

REFINED SOY OIL

Dec 12, 2007

SPOT MARKET:

In lack of supportive news and thin trade, physical price of soy oil traded on softer side. As price of soybean is start cooling, farmers are reluctant to unload the tailing stocks. Due to temporary shortage of soybean at lower rate and low price offered by buyers, solvent units are unwilling to liquidate their soy oil stocks into markets. This has cushioned the soy oil to some extent. Oil World proclaims Chinese edible oil imports could rise to 16.67% to 2.8 mmt from 2.4 mmt of last year. The basis for this expectation is the bulk purchases of palm, soy and rapeseeds oil and incapability of crushing industry to raise output sufficiently to meet surging domestic demand. Besides, government also urged industry to increase imports to build up domestic supplies. In the last two years, Chinese soy oil demand has surged to feed the growing population. In 2006/07, total soy oil imports rose 58% from 1.51 mmt to 2.4 mmt in a year. The CIF price of crude soy oil for December shipment remained unchanged on Tuesday to \$1106 per tonne from Monday.

FUTURES MARKET:

Following bullish global advice, **NCDEX** refined soy oil futures finished in narrow range to previous close Tuesday on mild buying interest among traders. However, gains were capped by underlying weakness in others edible oil in short-term. The **January** futures contract of refined soy oil opened at Rs. 533.50 per 10 kg from previous close of Rs. 533 per 10 kg. The futures contract closed up at Rs. 533.40 per 10 Kg.

MCX refined soy oil futures settled slightly firmed on renew buying interest and recovery in BMD CPO futures. Prospects of tight supplies in domestic markets in medium term also fuelled the sentiments. The most active **January** contract opened at Rs. 533.8 per 10 kg against previous closing of Rs. 532.8 per 10kg. The prices settled up at Rs. 533.15 per 10 Kg.

PRICE DRIVERS:

- Recovery on BMD on expectation of fell in production
- Farmers are unwilling to unload soybean at cheap price
- Solvent units are reluctant to unload soy oil at cheaper price
- China is expecting to increased soy oil imports by 16.67% to 2.8 mmt in 2007/08
- Weakened rival edible oil
- Poor demand and subdued trade

WEATHER

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

TECHNICALS

Doji candlestick formation suggests indecision and price trade sideways. EMA and MACD remain weak for medium term. MACD remains weak in positive territory. Stochastic predominantly in oversold region after bullish crossover, so possibility of upward moment from current level cannot be ruled out. RSI remains in neutral region. Market is expected to trade up with possibility of downward moment on profit taking.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	524	526	533.4	538	539
MCX-Jan	526	528	533.15	536	538

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

BUY Above 533 T1 near 536, T2 near 537 and put stop loss at 531.5.

MCX Refined Soy Oil January Contract:

BUY Above 533; T1 near 535.5, T2 near 537 and put stop loss at 531.7.



■ REFINED SOY OIL ■

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

Centres	11.12.07	10.12.07	Change
Mumbai (Soy Ref oil)+VAT	523	526	-3
Indore (Soy Ref oil)	500	500	Nil
Kota (Soy Ref. Oil)+VAT	515	515	Nil
Hyderabad (Soy Ref)	522	525	-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	526.05	527.20	525.40	527.00	526.50	+0.50
NCDEX	Jan	533.50	534.00	531.90	533.40	533.00	+0.40
NCDEX	Feb	539.50	540.10	538.35	539.50	539.25	+0.25
MCX	Dec	528.00	528.00	525.80	527.30	526.35	+0.95
MCX	Jan	533.80	533.90	531.90	533.15	532.80	+0.35
MCX	Feb	538.95	539.80	537.70	538.95	539.00	-0.05
MCX	March	543.50	545.50	543.50	545.50	544.00	+1.50

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	11.12.07	10.12.07	Change
Crude Palm Oil	927	920	+7
Crude Soy Oil	1106	1106	Nil
Sunflower Oil	1390	1385	+5

■ PALM OIL

International Highlights

BMD CPO Futures Recovered on Production Concern

Crude palm oil futures at Bursa Malaysian Derivatives Exchange recovered Tuesday on production concern. The flood conditions may affect the production in Southern part of Malaysia in current month, government added in biofuels conference. According to officials, nearly 50,000 tonnes of palm oil has been lost to flood this year. Now, the production is expecting around 15.7-15.8 mmt from initial 16.2 mmt. The most active February contract of crude palm oil futures recouped MYR12 to MYR2,880 per tonne. Trading volume declined sharply to 6,761 lots from 9,793 lots yesterday and open interest improved to 44,096 lots from 43,207 lots on Monday.

Domestic Spot Market Highlights

Lack of supportive price direction and underlying weakness in others edible oil in short-term forced palm oil in physical markets to trade range bound on balance in demand and supply. As per reports, Indonesia government has no plan to alter the prevailing exports tax scheme. Meanwhile, cash market firmed up in Indonesia on renewed buying interest and expectation of good demand in coming days on concern of low production in South Malaysia. The CIF prices of crude palm oil for December shipment recouped on Tuesday to \$927 per tonne from \$920 per tonne on Monday.

BMD: CPO Futures (11.12.2007)

						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Dec 07	2865	2890	2892	2874	2880	+15	285
Jan 08	2864	2871	2890	2870	2874	+10	571
Feb 08	2868	2864	2898	2864	2880	+12	4299
March 08	2870	2875	2901	2875	2887	+17	1600
April 08	2870	2920	2886	2870	2886	+16	32

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	11.12.07	10.12.07	Change
Kandla CPO (5 % FFA)	449	448	+1
Kandla RBD Palmolein +VAT	482	480	+2
Mumbai RBD Palmolein +VAT	484	485	-1
Chennai RBD Palmolein +VAT	480	480	Nil
Kakinada RBD Palmolein +VAT	470	470	Nil
Hyderabad RBD Palmolein +VAT	495	495	Nil
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. As per government latest sowing estimation, Rabi mustard sowing is lagging and completed in 55.94 lakh hectares as on December 7th down from 52.77 lakh tonnes a week ago and 63.44 lakh hectares same period, last year. The IMD forecast of isolated rainfall in North Rajasthan in next 48 hours will support the mustard sowing in tailing end.

Groundnut Oil

Steady demand of groundnut oil in the local markets in Gujarat forced price to stay range bound amidst unchanged supplies to yesterday. However, gains were capped by lagging groundnut sowing, which is completed in 3.28 lakh hectares on December 7th up from 2.41 lakh hectares last week and 3.43 lakh hectares same period a year ago. Price of shelled groundnut of traded recovered on Tuesday on good buying to Rs. 510 per 20 kg from Monday's Rs.500 per 20 kg in different markets of Gujarat.

Refined Sunflower Oil

Physical price of refined sunflower oil traded on higher side on improved demand to yesterday and steady supplies. In expectation of improved prices in short-term, traders prefer to hold their stocks. 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 week 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.

Refined Cottonseeds Oil

Lacklustre trade and sluggish demand push down the refined cottonseeds oil prices in the cash markets. Besides, market is also borrowed bearishness from weakness in others edible oil. Assuming long-term firmness in domestic markets, solvent units are reluctant to unload their stocks at low price that cushioned the price to certain extent. Expecting short-term weakness in edible oil buyers are hesitating to fresh buying. This may underpin the cotton seeds oil in coming days.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	11.12.07	10.12.07	Change
Mumbai (Exp. Oil) +VAT	531	535	-4
Kota (Exp. Oil)+VAT	505	505	Nil
Jaipur (Exp. Oil)+VAT	514	516	-2
Delhi (Exp. Oil)	530	530	Nil
Neewai (Exp. Oil) +VAT	505	505	Nil

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	11.12.07	10.12.07	Change
Mumbai +VAT	640	645	-5
Rajkot +VAT	650	650	Nil
Hyderabad +VAT	630	630	Nil
Chennai +VAT	600	600	Nil
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	11.12.07	10.12.07	Change
Mumbai +VAT	680	670	+10
Chennai +VAT	675	675	Nil
Hyderabad	690	695	-5

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	11.12.07	10.12.07	Change
Mumbai +VAT	508	510	-2
Hyderabad +VAT	505	505	Nil
Rajkot + VAT	510	510	Nil
Delhi	505	505	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		11.12.07	10.12.07
USA	Dollar	39.36	39.38
European Union	Euro	57.96	57.66
Japan	100 Yen	35.20	35.29
United Kingdom	Pound Sterling	80.58	80.07



■ 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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