

Domestic Veg. Oil Market Summary

Edible oil basket witnessed weak tone during the week under review on bearish cues from international oil and fats market and buyers refrain from active buying due to higher losses in the international palm oil prices.

Most of the edible oils featured losses. CPO Kandla 5% was the top loser among the edible oil pack and prices fell 2.45 percent due to bearish MPOB's report on Malaysian palm oil ending stocks. Moreover, refined sunflower oil quoted lower at Chennai market due to new imported sun oil stocks added to the thin domestic supply and bearish edible oil complex.

On the currency front, Indian rupee against USD closed at 54.48, down 0.03 percent as compared to the previous week. We expect edible oil complex to trade sideways to slightly firm tone in the days ahead on seasonal demand and in expectation of good meal export demand. However, higher palm oil stocks in the South East Asian countries may cap gains.

International Veg. Oil Market Summary

CBOT soy oil (Dec) is expected to stay in the range 48.80 cents/lb to 53.20 cents/lb. CPO at BMD (Jan) is likely to trade sideways and stay in the range of 2145-2300 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, Malaysian CPO export duty, and South American weather over key soybean producing region.

Malaysian palm oil products exports for November rose 5.2 percent to 1,648,162 tons compared with 1,567,112 tons shipped during October - Societe Generale de Surveillance. Higher Malaysian palm oil products imports witnessed from China, up 91.33 percent from month ago to 516,760 tons. Meanwhile, lower imports were registered in the account of India down 44.20 percent to 168,146 tons.

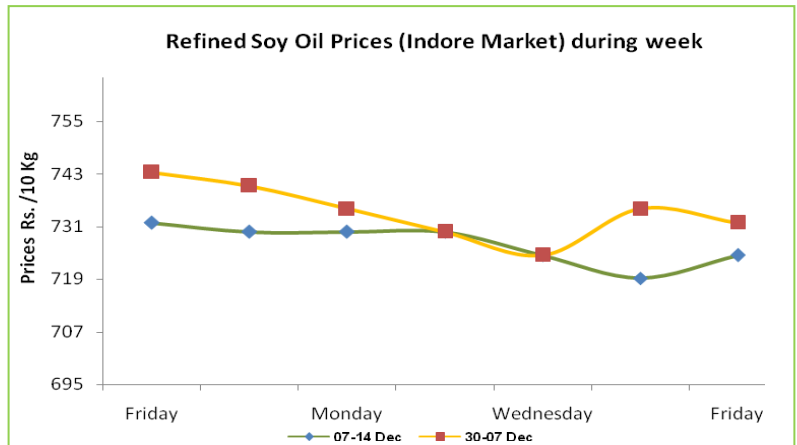
Good soybean buying by China on improved soybean crush margin and depleting soybean stocks in the South American countries may support CBOT soy oil prices in the coming days. However, in expectation of favorable weather in the key soybean producing regions of Brazil and Argentina may support crop-planting pace.

Higher palm oil stocks in South East Asian countries and rising palm oil stocks may weigh on the market sentiments. Meanwhile, demand from China and India in the coming Months could ease palm oil stocks.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured weak tone at major spot market tracking bearish cues from international palm oil market and losses at CBOT soy oil.
- As per Solvent Extractors' Association of India, total edible oils imports were 676,234 tons, down 33.5 percent on M-o-M basis. The Indian buyers bought 14,160 tons of crude soy oil (degummed) in November.
- As per sources, soy meal demand from South Asian buyers and Middle East is likely to gain in the coming weeks, which could support soybean oil prices in the near term.
- Average soybean crush margin disparity significantly widen during the week and reported Rs -1094 per tons against Rs -494 per tons in the bygone week due to better prices of soybean prices relative to crude soybean oil prices. Crush margin is likely to narrow in the days ahead on good demand for meals.
- We expect soy oil may trade range bound to slight firm tone in the coming week on seasonal demand. However, bearish international palm oil fundamentals may limit excessive gains.



International Fundamentals:-

- USDA increased US soy oil production estimate for December by 2.5 per cent to 8.3 MMT compared to the previous month estimate on higher domestic crush. Moreover, USDA lowered its Argentina's soy oil production estimate by 1 percent to 7.30 MMT.
- As per CNGOIC, china is likely to import 83.3 lakh tons of veg. oil in this year, up 27 percent from the previous year due to good demand for edible oils and lower international prices may support buying interest. China imported 73.3 lakh tons of veg. oil in the January-November period, up 26 percent from the last year.
- Oil World has reported incidents of disease in South America. Reportedly, unusually early incidences of Asian Rust have been observed affecting soybean crop in Brazil.
- Good soybean buying by China on improved soybean crush margin and depleting soybean stocks in the South American countries may support CBOT soy oil prices in the coming days. However, in expectation of favorable weather in the key soybean producing regions of Brazil and Argentina may support crop-planting pace.

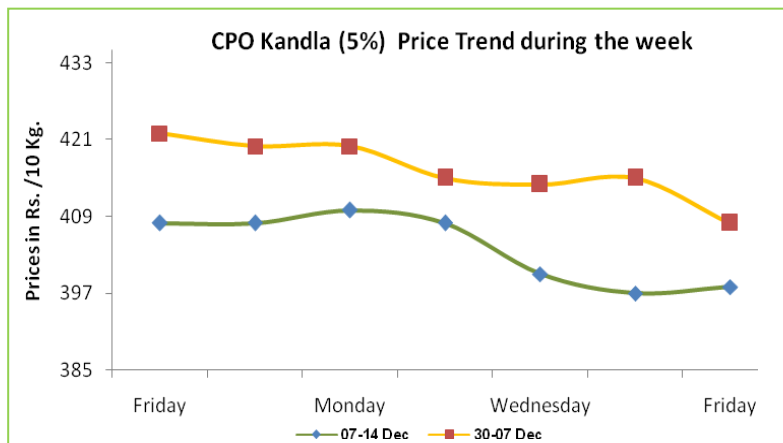
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 718-740 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed losses during the week under review on bearish MPOB's report and subdued demand.
- Indian CPO imports in the month of November were 534,556 tons, down 30.24 percent compared to the previous month. Inactive buying from importers witnessed during the last months on high volatility in CPO prices. However, market participants are expecting palm oil imports are likely to recover in the coming days.
- PEC has tendered to import 11,000 tons of (RBD) palmolein from Indonesia or Malaysia latest by Dec. 20 at the southern ports of Chennai and Tuticorin. The Tender offer deadline is Dec. 14, 2012.
- Crude palm oil Kandla 5% price is at Rs 249 per 10 Kg discount against crude soybean oil Indore price on 14 Dec 2012.
- We expect domestic palm oil prices may trade with a steady to slight firm tone as retail demand may shift to cheaper palm oil products.



International Fundamentals:-

- Malaysian palm oil products exports for November rose 5.2 percent to 1,648,162 tons compared with 1,567,112 tons shipped during October - Societe Generale de Surveillance.

Breakdown of SGS palm export figures for Nov. compared to a month ago (in tons):

Palm Products	Nov	Oct	% Change
Crude palm oil	449,621	590,989	-23.92
RBD palm oil	126,364	123,107	2.65
RBD palm olein	719,574	533,239	34.94
RBD palm stearin	153,694	122,923	25.03
Crude palm kernel oil	42,070	24,000	75.29
Oleochemicals	40,245	33,545	19.97

Top Palm Products Importers	Nov	Oct	% Change
European Union	280,948	370,243	-24.12
China	516,760	270,091	91.33
Pakistan	96,575	110,370	-12.50
United States	120,528	76,711	57.12
India	168,146	301,360	-44.20

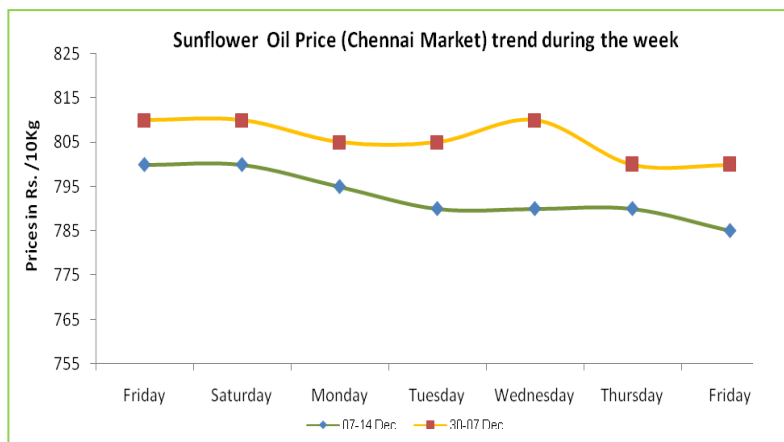
- As per MPOB's report, Malaysian palm oil ending stocks rose by 2.3 percent to 25.6 lakh tons compared to the previous month which was 25.0 lakh tons. However, palm oil production fell by 2.6 percent from the month of October.
- Malaysian palm oil products exports for 1-10 December rose 0.4 percent to 516,841 tons compared with corresponding period previous month - Societe Generale de Surveillance. Higher Malaysian palm oil products imports witnessed from Asian buyers. India imported 64,750 tons for the first 10 days of December.
- Higher palm oil stocks in South East Asian countries and rising palm oil stocks may weigh on the market sentiments. Meanwhile, demand from China and India in the coming Months could ease palm oil stocks. Market participants eyed on the palm oil export figures and Malaysian palm oil export duty decision on palm oil products.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 396-422 per 10 Kg in the near term.

Sunflower Oil: **Domestic Fundamentals:-**

- Sunflower oil featured slight weak tone at its benchmark market Chennai during the week on new imported sun oil stocks and bearish edible oil complex.
- Strong Indian rupee against US dollar and new imported sunflower oil stocks have added to the domestic supply.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 6.62 lakh hectares as on 13 Dec. 2012 up 110.1 % compared to corresponding period last year.
- We expect better buying from wholesalers and lower sunflower oil stocks may support sunflower oil prices in the near to medium term. However, new imported sun oil stocks at major spot markets may cap excessive gains.



International Fundamentals:-

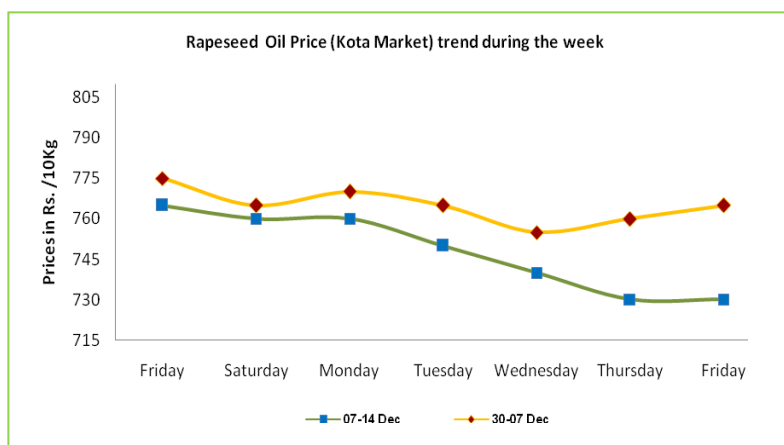
- As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 87 percent of the estimated acreage for soybean to 1.570 million hectares, down 11 percent from the previous year as on 30 Nov. The total sun seed area is projected at 1.750 million hectares for 2012/13.

Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 775-795 per 10 Kg.

Rapeseed oil: **Domestic Market Fundamentals**

- Rapeseed oil featured significant losses at Kota market during the week under review in expectation of higher mustard acreage in the current Rabi season and bearish edible oil complex.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 63.61 lakh hectares as on 13 Dec. 2012, up 3.26 percent compared to the corresponding period last year. Focus during the coming days will be on weather conditions in the next month over Key RM seed producing regions.
- We expect RM seed oil prices may trade range bound in the coming days on expectation of higher rapeseed oil supply in the coming months and bearish international palm oil fundamentals. However, seasonal demand for edible oils in the winter season and depleting RM seed stocks may limit downside risk in the prices.

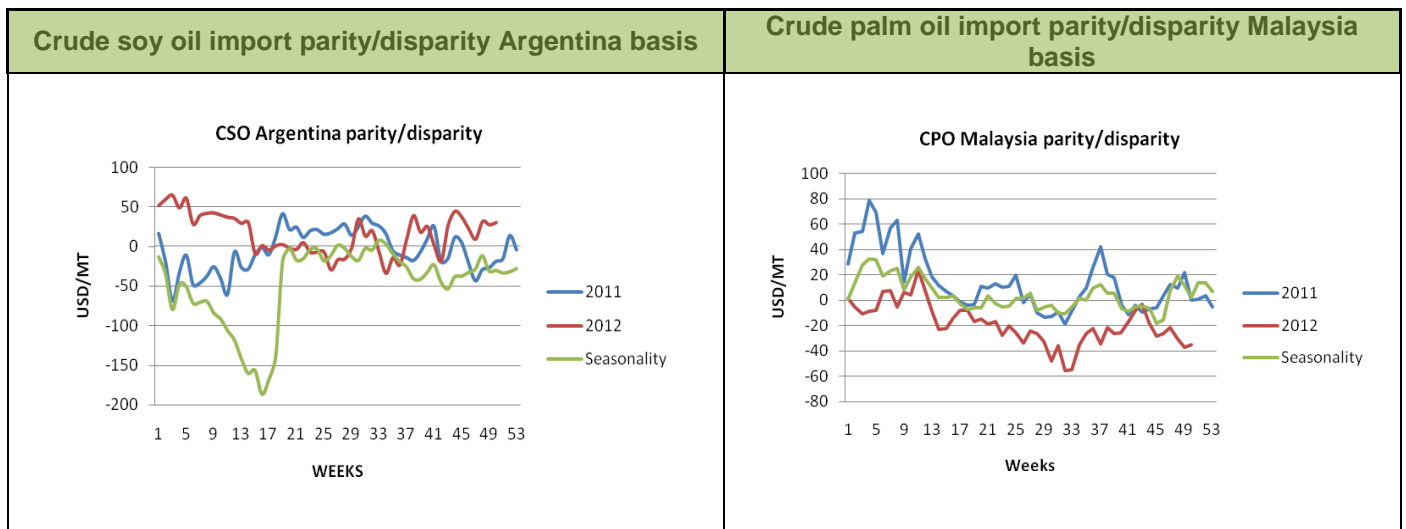


Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 720-745 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 13/12/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1100	1099	1014
Freight (USD/MT)	65	55	50
C & F	1165.0	1154.0	1064.0
Weight loss (0.25% of FOB)	2.75	2.75	2.54
Finance charges (0.4% on CNF)	4.40	4.40	4.06
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1176	1165	1074
CVD	0	0	0
Duty USD per ton	0	0	0
CVD value USD per ton	0	0	0
E cess (2% on duty) USD per ton	0	0	0
Exchange rate	54.232	54.232	54.232
Landed cost without customs duty in INR per ton	63758	63159	58233
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	55.50	55.50	55.50
Duty component in INR per ton	0	0	0
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	64194	63595	58669
Domestic Market price INR per ton Soy Degum Kandla	67000	67000	67000
Total landed cost USD per ton	1184	1173	1082
Domestic Market price USD per ton Soy Degum Kandla	1235	1235	1235
Parity INR/MT (Domestic - Landed)	2806	3405	8331
Parity USD/MT (Domestic - Landed)	51.75	62.79	153.61
Source: Agriwatch/ Reuters , Argentina prices - Reuters			

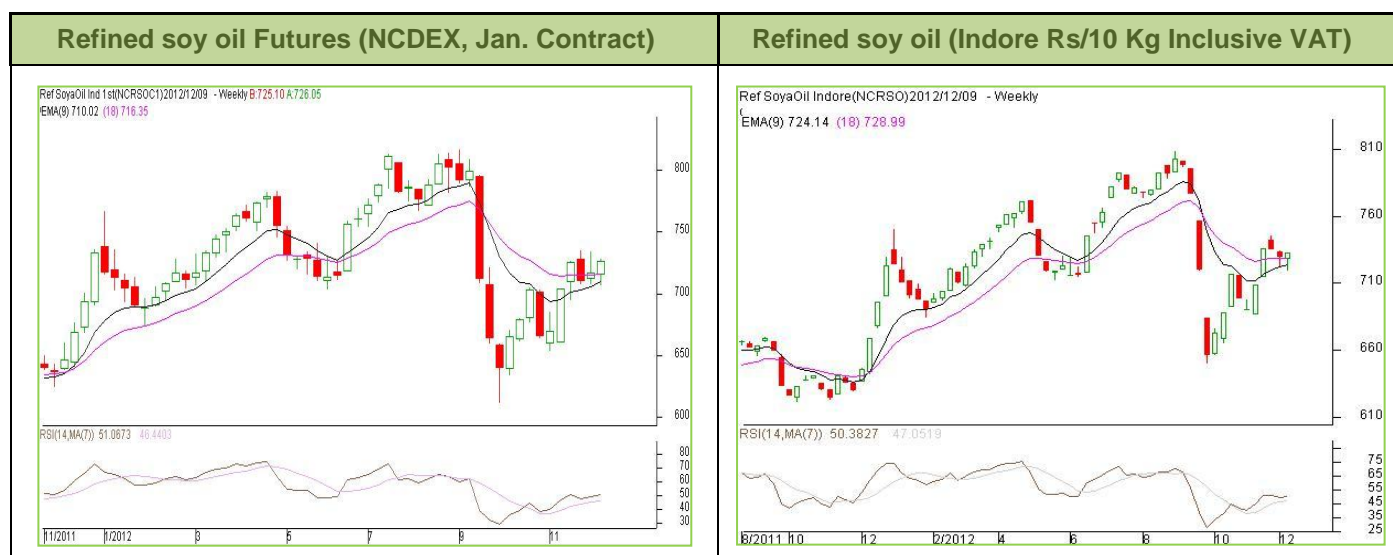


* Seasonality based on 2009-2011 data averages for CPO Malaysia and 2010-11 data averages for CSO Argentina.

Outlook:-

Import parity for crude soy oil from Argentina is hovering in positive territory due to higher domestic prices as compared to international prices. Import parity has slightly widened in the bygone week. We expect import parity to be in the positive side in the coming weeks. On the side, disparity in CPO import has widened and expects to recover in the coming weeks.

Technical Analysis (Refined soy oil Weekly Charts)



Outlook – Prices are likely to trade with a steady to firm tone in the days ahead. Investors are advised to buy refined soy oil (Jan. contract).

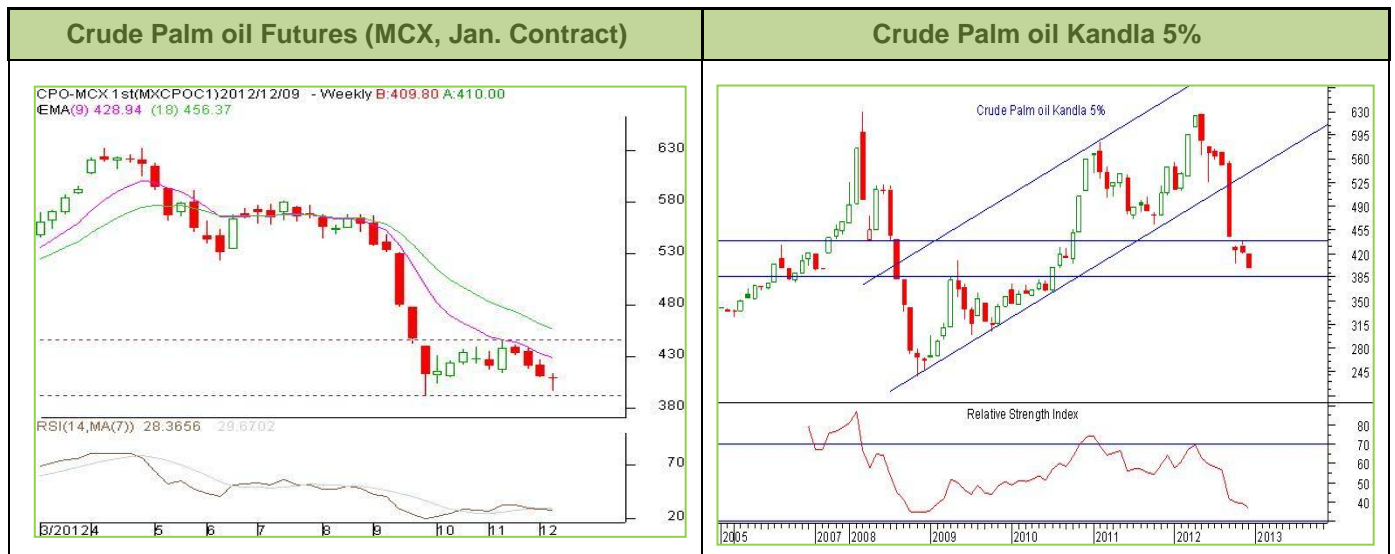
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways movement. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 694 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 702-733 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

Strategy: Market participants are advised to go long in RSO in the range of 702-704 for a target of 721 and 730 with a stop loss at 694.00 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
680.00	689.00	711.95	738.00	743.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 718-740 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady to firm tone in the coming days. Investors are advised to buy MCX CPO Jan contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts sideways. We expect prices may trade with a steady to slight firm note in the near term.
- ❖ Any close below 404 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 410-428 level in near to medium term. RSI is in between oversold zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Market participants are advised to go long in CPO in the range of 410-412 for a target of 425 and 428 with a stop loss at 404 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
396.00	402.00	416.10	433.00	438.00

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming week. The prices are likely to stay in the range of 396-420 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/14/2012	12/7/2012	
Refined Soybean Oil	Kota(Loose)	700	715	-15
	Rajkot (Loose)	670	680	-10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	705	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	680	700	-20
	Indore	690	697	-7
	Soy Degum Mumbai+VAT	645	670	-25
	SoyDegum Kandla/Mundra+VAT	660	675	-15
	Haldiya Port (Loose)	-	761	-
	Akola (Loose)	703	719	-16
	Amrawati (Loose)	703	719	-16
	Jalna	699	715	-16
	Nagpur	-	-	-
Palm Oil	Chennai.RBD.Palmolein.(Loose)	483	498	-15
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	500	490	10
	Kandla CPO (5%FFA)	398	408	-10
	Kakinada.RBD.Palmolein(Loose)	461	476	-15
	Mumbai RBD Pamolein+ VAT	475	490	-15
	Kandla RBD Palmolein +VAT	472	480	-8
Refined Sunflower Oil	Mumbai + VAT	780	781	-1
	Kandla/Mundra	710	720	-10
	Erode (Exp. Oil)+VAT	780	800	-20
	Hyderabad Exp +VAT	751	-	-
	Chennai (Loose)	785	800	-15
	Bellary (Exp. Oil)+VAT	659	679	-20
	Latur (Exp. Oil)+VAT	716	736	-20
	Chellakere (Exp. Oil)+VAT	711	721	-10
Groundnut Oil	Rajkot (Loose)	1290	1280	10
	Chennai (Loose)	1140	1140	Unch
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1209	1214	-5



	Mumbai + VAT	1250	1260	-10
	Gondal+VAT	1280	1290	-10
	Jamnagar +VAT	1280	1290	-10
	Narsarropeth+VAT	1121	1051	70
	Prodattour+VAT	1136	1126	10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	775	785	-10
	Alwar (Expeller Oil)(Loose)	811	813	-2
	Kota (Expeller Oil) (Loose)	730	765	-35
	Jaipur (Expeller Oil) (Loose)	786	-	-
	Delhi (Exp. Oil) (Loose)	801	814	-13
	SriGangaNagar(ExpOil-Loose)	774	791	-17
	Hapur+VAT	850	850	Unch
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	845	870	-25
Refined Cottonseed Oil	Mumbai +VAT	610	642	-32
	Rajkot (Loose)	645	650	-5
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	1070	1070	Unch
Coconut Oil	(Crude Rs/10kg) - Kangayan	650	-	-
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	490	520	-30
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Nov Shipment)	760	770	-10
	CNF (Nov) India	793	805	-12
Indonesia/Malaysia CPO USD/MT	FOB (Dec Shipment)	680	690	-10
	CNF (Nov) India	718	730	-12
Argentina FOB (\$/MT)		12/13/2012	12/6/2012	Change
Crude Soybean Oil Ship (Nov)		1113	1138	-25
Refined Soy Oil (Bulk) Ship (Nov)		1151	1177	-26
Sunflower Oil Ship (Nov)		-	1155	-
Cottonseed Oil Ship (Nov)		1093	1118	-25
Refined Linseed Oil (Bulk) Ship (Nov)		-	-	-



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