

REFINED SOY OIL

Dec 18, 2007

SPOT MARKET:

With the bullish export figures, BMD rises, this induced futures and domestic markets. According to solvent extractor's Association of India, vegetable oil imports in November increases 41.68% to 427,912 tonnes from 302,034 tonnes, last year. Out of this, edible oil imports grew 38% to 347,320 tonnes v/s 252,242 tonnes in November 06. Interestingly, first time in last five year, not a single vessel carrying soy oil is reported. The wide difference between landing cost of imported and domestically produced soy oil and good crushing of record soybean prevented imports. As per latest SGS reports, Malaysia palm oil export increased 11.5% to 747,834 tonnes in the December 1-15. In November 1-15, exports was totaled at 670,772 tonnes whereas, traders were expecting around 728,000 tonnes. Meanwhile, From December 20th onwards, Chinese government is planning to cancel the Value-Added Tax rebate on exports of soybean and grains (wheat, corn and rice) and flour made from it. This move will help to quell the rapid growth in grains and food product. The CIF price of crude soy oil for December shipment rose further on Monday to \$1117 per tonne from \$1107 per tonne on Saturday.

FUTURES MARKET:

To remain in sync with bullish global advice, **NCDEX** refined soy oil futures finished up Monday on follow though buying interest among traders anticipating long-term firmness in the markets. However, firm tone in others edible oil aided some support. The **January** futures contract of refined soy oil opened at Rs. 540.65 per 10 kg from previous close of Rs. 539.95 per 10 kg. The futures contract closed up at Rs. 542 per 10 Kg.

MCX refined soy oil futures settled up continuous buying interest and firmer BMD CPO futures. Prospects of tight supplies in domestic markets are also remains supportive to sentiments. The most active **January** contract opened at Rs. 540.9 per 10 kg against previous closing of Rs. 540 per 10kg. The prices settled up at Rs. 541.8 per 10 Kg.

PRICE DRIVERS:

- Strengthening BMD and futures
- Edible oil import rose 38% in November
- Recovery in rival edible oil
- Bullish BMD CPO futures
- Chinese government is planning to cancel rebate on value added tax on soybean and other grain
- Edible oil import in 2007/08 oil year will be around 5.5 mmt
- CIF price of crude soy oil improved \$10 to \$1117 per tonne

WEATHER

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

TECHNICALS

Price gapped open and tested high of Rs. 544.4 and fell on profit taking. Price remains closed well above short and medium EMA, which favored the medium term firmness. MACD turned flat in the positive territory. Both stochastic and RSI is rising in the neutral region. Price is likely to move further with possibility of firm bias.



SUPPORT / RESISTANCES:

Contract	S2	S1	PCP	R1	R2
NCDEX-Jan	537	538	542	546	547
MCX-Jan	537	538	541.8	546	547

TRADE RECOMMENDATION:

NCDEX Refined Soy Oil January Contract:

BUY Above 541 T1 near 543, T2 near 545 and put stop loss at 540.

MCX Refined Soy Oil January Contract:

BUY Above 541; T1 near 543, T2 near 545 and put stop loss at 540.



■ REFINED SOY OIL ■

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

Centres	17.12.07	15.12.07	Change
Mumbai (Soy Ref oil)+VAT	530	530	Nil
Indore (Soy Ref oil)	508	502	+6
Kota (Soy Ref. Oil)+VAT	516	515	+1
Hyderabad (Soy Ref)	525	522	+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	534.00	538.00	534.00	536.40	533.65	+2.75
NCDEX	Jan	540.65	544.60	540.65	542.00	539.95	+2.05
NCDEX	Feb	549.00	550.95	546.00	547.50	547.30	+0.15
NCDEX	March	554.95	556.00	552.50	552.60	552.20	+0.40
MCX	Jan	540.90	544.40	540.90	541.80	540.00	+1.80
MCX	Feb	546.00	550.50	541.60	547.40	546.50	+0.90
MCX	March	554.00	556.00	553.00	553.05	552.00	+1.05

CIF Price Basis Kandla Port (\$/MT)

Edible Oil	17.12.07	15.12.07	Change
Crude Palm Oil	947	NA	-
Crude Soy Oil	1117	1107	+10
Sunflower Oil	1390	1385	+5

■ PALM OIL

International Highlights

BMD CPO Futures Settled Up on Supply Fears

Crude palm oil futures at Bursa Malaysian Derivatives Exchange settled up amidst forecast of fall in palm oil output in December and bullish export figures in December 1-15. The March contract of crude palm oil futures ended MYR45 at MYR2,975 per tonne. Flooding in palm growing region has affected the harvesting and traders are expecting production may dip around 20% to November. During trade session, SGS release exports sales estimation in the December 1-15 that grew 11.5% to 747,834 tonnes. Trading volume remained thin at 6,190 lots from 4,282 lots yesterday while open interest increased to 42,426 lots from 42,087 lots Friday.

Domestic Spot Market Highlights

To match the improving demand across domestic markets, prices of palm oil inched up again and maintained yesterday firmness. To benefiting with better profitability in short-term, stockists preferred to hold their stocks with supporting domestic markets. Higher price, lack of clear price direction and fears of supplies shortage remained helpful for palm oil in Indonesia. The crude palm oil CIF prices for December shipment increased further on Monday to \$947 per tonne from \$940 per tonne on Friday. The mostly palm oil import in November reflecting the imparity on importing soy oil to it.

BMD: CPO Futures (17.12.2007)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan 08	2916	2923	2951	2920	2951	+35	295
Feb 08	2926	2933	2967	2930	2967	+41	1536
March 08	2930	2934	2975	2933	2975	+45	3266
April 08	2935	2942	2967	2935	2965	+30	839
May 08	2925	2940	2959	2940	2959	+34	238

*BMD Remains Closed on Saturday and Sunday.

Palm oil – Spot Market Price

(Rs. Per 10 kg)

Centres	17.12.07	15.12.07	Change
Kandla CPO (5 % FFA)	455	454	+1
Kandla RBD Palmolein +VAT	488	485	+3
Mumbai RBD Palmolein +VAT	494	492	+2
Chennai RBD Palmolein +VAT	487	480	+7
Kakinada RBD Palmolein +VAT	475	475	Nil
Hyderabad RBD Palmolein +VAT	484	494	Nil
Delhi RDB Palmolein	540	540	Nil

OTHERS

Rape/Mustard oil

With the gains in regional exchanges and physical markets, price of mustard oil firmed up reflecting underlying firmness in mustard oil. However, Prices are expect to recover in coming days on expectation of lower production coupled with lower inventories in the country. Recent report highlighted that India's rapeseed meal exports fell to 536,850 tons in November from 593,325 tons, last year. Lagging mustard plantations and limited inventories is likely to remains supportive to oil in near-term.

Groundnut Oil

In lack of supportive news and lacklusture trade, groundnut complex traded mixed. The better price of meals offered in domestic markets led to negligible exports in November from 3,200 tonnes in 2006. However, seeds prices firmed up on lagging sowing and good demand from stockists and resellers. Expellers were interested too on profitability on oil and meal recovery. 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.

Refined Sunflower Oil

With the firmness in crude oil and strengthening others edible oil, physical price of refined sunflower oil improved. However, the demand remained steady with low trade activities. As the profitability for biodiesel production is deteriorating, sunflower oil consumption will be fades in near-term. The CIF price of crude sunflower oil for December shipment increased on Monday at \$1390 per tonne from \$1385 per tonne on Saturday. Traders remain optimist for further uptrend in price in short-term on prospects of tight supplies.

Refined Cottonseeds Oil

Higher price offered by solvent plants and firmness in others edible oil raised refined cottonseeds oil in spot markets. Market also finds support from firmed cotton price. The profitability on growing Bt cotton is more than non Bt cotton as study conducted in Andhra Pradesh. This may induce more farmers to opt Bt variety of cotton in next year onwards.

Rape Oil: Spot Market Price

(Rs/10 kg)

Centres	17.12.07	15.12.07	Change
Mumbai (Exp. Oil) +VAT	530	525	+5
Kota (Exp. Oil)+VAT	505	500	+5
Jaipur (Exp. Oil)+VAT	515	510	+5
Delhi (Exp. Oil)	538	535	+3
Neewai (Exp. Oil) +VAT	503	498	+5

Groundnut Oil Spot Market Price

(Rs/10 kg)

Centres	17.12.07	15.12.07	Change
Mumbai +VAT	630	630	Nil
Rajkot +VAT	675	670	+5
Hyderabad +VAT	620	620	Nil
Chennai +VAT	610	610	Nil
Delhi	700	700	Nil

Refined Sunflower Oil: Spot Market prices

(Rs/10 Kg)

Centres	17.12.07	15.12.07	Change
Mumbai +VAT	660	655	+5
Chennai +VAT	680	680	Nil
Hyderabad	680	680	Nil

Refined Cotton Oil: Spot Market prices

(Rs/10 Kg)

Centres	17.12.07	15.12.07	Change
Mumbai +VAT	515	512	+3
Hyderabad +VAT	513	510	+3
Rajkot + VAT	522	515	+7
Delhi	510	507	+3

Forex Rates

Country/ Continent	Currency	Value in Rupees	
		17.12.07	15.12.07
USA	Dollar	39.37	39.35
European Union	Euro	56.83	56.76
Japan	100 Yen	34.82	34.74
United Kingdom	Pound Sterling	79.47	79.48

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)
	Eternal Glory	6,500	CPO	Expected (15.12.07)
	Global Trader	4,750	CPO	Expected (15.12.07)

New vessels on chart are in bold.

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