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Sharp and charismatic

IN the next two months or so, Dorab Mistry will be in deep contemplation. He will be crunching numbers, wrestling with ideas and sharpening arguments. His will be focused on the palm oil industry and the myriad of elements that influence the buying and selling of the commodity,

He is scheduled to present his palm oil price outlook at an annual conference in Kuala Lumpur in March, and he knows many people will want to hear what he has to say.

Says United Plantations Bhd vice-chairman Datuk Carl Bek-Nielsen: "When Dorab is about to deliver his paper, you can be sure that people will rush in early to get seats as the hall will be filled to the brim with eager listeners."

M.R. Chandran, a plantation industry consultant and former Malaysian Palm Oil Association chief executive, says there are three persons whose views are a must-hear at the conference, and Mistry is one of them.

(The other two are James Fry of LMC International, a British agricultural economics consulting firm, and Thomas Mielke, editor-in-chief of Germany's Oil World publications.)

Says Chandran: "In the oils and fats complex, he has built up a reputation as a very astute analyst. The whole world wants to hear from him."

Who is this palm pundit? As executive director of Godrej International Ltd, the London-based Mistry oversees the commodity activities, mainly involving vegetable oils, of India's Godrej group.

His chief assignment is the sourcing of raw materials for the Godrej factories, which produce soap, oleochemicals and fatty alcohols. Over the years, he has learnt enough about the markets to nudge Godrej International into trading. "Trading is purely a result of clever position-taking, and nothing else," he says.

That is his day job. He is probably better known to those in the edible oils and fats circles for his impressive track record in foreseeing the direction of the palm oil market over the last decade.

Certainly, he is proud of his hitting average. His biodata in the programme for a 2008 conference has this line: "From March 2006, Dorab Mistry has correctly predicted palm oil prices all the way up from RM1,400 to RM3,000."

Most people would love to have such bragging rights. It is hard to get a handle on commodity prices because of the market volatility and the multitude of parameters that determine supply, demand and prices. It is for this reason that Mistry has a growing audience seeking indications of the market's next move.

When you have people clinging on to your words, there is always the danger of believing wholesale in the hype about how good you are. That is not the case with Mistry. He has the quiet self-assurance of a man on top of his game, but there is no naked arrogance.

His gives his price outlooks at selected conferences around the world. Between September and November alone, he gave talks in India, China, Japan and Indonesia.

The circuit starts in March with Bursa Malaysia's Palm and Lauric Oils Conference & Exhibition: Price Outlook conference (better known



Palm pundit Dorab Mistry draws big audiences not only with an impressive track record but also by being critical on pressing issues

FACT BOX:

Age: 55

Place of birth: Mumbai, India

Qualifications: Graduated with degree in commerce from Bombay University in 1973, qualified as chartered accountant in 1976

Career: Joined the Godrej group in 1976. Has been based in London since 1977. As executive director of Godrej International Ltd, he handles the group's vegetable oil buying and trading portfolio

Other positions:

- Vice president of International Association of Seed Crushers
- Vice chairman of the Faith-Based Regeneration Network of the United Kingdom
- Past president of Zoroastrian Trust Funds of Europe Inc

Hobby: Community work

Achievements:

- 1976 – Won President's Gold Medal
- 2005 – GG2 Community Leadership Award

as just POC). He got his breakthrough appearance at POC 1997, when he was invited to speak on the Indian market.

The slot was normally reserved for Indian government officials, but some of Mistry's friends convinced

the organiser that a private sector representative should be invited instead. The friends got him through the door, but after that, it was up to Mistry to seize the opportunity.

He recalls: "I correctly predicted a major bull market and that was when I made my reputation." Since then, he has been back at POC every year, and these days, there is no shortage of invitations to give talks at other conferences.

He dismisses the idea that there is a conflict of interest between his public speaking and his work at Godrej. "I don't say things differently from what I do in the marketplace on behalf of my company," he argues.

To Mistry, the efforts taken to draft the papers and to travel far from London are worthwhile. For one thing, his high profile helps him gain access to information. That is critical because he believes the right data can only be obtained by talking to the important players.

"A lot of people talk to me freely and frankly. The job of a good analyst is to sift through the information and to determine the good sources. And I do believe there should be transparency in the market. Information should be shared," he says.

His work starts with "a very good collection of statistics", both historical and projections. Then, he looks at macroeconomic factors and finally, he draws on experience to determine the full picture.

It is far harder than it sounds, of course. "There is a little bit of skill involved in it, but there's also a lot of hard work," he understates. "It's an inexact science. If it was an exact science, analysts like me would have no value to offer."

The highlights of his forecasting

career included predicting the uptrends in 1997 and 1998, and the demise of the bull market in 1999. In 2000, when others were eager to declare that the worst was over, Mistry contradicted them. He was proven right again; the market hit an all-time low in January 2001.

"It does not matter if I get the prices right on the way up or down. So long as I get the trend right. I'm also not very concerned about calling a top or calling a bottom. That is very difficult. And I think that is more a matter of luck than of foresight," he says.

At the same time, he has no qualms talking about the times when he was off-target. One example was at POC2008 when he said palm oil prices was heading to a sustainable level of RM4,500 by December 2008 to February 2009. Within four days of his talk, the market hit RM4,486.

"Technically, I was right but I know in my heart that I was wrong. I had misread the market. I misread the extent to which speculation and fund activity had driven up the prices." Palm oil prices sagged not long after that.

However, it is not just his price predictions that people want to know. Chandran says Mistry's strength is his understanding of the major consuming markets, which enables him to offer useful insight into the supply and demand situation.

Says Bek-Nielsen: "As a forecaster, Dorab has a commendable ability to understand the Indian subcontinent's supply and demand complex, and to reconcile this with the rest of the world." There is something else – his papers also include his opinions on big issues that affect the industry. Chandran adds: "He is very vocal. His

comments and criticism are the extra value that people look out for in his talks."

Says Mistry: "I often articulate the unpleasant things that people don't talk about in the market and try to sweep under the market. I don't pull punches. I speak my mind. I have been vociferous on the bullish side as well as on the bearish side.

"At one time, when I was very bearish, people used to hate me. They said I was trying to talk down the market because Godrej is an end-user. And when I became bullish, people were really happy with me. But as I said, if you're honest about it and if you speak your mind, there is an audience willing to listen."

He has been critical of the policies of Malaysia, India and Indonesia. For example, in a paper presented in a Mumbai conference in September, he said, "In India we succeed in business and industry DESPITE our Indian Government and never BECAUSE of it." Incidentally, he is still an Indian citizen.

He was born and raised in Mumbai, but has been working in London for over three decades. He and his family – his wife is also from India and they have three daughters aged 21 to 14 – return to India regularly, and many of his extended family continue to live in Mumbai.

On the recent Mumbai attacks, Mistry says: "The Indian people are very self-reliant, resilient and hard-working. India has been through great hardship post-Independence. Today, it is one of the most vibrant economies in the world. The Indian ethos is such that we will move ahead. This will not stop us."