

## REFINED SOY OIL

Dec 26, 2007

### SPOT MARKET:

Forecast for more rain in Malaysian and 34-years high soybean futures on CBOT raised BMD futures above psychological barrier of MYR3,000/tonne level. This coupled with tight supplies and steady demand strengthened soy oil domestically. Market also finds support from thin stocks of degummed soy oil at ports. The better realization on soy oil and meal recovery induced solvent units to maintain their seeds purchase at current plant delivery rate (Rs. 1950-2025/qrtl). As per reports, China will continue with 1% import tariff in soybean till March end. This move will augment the local supplies of soybean and soy oil. For October-December, China cut the soybean import tariff to 1% from 3%. Besides, Chinese November soy oil imports rose nearly 5 times (exact 531%) to 342,358 tonnes from 54,256 tonnes last year. The CIF price of crude soy oil for January shipment fell slightly on Monday to \$1121 per tonne from \$1122 per tonne on Saturday.

### FUTURES MARKET:

Despite bullish global advice, **NCDEX** refined soy oil futures finished down after testing all time high on Saturday on strong profit taking among traders. However, weakness is capped by firm tone in others edible oil aided some support. The **January** futures contract of refined soy oil opened at Rs. 549 per 10 kg from previous close of Rs. 549.9 per 10 kg. The futures contract closed down at Rs. 546.1 per 10 Kg.

**MCX** refined soy oil futures settled down 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. 548 per 10 kg against previous closing of Rs. 549.8 per 10kg. The prices settled down at Rs. 546.1 per 10 Kg.

### PRICE DRIVERS:

- BMD CPO futures rising above psychological level of MYR3,000/tonne
- Low stocks of degummed soy oil at ports
- Forecast for unfavorable weather in Malaysia
- Attractive parity supported soybean crushing
- Good buying of soybean by solvent plants
- China will keep the 1% import tariff in soybean
- China November soy oil imports rose 531% to 342,358 tonnes

### WEATHER

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

### TECHNICALS

Refined soy oil chart show the weakness in the market but prices managed to close above short and medium term EMA. MACD is rising in positive territory. Stochastic remain flat in overbought region while RSI is falling in neutral region. Price are expecting to trade up cautiously from current level.



### SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	541	542	546.1	554	555
MCX-Jan	541	542	546.1	554	555

### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil January Contract:**

**BUY** Above 547 T1 near 550, T2 near 552 and put stop loss at 545.5.

**MCX Refined Soy Oil January Contract:**

**BUY** Above 547; T1 near 550, T2 near 551 and put stop loss at 545.5.



## ■ REFINED SOY OIL

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

Centres	24.12.07	22.12.07	Change
Mumbai (Soy Ref oil)+VAT	540	537	+3
Indore (Soy Ref oil)	518	515	+3
Kota (Soy Ref. Oil)+VAT	525	525	Nil
Hyderabad (Soy Ref)	540	535	+5
Rajkot (Soy Ref)+Tax	537	535	+2

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	Change
NCDEX	Jan	549.00	550.00	545.80	546.10	549.90	-3.80
NCDEX	Feb	555.55	555.55	552.70	553.50	556.90	-3.40
NCDEX	March	561.00	561.00	558.00	558.65	562.75	-4.10
MCX	Jan	548.00	548.30	545.60	546.10	549.80	-3.70
MCX	Feb	555.00	555.05	552.80	553.80	556.90	-3.40
MCX	March	559.50	560.70	558.55	559.00	558.55	-4.20

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	24.12.07	22.12.07	Change
Crude Palm Oil	960	NA	-
Crude Soy Oil	1121	1122	-1
Sunflower Oil	1450	1400	+50

## ■ PALM OIL

### International Highlights

#### BMD CPO Futures Finished Above Psychological Level of MYR3,000

Anticipation for U.S. energy low would open long-term demand of palm oil, cast firmness for crude palm oil futures at Bursa Malaysian Derivatives Exchange Monday to end near record high level. The output concern in December also fuelled the sentiments. The most active March contract of crude palm oil futures finished MYR38 up at MYR3,030 per tonne. Trade was thin as many traders preferred to stay away on holiday ahead. Traders are expecting the palm oil output could fall 18-20% in December. Trading volume recovered to 4,693 lots from 3,841 lots Friday and open interest declined to 40,615 lots from 41,071 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 crude palm oil CIF prices for January shipment increased on Monday to \$960 per tonne from \$950 per tonne on Friday. Traders are expecting BMD will stay firm on concern over December output with spill over impact in domestic markets.

#### BMD: CPO Futures (24.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan 08	2978	2987	3015	2987	3015	+37	808
Feb 08	2990	2998	3026	2998	3026	+36	912
March 08	2992	3000	3030	3000	3030	+38	2772
April 08	2987	3001	3024	3001	3024	+37	201
May 08	2985	0	0	0	2985	0	0

\*BMD Remains Closed on Saturday and Sunday.

#### Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	24.12.07	22.12.07	Change
Kandla CPO (5 % FFA)	460	460	Nil
Kandla RBD Palmolein +VAT	494	494	Nil
Mumbai RBD Palmolein +VAT	502	500	+2
Chennai RBD Palmolein +VAT	492	492	Nil
Kakinada RBD Palmolein +VAT	488	484	+4
Hyderabad RBD Palmolein +VAT	506	500	+6
Delhi RDB Palmolein	545	550	-5



## OTHERS

### Rape/Mustard oil

The limited stocks and good demand strengthened mustard oil price in domestic markets. As mustard seeds price is soaring, expellers remain disinterested to pace up crushing on poor offtake at their ends. However, gains were supported by forecast of dry weather and firmness in rival edible oil. However, gains were capped by apprehensions of huge deliveries of mustard seeds on NCDEX.

### Groundnut Oil

Following appreciation in seed price, groundnut oil remained range bound domestically on balance in demand and supplies. The trade activities remained thin. Anticipation for further improvement in prices expellers were reluctant to sell off at lower price. This also supported the sentiments. Due to weak demand of oil meals at ports expellers are unwilling to increase the crushing, which capped the gains to certain extent. The price of shelled groundnut remained unchanged on Monday at 521 per 20 kg from previous day in different markets of Gujarat.

### Refined Sunflower Oil

Despite costlier landing of imported sunflower oil to domestically produced, price of refined sunflower oil firmed up on steady demand and subdued trading. The CIF price rose sharply by \$50/ tonne. This shows the underlying bullishness in overseas markets. As per reports, the biodiesel production is not a profitable business these days due to higher edible oil price in international market. The CIF price of crude sunflower oil for January shipment rose sharply Monday to \$1450 per tonne from \$1400 per tonne on Saturday.

### Refined Cottonseeds Oil

The gains in overseas markets and others edible oil has supported the refined cottonseeds oil in the domestic markets, however, demand remained steady. As per reports, India is likely to overtake the Turkey in organic cotton production in 2006/07 season. In 2005/06, country organic cotton production 31.71% to 9,835 tonnes while Turkey had produced 32.76% more cotton to 10,160 tonnes. Traders are expecting refined cottonseed oil is likely to stay buoyant in coming days on improve demand.

### Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	24.12.07	22.12.07	Change
Mumbai (Exp. Oil) +VAT	546	546	Nil
Kota (Exp. Oil)+VAT	518	516	+2
Jaipur (Exp. Oil)+VAT	526	524	+2
Delhi (Exp. Oil)	540	540	Nil
Neewai (Exp. Oil) +VAT	516	514	+2

### Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	24.12.07	22.12.07	Change
Mumbai +VAT	640	640	Nil
Rajkot +VAT	675	675	Nil
Hyderabad +VAT	620	620	Nil
Chennai +VAT	620	620	Nil
Delhi	700	700	Nil

### Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	24.12.07	22.12.07	Change
Mumbai +VAT	685	680	+5
Chennai +VAT	700	690	+10
Hyderabad	705	695	+10

### Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	24.12.07	22.12.07	Change
Mumbai +VAT	524	520	+4
Hyderabad +VAT	515	518	-3
Rajkot + VAT	518	518	Nil
Delhi	505	510	-5

### Forex Rates

Country/ Continent	Currency	Value in Rupees	
		24.12.07	22.12.07
USA	Dollar	39.49	39.34
European Union	Euro	56.78	56.49
Japan	100 Yen	34.61	34.49
United Kingdom	Pound Sterling	78.33	78.01

## OTHERS

### PORT-WATCH (Latest):

#### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Celestia	11,000	Palm oil	Arrived (14.12.07)
	<b>Shamrock Venus</b>	<b>7,500</b>	<b>G'nut oil</b>	<b>Expected (21.12.07)</b>
	<b>Suzanne</b>	<b>10,000</b>	<b>Palm Product</b>	<b>Expected (25.12.07)</b>
	Chemroad Vega	28,500	Palm oil Product	Expected (22.12.07)
Mumbai	Global Triton	12,000	Palm oil Product	Expected (21.12.07)
Kolkata	Eternal Glory	6,500	CPO	Arrived (15.12.07)
	Global Trader	4,750	CPO	Arrived (15.12.07)
	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)

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

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