

REFINED SOY OIL

Dec 04, 2007

SPOT MARKET:

Following weakness in BMD and futures soy oil prices traded on softer side Monday on sluggish demand and subdued trade. Market also generated weakness from rival edible oil. Assuming temporary weakness in soy oil, stockists are reluctant to unload into markets and maintaining their purchasing from solvent plants. In last review by Centres for Monitoring Indian Economy (CMIE) highlighted domestic edible oil production in 2007/08 oil year (Nov-Oct) is expecting to rise by 15.9% to 67.7 lakh tonnes from 58.41 in 2006/07. This was well supported by better yield and record production of soybean coupled with recovery in groundnut crop to last year. The CPO futures on BMD fell below to MYR2,900/tonne level in fortnightly tracking Friday's weakness in CBOT and expectation of oversupplies of palm oil stock in November/December. The CIF price of crude soy oil for December shipment declined further on Monday to \$1118 per tonne from \$1122 per tonne on Saturday.

FUTURES MARKET:

Following weakness in BMD CPO futures, **NCDEX** refined soy oil futures maintained weakness on Monday on improve selling interest among traders. However, losses were capped by strong physical fundamentals. The **January** futures contract of refined soy oil opened at Rs. 537.9 per 10 kg from previous close of Rs. 538.55 per 10 kg. The futures contract closed down at Rs. 538.35 per 10 Kg.

MCX refined soy oil futures traded down on weak global cues and low refined soybean futures. Market also found support in expectation of improved supplies in coming days. The most active **January** contract opened at Rs. 536 per 10 kg against previous closing of Rs. 537.4 per 10kg. The prices settled down at Rs. 537.4 per 10 Kg.

PRICE DRIVERS:

- Low soy oil stocks at port and tight supplies in domestic markets
- BMD CPO futures touch below MYR2,900 level
- Stockists are maintaining their purchase from solvent units
- CIF price of CDSBO declined further \$4 to \$1118 per tonne
- Weakness in rival edible oil
- Edible oil production may rise 15.9% to 67.7 lakh tonne in 2007/08

WEATHER

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

TECHNICALS

Market closed indecision on 2nd straight day. Price fell sharply below trend line but manage to close near to it reflecting still there is some firmness in the market. Price closes between 9 and 18-days EMA pointing short-term firmness. MACD predominantly flat in positive zone. Both stochastic and RSI is falling in neutral region. Market is likely to trade range bound with weak bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	531	532	538.35	544	546
MCX-Jan	530	532	537.40	544	546

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

SELL Below 539 T1 near 537, T2 near 536 and put stop loss at 540.

MCX Refined Soy Oil January Contract:

SELL Below 538; T1 near 536, T2 near 535 and put stop loss at 539.



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D A I L Y

■ REFINED SOY OIL ■

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

Centres	03.12.07	01.12.07	Change
Mumbai (Soy Ref oil)+VAT	530	530	Nil
Indore (Soy Ref oil)	507	510	-3
Kota (Soy Ref. Oil)+VAT	518	518	Nil
Hyderabad (Soy Ref)	537	540	-3
Rajkot (Soy Ref)+Tax	526	526	Nil

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Dec	531.30	533.80	530.50	531.80	532.60	-0.15
NCDEX	Jan	537.90	540.10	535.15	538.35	538.55	-0.20
NCDEX	Feb	543.60	546.80	541.20	545.40	544.70	+0.12
MCX	Dec	530.00	532.50	528.90	530.80	531.00	-0.04
MCX	Jan	536.00	539.00	534.50	537.40	538.10	-0.13
MCX	Feb	543.60	546.00	541.00	545.00	544.70	+0.06
MCX	March	547.00	547.00	545.00	545.00	550.00	-0.91

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	03.12.07	01.12.07	Change
Crude Palm Oil	925	NA	-
Crude Soy Oil	1118	1122	-4
Sunflower Oil	1440	1440	Nil

■ PALM OIL

International Highlights

BMD CPO Futures Decline on Fears of Oversupply

Weak crude oil and profit booking sparked weakness in crude palm oil futures on Bursa Malaysian Derivatives Exchange Monday. The February contract briefly dropped below to the MYR2,900 level. The fears of oversupplies than demand also weigh on futures. The most active February contract of crude palm oil futures declined MYR4 to MYR2,926 per tonne. Traders are expecting the palm oil stock may reach to 1.7-1.8 million tonnes in December end. Trading volume declined and totaled at 11,508 lots from 12,790 lots yesterday and open interest improved to 42,049 lots from 41,391 lots on Friday.

Domestic Spot Market Highlights

Spot price of palm oil declined slightly in the last week on demand compression at higher price and moderate demand. However, current price of palm oil is not low enough to lure vanaspati makers. despite low profitability on crude palm oil exports under high exports taxes, Indonesian October CPO exports rose quickly to \$1.85 billion up from \$479.2 million in September. The CIF price of crude palm oil for November shipment declined further to \$940 per tonne from \$940 per tonne on Friday. The demand compression and expectation of improve stocks in November end is likely to pressure further BMD CPO futures with spill over impact in domestic markets.

BMD: CPO Futures (03.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Dec 07	2925	2890	2898	2880	2889	-36	145
Jan 08	2925	2915	2916	2880	2909	-16	2208
Feb 08	2930	2928	2928	2885	2926	-4	6585
March 08	2938	2917	2917	2890	2917	-21	2382
April 08	2945	2915	2915	2893	2905	-40	62

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	03.12.07	01.12.07	Change
Kandla CPO (5 % FFA)	452	454	-2
Kandla RBD Palmolein +VAT	488	488	Nil
Mumbai RBD Palmolein +VAT	495	495	Nil
Chennai RBD Palmolein +VAT	490	490	Nil
Kakinada RBD Palmolein +VAT	480	483	-3
Hyderabad RBD Palmolein +VAT	500	497	+3
Delhi RDB Palmolein	540	540	Nil

OTHERS

Rape/Mustard oil

With the isolated rainfall in parts of Rajasthan and weakness in mustard seeds cash market forced oil price to decline, however demand remained weak. Market also found weakness from steady to weak sentiment in Mustard DOC. However, gains were capped by bullishness in regional/local exchanges (Hapur, Sirsa, Delhi). 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

Sluggish demand and weakness in refined cottonseeds oil weakened groundnut oil Monday. Buyers wanted groundnut oil at cheaper price but the expellers were reluctant to sell off at lower price as seed is rising across Gujarat and other states. Prices of shelled groundnut of different quality remained steady on balance in demand and supply and quoted at Rs. 410-515/10kg in different markets in Gujarat on Monday to Saturday. The low profitability of groundnut oil on export is forcing traders to sell off product into domestic markets, which may deepen the weakness in near-term.

Refined Sunflower Oil

Despite weakness in crude oil and steady demand and supply, physical price of refined sunflower oil traded range bound. In expectation of good exports inquiry of sunflower oil, Russia and Ukraine is maintaining considerably good crushing of seeds. The CIF price of crude sunflower oil for December shipment remains unchanged on 3rd consecutive day at \$1440 per tonne to yesterday. However, the dependency on import oil is low against domestically produced, spot prices is unlikely to come down in short-term, however temporary weakness is likely.

Refined Cottonseeds Oil

Weakness in rival edible oil and subdued trading cast weakness for refined cottonseeds oil in major trading centres. There is good demand of Indian cotton in overseas markets. In 2007/08, Bt cotton share to total production is likely to escalate by 60-65% from 38-40% in 2006/07. In current year, price of cottonseeds oil is unlikely to come down on the back of good cotton demand.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	03.12.07	01.12.07	Change
Mumbai (Exp. Oil) +VAT	550	550	Nil
Kota (Exp. Oil)+VAT	512	515	-3
Jaipur (Exp. Oil)+VAT	520	524	-4
Delhi (Exp. Oil)	540	540	Nil
Neewai (Exp. Oil) +VAT	512	514	-2

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	03.12.07	01.12.07	Change
Mumbai +VAT	655	665	-10
Rajkot +VAT	670	675	-5
Hyderabad +VAT	630	620	+10
Chennai +VAT	630	630	Nil
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	03.12.07	01.12.07	Change
Mumbai +VAT	700	700	Nil
Chennai +VAT	710	710	Nil
Hyderabad	720	730	-10

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	03.12.07	01.12.07	Change
Mumbai +VAT	520	522	-2
Hyderabad +VAT	518	525	-7
Rajkot + VAT	533	538	-5
Delhi	522	525	-3

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		03.12.07	01.12.07
USA	Dollar	39.56	39.59
European Union	Euro	58.04	58.16
Japan	100 Yen	35.78	35.67
United Kingdom	Pound Sterling	81.39	81.43

OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Shintoku	10,000	Palm oil Product	Expected (29.11.07)
	New Toyokaze	4,000	Palm oil	Berthed (27.11.07)
	Harsanadi	14,000	Palm oil Product	Berthed (27.11.07)
	Siteam Leopard	13,500	Palm oil	Berthed (27.11.07)
	Chembulk Ulsan	16,635	Palm oil Product	Expected (29.11.07)
	Chembulk Singapore	12,420	CPO	Expected (03.12.07)
Kolkata	Olympic	6,000	CPO	Arrived (22.11.07)
	Ace-7	6,499	CPO	Arrived (23.11.07)
Mumbai	Global Triton	12,000	Palm oil Product	Berthed (27.11.07)
	New Setokaze	9,900	Palm oil Product	Arrived (24.11.07)
Tuticorin	Spring Glory	4,100	Palm oil	Expected (02.12.07)

New vessels on chart are in bold.

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