

## REFINED SOY OIL

Dec 29, 2007

### SPOT MARKET:

With forecast of more rain in next week, crude palm oil futures is continuing to test new highs and settled at MYR3,125/tonne at 1.30 pm IST. Interestingly, all CPO futures contracts are rising above MYR3,100/tonne level. Responding this, futures and local soy oil firmed up. But weakness in CBOT in Thursday's trade and weak rival edible oil capped the gains to certain extent. Traders are expecting in year 2007/08, total edible oil imports may go up to 50-52 lakh tonnes against 47 lakh tonnes last year. The basis of this expected fall in 2007/08 mustard output to 50-52 lakh tonne from 71 lakh tonne, last year. The CIF price of crude soy oil for January shipment consolidated on Friday to \$1160/tonne from \$1163/tonne on Thursday. The holding back stocks of soy oil by stockists and higher price offered by solvent units would keep soy oil buoyant in near-term.

### FUTURES MARKET:

Record high BMD CPO futures and prospects of tight supplies lifted **NCDEX** refined soy oil futures on Friday to all time high. The good buying supports among traders were noticed. Firm tone in others edible oil aided some support. The **January** futures contract of refined soy oil opened unchanged at Rs. 551.8 per 10 kg to previous close. The futures contract closed up at Rs. 558.6 per 10 Kg to previous close.

**MCX** refined soy oil futures settled up after tested all time high on profit taking. However, the prospects of tight supplies prevailed in the domestic markets that are also supported the sentiments. The most active **January** contract opened at Rs. 550.8 per 10 kg against previous closing of Rs. 550.7 per 10kg. The prices settled up at Rs. 556.8 per 10 Kg.

### PRICE DRIVERS:

- BMD CPO futures tested new high at MYR3,136/tonne during trade session
- Sluggish demand and weak CBOT soy futures
- Unavailability of railway racks to load soymeal at ports
- Attractive parity supported soybean crushing
- Edible oil import in 2007/08 is expecting to rise 50-52 lakh tonne from 47 lakh tonne, last year
- Solvent plant were reluctant to purchase soybean in Maharashtra
- CIF price of crude soy oil consolidated on Friday by \$3 to \$1160/tonne

### WEATHER

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

### TECHNICALS

Candlestick chart pattern indicate strong buying interest among traders and price closes another all time high. EMA and MACD pattern remained firm for medium term. MACD is rising slowly in positive territory. Stochastic is attempt for bullish crossover near boundary of overbought region. While RSI is rising in overbought region. Prices are expecting to rise with possibility of downward movement on profit taking.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	548	549	558.6	565	566
MCX-Jan	548	549	556.8	565	566

### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil January Contract:**

**BUY** Above 559 T1 near 561, T2 near 563 and put stop loss at 558.

**MCX Refined Soy Oil January Contract:**

**BUY** Above 557; T1 near 559, T2 near 561 and put stop loss at 556.



## REFINED SOY OIL

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

Centres	28.12.07	27.12.07	Change
Mumbai (Soy Ref oil)+VAT	541	541	Nil
Indore (Soy Ref oil)	523	522	+1
Kota (Soy Ref. Oil)+VAT	528	528	Nil
Hyderabad (Soy Ref)	545	540	+5
Rajkot (Soy Ref)+Tax	542	540	+2

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	Change
NCDEX	Jan	551.80	559.15	551.55	558.60	551.80	+6.80
NCDEX	Feb	562.00	566.50	560.30	566.00	560.95	+5.05
NCDEX	March	566.95	572.00	566.10	572.00	566.75	+5.25
MCX	Jan	550.80	558.00	550.25	556.80	550.70	+6.10
MCX	Feb	560.60	565.80	559.80	565.40	560.65	+4.75
MCX	March	566.50	570.90	566.00	570.90	566.05	+4.85
MCX	April	574.00	574.00	574.00	574.00	571.80	+2.20

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	28.12.07	27.12.07	Change
Crude Palm Oil	992	990	+2
Crude Soy Oil	1160	1163	-3
Sunflower Oil	1475	1475	Nil

## ■ PALM OIL

### International Highlights

#### BMD CPO Futures Settled All Time Highs

Forecast of more rain in next week and surging crude oil strengthened crude palm oil futures to another new highs at Bursa Malaysian Derivatives Exchange Friday and futures breached the previous highs of MYR3,097/tonne. Interestingly, all the futures contract traded above MYR3,100/tonne level. Crude oil futures closed at \$97/barrel and CBOT soy oil futures in near 50 cent/lb. The most active March contract of crude palm oil futures finished MYR28 up at MYR3,125 per tonne. Trading volume fell quickly to 6,111 lots from 11,104 lots Thursday and open interest also declined to 38,520 lots from 39,927 lots yesterday.

### Domestic Spot Market Highlights

To match the improving demand across domestic markets, prices of palm oil inched up again and maintained yesterday firmness. To benefiting with better profitability in short-term, stockists preferred to hold their stocks with supporting domestic markets. Higher price, lack of clear price direction and fears of supplies shortage remained helpful for palm oil in Indonesia. The trade activities remained thin in Indonesia with steady demand. The crude palm oil CIF prices for January shipment increased further on Friday to \$992/tonne from \$990/tonne on Thursday.

#### BMD: CPO Futures (28.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan 08	3081	3116	3130	3104	3105	+24	501
Feb 08	3088	3114	3140	3114	3118	+30	796
March 08	3097	3115	3141	3110	3125	+28	3990
April 08	3084	3115	3115	3125	3115	+31	680
May 08	3069	3115	3120	3090	3090	+21	26

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	28.12.07	27.12.07	Change
Kandla CPO (5 % FFA)	467	467	Nil
Kandla RBD Palmolein +VAT	504	504	Nil
Mumbai RBD Palmolein +VAT	504	508	-4
Chennai RBD Palmolein +VAT	505	500	+5
Kakinada RBD Palmolein +VAT	500	490	+10
Hyderabad RBD Palmolein +VAT	512	508	+4
Delhi RDB Palmolein	500	545	+5



## OTHERS

### Rape/Mustard oil

With the gains in regional exchanges and physical markets, price of mustard oil firmed up reflecting underlying firmness in mustard oil. However, Prices are expect to recover in coming days on expectation of lower production coupled with lower inventories in the country. Recent report highlighted that India's rapeseed meal exports fell to 536,850 tons in November from 593,325 tons, last year. Lagging mustard plantations and limited inventories is likely to remains supportive to oil in near-term.

### Groundnut Oil

In lack of supportive news and lacklustre trade, groundnut complex traded on softer side. As per reports, the better price of meals offered in domestic markets led to negligible exports in November from 3,200 tonnes in 2006. However, seeds prices firmed up on lagging sowing and good demand from stockists and resellers. Expellers were interested too on profitability on oil and meal recovery. Price of shelled groundnut of has firmed up further on Monday to Rs. 522 per 20 kg from Rs. 517 per 20 kg on Saturday in different markets of Gujarat.

### Refined Sunflower Oil

With the firmness in crude oil and strengthening others edible oil, physical price of refined sunflower oil improved. However, the demand remained steady with subdued trade activities. As the profitability for biodiesel production is deteriorating, sunflower oil usage for biodiesel production will be decline in near-term. The CIF price of crude sunflower oil for January shipment remained unchanged on Friday to \$1475 per tonne from last day. Traders remain optimist for further uptrend in price in short-term on prospects of tight supplies.

### Refined Cottonseeds Oil

Higher price offered by solvent plants and firmness in others edible oil raised refined cottonseeds oil in spot markets. Market also finds support from firmed cotton price. The profitability on growing Bt cotton is more than non Bt cotton as study conducted in Andhra Pradesh. This may induce more farmers to opt Bt variety of cotton in next year onwards.

### Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	28.12.07	27.12.07	Change
Mumbai (Exp. Oil) +VAT	543	542	+1
Kota (Exp. Oil)+VAT	510	507	+3
Jaipur (Exp. Oil)+VAT	518	515	+3
Delhi (Exp. Oil)	540	535	+5
Neewai (Exp. Oil) +VAT	508	505	+3

### Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	28.12.07	27.12.07	Change
Mumbai +VAT	635	635	Nil
Rajkot +VAT	670	670	Nil
Hyderabad +VAT	620	620	Nil
Chennai +VAT	615	615	Nil
Delhi	700	700	Nil

### Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

	28.12.07	27.12.07	Change
Mumbai +VAT	670	665	+5
Chennai +VAT	695	700	-5
Hyderabad	705	705	Nil

### Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	28.12.07	27.12.07	Change
Mumbai +VAT	525	522	+3
Hyderabad +VAT	520	515	+5
Rajkot + VAT	517	516	+1
Delhi	510	505	+5

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		28.12.07	27.12.07
USA	Dollar	39.44	39.43
European Union	Euro	57.69	57.22
Japan	100 Yen	34.93	34.52
United Kingdom	Pound Sterling	78.73	78.40



## ■ OTHERS

### PORT-WATCH (Latest):

#### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Suzanne	10,000	Palm Product	Expected (29.12.07)
	Chemroad Vega	28,500	Palm oil Product	Expected (25.12.07)
Mumbai	Global Triton	12,000	Palm oil Product	Arrived (21.12.07)
Kolkata	Marida Prince	7,944	CPO	Arrived (20.12.07)
	Yong Cheng-15	5,500	CPO	Arrived (17.12.07)
	Sea Lustre	6,550	CPO	Arrived (16.12.07)
New Manglore	Global Evos	11,000	CPO	Expected (22.12.07)
Chennai	<b>Siteam Merkur</b>	<b>7,500</b>	<b>SBO</b>	<b>Arrived (26.12.07)</b>

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

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