

## REFINED SOY OIL

Dec 20, 2007

### SPOT MARKET:

Recovery in BMD and bullish-trends in soy oil futures on CBOT strengthened local price of refined soy oil. Firmed soybean, costlier degummed soy oil and good buying from resellers and stockists fuelled the sentiments. Meanwhile, government has no plan to reduce the import duties on edible oil, Agriculture Minister, Sharad Pawar said on Wednesday. To replenish the domestic supplies and to control the rise in edible oil, NAFED has big plans to import crude palm oil on commercial basis. In first week of January, NAFED will import nearly 4,000 tonnes of crude palm oil. Besides, NAFED will assess the prevailing edible oil situation in domestic markets and import accordingly 4,000-5,000 tonnes of crude palm oil, every month. In October, government has urged state-run agencies (NAFED, STC and MMTC) to import 86,500 tonnes of edible oil to check sharp rise in local edible oil prices in addition to 38,500 tonnes that already contracted. The CIF price of crude soy oil for December shipment recovered slightly to \$1108 per tonne on Wednesday from \$1105 per tonne on Tuesday.

### FUTURES MARKET:

Tracking bullish global advice, **NCDEX** refined soy oil futures finished up Wednesday on follow through 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. 543 per 10 kg from previous close of Rs. 542 per 10 kg. The futures contract closed up at Rs. 542.4 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. 542.7 per 10 kg against previous closing of Rs. 541.8 per 10kg. The prices settled up at Rs. 542.3 per 10 Kg.

### PRICE DRIVERS:

- Government has no plan to reduce import duty on edible oil
- Recovery on BMD supported local soy oil
- Support from good buying of soybean by solvent plants
- Good buying of soy oil by stockists and resellers
- NAFED has big plans to import crude palm oil in every month
- NAFED will import around 4,000 tonnes of crude palm oil in January
- CIF price of crude soy oil recovered \$3 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 indecision among traders at higher level and market trade sideways on 2<sup>nd</sup> straight day. EMA firm for medium-term. MACD remain flat in the positive zone. Stochastic is rising while RSI turned flat in the neutral region. Market is likely to trade range bound with firm bias.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	537	538	542.4	547	548
MCX-Jan	537	538	542.3	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	19.12.07	18.12.07	Change
Mumbai (Soy Ref oil)+VAT	532	532	Nil
Indore (Soy Ref oil)	512	511	+1
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	539.00	539.00	535.00	535.70	536.50	-0.80
NCDEX	Jan	543.00	543.85	541.20	542.40	542.00	+0.40
NCDEX	Feb	549.00	550.10	546.05	548.40	548.10	+0.30
NCDEX	March	553.85	555.45	552.00	553.70	553.40	+0.30
MCX	Jan	542.70	543.70	540.90	542.30	541.80	+0.50
MCX	Feb	548.60	549.65	546.15	548.20	547.85	+0.35
MCX	March	553.00	553.00	552.20	552.20	553.55	-1.35

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	19.12.07	18.12.07	Change
Crude Palm Oil	942	940	+2
Crude Soy Oil	1108	1105	+3
Sunflower Oil	1380	1373	+7

## ■ PALM OIL

### International Highlights

#### BMD CPO Futures Finish Up on Forecast of More Rain

Forecast for more rain in palm oil producing regions strengthened crude palm oil futures at Bursa Malaysian Derivatives Exchange Wednesday. Besides, market also finds support from higher crude oil and soy oil futures on Asian trading hours. The most active March contract of crude palm oil futures finished MYR12 up at MYR2,962 per tonne. Expectation of high exports demand aided some support. Trading volume recovered to 7,575 lots from 5,197 lots yesterday while open interest increased to 42,145 lots from 41,920 lots Tuesday.

### Domestic Spot Market Highlights

Firmness in edible oil, rising international markets and steady demand helped supported the price of palm oil domestically. As many vessels are reported at ports, which will added the domestic inventories and help in maintaining the upside in coming days. Rise in BMD CPO futures, fears of weak supplies in short-term and thin trading as traders preferred to stay away from market ahead of holidays. This has strengthened RBD palm olein in Indonesia. The crude palm oil CIF prices for December shipment declined on Wednesday to \$942 per tonne from \$940 per tonne on Tuesday.

#### BMD: CPO Futures (19.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan 08	2936	2936	2967	2936	2958	+22	632
Feb 08	2948	2944	2978	2944	2958	+10	2352
March 08	2950	2950	2982	2946	2962	+12	4042
April 08	2950	2947	2979	2947	2966	+16	456
May 08	2952	2949	2974	2949	2962	+10	91

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	19.12.07	18.12.07	Change
Kandla CPO (5 % FFA)	455	457	+2
Kandla RBD Palmolein +VAT	488	488	Nil
Mumbai RBD Palmolein +VAT	497	496	+1
Chennai RBD Palmolein +VAT	488	488	Nil
Kakinada RBD Palmolein +VAT	478	478	Nil
Hyderabad RBD Palmolein +VAT	490	490	Nil
Delhi RDB Palmolein	540	540	Nil

## OTHERS

### Rape/Mustard oil

Besides tight supplies and holding back activities by stockists, mustard oil traded range bound on steady demand and supplies. The weakness in mustard seeds price in regional exchanges also pressurize the oil. Forecast by IMD for dry weather in coming days capped the expected weakness in this region. This may support the sowing sentiments but acreage is likely to remain below to State target and likely to pressure the oil from spurt increase.

### Groundnut Oil

Despite weak demand and lackluster trade, price of groundnut oil traded in weaker side. But weakness is capped by firmness in other edible oil. However, demand of meal is weak at ports but better price offered in domestic Price is forcing expellers to sell off in the open markets. As consumers are shifting to other cheaper available source, demand may squeeze further in near-term. The 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

Despite weak demand, refined sunflower oil traded on higher side amidst firmness in others edible oil and expectation of fall in Rabi sunflower production in 2007/08. As crude oil has consolidated at Rs. 610 per 10kg on December 19<sup>th</sup>, from Rs. 660 per 10kg as on December 1<sup>st</sup>, dependency on import oil remain weak on ample availability of other source oil. The CIF price of crude sunflower oil for December shipment increased on Wednesday to \$1380 per tonne from \$1373 per tonne on Tuesday.

### Refined Cottonseeds Oil

Physical price of refined cottonseeds oil traded on weak side on oversupplies to demand but weakness in capped by firmness in refined soy oil futures markets. Assuming price to stay firm in long-term, stockists are maintaining their good demand. This also supported the markets. However, gains were capped with slightly weakness in meal in domestic markets. The expected uptrends in cotton and others rival edible oil likely to keep the price firm in coming days.

### Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	19.12.07	18.12.07	Change
Mumbai (Exp. Oil) +VAT	540	540	Nil
Kota (Exp. Oil)+VAT	510	510	Nil
Jaipur (Exp. Oil)+VAT	520	520	Nil
Delhi (Exp. Oil)	540	540	Nil
Neewai (Exp. Oil) +VAT	508	508	Nil

### Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	19.12.07	18.12.07	Change
Mumbai +VAT	635	635	Nil
Rajkot +VAT	670	675	-5
Hyderabad +VAT	615	615	Nil
Chennai +VAT	610	610	Nil
Delhi	700	700	Nil

### Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	19.12.07	18.12.07	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	19.12.07	18.12.07	Change
Mumbai +VAT	516	519	-3
Hyderabad +VAT	510	510	Nil
Rajkot + VAT	516	522	-6
Delhi	505	505	Nil

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		19.12.07	18.12.07
USA	Dollar	39.55	39.57
European Union	Euro	57.02	56.99
Japan	100 Yen	34.92	34.97
United Kingdom	Pound Sterling	79.62	79.91

## 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>
	<b>Global Evos</b>	<b>11,000</b>	<b>CPO</b>	<b>Expected (22.12.07)</b>
New Mangalore	Global Evos	11,000	CPO	Expected (22.12.07)

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

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