

REFINED SOY OIL

Dec 06, 2007

SPOT MARKET:

Following firm CBOT, BMD trade on both territory and finally close up offsetting short covering and unchanged crude oil production quoted from producing countries despite increase in demand from importing nations. This failed to induce spot markets of soy oil under weak demand. Currently buyers are willing soy oil at lower price but sellers (mainly solvent plants) were reluctant to unload amidst long-term firmness in edible oil also lent some weakness. According to latest report, Brazil would export 27.3 mmt of soybeans and 2 mmt of soy oil in 2007/08 from 24.9 mmt and 2.3 mmt last year, respectively. This is due to shortfall of soybean production in global markets. The CIF price of crude soy oil for December shipment recovered marginally on Wednesday to \$1118 per tonne from \$1116 per tonne on Wednesday. The good realization of soy oil on crushing and costlier landing cost of soy degummed at ports to domestically produce would underpin the soy oil in short-term.

FUTURES MARKET:

Tracking recovery in BMD CPO futures, **NCDEX** refined soy oil futures firmed up on Wednesday on short-covering and renewed buying interest among traders. However, gains were capped by weakness in others edible oil. The **January** futures contract of refined soy oil opened at Rs. 536 per 10 kg from previous close of Rs. 529.05 per 10 kg. The futures contract closed up at Rs. 537.7 per 10 Kg.

MCX refined soy oil futures recovered in late session on renewed buying interest and bullish global advice. Market also found support in expectation of tight supplies in coming days. The most active **January** contract opened at Rs. 535.4 per 10 kg against previous closing of Rs. 534.1 per 10kg. The prices settled down at Rs. 537.3 per 10 Kg.

PRICE DRIVERS:

- Recovery in BMD and futures
- BMD CPO futures closed above MYR2,900 level
- Crude oil is trading near \$90 a barrel
- Brazil would exports 9.64% more soybean in 2007/08
- Weakness in rival edible oil
- Currently solvent plants are reluctant to unload soy oil at cheaper price
- Crude soy oil CIF recovered by \$2 to \$1118 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 indicates the recovery in late session but price manage to close below the trend line. Rs. 535 level appears the strong support level. Price closes between short and medium term EMA advocates short-term firmness in the market. MACD remain weak in positive zone. Stochastic is falling whereas RSI rises in neutral region. Market is likely to rise with firm bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	530	532	537.7	543	545
MCX-Jan	530	532	537.3	542	544

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

BUY Near 538 T1 near 540, T2 near 541 and put stop loss at 537.

MCX Refined Soy Oil January Contract:

BUY Near 538; T1 near 540, T2 near 541 and put stop loss at 537.



■ REFINED SOY OIL

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

Centres	05.12.07	04.12.07	Change
Mumbai (Soy Ref oil)+VAT	528	530	-2
Indore (Soy Ref oil)	506	507	-1
Kota (Soy Ref. Oil)+VAT	517	518	-1
Hyderabad (Soy Ref)	532	535	-3
Rajkot (Soy Ref)+Tax	530	530	Nil

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

Exchange	Expiry	Open	High	Low	Close	Prev Close	% Change
NCDEX	Dec	530.35	532.00	527.50	531.80	529.05	+0.52
NCDEX	Jan	536.00	538.15	528.85	537.70	534.80	+0.54
NCDEX	Feb	542.80	544.35	539.30	544.10	541.75	+0.43
MCX	Dec	528.90	530.80	526.55	530.40	527.40	+0.57
MCX	Jan	535.40	537.65	532.45	537.30	534.10	+0.60
MCX	Feb	542.00	543.80	538.00	543.50	541.00	+0.46
MCX	March	547.00	549.30	547.00	549.00	546.00	+0.55

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	05.12.07	04.12.07	Change
Crude Palm Oil	925	927	-2
Crude Soy Oil	1116	1116	Nil
Sunflower Oil	1395	1440	-45

■ PALM OIL ■

International Highlights

BMD CPO Futures Recover on Unchanged OPEC Output

Crude palm oil futures settled up in Bursa Malaysian Derivatives Exchange Wednesday in late trading session on unchanged crude oil production quoted from producing countries despite increase in demand from importing nations. Earlier, the crude palm oil price tested the 1 month low on expectation of improved supplies in December. The most active February contract of crude palm oil futures recovered MYR21 to MYR2,910 per tonne Trading volume increased to 13,074 lots from 10,017 lots on Tuesday and open interest improved to 42,671 lots from 42,308 lots yesterday.

Domestic Spot Market Highlights

Despite firm global advice, physical price of palm oil declined tracking weakness in others edible oil and poor demand. Vanaspati makers are waiting for further weakness in prices to improve their buying. Currently ports are deprives of line up vessels, which also had underlying bullishness on ideas of low supplies to demand. Demand compression at higher prices and lack of direction, results into weak trade in Indonesia. The CIF price of crude palm oil for December shipment recovered slightly to \$942 per tonne from \$940 per tonne on Monday. 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 (05.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Dec 07	2880	2885	2887	2855	2885	+5	491
Jan 08	2882	2895	2900	2850	2900	+18	2220
Feb 08	2889	2900	2907	2800	2910	+21	7517
March 08	2891	2903	2930	2867	2909	+18	2541
April 08	2894	2920	2920	2880	2890	-4	94

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	05.12.07	04.12.07	Change
Kandla CPO (5 % FFA)	448	452	-4
Kandla RBD Palmolein +VAT	488	488	Nil
Mumbai RBD Palmolein +VAT	494	495	-1
Chennai RBD Palmolein +VAT	485	488	-3
Kakinada RBD Palmolein +VAT	475	480	-5
Hyderabad RBD Palmolein +VAT	500	502	-2
Delhi RDB Palmolein	540	540	Nil

OTHERS

Rape/Mustard oil

Lack of supportive demand and disinterest of expellers to unload at cheaper price is results the dull trading in the markets. The nearly 100% rainfall deficiency in Rajasthan, which supported bullish sentiments but disinterest of traders for fresh buying and isolated rainfall in initial of current weak wash out the gains to certain extent. However, the overall sentiments are firm and spurt gains in likely in coming days on winter demand for northeast part of country.

Groundnut Oil

The weakness in groundnut meal and seeds price cast dullness for oil in major trading centres. The recent bullish-trends in oilseeds are set as boon for farmers and they are reaping the good profits. Recently Bikaner Mandi, witnessed the record auction of groundnut (597,029 sacks, 100 kg) in a single day. Price of Prices of shelled groundnut of different quality declined slightly on Tuesday to Rs. 410-511 per 20 kg from Rs. 410-515 per 10 kg on Monday in different markets in Gujarat. The halt in outside demand low parity on exports is likely to pressure the groundnut oil in short-term.

Refined Sunflower Oil

Sharp fell in CIF price and weakness in crude oil pulled the refined sunflower oil in major trading centres. The poor rainfall activities in Rabi season has cut down the production estimation. According to latest government estimations, sunflower acreage fell to 7.4 lakh hectares on November 29th from 9.08 lakh hectares, last year. Sunflower The CIF price of crude sunflower oil for December shipment declined sharply to \$1395 per tonne on Wednesday from Tuesday's \$1440 per tonne.

Refined Cottonseeds Oil

Tracking weakness in groundnut oil and subdued trade activities turned refined cottonseeds oil weak in major centers. Dullness in rival edible oil also lent weakness. As per recent USDA estimation, country cotton output is likely to improve 9.33% to 23.9 million tonnes in 2007/08, mainly due to better yield in central and southern part of country. Traders are expecting this is the temporary weakness and price will recoup in short-term.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	05.12.07	04.12.07	Change
Mumbai (Exp. Oil) +VAT	545	545	Nil
Kota (Exp. Oil)+VAT	508	510	-2
Jaipur (Exp. Oil)+VAT	518	520	-2
Delhi (Exp. Oil)	545	540	+5
Neewai (Exp. Oil) +VAT	509	511	-2

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	05.12.07	04.12.07	Change
Mumbai +VAT	655	655	Nil
Rajkot +VAT	660	670	-10
Hyderabad +VAT	635	630	-5
Chennai +VAT	620	620	Nil
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	05.12.07	04.12.07	Change
Mumbai +VAT	690	700	-10
Chennai +VAT	715	710	+5
Hyderabad	700	720	-20

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	05.12.07	04.12.07	Change
Mumbai +VAT	515	516	-1
Hyderabad +VAT	515	517	-2
Rajkot + VAT	520	533	-13
Delhi	522	522	Nil

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		05.12.07	04.12.07
USA	Dollar	39.45	39.43
European Union	Euro	58.20	57.83
Japan	100 Yen	35.75	35.78
United Kingdom	Pound Sterling	81.12	81.35



■ OTHERS

PORT-WATCH (Latest):

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Stolt Vestland	6,000	G'nut oil (Export)	Expected (12.12.07)
	Chembulk Singapore	12,420	CPO	Expected (03.12.07)
Kolkata	Golden Dream	3,800	CPO	Arrived (01.12.07)
Mumbai	Global Triton	12,000	Palm oil Product	Arrived (27.11.07)
Tuticorin	Spring Glory	4,100	Palm oil	Expected (02.12..07)

New vessels on chart are in bold.

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