

REFINED SOY OIL

Dec 15, 2007

SPOT MARKET:

With the rainfall earlier in the week in Madhya Pradesh and Rajasthan, rapeseeds acreage is likely to improve from 5 mmt (earlier estimates) to 5.2-5.3 mmt. This will be crucial in determining the soy oil import in lean season in 2007/08 oil year (Nov-Dec). However, traders are expecting the edible oil will be around 5.5 mmt. In 2006/07, total import was 4.7 mmt. Meanwhile, poor demand and subdued trades pressured soy oil in spot markets. Weak CBOT weigh BMD and domestic market. CBOT fell on strength in dollar, weakness in crude oil and gold despite bullish USDA weekly report. The weekly exports sales of soybean and soy oil totaled at 972,400 and 42,100 tonnes from trade expectations between 600,000-700,000 and 10,000-20,000 tonnes, respectively. The CIF price of crude soy oil for December shipment regained the Tuesday's level of \$1106 per tonne from \$1120 per tonne on Thursday.

FUTURES MARKET:

Despite mixed global advice, **NCDEX** refined soy oil futures finished up Friday on follow through buying interest among traders anticipating long-term firmness in the markets. However, gains were capped by weakness in others edible oil. The **January** futures contract of refined soy oil opened at Rs. 532.35 per 10 kg from previous close of Rs. 533.3 per 10 kg. The futures contract closed up at Rs. 536.55 per 10 Kg.

MCX refined soy oil futures settled up renewed buying interest and firmness in BMD CPO futures. Prospects of tight supplies in domestic markets are also remains supportive to sentiments. The most active **January** contract opened at Rs. 532.35 per 10 kg against previous closing of Rs. 533.05 per 10kg. The prices settled up at Rs. 536.6 per 10 Kg.

PRICE DRIVERS:

- Ongoing rainfall in Malaysia, which slow down the harvesting of palm kernels
- Weakness on CBOT
- Costlier soy degummed oil at ports with thin stocks
- Pressure from weakness in rival edible oil
- Expected fall in rapeseeds production may improve edible oil import by 17% to 5.5 mmt in 2007/08
- Poor demand and subdued trade
- CIF price of crude soy oil fell quickly to Tuesday's \$1106 per tonne

WEATHER

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

TECHNICALS

Candlestick chart pattern show increase in buying interest among traders. Price rose but closes above 9 and 18 days EMA which indicates short term firmness in the market. MACD is falling in the positive territory. Stochastic is bottoming out in oversold region, which is a bullish indication while RSI is rising in neutral region. Market is expected trade up with mild possibility of profit taking at higher level.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	529	530	536.55	542	544
MCX-Jan	529	530	536.6	542	543

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil **January** Contract:

BUY near 536 T1 near 538, T2 near 539 and put stop loss at 535.

MCX Refined Soy Oil **January** Contract:

BUY Near 536; T1 near 538, T2 near 539 and put stop loss at 535.



Agriwatch
D A I L Y

■ REFINED SOY OIL ■

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

Centres	14.12.07	13.12.07	Change
Mumbai (Soy Ref oil)+VAT	530	530	Nil
Indore (Soy Ref oil)	499	500	-1
Kota (Soy Ref. Oil)+VAT	515	515	Nil
Hyderabad (Soy Ref)	518	520	-2
Rajkot (Soy Ref)+Tax	528	528	Nil

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	Change
NCDEX	Dec	525.35	529.80	525.00	529.80	526.40	+3.40
NCDEX	Jan	532.35	537.50	532.15	536.55	533.30	+3.25
NCDEX	Feb	538.30	544.00	538.30	543.95	540.30	+3.65
NCDEX	March	546.00	549.60	546.00	549.55	545.35	+4.20
MCX	Dec	524.00	527.00	523.70	525.50	525.05	+0.45
MCX	Jan	532.35	537.20	532.10	536.60	533.05	+3.55
MCX	Feb	538.25	543.75	538.25	543.10	539.90	+3.20
MCX	March	544.65	547.20	544.50	547.20	543.65	+3.55

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	14.12.07	13.12.07	Change
Crude Palm Oil	940	940	Nil
Crude Soy Oil	1106	1120	-14
Sunflower Oil	1395	1395	Nil

■ PALM OIL ■

International Highlights

BMD CPO Futures Trade Range bound

Crude palm oil futures at Bursa Malaysian Derivatives Exchange settled up marginally as traders stayed on sideline on lack of fresh fundamental news. Market ignored the weakness in soy oil on CBOT. Market finds some support from concern of fall in production in December on ongoing unsupportive weather conditions for palm kernel harvesting. The March contract of crude palm oil futures remained unchanged at MYR2,930 per tonne. Traders are expecting, palm oil exports sales in December 1-15 around 670,772 tonnes. Trading volume fell sharply to 4,282 lots from 10,245 lots yesterday while open interest declined to 42,087 lots from 43,853 lots Thursday.

Domestic Spot Market Highlights

Physical price of palm oil traded in weak tone as currently market is lacking proper direction, while demand remained sluggish. Since the government has reduced the import duty on palm oil to 40%, vanaspati import from neighboring nation (Sri Lanka) has affected. The basis of this is cheaper availability of raw material into domestic markets. Meanwhile, adulterated vanaspati has been seized in Sambalpur (Orissa) by Commercial Tax and Health officers. The CIF prices of crude palm oil for December shipment improved further on Thursday to \$940 per tonne from \$930 per tonne on Wednesday.

BMD: CPO Futures (14.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Dec 07	2911	2920	2950	2915	2920	+9	45
Jan 08	2910	2905	2922	2905	2916	+6	305
Feb 08	2920	2920	2933	2916	2926	+6	2102
March 08	2930	2924	2936	2919	2930	0	1373
April 08	2935	0	2935	0	2935	0	0

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	14.12.07	13.12.07	Change
Kandla CPO (5 % FFA)	450	453	-3
Kandla RBD Palmolein +VAT	481	481	Nil
Mumbai RBD Palmolein +VAT	488	484	+4
Chennai RBD Palmolein +VAT	480	480	Nil
Kakinada RBD Palmolein +VAT	472	472	Nil
Hyderabad RBD Palmolein +VAT	490	491	-1
Delhi RDB Palmolein	540	540	Nil

OTHERS

Rape/Mustard oil

Lack of supportive news and balance in demand and supplies, spot price of mustard oil traded range bound in most of physical markets. With the rainfall activities earlier in the current week, mustard production output has revised up to 5.2-5.3 mmt from 5 mmt in earlier estimations. However, it is premature to predict the exact figures. Traders are expecting further weakness in short-term due to demand compression at higher price and underlying weakness in others edible oil.

Groundnut Oil

Tracking weakness in rival edible oil, price of groundnut oil remained range bound in steady supplies and demand. Currently market is lacking the proper direction, so traders reluctant to fresh position. Besides this, expellers are also unwilling to unload groundnut oil at lower price on anticipation of long-term firmness in oil. Price of shelled groundnut of traded range bound at Rs. 515 per 20 kg on Friday to last day in different markets of Gujarat. Weakness in others edible oil is likely to keep pressure on groundnut oil in coming days.

Refined Sunflower Oil

With the weakness in crude oil, price of refined sunflower oil remained weak. The laclustre trade and sluggish demand aided the bearish tone. However, the demand is good in international markets but lagging supplies remain supportive to sunflower oil. The CIF price of crude sunflower oil for December shipment increased on Thursday to \$1395 per tonne from \$1390 per tonne on Wednesday. Due to higher landing cost of import sunflower oil, domestic market will find some firmness in short-term.

Refined Cottonseeds Oil

Despite weak tone in groundnut oil, refined cottonseeds oil recovered slightly albeit demand remained steady. Market also found support from firmness in cotton. As current prices of cotton are strong enough to lure the sellers and arrivals is improved by 25%. In 2006/07, cotton year (Oct-Sep), arrivals had crossed 10 million bales from 8 million bales, a year ago.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	14.12.07	13.12.07	Change
Mumbai (Exp. Oil) +VAT	525	525	Nil
Kota (Exp. Oil)+VAT	500	500	Nil
Jaipur (Exp. Oil)+VAT	510	510	Nil
Delhi (Exp. Oil)	525	525	Nil
Neewai (Exp. Oil) +VAT	498	500	-2

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	14.12.07	13.12.07	Change
Mumbai +VAT	630	630	Nil
Rajkot +VAT	660	660	Nil
Hyderabad +VAT	620	620	Nil
Chennai +VAT	610	610	Nil
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	14.12.07	13.12.07	Change
Mumbai +VAT	655	655	Nil
Chennai +VAT	675	675	Nil
Hyderabad	680	680	Nil

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	14.12.07	13.12.07	Change
Mumbai +VAT	507	504	+3
Hyderabad +VAT	500	500	Nil
Rajkot + VAT	512	510	+2
Delhi	500	497	+3

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		14.12.07	13.12.07
USA	Dollar	39.35	39.37
European Union	Euro	57.62	57.92
Japan	100 Yen	35.00	35.22
United Kingdom	Pound Sterling	80.36	80.49



■ 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	Arrived (27.11.07)
Tuticorin	K Sliver	1,000	Palm oil	Expected (14.12.07)
	Starling	8,500	Palm oil	Expected (17.12.07)
Kolkata	Global Venus	7,000	CPO	Arrived (13.12.07)
	Pacific Sound	9,300	CPO	Arrived(13.12.07)

New vessels on chart are in bold.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.