

Domestic Veg. Oil Market Summary

Edible oil basket witnessed mixed tone during the week under review on bearish cues from international oil and fats market and lackluster trade activities.

Sesame and groundnut oil was the top gainer among the edible oil pack and sesame oil prices rose more than 12 percent on w-o-w comparison. However, refined soybean oil and CPO Kandla 5% featured sideways to slight weak movement due to bearish Malaysian palm oil fundamentals.

On the currency front, Indian rupee against USD closed at 55.06, down 1.05 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 47.30 cents/lb to 51.00 cents/lb. CPO at BMD (Jan) is likely to trade sideways and stay in the range of 2235-2375 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, Indonesian CPO export duty, and US soybean weekly export figures.

Malaysian palm oil export figures rose 0.5 percent to 1,015,440 tons from 1,010,417 tons shipped during Nov. 1-20 - cargo surveyor Societe Generale de Surveillance. Higher imports witnessed from India, Indian buyers imported 185,955 tons, up 81.5 percent for the first twenty days of December compared to the corresponding period last month. Meanwhile, Chinese and European countries palm oil imports were lagging.

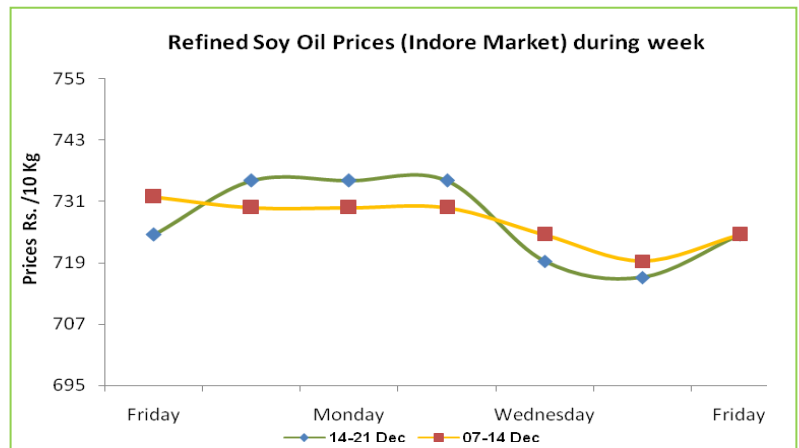
Cancelations of US soybean orders by China and in expectation of higher soybean production in the South American countries weigh on the market sentiments. Moreover, cumulative sales of soybean and meal beat the market expectation and wet weather condition in Brazil may curb excessive losses.

Higher palm oil stocks in South East Asian countries and rising palm oil stocks may weigh on the market sentiments. Meanwhile, demand from Asian buyers and tax cut by Malaysia could ease South East Asian stocks in the coming months. Market participants are expecting demand may shift to cheaper palm oil in the first quarter of 2013, which may stabilize the market.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured weak tone at major spot market tracking bearish cues from international oil and fats market and persistent losses in CBOT soy oil.
- At the imports development, PEC has cancelled a tender to buy 6,000 tons of crude soy oil (Argentina origin). As per Solvent Extractors' Association of India, Indian buyers bought 14,160 tons of crude soy oil (degummed) in November
- Soybean crush margin weekly average disparity narrow during the week and reported Rs -767.4 per tons against Rs -1094 per tons in the bygone week due to better prices of soy meal prices relative to soybean prices. Crush margin is likely to narrow in expectation of higher relative gains in soy oil and meal compared to soybean prices.
- We expect soy oil may trade range bound to slight firm tone in the coming week on seasonal demand and persistent weakness in Indian rupee against US dollar makes edible oils import costly. However, bearish international palm oil fundamentals may limit excessive gains.



International Fundamentals:-

- Brazilian Association of Vegetable Oil Industries, Abiove, has increased its soybean crop estimate for the current season to a record 81.6 million tons from November's forecast of 81.3 million tons.
- China has scrapped US soybean purchase order of total 840,000 tons this week. Market participants are expecting China may purchase soybean from South American countries at lower prices in the coming months. Largest cancelation of US soybean orders weighs on the sentiments.
- Cancelations of US soybean orders by China and in expectation of higher soybean production in the South American countries weigh on the market sentiments. Moreover, cumulative sales of soybean and meal beat the market expectation and wet weather condition in Brazil may limit excessive losses.

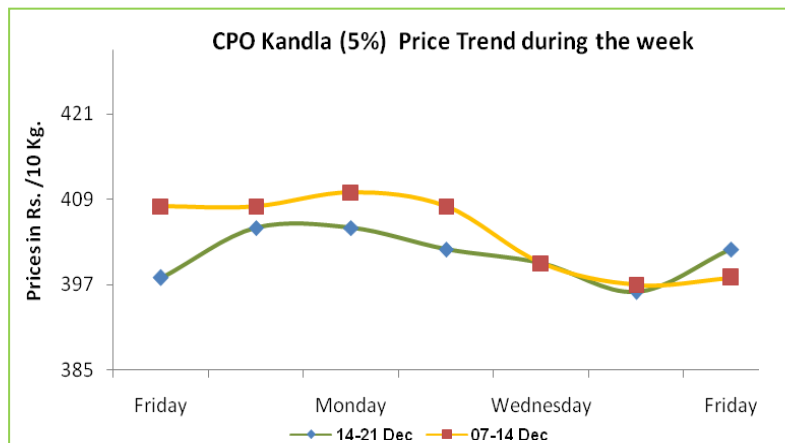
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 710-733 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed steady to slight weak tone during the week under review on bearish international palm oil market. However, good demand from Asian buyers limits excessive losses.
- As per SEA of India, Indian palm oil imports seen higher for the month of January due to the decision of zero percent export duty on Malaysian palm oil exports which could lead to higher CPO shipments in the coming months. Indian CPO imports in the month of November were 534,556 tons, down 30.24 percent compared to the previous month.
- Crude palm oil Kandla 5% price is at Rs 250 per 10 Kg discount against crude soybean oil Indore price on 21 Dec 2012. Higher spread between CSO and CPO prices may support palm oil prices in the days ahead.
- We expect domestic palm oil prices may trade with a steady to slight firm tone on seasonal demand. Meanwhile, higher palm oil stocks in the South East Asian countries may limit upside.



International Fundamentals:-

- As per cargo surveyor Societe Generale de Surveillance Malaysian palm oil export figures rose 0.5 percent to 1,015,440 tons from 1,010,417 tons shipped during Nov. 1-20.

Breakdown of SGS palm export figures for 1-20 Dec. compared to a month ago (in tons):

Palm Products	1-20 Dec	1-20 Nov	% Change
Crude palm oil	319,615	248,971	28.37
RBD palm oil	90,935	70,892	28.27
RBD palm olein	404,662	445,729	-9.21
RBD palm stearin	59,067	97,244	-39.26
Crude palm kernel oil	5,140	38,070	-86.50
Oleochemicals	33,937	26,395	28.57

Top Palm Products Importers	1-20 Dec	1-20 Nov	% Change
European Union	168,337	172,408	-2.36
China	268,832	332,680	-19.19
Pakistan	51,350	55,950	-8.22
United States	66,230	77,700	-14.76
India	185,955	102,446	81.52

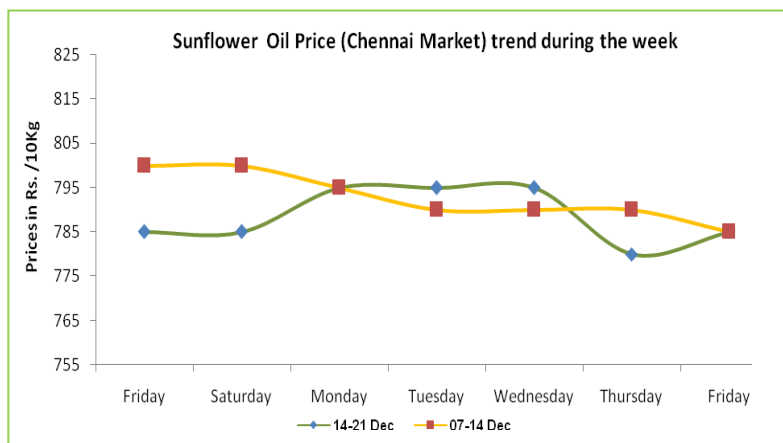
- Higher imports witnessed from India, Indian buyers imported 185,955 tons, up 81.5 percent for the first twenty days of December compared to the corresponding period last month. Meanwhile, Chinese and European countries palm oil imports were lagging.
- As per Malaysian Government circular, Malaysia will set its crude palm oil export tax for January at zero percent to encourage CPO shipment in the coming months and ease rising palm oil stocks in Malaysia. The reference price for crude palm oil is set at Ringgit 2,147.81 per ton for January.
- Higher palm oil stocks in South East Asian countries and rising palm oil stocks may weigh on the market sentiments. Meanwhile, demand from Asian buyers and tax cut by Malaysia could ease South East Asian stocks in the coming months. Market participants are expecting demand may shift to cheaper palm oil in the first quarter of 2013, which may stabilize the market.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 400-425 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.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 4.77 lakh hectares as on 21 Dec. 2012 up 20.7% 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.



International Fundamentals:-

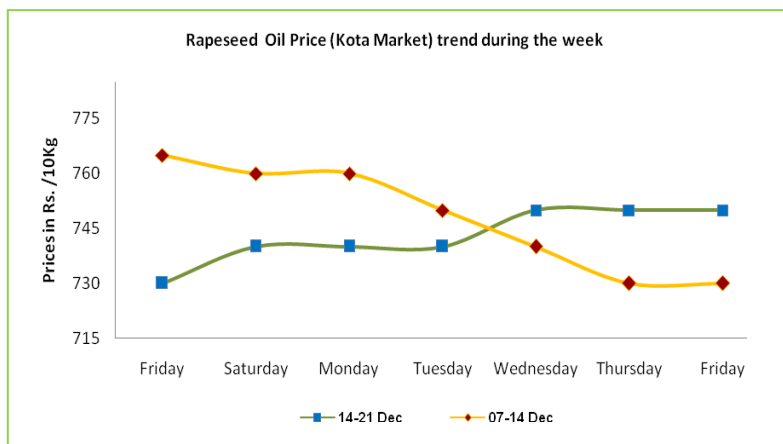
- As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 87 percent of the estimated acreage for soybean to 1.570 million hectares, down 11 percent from the previous year as on 30 Nov. The total sun seed area is projected at 1.750 million hectares for 2012/13.

Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 765-790 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured gains at Kota market during the week under review on good local demand. Moreover, better mustard seed buying witnessed from oil millers.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 64.44 lakh hectares as on 20 Dec. 2012, up 2.84 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.
- Reportedly, RM seed stock in Bikaner and Ganganagar districts of Rajasthan stands at three lakh bags and there is a good demand of RM seed from Assam and West Bengal regions.
- We expect RM seed oil prices may trade steady to firm tone in the coming days on seasonal demand for edible oils in the winter season. However, bearish international palm oil fundamentals may limit gains.

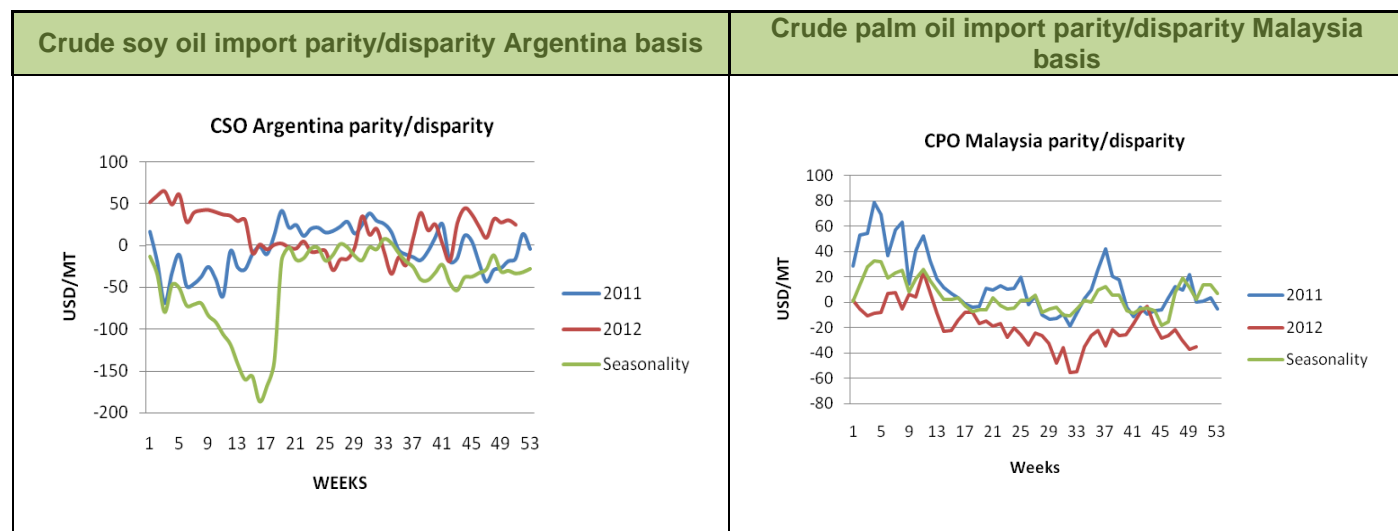


Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 732-762 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

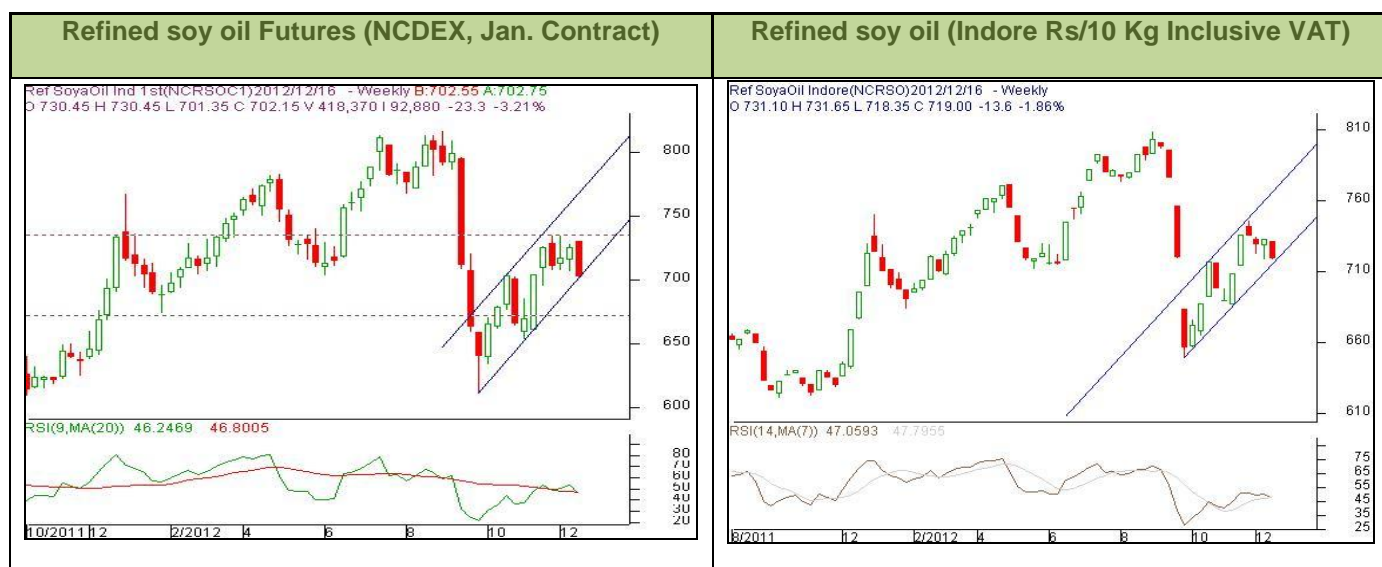
Landed Cost Calculation as on 20/12/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1079	1084	NA
Freight (USD/MT)	65	55	50
C & F	1144.0	1139.0	50.0
Weight loss (0.25% of FOB)	2.70	2.71	-
Finance charges (0.4% on CNF)	4.32	4.34	-
Insurance (0.3% of C&F)	3	3	0
CIF (Indian Port - Kandla)	1154	1149	-
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	54.842	54.842	54.842
Landed cost without customs duty in INR per ton	63312	63039	-
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	63748	63475	-
Domestic Market price INR per ton Soy Degum Kandla	66200	66200	66200
Total landed cost USD per ton	1162	1157	-
Domestic Market price USD per ton Soy Degum Kandla	1207	1207	1207
Parity INR/MT (Domestic - Landed)	2452	2725	-
Parity USD/MT (Domestic - Landed)	44.71	49.69	-
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			



* 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 narrowed in the bygone week. We expect import parity to be in the positive side 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).

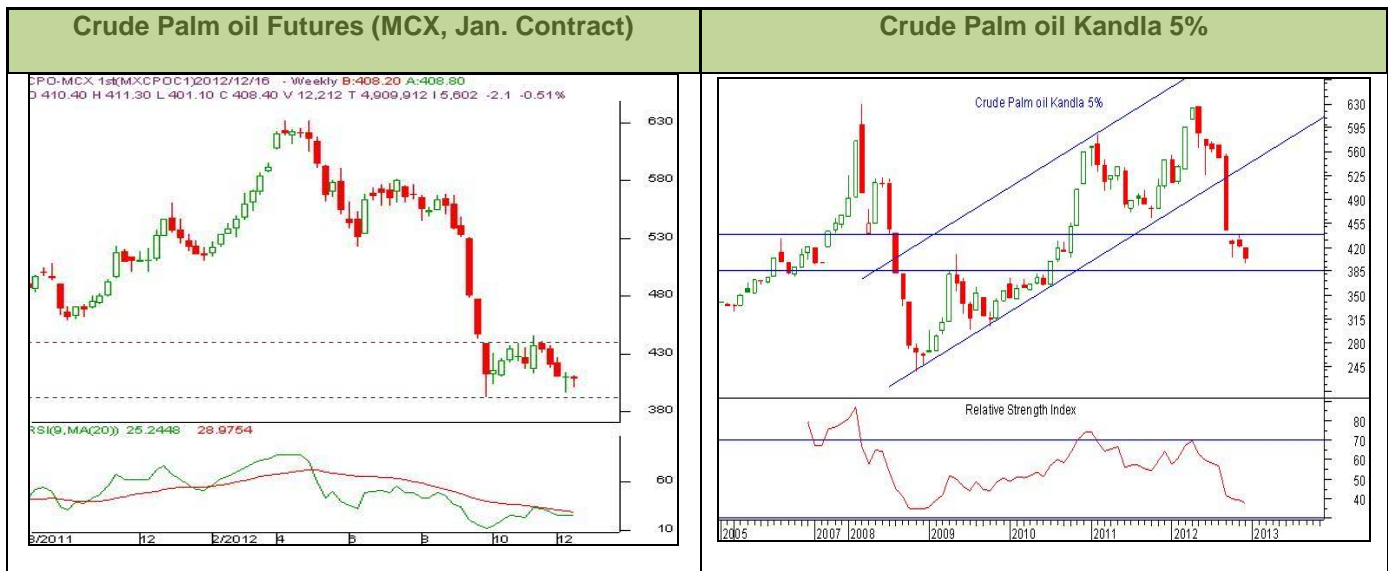
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways movement. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 687.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 694-718 level in 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 694-697 for a target of 713 and 718 with a stop loss at 687.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
673.00	679.00	702.15	728.00	738.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 710-733 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 408.75 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 413-430 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 413-416 for a target of 425 and 430 with a stop loss at 408.75 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
396.00	402.00	418.00	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 400-425 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/21/2012	12/14/2012	
Refined Soybean Oil	Kota(Loose)	700	700	Unch
	Rajkot (Loose)	680	670	10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	736	705	31
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	675	680	-5
	Indore	690	690	Unch
	Soy Degum Mumbai+VAT	648	645	3
	SoyDegum Kandla/Mundra+VAT	662	660	2
	Haldiya Port (Loose)	736	-	-
	Akola (Loose)	704	703	1
	Amrawati (Loose)	704	703	1
	Jalna	700	699	1
	Nagpur	710	-	-
Palm Oil	Chennai.RBD.Palmolein.(Loose)	483	483	Unch
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	500	500	Unch
	Kandla CPO (5%FFA)	402	398	4
	Kakinada.RBD.Palmolein(Loose)	476	461	15
	Mumbai RBD Pamolein+ VAT	475	475	Unch
	Kandla RBD Palmolein +VAT	477	472	5
Refined Sunflower Oil	Mumbai + VAT	780	780	Unch
	Kandla/Mundra	710	710	Unch
	Erode (Exp. Oil)+VAT	780	780	Unch
	Hyderabad Exp +VAT	751	751	Unch
	Chennai (Loose)	785	785	Unch
	Bellary (Exp. Oil)+VAT	661	659	2
	Latur (Exp. Oil)+VAT	716	716	Unch
	Chellakere (Exp. Oil)+VAT	701	711	-10
Groundnut Oil	Rajkot (Loose)	1325	1290	35
	Chennai (Loose)	1120	1140	-20
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1198	1209	-11



	Mumbai + VAT	1275	1250	25
	Gondal+VAT	1325	1280	45
	Jamnagar +VAT	1340	1280	60
	Narsarropeth+VAT	1131	1121	10
	Prodattour+VAT	1126	1136	-10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	780	775	5
	Alwar (Expeller Oil)(Loose)	812	811	1
	Kota (Expeller Oil) (Loose)	745	730	15
	Jaipur (Expeller Oil) (Loose)	799	786	13
	Delhi (Exp. Oil) (Loose)	809	801	8
	SriGangaNagar(ExpOil-Loose)	783	774	9
	Hapur+VAT	860	850	10
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	852	845	7
Refined Cottonseed Oil	Mumbai +VAT	625	610	15
	Rajkot (Loose)	655	645	10
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	1210	1070	140
Coconut Oil	(Crude Rs/10kg) - Kangayan	670	650	20
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	490	490	Unch
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Jan Shipment)	770	760	10
	CNF (Jan) India	815	793	22
Indonesia/Malaysia CPO USD/MT	FOB (Feb Shipment)	740	680	60
	CNF (Jan) India	740	718	22
Argentina FOB (\$/MT)		12/20/2012	12/13/2012	Change
Crude Soybean Oil Ship (Dec)		1079	1113	-34
Refined Soy Oil (Bulk) Ship (Dec)		1116	1151	-35
Sunflower Oil Ship (Dec)		-	-	-
Cottonseed Oil Ship (Dec)		1059	1093	-34
Refined Linseed Oil (Bulk) Ship (Dec)		-	-	-



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