

REFINED SOY OIL

Jan 1, 2008

SPOT MARKET:

Despite bullish exports in December BMD declined on profit taking with spill over impact in futures. However, cash price of soy oil maintained the last week's bullish trends on improved demand. Although, soybean crushing is running in full swing but solvent plants reluctant to unload soy oil at cheaper price anticipating further improvement in near-term. The basis of this, soy oil improved to Rs. 528/10kg on month end from Rs. 507/10kg on Dec 3. According to SGS figures, December Malaysia palm oil exports grew 13.9% to 1.44 mmt from 1.27 mmt, last month. While Intertek pegged exports at 1.42 mmt. Both were above trade expectations between 1.36-1.38 mmt. Exports to India rose sharply to around 72% to 56,415 tonnes from 32,820 tonnes last month. The CIF price of crude soy oil for January shipment declined on Monday to \$1157/tonne from \$1160/tonne on last weekend.

FUTURES MARKET:

Lack of supportive news and profit taking cast weakness for **NCDEX** refined soy oil futures on Monday from Saturday's closing price. The firmer tone in others edible oil capped the losses to certain extent. The **January** futures contract of refined soy oil opened at Rs. 554 per 10 kg to previous close of Rs. 553.4 per 10kg. The futures contract closed down at Rs. 552.4 per 10 Kg.

MCX refined soy oil futures settled down from Saturday's close on profit taking. However, the prospects of tight supplies prevailed in the domestic markets that cushioned the sentiments to certain extent. The most active **January** contract opened at Rs. 551.45 per 10 kg against previous closing of Rs. 552.45 per 10kg. The prices settled down at Rs. 550.55 per 10 Kg.

PRICE DRIVERS:

- BMD and futures down on profit taking
- Soybean crushing is running in full swing
- No restriction on imports of GM soy oil
- Solvent plants are offering soy oil at costlier price
- Bullish exports figures of Malaysian palm oil in December
- Crude soy oil CIF price declined \$3 to \$1157/tonne

WEATHER

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

TECHNICALS

Candlestick chart pattern indicates sideways trade with improved selling pressure. Prices managed to close above short and medium term EMA, which indicate medium term firmness. MACD is rising in positive territory. Stochastic is rising near the boundary of overbought region while RSI is falling in neutral region. Prices are expecting to improve with firm bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	545	547	552.4	558	559
MCX-Jan	544	546	550.55	557	559

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

BUY Above 553 T1 near 555, T2 near 556 and put stop loss at 552.

MCX Refined Soy Oil January Contract:

BUY Above 551; T1 near 553, T2 near 554 and put stop loss at 550.



■ REFINED SOY OIL

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

Centres	31.12.07	29.12.07	Change
Mumbai (Soy Ref oil)+VAT	545	545	Nil
Indore (Soy Ref oil)	528	525	+3
Kota (Soy Ref. Oil)+VAT	530	530	Nil
Hyderabad (Soy Ref)	545	545	Nil
Rajkot (Soy Ref)+Tax	545	545	Nil

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	Change
NCDEX	Jan	554.00	555.05	551.60	552.40	553.40	-1.00
NCDEX	Feb	561.00	563.15	559.40	560.50	561.30	-0.80
NCDEX	March	565.05	568.60	564.05	566.50	566.90	-0.40
MCX	Jan	551.45	553.55	550.00	550.55	552.45	-1.90
MCX	Feb	559.70	562.75	558.85	559.75	560.75	-1.20
MCX	March	581.00	581.00	561.90	565.40	566.60	-1.20
MCX	April	578.75	578.75	569.10	570.40	574.00	-3.60

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	31.12.07	29.12.07	Change
Crude Palm Oil	992	NA	-
Crude Soy Oil	1157	1160	-3
Sunflower Oil	1475	1475	Nil

■ PALM OIL

International Highlights

BMD CPO Futures Settle Down on Profit Taking

Speculative selling and profit taking were featured for crude palm oil futures on Bursa Malaysian Derivatives Exchange Monday. As market maintained the bullish-trends in last 5 days, traders preferred to square off their position, although December exports were bullish from both cargo surveyors. SGS highlighted the exports rose 13.9% to 1.44 mmt from 1.27 mmt last week while traders were expecting near 1.36-1.38 mmt. The most active March contract of crude palm oil futures finished MYR44 down at MYR3,081 per tonne. Trading volume recovered sharply to 10,295 lots from 6,111 lots yesterday while open interest declined to 38,050 lots from 38,520 lots Friday.

Domestic Spot Market Highlights

Palm oil price traded on higher side induced by others edible oil. In last week, government has extended the ban of import of palm oil from Kochi port to all the port in Kerala. This extension will protect the coconut growers in Kerala. Country imports nearly 2-3 million tonnes of palm oil annually from different ports across the nation. As per latest SGS figures, Malaysia palm oil exports to India rose sharply to around 72% to 56,415 tonnes in December from 32,820 tonnes last month. The trade activities remained thin in Indonesia with steady demand. The crude palm oil CIF prices for January shipment remained unchanged on Monday to \$992/tonne from previous close.

BMD: CPO Futures (31.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan 08	3111	3080	3100	3075	3075	-36	329
Feb 08	3118	3084	3115	3075	3080	-38	1029
March 08	3125	3083	3118	3073	3081	-44	3865
April 08	3115	3079	3112	3070	3077	-38	811
May 08	3100	0	0	0	3100	0	0

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	31.12.07	29.12.07	Change
Kandla CPO (5 % FFA)	467	467	Nil
Kandla RBD Palmolein +VAT	504	504	Nil
Mumbai RBD Palmolein +VAT	508	508	Nil
Chennai RBD Palmolein +VAT	505	507	-2
Kakinada RBD Palmolein +VAT	502	500	+2
Hyderabad RBD Palmolein +VAT	515	515	Nil
Delhi RDB Palmolein	540	540	Nil

OTHERS

Rape/Mustard oil

Physical price of mustard oil trade range bound across domestic markets on balance in demand and supplies. Market is devoid of supportive news. As per government latest Rabi sowing figures, rape/mustard seeds sowing is completed in 59.56 lakh hectares as on December 28 from 59.3 lakh hectares on December 21st and 65.36 lakh hectares, last year. The adequate deliveries of mustard seeds in exchanges would keep the pressure on oil in short term, market sources added.

Groundnut Oil

Despite lack of supportive news, price of groundnut oil traded firm in Rajkot while remained range bound elsewhere. The demand remained steady. As per government latest Rabi sowing figures, groundnut sowing is completed in 4.53 lakh hectares from 4.31 lakh hectares a week ago and 4.4 lakh hectares last year. 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. Due to underlying firmness in seeds, traders are expecting further improvement in price in coming days.

Refined Sunflower Oil

Steady demand and supplies and lackluster trade pushed refined sunflower oil range bound on Monday. However, the lagging sunflower seeds sowing cushioned the price to certain extent. As per government latest Rabi sowing figures, sunflower seeds sowing finished in 8.63 lakh hectares on December 28th v/s 8.46 lakh hectares last week and 10.33 lakh hectares a year ago. The CIF price of crude sunflower oil for January shipment extended unchanged to Monday at \$1475 per tonne from previous close.

Refined Cottonseeds Oil

Sluggish demand and higher price offered by solvent plants dragged price of refined cottonseeds oil on softer side. Weak tone in others edible oil also pressured the markets. However, fundamentals are strong as retailers are shifting to cottonseeds oil from groundnut oil due to price difference, which is nearly Rs. 150/10kg in Rajkot, Gujarat. Traders are optimist for correction but long-term firmness is inevitably in the market.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	31.12.07	29.12.07	Change
Mumbai (Exp. Oil) +VAT	543	543	Nil
Kota (Exp. Oil)+VAT	510	510	Nil
Jaipur (Exp. Oil)+VAT	518	518	Nil
Delhi (Exp. Oil)	540	540	Nil
Neewai (Exp. Oil) +VAT	508	508	Nil

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	31.12.07	29.12.07	Change
Mumbai +VAT	630	630	Nil
Rajkot +VAT	675	670	+5
Hyderabad +VAT	620	620	Nil
Chennai +VAT	615	615	Nil
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	31.12.07	29.12.07	Change
Mumbai +VAT	670	670	Nil
Chennai +VAT	695	695	Nil
Hyderabad	690	695	-5

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	31.12.07	29.12.07	Change
Mumbai +VAT	527	530	-3
Hyderabad +VAT	525	525	Nil
Rajkot + VAT	522	522	Nil
Delhi	510	510	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		31.12.07	29.12.07
USA	Dollar	39.41	39.44
European Union	Euro	58.12	57.94
Japan	100 Yen	35.21	34.59
United Kingdom	Pound Sterling	78.74	78.87

OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Suzanne	10,000	Palm Product	Expected (29.12.07)
	Golden Fareast	8,000	Palm oil	Expected (05.01.07)
Mumbai	Global Triton	12,000	Palm oil Product	Arrived (21.12.07)
	Pegasus 7	3,000	Palm oil	Expected (30.12.07)
	Westama -III	10,000	Palm oil Products	Expected (05.01.07)
	Samho Jewelry -III	14,000	Palm oil Products	Expected (05.01.07)
Kolkata	Marida Prince	7,944	CPO	Arrived (20.12.07)
	Siteam Merkur	15,500	Soy oil	Arrived (28.12.07)
New Manglore	Oil Ambassador	17,955	CPO	Expected (30.12.07)

New vessels on chart are in bold.

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