

REFINED SOY OIL

Dec 14, 2007

SPOT MARKET:

BMD has recovered Thursday on ongoing rain, which has slowed down the palm kernel harvesting. This failed to induce soy oil in the physical markets. But gains were capped by thin stocks of soy degummed oil at ports and bullish-trends in CBOT, where soybean traded to 34 years highs. After unchanged position of soy degummed oil at Rs.515/20kg, price firmed up again to Rs.520/20kg Thursday reflecting underlying firmness in global markets. In recent reports, Malaysian government claimed, palm oil production in 2007 is expecting near 15.7-15.8 mmt from earlier estimation of 16.2 mmt. This is due to recent flood conditions that lost output nearly 50,000 tonnes. The CIF price of crude soy oil for December shipment rise further on Thursday to \$1120/tonne from \$1108/tonne on Wednesday. The holding back stocks of soy oil from stockists and higher price offered by solvent units is likely to keep soy oil buoyant in near-term.

FUTURES MARKET:

With bullish global advice, **NCDEX** refined soy oil futures finished up Thursday on renewed buying interest among traders on 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. 530.9 per 10 kg from previous close of Rs. 529.85 per 10 kg. The futures contract closed up at Rs. 533.35 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. 531 per 10 kg against previous closing of Rs. 529.7 per 10kg. The prices settled up at Rs. 533.1 per 10 Kg.

PRICE DRIVERS:

- Recovery in BMD and futures
- CBOT soybean futures traded to 34-years high
- Costlier soy degummed oil at ports with thin stocks
- Pressure from weakness in rival edible oil
- Falling palm oil stocks in Malaysia in 2007
- Poor demand and subdued trade
- CIF price of crude soy oil improve further by \$12 to \$1120 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 strong buying interest with mild profit taking at higher level. Price failed to breach the strong support level near Rs. 529. Price rose but closes below to short and medium term EMA which indicates weakness in the markets. MACD remains weak in positive territory. Stochastic is bottoming out in oversold region while RSI is rising in neutral region. Market is expected trade up with firm bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	526	528	533.35	539	541
MCX-Jan	526	528	533.1	539	540

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

BUY near 534 T1 near 536, T2 near 538 and put stop loss at 533.

MCX Refined Soy Oil January Contract:

BUY Near 533; T1 near 535, T2 near 537 and put stop loss at 532.



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D A I L Y

■ REFINED SOY OIL ■

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

Centres	13.12.07	12.12.07	Change
Mumbai (Soy Ref oil)+VAT	520	520	Nil
Indore (Soy Ref oil)	500	501	-1
Kota (Soy Ref. Oil)+VAT	515	515	Nil
Hyderabad (Soy Ref)	518	522	-4
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	527.20	527.85	525.35	526.40	524.05	+2.35
NCDEX	Jan	530.90	534.00	530.90	533.35	529.85	+3.50
NCDEX	Feb	538.85	541.00	538.85	540.45	536.60	+3.85
NCDEX	March	544.50	546.00	544.50	546.00	542.20	+3.80
MCX	Dec	526.50	527.30	524.80	525.00	523.95	+1.05
MCX	Jan	531.00	534.00	531.00	533.10	529.70	+3.40
MCX	Feb	538.00	540.85	538.00	540.00	536.15	+3.85
MCX	March	543.50	545.00	543.50	545.00	543.45	+1.55

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	13.12.07	12.12.07	Change
Crude Palm Oil	940	930	+10
Crude Soy Oil	1120	1108	+12
Sunflower Oil	1395	1390	+5

■ PALM OIL ■

International Highlights

BMD CPO Futures Settled Up on Slow Harvest

Crude palm oil futures at Bursa Malaysian Derivatives Exchange recovered Thursday to remain in sync in surging crude oil and soy oil. Market also found support from concern of fall in production in December on ongoing weather conditions, which has slowed down the palm kernel harvesting progress. The most active February contract of crude palm oil futures finished up MYR43 to MYR2,8920 per tonne. Trading volume grew sharply to 10,245 lots from 5,122 lots yesterday while open interest declined to 43,853 lots from 44,276 lots Wednesday.

Domestic Spot Market Highlights

Rising crude palm oil futures on BMD raised palm oil price in domestic markets. However, the international market is high and unlikely to come down in near-term, palm oil is likely to stay the current position. Indonesian palm oil production is expecting to rise 20% in November vis-à-vis last month, which is failing to pressurize the market. The CIF prices of crude palm oil for December shipment improved further on Thursday to \$940 per tonne from \$930 per tonne on Wednesday. The expectation of fall in production in Indonesia and Malaysia is likely to boost the palm oil in short-term.

BMD: CPO Futures (13.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Dec 07	2873	2910	2914	2901	2912	+39	172
Jan 08	2872	2908	2922	2900	2910	+38	1228
Feb 08	2877	2915	2934	2907	2920	+43	6085
March 08	2883	2924	2938	2910	2930	+47	2244
April 08	2895	2930	2940	2915	2915	+20	451

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	13.12.07	12.12.07	Change
Kandla CPO (5 % FFA)	453	448	+5
Kandla RBD Palmolein +VAT	481	480	+1
Mumbai RBD Palmolein +VAT	484	484	Nil
Chennai RBD Palmolein +VAT	480	478	+2
Kakinada RBD Palmolein +VAT	472	465	+7
Hyderabad RBD Palmolein +VAT	491	493	-2
Delhi RDB Palmolein	540	540	Nil

OTHERS

Rape/Mustard oil

Physical price of mustard oil maintained weakness across physical markets on sluggish demand and lackluster trade. The rainfall activities in initial of current weak also pressured the mustard oil in expectation of spurt sowing activities in tailing end. However, the losses were capped by firmness in mustard seeds in regional exchanges. The improved November mustard seeds meals exports has added additional oil inventories into markets, which may pressure in near-term.

Groundnut Oil

Lack of supportive news weakness in others edible oil pulled the groundnut oil to softer side. Stockists are stepped back from aggressive buying in expectation of temporary weakness in short-term. In expectation of further improvement in seeds price, farmers has learnt to unload slowly into the markets. Price of shelled groundnut of firmed up further to Rs. 515 per 20 kg on Thursday from Rs. 512 per 20 kg from Wednesday in different markets of Gujarat. Weakness in others edible oil is likely to keep pressure on groundnut oil in coming days.

Refined Sunflower Oil

Despite costlier landing of imported sunflower oil to domestically produced, price of refined sunflower oil moved down on poor demand and subdued trading. This shows the underlying bullishness in overseas markets. However, the biodiesel production is not a profitable these days due to higher edible oil price in international market. The CIF price of crude sunflower oil for December shipment increased on Thursday to \$1395 per tonne from \$1390 per tonne on Wednesday.

Refined Cottonseeds Oil

Tracking weakness in groundnut and weak local demand, price of refined cottonseeds oil weakened in local markets. However, the good cotton production has ensured the adequate supplies of cottonseeds for oil. This year area under cotton has gone up by 12% to 73.73 lakh hectares against 66.12 lakh hectares last year.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	13.12.07	12.12.07	Change
Mumbai (Exp. Oil) +VAT	525	528	-3
Kota (Exp. Oil)+VAT	500	503	-3
Jaipur (Exp. Oil)+VAT	510	512	-2
Delhi (Exp. Oil)	525	525	Nil
Neewai (Exp. Oil) +VAT	500	504	-4

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	13.12.07	12.12.07	Change
Mumbai +VAT	630	630	Nil
Rajkot +VAT	660	660	Nil
Hyderabad +VAT	620	615	+5
Chennai +VAT	610	600	+10
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	13.12.07	12.12.07	Change
Mumbai +VAT	655	665	-10
Chennai +VAT	675	675	Nil
Hyderabad	680	680	Nil

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	13.12.07	12.12.07	Change
Mumbai +VAT	504	507	-3
Hyderabad +VAT	500	500	Nil
Rajkot + VAT	510	512	-2
Delhi	497	495	+2

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		13.12.07	12.12.07
USA	Dollar	39.37	39.36
European Union	Euro	57.92	57.79
Japan	100 Yen	35.22	35.44
United Kingdom	Pound Sterling	80.49	80.31



■ 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.

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