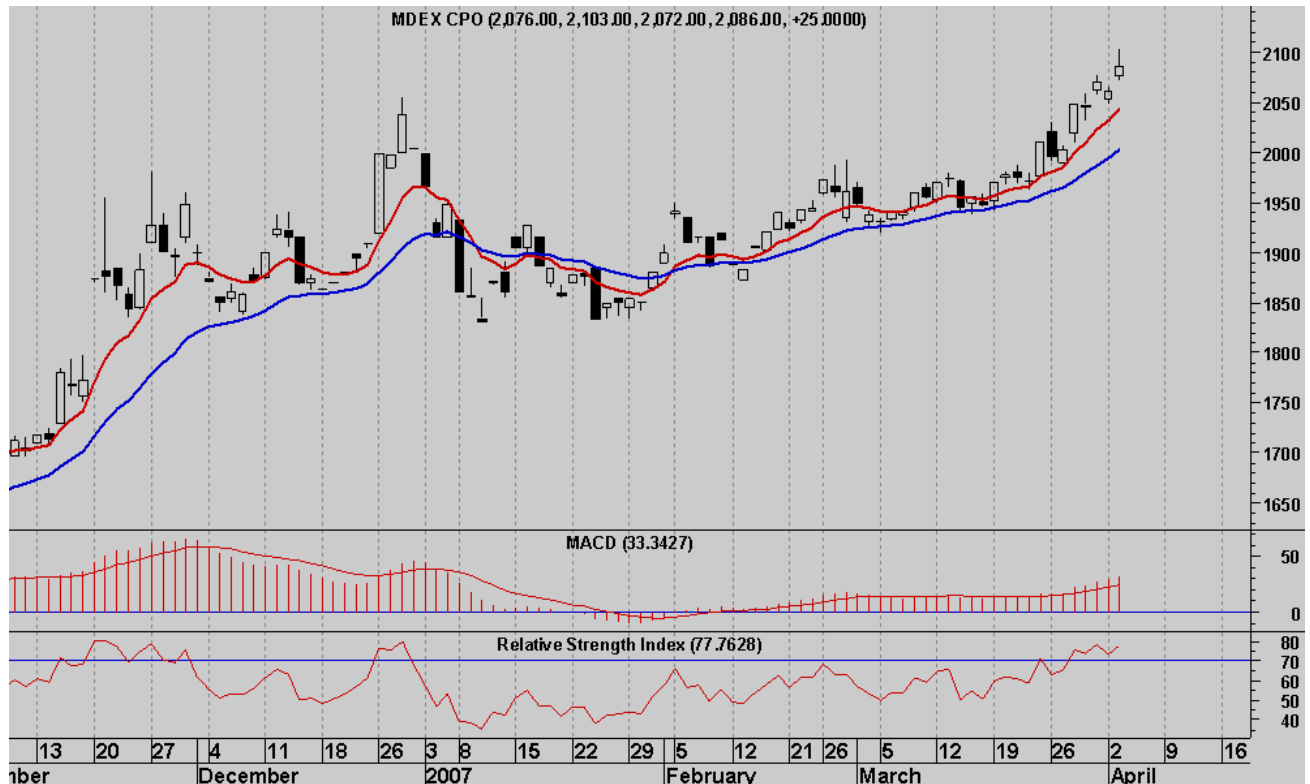




MDEX Palm Oil Futures Outlook as on April 04, 2007

CPO Futures on BMD closed higher yesterday making a fresh eight-year high in line with strength in Soy oil futures. Crude palm oil tracks the prices of soy oil as a substitute. Further high demand for bio diesels has kept the bullishness intact in the market. Also supportive for the rally was recent strength in Crude prices. The benchmark June contract ended at MYR 2,086 a metric ton, up MYR25 from Monday after touching a high of MYR 2,103/ton.



CPO active June contract closed higher yesterday. Break of the 2061 Malaysian ringgit (MYR) a tonne is seen bullish with potential to test 2295 MYR/tonne in the current rally. However, as mentioned in the previous update, there is a strong resistance at 2125 MYR/tonne in the middle. The indicators are also displaying heavily overbought conditions and a downward correction looks likely before the rise to potential targets mentioned above. Support will now be seen at 2005 MYR/tonne followed by deeper support at 1961 MYR/tonne region a trend line support point. Fall below 1942 MYR/tonne will cause doubts on the bullishness. A new impulse began from 1427 MYR/tonne as per the recent wave counts. We are in the beginning of the fifth wave move of that

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impulse. RSI is in the overbought zone indicating a possible correction lower. The averages in MACD are still above the zero line in the indicator suggesting bullishness to be intact. Prices are above the short-term 8-day period EMA at 2043 MYR/tonnes indicating bullishness and the 21-day period EMA is at 2003 MYR/tonne.

Recommendation: As long as 2061-65 holds support expect prices to edge higher towards 2125-30 levels.

Supports are at MYR 2035, 2005 and 1978. Resistances are at MYR 2081, 2125 and 2180.

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