuous buying interest. Prospects of tight supplies in domestic markets are also remains supportive to sentiments. The most active **January** contract opened at Rs. 540.3 per 10 kg against previous closing of Rs. 541.6 per 10kg. The prices settled up at Rs. 542 per 10 Kg.

### PRICE DRIVERS:

- Pressure from weak CBOT, BMD and futures
- Support from good buying of soybean by solvent plants
- Recovery in rival edible oil
- Chinese government is planning to cancel exports rebate on value added tax on soybean and other grain
- Ongoing rain in Malaysia, which affected the harvesting of palm kernel
- Crude soy oil CIF price remained in correction mode

### 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 sideways trade with tentativeness in lower level. Price closes well above short and medium EMA, which supported the medium term firmness. MACD attempts for bullish crossover in positive territory, so further upward movement from current level cannot be ruled out. Both stochastic and RSI remained firm in neutral zone. Price is likely to move further with firm bias.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	537	538	542	547	548
MCX-Jan	537	538	542	547	548

### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil January Contract:**

**BUY Above 542**; T1 near 544, T2 near 546 and put stop loss at 539.

**MCX Refined Soy Oil January Contract:**

**BUY Above 542**; T1 near 544, T2 near 546 and put stop loss at 539.



## ■ REFINED SOY OIL ■

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

Centres	18.12.07	17.12.07	Change
Mumbai (Soy Ref oil)+VAT	532	530	+2
Indore (Soy Ref oil)	511	508	+3
Kota (Soy Ref. Oil)+VAT	516	516	Nil
Hyderabad (Soy Ref)	525	525	Nil
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	535.00	539.00	534.00	538.90	536.15	+2.75
NCDEX	Jan	540.65	542.40	538.60	542.00	541.75	+0.25
NCDEX	Feb	546.50	548.50	544.85	548.10	547.80	+0.60
NCDEX	March	551.30	553.90	550.00	553.50	553.40	+0.10
MCX	Jan	540.30	542.30	538.55	542.00	541.60	+0.40
MCX	Feb	545.95	548.50	544.80	547.75	547.15	+0.60
MCX	March	551.25	555.20	551.25	554.00	554.70	-0.70

### CIF Price Basis Kandla Port (\$/MT)

Edible Oil	18.12.07	17.12.07	Change
Crude Palm Oil	940	947	-7
Crude Soy Oil	1105	1117	-12
Sunflower Oil	1373	1390	-17

## ■ PALM OIL ■

### International Highlights

#### BMD CPO Futures Finish Down on Profit Taking

Crude palm oil futures at Bursa Malaysian Derivatives Exchange settled down on thin trading and profit taking. Overnight weakness in crude oil and CBOT also pressured the market. The most active March contract of crude palm oil futures finished MYR25 at MYR2,933 per tonne. Recovery in exports and ongoing rain in growing region remained bullish factors in the market. Trading volume fell sharply to 5,197 lots from 6,190 lots yesterday while open interest declined to 41,920 lots from 42,426 lots on Monday.

### Domestic Spot Market Highlights

According to solvent extractor's Association of India, vegetable oil imports in November increases 41.68% to 427,912 tonnes from 302,034 tonnes, last year. Out of this, edible oil imports grew 38% to 347,320 tonnes v/s 252,242 tonnes in November 06. Crude palm oil import improved to record 75% to 314,611 tonne in November from 180,036 tonne last year. The weak rupiah and improved demand raised palm oil price in Indonesian markets. The crude palm oil CIF prices for December shipment declined on Tuesday to \$940 per tonne from \$947 per tonne on Monday. The mostly palm oil import in November reflecting the disparity on importing soy oil to it.

#### BMD: CPO Futures (18.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan 08	2957	2950	2950	2925	2936	-21	203
Feb 08	2967	2950	2960	2930	2948	-19	1100
March 08	2975	2954	2965	2933	2950	-25	3098
April 08	2980	2955	2965	2934	2950	-30	773
May 08	2959	2965	2965	2939	2940	-19	23

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	18.12.07	17.12.07	Change
Kandla CPO (5 % FFA)	457	455	+2
Kandla RBD Palmolein +VAT	488	488	Nil
Mumbai RBD Palmolein +VAT	496	494	+2
Chennai RBD Palmolein +VAT	488	487	+1
Kakinada RBD Palmolein +VAT	478	475	+3
Hyderabad RBD Palmolein +VAT	490	494	-4
Delhi RDB Palmolein	540	540	Nil



## OTHERS

### Rape/Mustard oil

With fresh buying from stockists and good demand from Northeast region of country stimulated physical price of mustard oil to remain firm. In meanwhile, NAFED is anticipating the negligible procurement in upcoming Rabi season. The basis is price would open high. Currently mustard seeds price is in range of Rs. 2200-2300 per qtl. The forecast of dry weather in coming days by IMD would remain supportive to mustard seeds with spill over impact on oil.

### Groundnut Oil

Despite high international price of groundnut oil (\$1700 per tonne in November from \$1,170 per tonne in January-March), traders are hesitating for exports. This is due to low profitability on exports to sell off in domestic markets. Local demand is good as stockists are eagerly waiting to reap good profit in lean season. As well as price found support from underlying firmness in groundnut seeds. Price of shelled groundnut declined slightly on Tuesday to Rs. 518 per 20 kg from Rs. 522 per 20 kg on Monday in different markets of Gujarat.

### Refined Sunflower Oil

Physical price of refined sunflower oil traded range bound on balance in demand and supply and subdued trade activities. As groundnut oil price is rising again, influenced sunflower oil to stay in firm tone. As current CIF price above \$1350 per tonne, which is unviable against domestically produced. The CIF price of crude sunflower oil for December shipment plummeted on Tuesday to \$1373 per tonne from \$1390 per tonne on Monday. The tight supplies and underlying firmness in international markets is likely to remain support to sunflower oil in near-term.

### Refined Cottonseeds Oil

The price differences between cottonseeds oil and groundnut oil, which is nearly Rs. 145-155 per 10 kg in Rajkot. This is remains supportive as demand is shifting to cheaper substitute likely cottonseeds oil. The firmness in other rival edible oil also supported the sentiments. However, gains were capped by weakness in cottonseeds meal demand in domestic markets. Traders are remain optimist for higher prices in coming days and maintaining their good demand.

### Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	18.12.07	17.12.07	Change
Mumbai (Exp. Oil) +VAT	540	530	+10
Kota (Exp. Oil)+VAT	510	505	+5
Jaipur (Exp. Oil)+VAT	520	515	+5
Delhi (Exp. Oil)	540	538	+2
Neewai (Exp. Oil) +VAT	508	503	+5

### Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	18.12.07	17.12.07	Change
Mumbai +VAT	635	630	+5
Rajkot +VAT	675	675	Nil
Hyderabad +VAT	615	620	-5
Chennai +VAT	610	610	Nil
Delhi	700	700	Nil

### Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	18.12.07	17.12.07	Change
Mumbai +VAT	660	660	Nil
Chennai +VAT	680	680	Nil
Hyderabad	680	680	Nil

### Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	18.12.07	17.12.07	Change
Mumbai +VAT	519	515	+4
Hyderabad +VAT	510	513	-3
Rajkot + VAT	522	522	Nil
Delhi	505	510	-5

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		18.12.07	17.12.07
USA	Dollar	39.57	39.37
European Union	Euro	56.99	56.83
Japan	100 Yen	34.97	34.82
United Kingdom	Pound Sterling	79.91	79.47

## OTHERS

### PORT-WATCH (Latest):

#### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Stolt Vestland	6,000	G'nut oil (Export)	Berthed (12.12.07)
	Celestia	11,000	Palm oil	Expected (14.12.07)
	Chemroad Vega	28,500	Palm oil Product	Expected (22.12.07)
Mumbai	Global Triton	12,000	Palm oil Product	Expected (21.12.07)
Kolkata	Pacific Sound	9,300	CPO	Arrived (13.12.07)
	Eternal Glory	6,500	CPO	Expected (15.12.07)
	<b>Global Trader</b>	<b>4,750</b>	<b>CPO</b>	<b>Expected (15.12.07)</b>
	<b>Marida Prince</b>	<b>7,944</b>	<b>CPO</b>	<b>Arrived (15.12.07)</b>
	<b>Yong Cheng-15</b>	<b>5,500</b>	<b>CPO</b>	<b>Arrived (17.12.07)</b>
	<b>Sea Lustre</b>	<b>6,550</b>	<b>CPO</b>	<b>Arrived (16.12.07)</b>
New Manglore	Global Evos	11,000	CPO	Expected (22.12.07)

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

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