

## REFINED SOY OIL

Dec 31, 2007

### SPOT MARKET:

Physical price of soy oil is continuing to trade on higher side across domestic markets on steady demand and surge in crude oil. The restriction on imports of soy oil obtained from genetically modified (GM) soybean would not be implemented till further orders are issued by government. In March, government further extended the imports of GM soy oil in the country till Dec 31. Inline weekly exports report and all time high Malaysian palm oil futures supported the market but weakness in corn and wheat sapped the gains and turned CBOT mixed. The weekly exports sales of soybean and soy oil totaled at 683,100 and 13,200 tonnes from trade expectations between 600,000-700,000 and 10,000-20,000 tonnes, respectively. The CIF price of crude soy oil for January shipment remained unchanged on Saturday to previous close at \$1160/tonne while traded in range of \$1120-1160/tonne in last week.

### FUTURES MARKET:

Lack of supportive news and profit taking cast weakness for NCDEX refined soy oil futures on Saturday from yesterday's all time high. The firmer tone in others edible oil capped the gains to certain extent. The **January** futures contract of refined soy oil opened at Rs. 557 per 10 kg to previous close of Rs. 558.6 per 10kg. The futures contract closed down at Rs. 553.8 per 10 kg.

MCX refined soy oil futures settled down from Friday's 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. 556 per 10 kg against previous closing of Rs. 557 per 10kg. The prices settled down at Rs. 552.45 per 10 Kg.

### PRICE DRIVERS:

- Futures down on profit taking
- CBOT soy oil futures is creeping to all time highs
- No restriction on imports of GM soy oil
- Attractive parity supported soybean crushing
- Surging crude oil supported soy oil
- Demand compression at higher prevailing price

### WEATHER

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

### TECHNICALS

Candlestick chart pattern weakness in the market on selling interest among traders. Price manage to close above to short and medium term EMA, indicating medium term. MACD predominantly in positive territory. After bullish crossover, stochastic turned flat in near boundary of overbought region. While RSI is falling in neutral region. Prices are expecting to rise with firm bias.



### SUPPORT / RESISTANCES:

| Contract  | S2  | S1  | PCP    | R1  | R2  |
|-----------|-----|-----|--------|-----|-----|
| NCDEX-Jan | 545 | 547 | 553.8  | 561 | 562 |
| MCX-Jan   | 544 | 546 | 552.45 | 561 | 562 |

### TRADE RECOMMENDATION:

**NCDEX Refined Soy Oil January Contract:**

**BUY** Above 555 T1 near 557, T2 near 558 and put stop loss at 554.

**MCX Refined Soy Oil January Contract:**

**BUY** Above 554; T1 near 556, T2 near 557 and put stop loss at 553.



## ■ REFINED SOY OIL ■

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

| Centres                  | 29.12.07 | 28.12.07 | Change |
|--------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)+VAT | 545      | 541      | +4     |
| Indore (Soy Ref oil)     | 525      | 522      | +3     |
| Kota (Soy Ref. Oil)+VAT  | 530      | 528      | +2     |
| Hyderabad (Soy Ref)      | 545      | 540      | +5     |
| Rajkot (Soy Ref)+Tax     | 545      | 540      | +5     |

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

| Exchange | Expiry | Open   | High   | Low    | Close  | Prev Close | Change |
|----------|--------|--------|--------|--------|--------|------------|--------|
| NCDEX    | Jan    | 557.00 | 557.60 | 553.00 | 553.80 | 558.60     | -4.80  |
| NCDEX    | Feb    | 566.00 | 566.00 | 560.80 | 561.60 | 566.05     | -4.45  |
| NCDEX    | March  | 569.55 | 570.00 | 566.00 | 567.05 | 570.85     | -3.80  |
| MCX      | Jan    | 556.00 | 556.00 | 552.00 | 552.45 | 557.00     | -4.55  |
| MCX      | Feb    | 564.35 | 564.50 | 560.25 | 560.75 | 565.30     | -4.55  |
| MCX      | March  | 567.05 | 567.05 | 565.70 | 566.60 | 570.40     | -3.80  |
| MCX      | April  | -      | -      | -      | 574.00 | 574.00     | -      |

### CIF Price Basis Kandla Port (\$/MT)

| Edible Oil     | 29.12.07 | 28.12.07 | Change |
|----------------|----------|----------|--------|
| Crude Palm Oil | NA       | 992      | -      |
| Crude Soy Oil  | 1160     | 1160     | Nil    |
| Sunflower Oil  | 1475     | 1475     | Nil    |

## ■ PALM OIL

### International Highlights

**BMD CPO Futures Remained Closed on Saturday.**

### Domestic Spot Market Highlights

On weekend, BMD CPO futures closed all time highs at MYR3,125/tonne level. This was supported by surge in crude oil and 2 cents less CBOT soy oil futures from all time highs (51 cents/lb in October, 1974). Responding this, price of palm oil firmed up, however demand remained weak. Meanwhile, government has extended the ban of import of palm oil earlier from Kochi port to all the ports in Kerala. This extension was taken to protect the coconut growers in Kerala. The most active March contract of crude palm oil futures traded between MYR3,030-3,125/tonne (MYR2,962-2,992/tonne last week). In current week, crude palm oil CIF prices for January shipment traded between \$960-992/tonne (\$940-950/tonne last week).

### BMD: CPO Futures (28.12.2007)

(Ringgit/ton)

| Months   | Previous | Open | High | Low  | Close | Change | Volume |
|----------|----------|------|------|------|-------|--------|--------|
| Jan 08   | 3081     | 3116 | 3130 | 3104 | 3105  | +24    | 501    |
| Feb 08   | 3088     | 3114 | 3140 | 3114 | 3118  | +30    | 796    |
| March 08 | 3097     | 3115 | 3141 | 3110 | 3125  | +28    | 3990   |
| April 08 | 3084     | 3115 | 3115 | 3125 | 3115  | +31    | 680    |
| May 08   | 3069     | 3115 | 3120 | 3090 | 3090  | +21    | 26     |

\*BMD Remains Closed on Saturday and Sunday.

### Palm oil – Spot Market Price

(Rs. Per 10 kg)

| Centres                      | 29.12.07 | 28.12.07 | Change |
|------------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA)         | 467      | 467      | Nil    |
| Kandla RBD Palmolein +VAT    | 508      | 504      | +4     |
| Mumbai RBD Palmolein +VAT    | 504      | 504      | Nil    |
| Chennai RBD Palmolein +VAT   | 507      | 505      | +2     |
| Kakinada RBD Palmolein +VAT  | 500      | 500      | Nil    |
| Hyderabad RBD Palmolein +VAT | 515      | 512      | +3     |
| Delhi RDB Palmolein          | 540      | 540      | Nil    |

## OTHERS

### Rape/Mustard oil

Lack of supportive news and underlying weakness in others edible oil forced mustard oil to trade range bound on balance in demand and supplies. 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. With the forecast of dry weather in Rajasthan and demand compression at higher price would reflect the mixed trade in coming days.

### Groundnut Oil

Advancing sowing and weak demand pressured groundnut oil in physical markets. As cottonseeds oil is relatively cheaper to groundnut oil, which also aided weakness. 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. Traders are optimist for underlying firmness in oil as seed price improve.

### Refined Sunflower Oil

Despite weakness in crude oil, physical price of refined sunflower oil trade in weak tone on sluggish demand. As price could go up in coming days, stockists preferred to hold their stocks. 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 remained unchanged on Saturday to \$1475 per tonne from last day.

### Refined Cottonseeds Oil

The price difference with groundnut oil and easy availability, price of cottonseeds oil traded mostly on higher side on improved demand. Solvent plants are also offering at higher price, which added the support to the market. Besides, markets find support from rising cotton meals demand in domestic markets. The underlying firmness in others edible oil and global market will remain positive to cottonseeds oil in near-term.

### Rape Oil: Spot Market Price

(Rs/10 kg)

| Centres                | 29.12.07 | 28.12.07 | 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        | 29.12.07 | 28.12.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 630      | 635      | -5     |
| Rajkot +VAT    | 670      | 670      | Nil    |
| Hyderabad +VAT | 620      | 620      | Nil    |
| Chennai +VAT   | 615      | 615      | Nil    |
| Delhi          | 700      | 700      | Nil    |

### Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

| Centres      | 29.12.07 | 28.12.07 | Change |
|--------------|----------|----------|--------|
| Mumbai +VAT  | 670      | 670      | Nil    |
| Chennai +VAT | 695      | 695      | Nil    |
| Hyderabad    | 695      | 705      | -10    |

### Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

| Centres        | 29.12.07 | 28.12.07 | Change |
|----------------|----------|----------|--------|
| Mumbai +VAT    | 530      | 525      | +5     |
| Hyderabad +VAT | 525      | 520      | +5     |
| Rajkot + VAT   | 522      | 517      | +2     |
| Delhi          | 510      | 510      | Nil    |

### Forex Rates

| Country/ Continent | Currency       | Value in Rupees |          |
|--------------------|----------------|-----------------|----------|
|                    |                | 29.12.07        | 28.12.07 |
| USA                | Dollar         | 39.44           | 39.44    |
| European Union     | Euro           | 57.94           | 57.69    |
| Japan              | 100 Yen        | 34.59           | 34.93    |
| United Kingdom     | Pound Sterling | 78.87           | 78.73    |



## OTHERS

### PORT-WATCH (Latest):

#### Current Vessels Positions

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

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

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