

### **Domestic Veg. Oil Market Summary**

*Edible oil basket witnessed firm tone during the week under review on bullish cues from international palm oil market and lower soybean crushing at domestic front.*

*Palm oil was the top gainer among the edible oil pack in line with the bullish international palm oil market. CPO Kandla 5% rose 4 percent on w-o-w comparison followed by groundnut and soybean oil. However, refined sunflower oil featured sideways movement on subdued demand.*

*Sown area for Rabi oilseed stood at 80.99 lakh hectares as on 03 Jan. 2013 up 1.98 % compared to corresponding period last year - Ministry of Agriculture.*

*On the currency front, Indian rupee against USD closed at 55.06, up 0.58 percent as compared to the previous week. We expect edible oil complex to trade range bound in the days ahead on seasonal demand and lower soybean crushing. However, in expectation of higher edible oil supplies in the coming months may limit upside.*

### **International Veg. Oil Market Summary**

*CBOT soy oil (Jan) is expected to stay in the range 48.00 cents/lb to 50.75 cents/lb. CPO at BMD (Feb) is likely to trade sideways and stay in the range of 2375-2485 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, MPOB's report, and USDA South American soybean production estimates.*

*As per cargo surveyor Societe Generale de Surveillance Malaysian palm oil products exports for December fell 7.9 percent to 1,518,750 tons compared with 1,648,162 tons shipped during*

*Indonesia cuts its crude palm oil export tax by 1.5 percent to 7.5 percent for January. Moreover, Indonesian government also reduces RBD palmolein export tax to 2 percent for January - Trade Ministry.*

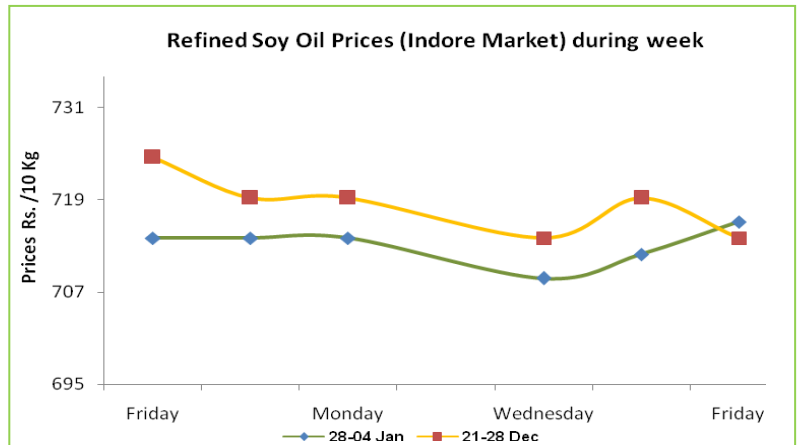
*China canceled another 315,000 tons of US soybean purchases for the 2012/13 MY and in expectation of higher South America soybean production may weigh on the CBOT soy oil prices in the near term. Moreover, in some parts of Brazil soybean harvest has begun.*

*Revised crude palm oil export tax and in anticipation of higher shipment to India and Europe could ease record palm oil stocks. However, stringent quality norms of China with effect from January 1 may depress Chinese buying prospects. Market participants eyeing on the palm oil export figures and MPOB's report on Malaysian palm oil statistics in the next week, which may confirm fresh directional moves.*

### Soy oil:

#### Domestic Fundamentals:-

- Soybean oil featured steady to firm tone on firm cues from Malaysian palm oil market and average demand. However, weakness in the CBOT soy oil curbs excessive gains.
- Soy oil demand at domestic front is moderate. However, lower than expected soybean crushing and slow soybean selling by farmers featured in the market. As per Solvent Extractors' Association of India, Indian buyers bought 14,160 tons of crude soy oil (degummed) in November.
- Soybean oil parity weekly average widen during the week and reported Rs -12 per 10 Kg against Rs -16 per 10 Kg in the bygone week due to better prices of soybean meal prices relative to soybean prices. Soybean oil parity is likely to widen in the coming weeks in anticipation of higher relative gains in meal prices compared to soybean.
- We expect soy oil may trade range bound in the coming week on seasonal demand and lower soybean crushing. However, in expectation of higher palm oil import may limit upside.



#### International Fundamentals:-

- According to Argentina's Agriculture Ministry, soybean sowing has advanced to 84.9 per cent of the estimated acreage of 19.7 million hectares, progressing 4.8 per cent points during the past week and pulling even with last season's tempo.
- China canceled another 315,000 tons of US soybean purchases for the 2012/13 MY and in expectation of higher South America soybean production may weigh on the CBOT soy oil prices in the near term. Moreover, in some parts of Brazil soybean harvest has begun.

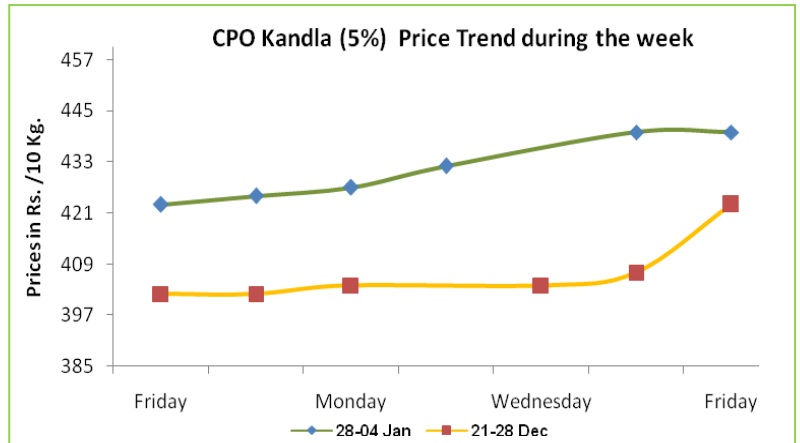
#### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 700-722 per 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% witnessed steady to firm tone during the week under review on bullish cues from international palm oil market.
- Government has slashed the base import price for RBD palmolein to \$835 per tons from \$872 per tons. However, the other crude and refined oils have been left unchanged.
- Palm oil quoted higher on improved buying from vanaspati millers and wholesalers covered need based position in the bygone week due to upcoming wedding season.
- At import development, PEC has floated a tender to buy 21,300 tons of RBD palmolein from Indonesia or Malaysia to be delivered at the Chennai and Tuticorin. Tender due date is Jan. 2 and shipment is to be delivered in between Jan10 to Jan30.
- We expect domestic palm oil prices may trade with a steady to slight firm tone on seasonal demand and persistent weakness in Indian rupee against US dollar makes edible oils import costly.



#### International Fundamentals:-

- Malaysian palm oil products exports for December fell 7.9 percent to 1,518,750 tons compared with 1,648,162 tons shipped during November - Societe Generale de Surveillance.

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

Palm Products	Dec	Nov	% Change
Crude palm oil	448,815	449,621	-0.18
RBD palm oil	114,390	126,364	-9.48
RBD palm olein	630,262	719,574	-12.41
RBD palm stearin	98,698	153,694	-35.78
Crude palm kernel oil	25,640	42,070	-39.05
Oleochemicals	46,977	40,245	16.73

Top Palm Products Importers	Dec	Nov	% Change
European Union	258,260	280,948	-8.08
China	349,582	516,760	-32.35
Pakistan	134,150	96,575	38.91
United States	107,007	120,528	-11.22
India	262,461	168,146	56.09

- India imported 262,461 tons of palm oil products from Malaysia during December, up 56 percent from previous month. However, Chinese and European palm oil imports were lag by 35.32 and 8.08 percent respectively on M-o-M basis.
- Indonesia cuts its crude palm oil export tax by 1.5 percent to 7.5 percent for January. Moreover, Indonesian government also reduces RBD palmolein export tax to 2 percent for January - Trade Ministry.
- Revised crude palm oil export tax and in anticipation of higher shipment to India and Europe could ease record palm oil stocks. However, stringent quality norms of China with effect from January 1 may depress Chinese buying prospects. Market participants eyeing on the palm oil export figures and MPOB's report on Malaysian palm oil statistics in the next week, which may confirm fresh directional moves.

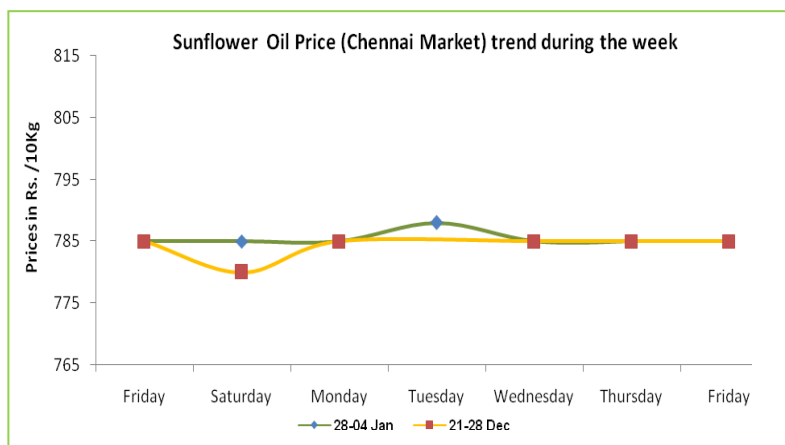
#### **Price Outlook:**

We expect CPO Kandla 5% (without VAT) to stay in the range of 430-455 per 10 Kg in the near term.

### Sunflower Oil:

#### Domestic Fundamentals:-

- Sunflower oil featured steady tone at its benchmark market Chennai during the week. However, weakness in Indian rupee against US dollar limits downside.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 4.38 lakh hectares as on 04 Jan. 2013 up 16.18 % compared to corresponding period last year. Higher planting witnessed in Karnataka and Tamil Nadu.
- Thin trading witnessed at Chennai market during the week under review and buyers remained cautious, as new sunflower crop is likely to hit the market in the month of January.
- We expect sunflower oil prices may trade range bound in the near term. However, new crop may weigh on the markets in the medium term.



#### International Fundamentals:-

- Farmers have planted 99 percent (1.632 million hectares) of the estimated acreage for soybean to 1.635 million hectares as on 27 Dec, down 1 percent from the corresponding period last year - Argentina's Agriculture Ministry

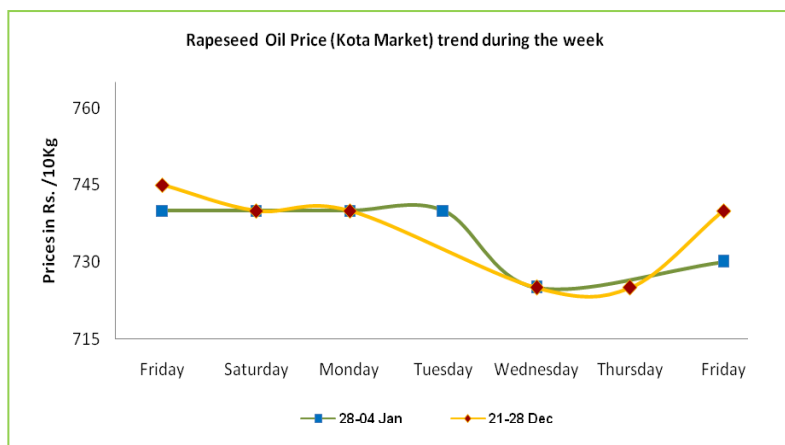
#### Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 770-795 per 10 Kg.

### Rapeseed oil:

#### Domestic Market Fundamentals

- Rapeseed oil featured steady tone at Kota market during the week under review in expectation of higher supply in the coming months. However, mustard oil demand was good.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 66.18 lakh hectares as on 03 Jan. 2013, up 2.84 percent compared to the corresponding period last year.
- Market participants eyed on weather conditions over Key RM seed producing regions, which could give fresh directional moves in the near term. However, overall RM seed oil fundamentals are week due to higher supply of cheaper palm oil products and higher mustard acreage in the current Rabi season.
- We expect RM seed oil prices may trade range bound in the coming days. However, seasonal demand for edible oils in the winter season may curb downside risk in the prices.



#### International Fundamentals:-

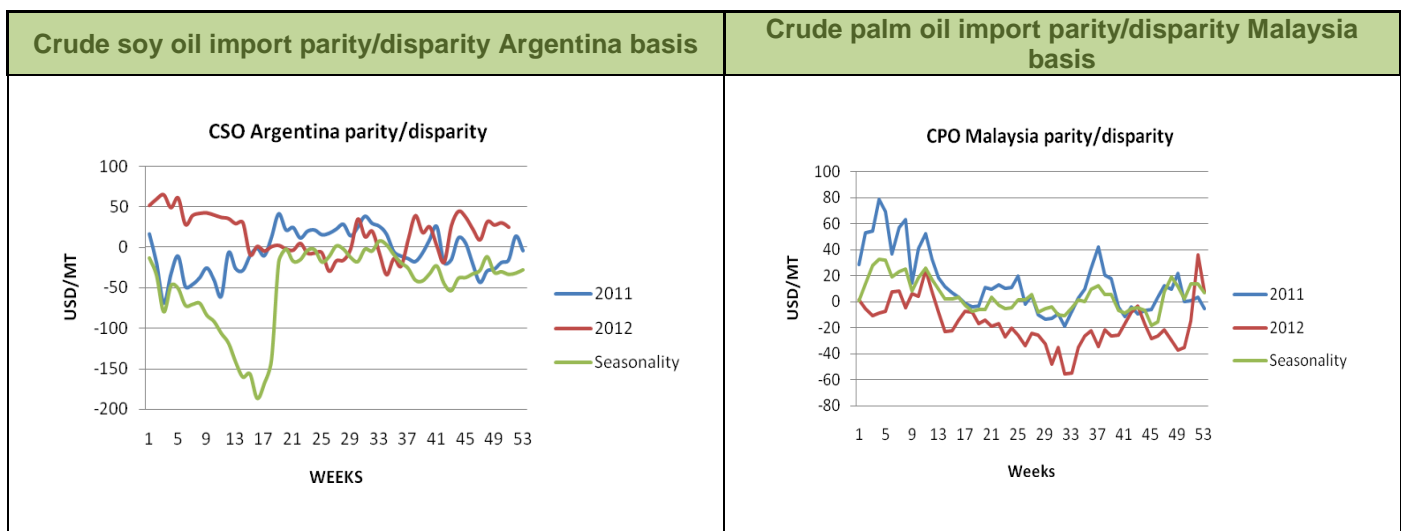
- According to Oil World, the European Union 2013 rapeseed crop may witness an expected rise to 20.50 million tons from 19.07 million tons in 2012 on increased rapeseed plantings.

#### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 727-762 per 10 Kg.

**Landed Cost at the Indian Ports - Crude soy oil**

<b>Landed Cost Calculation as on 04/01/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	1109	1085	989
Freight (USD/MT)	65	55	50
C & F	1174.0	1140.0	1038.5
Weight loss (0.25% of FOB)	2.77	2.71	2.47
Finance charges (0.4% on CNF)	4.44	4.34	3.95
Insurance (0.3% of C&F)	4	3	3
CIF (Indian Port - Kandla)	1185	1151	1048
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	54.84	54.84	54.84
Landed cost without customs duty in INR per ton	64971	63094	57477
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	65407	63530	57913
Domestic Market price INR per ton Soy Degum Kandla	68500	68500	68500
Total landed cost USD per ton	1193	1158	1056
Domestic Market price USD per ton Soy Degum Kandla	1249	1249	1249
<b>Parity INR/MT (Domestic - Landed)</b>	<b>3093</b>	<b>4970</b>	<b>10587</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>56.41</b>	<b>90.64</b>	<b>193.06</b>
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

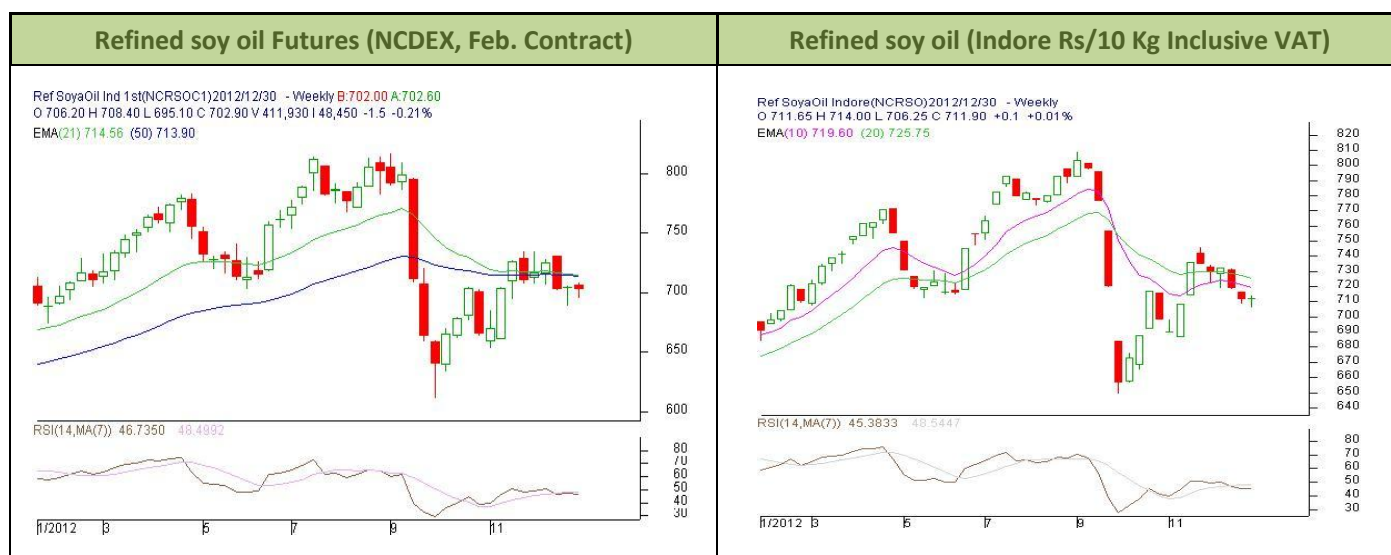


\* Seasonality based on 2009-2011 data averages for CPO Malaysia and 2010-11 data averages for CSO Argentina.

**Outlook:-**

Import parity for crude soy oil from Argentina is hovering in positive territory due to higher domestic prices as compared to international prices. We expect import parity to be in the positive side in the coming weeks. However, palm oil import parity may narrow in the coming week.

### 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 (Feb. 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 668 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 675-695 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

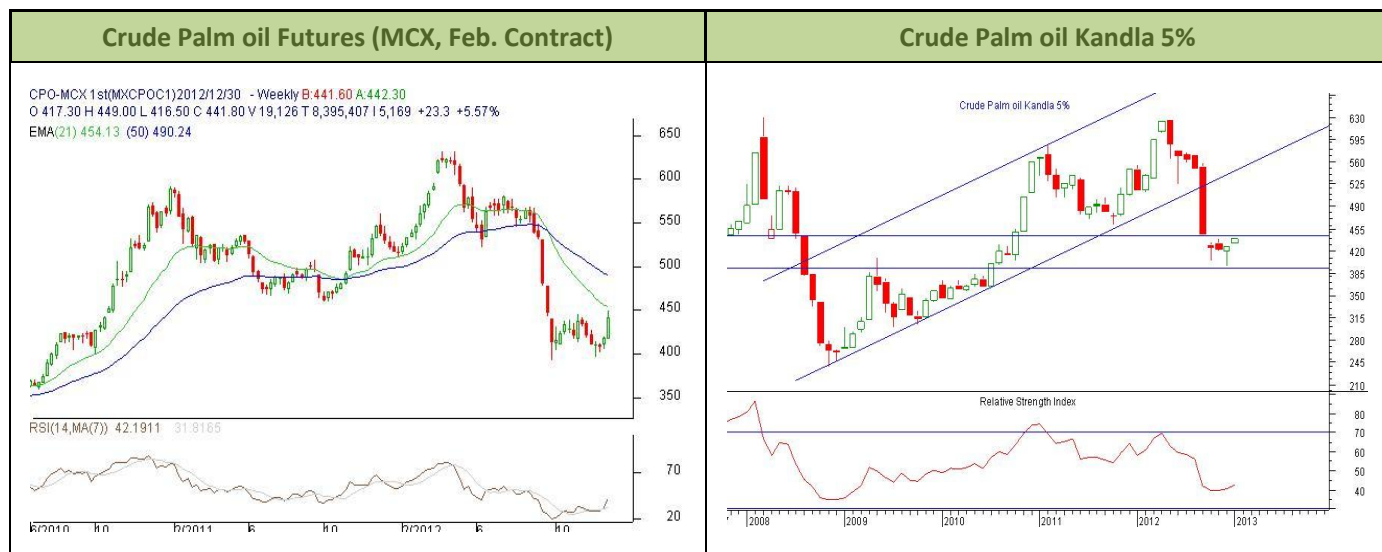
**Strategy:** Market participants are advised to go long in RSO in the range of 675-678 for a target of 690 and 695 with a stop loss at 668 on closing basis.

#### RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
653.00	663.00	683.00	710.00	717.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 700-722 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 Feb contract.**

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts recovery in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 436.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 441-460 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 441-443 for a target of 453 and 458 with a stop loss at 436.50 on closing basis.

#### CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
430.00	435.00	449.40	465.00	472.00

**Spot Market outlook:** Crude palm oil 5% is likely to trade sideways to firm tone in the coming week. The prices are likely to stay in the range of 430-455 per 10 Kg.



**Veg. Oil Prices at Key Spot Markets**

Commodity	Centre	Prices(Per 10 Kg)		Change
		1/4/2013	12/28/2012	
Refined Soybean Oil	Kota(Loose)	705	700	5
	Rajkot (Loose)	-	680	-
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	692	673	19
	Indore	682	680	2
	Soy Degum Mumbai+VAT	680	650	30
	SoyDegum Kandla/Mundra+VAT	685	670	15
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	706	701	5
	Amrawati (Loose)	706	701	5
	Jalna	702	697	5
	Nagpur	706	701	5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	515	495	20
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	550	530	20
	Kandla CPO (5%FFA)	440	423	17
	Kakinada.RBD.Palmolein(Loose)	513	501	12
	Mumbai RBD Pamolein+ VAT	515	498	17
	Kandla RBD Palmolein +VAT	510	495	15
Refined Sunflower Oil	Mumbai + VAT	795	780	15
	Kandla/Mundra	720	705	15



	Erode (Exp. Oil)+VAT	780	785	-5
	Hyderabad Exp +VAT	761	766	-5
	Chennai (Loose)	785	785	Unch
	Bellary (Exp. Oil)+VAT	661	661	Unch
	Latur (Exp. Oil)+VAT	726	721	5
	Chellakere (Exp. Oil)+VAT	706	701	5
Groundnut Oil	Rajkot (Loose)	-	1290	-
	Chennai (Loose)	1170	1120	50
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1198	1198	Unch
	Mumbai + VAT	1290	1280	10
	Gondal+VAT	1310	1300	10
	Jamnagar +VAT	1310	1300	10
	Narsarropeth+VAT	1161	1151	10
	Prodattour+VAT	1171	1151	20
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	790	785	5
	Alwar (Expeller Oil)(Loose)	811	803	8
	Kota (Expeller Oil) (Loose)	730	740	-10
	Jaipur (Expeller Oil) (Loose)	782	786	-4
	Delhi (Exp. Oil) (Loose)	812	806	6
	SriGangaNagar(ExpOil-Loose)	791	773	18
	Hapur+VAT	852	858	-6
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	845	835	10
Refined Cottonseed Oil	Mumbai +VAT	625	620	5
	Rajkot (Loose)	-	645	-
	Delhi (Loose)	-	-	-



	Hyderabad (Loose)	-	-	-
<b>Sesame Oil</b>	Delhi	-	-	-
	Mumbai	1285	1260	25
<b>Coconut Oil</b>	(Crude Rs/10kg) - Kangayan	690	670	20
<b>Kardi</b>	Mumbai	1200	1200	Unch
<b>Rice Bran Oil (40%)</b>	Delhi	-	-	-
<b>Rice Bran Oil (4%)</b>	Punjab	515	515	Unch
<b>Rice Bran Oil (70%)</b>	Delhi	-	-	-
<b>Malaysia Palmolein USD/MT</b>	FOB (Jan Shipment)	815	800	15
	CNF (Jan) India	860	845	15
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (Feb Shipment)	785	775	10
	CNF (Jan) India	700	775	-75
<b>Argentina FOB (\$/MT)</b>		<b>1/3/2013</b>	<b>12/27/2012</b>	<b>Change</b>
Crude Soybean Oil Ship (Dec)		1130	1087	43
Refined Soy Oil (Bulk) Ship (Dec)		1169	1125	44
Sunflower Oil Ship (Dec)		-	-	-
Cottonseed Oil Ship (Dec)		1110	1067	43
Refined Linseed Oil (Bulk) Ship (Dec)		-	-	-

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