

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

*No major changes could be seen during the week under review and prices remained mixed with no clear direction due to lack luster trade activities. Major edible oils like soy and palm oil prices remained range bound as retailers remained inactive in expectation of further fall in price in tandem with international market. As per trade sources sporadic demand continue to keep edible oil prices in a tight range. Moving forward, we expect edible oil demand to improve during Navratra which is likely to keep prices buoyant and expect demand to improve for short to medium term.*

*Groundnut oil prices extended its losses further as it couldn't sustain at higher price levels of Rs. 1020 per10kg and fell down during the week. Upcoming festivals of Navratra and other during coming couple of week might lend underlying support to the edible oil prices.*

*On sowing front, acreage under oilseed crop (as on 15th Sept, 2011) is up by 3.26 per cent at 178.14 lakh ha compared to the same period last year. Meanwhile, first advance estimates released by Govt. Of India reveals nine oil seeds production totaling at 20.89 MMT which is up by 0.19 per cent compared with previous year. Going ahead with the soybean harvest which is expected during 1<sup>st</sup> week of Oct across India we expect soy oil prices to face pressure with subsequent increase in domestic crushing.*

*Edible oils imports for the month of August were down by 21.52 per cent to 1,000,942 MT compared to last year.*

*Looking ahead, soy oil during coming week is likely to stay remains range bound with mixed bias however anticipation of surge in edible oil demand during last week of Sep shall stand supportive for the prices. A marginal rise in edible oil prices may happen based on a surge in demand with the upcoming festivities.*

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

*USDA's Sept. month WASDE report eased pressure on global edible oil prices by increasing the projections for oilseed production and availability from earlier projections which is having bearish impact on the global edible oil complex. CBOT soyoil futures prices fell by 3.31 per cent to 55.84 cents per pound (Dec'11 contract) during the week.*

*Malaysian palm oil futures remained range bound with firm bias during the week on sporadic demand from the importing countries as major importers like China and India. Meanwhile, discouraging export figure by Malaysia limit excessive gains. As per Intertek Testing services, palm oil products exports from Malaysia for the period of Sept 1-20 fell by 16.40 per cent to 978,087 metric tonnes compared to 1,170,226 MT shipped during Aug 1-20.*

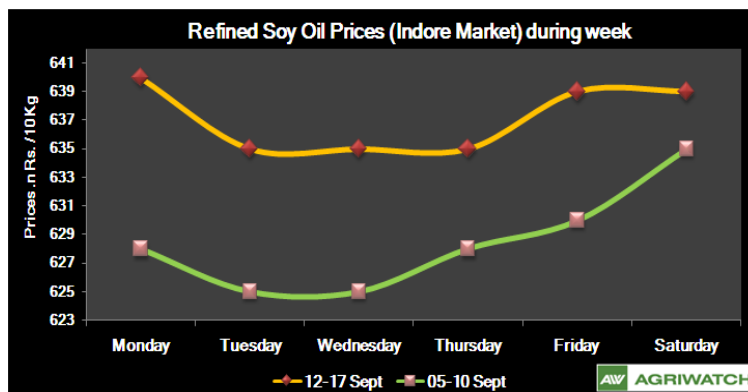
*Indonesia slashed refined palm olein exports taxes to cut the production costs of Indonesian refiners which is effective from Sep. 15. The Indonesia decision regarding export tax cut likely propose Malaysian export policy makers to re-look at its policies related to palm products to keep their palm products globally competitive with existing higher export market share.*

*CBOT soy oil price is likely to stay range bound with weak bias during the coming week as a result of nearing harvesting season. Malaysian palm futures likely to remain range bound with weak bias as a result of declining exports.*

## Market Recap and Fundamental Analysis

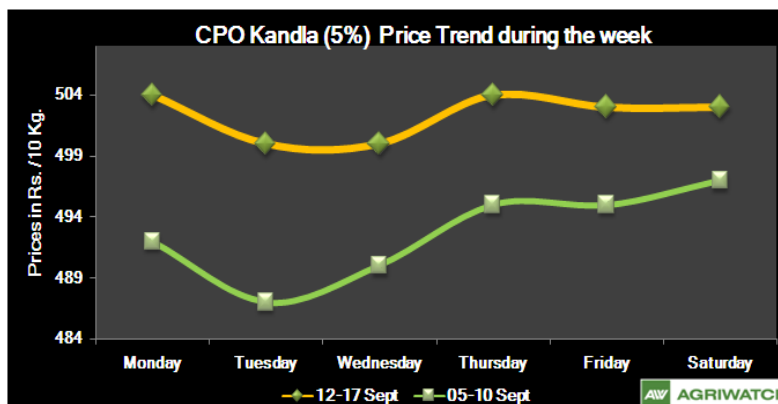
### Soy oil:

- Domestic market refined soyoil prices remained range bound during the week and prices were up by 1.38 per cent to Rs. 637 per 10 kg compared to previous week prices (average prices of week) in indicative market Indore.
- Due to higher disparity in importing crude soy oil from major exporting countries like US, Argentina and Brazil put pause to imports during the week.
- Meanwhile, rise in soyoil prices at international market amid weakening of rupee against dollar also remained factors which might hinder imports during the week.
- As mentioned earlier, demand is likely to improve during end of Sep. Expectation of demand to improve during later part of Sep to Oct first week might lend underlying support to the soy oil prices going ahead with festivity.
- As per the data released by NOPA, August monthly soybean crushing quantity recorded at 118.76 million bushels which is 4.03 per cent down compared to previous month soybean crushing. Meanwhile, monthly average soybean crushing yields per bushel stood at 11.67 pounds which is marginally down compared to previous month.
- We expect CBOT soy oil prices to remain range bound with marginal weakness during coming week due to the combination of factors discussed above.



### Palm Oil:

- Domestic market crude palm oil (CPO Kandla) prices remained range bound with firm bias during the week and prices rose by 1.96 per cent to Rs. 502.33 per 10 kg compared to previous week average prices.
- RBD palm oil prices at Mumbai remain in tandem with Malaysian palm futures and prices rose by 1.30 per cent compared to previous week prices.
- During the month of August, Refined and crude palm oil imports stood at quantity 630,948 MT which is down by 8.21 per cent compared to same period last year. Weakening INR against USD a prime concern for Indian importers. Recent significant depreciation of INR against USD could stand discouraging for active imports. At the same time nearing harvesting of Kharif oilseeds might off-set any marked decline in edible oil imports.
- Indonesia slashed refined palm olein exports taxes to cut the production costs of Indonesian refiners which is effective from Sep. 15. By the tax revision aspect, Indonesian refiners likely get a price advantage of US\$ 72 to US\$ 129 per ton wherein Indonesian palm products likely become competitive to Malaysian palm products.
- Market participants feel that, Indonesian duty differential is a final wake up call for Malaysia to re-look at its export policy to make its palm products competitive in the global market. Meanwhile, the Indonesia's decision of tax cut shall divert global demand from Malaysia to Indonesia for a while.



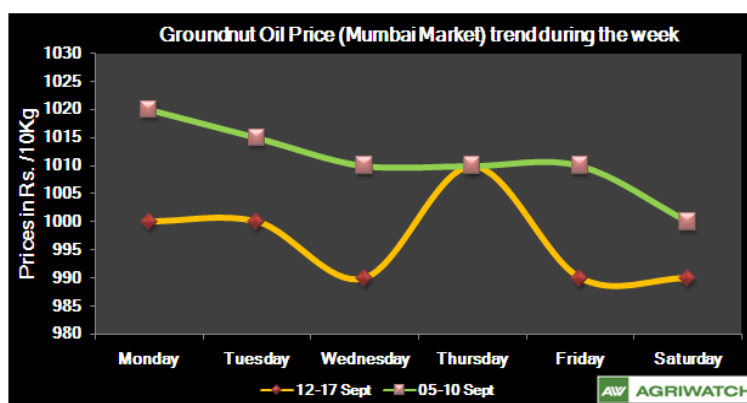
- As per Intertek Testing services, palm oil products exports from Malaysia for the period of Sept 1-20 fell by 16.40 per cent to 978,087 metric tonnes compared to 1,170,226 MT shipped during Aug 1-20. Breakdown of SGS palm export figures for Sept. 1-20 compared to a month ago (Values in tonnes):

Palm Products	Sept. 1-20	Aug. 1-20	%change
Crude Palm Oil	238,513	319,160	
RBD Palm Oil	57,584	83,188	
RBD Palm olein	460,608	464,386	
RBD Palm Stearin	85,180	122,152	
Crude Palm Kernel Oil	7,525	9,030	
Palm fatty acid distillate	26,050	34,075	
<b>Total</b>	<b>978,087</b>	<b>1,170,226</b>	

- India and subcontinents imported 237,770 MT of palm oil products from Malaysia during 1-20 of Sept which down by 13.93 per cent compared to Aug 1-20 imports of 276,240 MT.
- At present, Malaysian palm futures trading range bound with firm bias in the range of MYR 3050-3070 per MT (Dec 2011 contract).

### Groundnut Oil:

- Groundnut oil prices fell by 1.42 per cent to Rs. 997 per 10 kg during the week as a result of lack of buying interest in the market at prevailing higher prices.
- Groundnut sowing (as on 15 Sept. 2011) stood down by 12.39 per cent to 43.22 lakh ha compared to the previous year. Meanwhile, as per first advance estimates, groundnut seed production during Kharif 2011-12 seasons to stay at 5.62 MMT which is down by 0.71 per cent down compared to previous year. As there is higher demand of groundnut kernels for table consumption initial stocks which will arrive into the market will go to the stocks and might not available for crushing. Major stocking of GN seed is expected which might lead to a fall in groundnut oil availability and shall stand supportive for the prices for medium to long term.
- Trade sources feel, nearing harvesting season likely ease the existing pressure on groundnut oil for short term.



### Other Edible oils Fundamentals:

Ukraine's Ministry of finance offers to impose custom duty on sunflower oil export since Jan 1, 2012 to raise the revenues for the state budget. Meanwhile, the agricultural producers and Ukraine's Ministry Agrarian policy of food opposes the suggestion given by Ministry of Finance. As per the suggestions, duties may total 5% of the export contract value, rapeseed to 9%, and soybeans to 12% after Jan1, 2012.

### Edible Oil Imports during the Month of Aug 2011

As per the import data of vegetable oils (edible & non-edible) released for the month of August 2011 by Solvent Extractors' Association of India, total import of vegetable oils (edible & non-edible) stood at 817,440 tons compared to 1,065,641 MT in July 2010 which is down by 23.29 percent consisting of 785,518 MT of edible oils and 31,992 MT of non-edible oils. **Edible oils imports for the month of August were down by 21.52 per cent to 1,000,942 MT compared to last year.**

Edible Oil (Quantity in MT)	Aug 2011	Aug 2010	% change over 2010
RBD Palmolein	81655	139481	-41.46
Crude Palm Oil	549293	547878	+0.26
Crude Sunflower Oil	88788	81661	+8.73
Crude Soybean Oil	52565	216966	-75.77
Crude Coconut Oil	969	-	-
Crude Palm Kernel Oil	8947	5518	+62.14
<b>Total</b>	<b>785,581</b>	<b>1,000,942</b>	<b>-21.52</b>

Edible oil year 2010-11, imports (Nov-Oct) stood at 6,614,764 which are down by 6.84 per cent compared same period last year.

#### Edible oil Shipments at Indian Ports during Sept. month (as on Sept 17)

Product	Shipments (tonnes)
Crude Soybean Oil	11,602
Crude Palm Oil	212,548
RBD Palm olein	9,290
Palm Oil	97,028
Crude Palm Stearin	6,499.63
Crude Sunflower Oil	8,000
Sunflower Oil	8,000
<b>Total edible oils</b>	<b>352,968</b>

Source: Ben Line Agencies(India) Pvt Ltd.

#### Crude Soy Oil Import Landed Cost Calculation (Parity/Disparity):

Particulars	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1222	1219	1241
Freight (USD/MT)	65	55	50
C & F	1286.8	1273.5	1291.2
Weight loss (0.25% of FOB)	3.05	3.05	3.10
Finance charges (0.4% on CNF)	4.89	4.87	4.96
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1299	1285	1303
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	47.32	47.32	47.32
Landed cost without customs duty in INR per ton	61451	60818	61664
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	44.70	44.70	44.70
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	61887	61254	62100
Domestic Market price INR per ton Soy Degum Kandla	62500	62500	62500
Total landed cost USD per ton	1308	1294	1312

Domestic Market price USD per ton Soy Degum Kandla	1321	1321	1321
Parity INR/MT (Domestic - Landed)	613	1246	400
<b>Parity USD/MT (Domestic - Landed)</b>	<b>12.95</b>	<b>26.34</b>	<b>8.45</b>
<b>Previous week Parity USD/MT (Domestic - Landed)</b>	<b>-32.41</b>	<b>-32.59</b>	<b>-29.15</b>

Source: Agriwatch/ Reuters

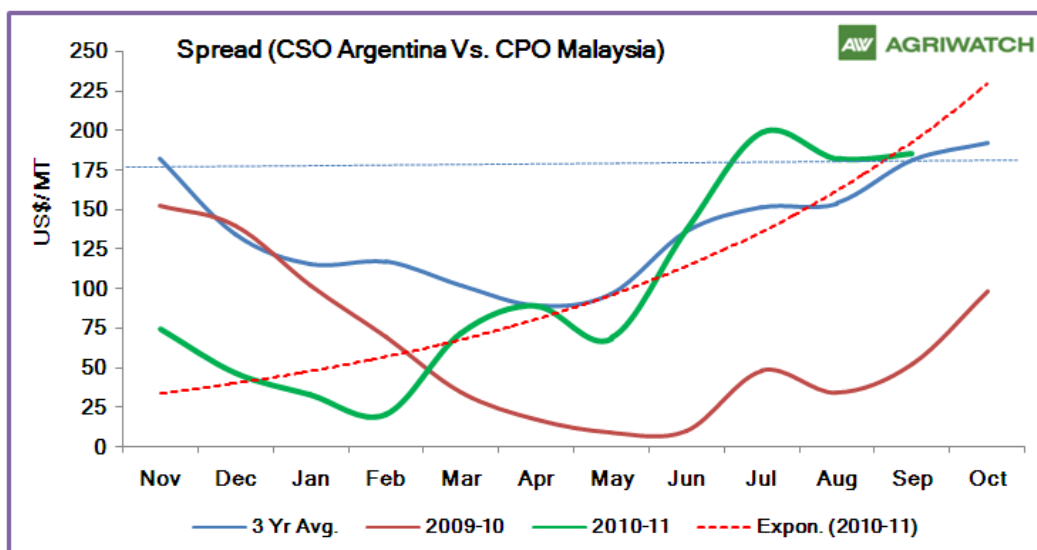
There are no imports of Crude Soybean Oil during the week period recorded as a result higher disparity in importing. Rising prices of Soy Degum Kandla at domestic market lead to marginal widening of parity in importing CSO from countries like Argentina, Brazil and US during the week. Meanwhile, rupee value further weakened against dollar to 47.32 (as on 27 Sept.) which also kept the parity in tight range. At present, higher import parity of US\$ 26.34 per MT could be seen by importing Brazil origin CSO.

Meanwhile, CSO imports is likely to drop in the coming days as the domestic crop harvest is nearing and imports will remain with weak till Dec to Jan.

### Spread Status between CSO Argentina and CPO Malaysia: (USD/MT)

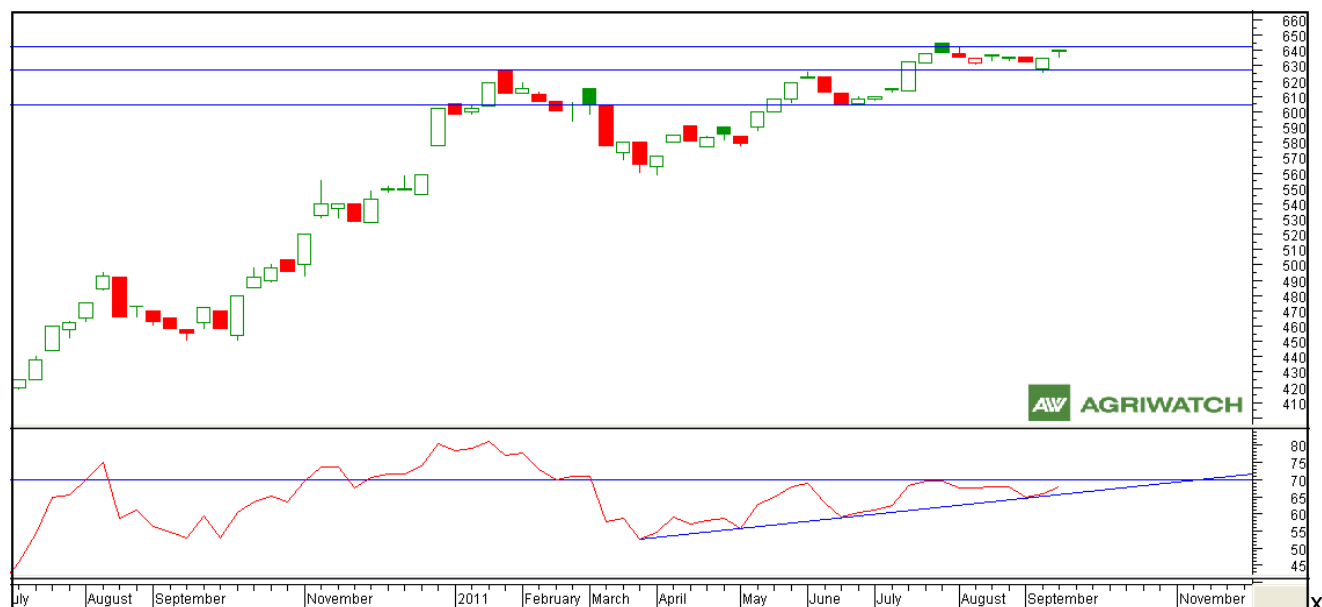
Sept. month 1-19 average price spread between CSO Argentina and CPO Malaysia stood at US\$ 184.80 per MT which is widened by US\$ 3 per MT compared to Aug. month. Meanwhile, spread difference narrowed during the week period by US\$ 8.5 per MT to US\$ 179.50/MT compared to previous week. CPO Malaysia FOB quotes remained range bound with weak bias while considerable fall in CSO FOB quotes from Argentina (down by US\$ 44/MT) to US\$ 1213/MT which resulted into significant fall.

Considering seasonality index of price spread between CSO Argentina and CPO Malaysia, spread difference remains range bound with marginal uptrend for the months of Sept., Oct. and Nov. Considerable fall in CBOT futures soybean prices eased the pressure on Argentina and Brazil soy oil.



## Technical Analysis (Spot Market Weekly Charts)

### SOYOIL REFINED (INDORE Rs/10 Kg)



- ❖ Domestic spot market soy oil prices remained with firm tone on buying interest during the week.
- ❖ Prices took support at 634 levels and likely test the resistance on higher side at 642 levels in short term.
- ❖ Breaching the immediate support level of 634 likely lead to a fall up to 627 levels in short term which seems immediate support.
- ❖ Positioning of RSI towards overbought zone with widening divergence indicating firm trend likely to continue for short term.
- ❖ Looking forward, soy oil spot prices likely to remain range bound in coming week.

**Strategy: Selling of Soy oil is suggested towards Rs 638 to 640/10 Kg range for trading purpose.**

### CPO (KANDLA Rs/10 Kg)



- CPO spot market candlesticks depict breakout of falling channel on higher side which depicts firm bias movement in prices during the week.
- Levels 500 likely act as support for the prices by which prices likely extend its firm trend to test the resistance at 510.
- Breaching the support likely lead to a fall up to 486 levels in short term which seems strong support.
- Positioning of RSI in chart depicts upward movement in prices.

**Strategy: Selling towards 501 to 503 levels is desirable.**

### Technical Analysis (Futures)

#### RSBO (Refined Soybean Oil): Weekly Continuous Chart



- ❖ Soy oil prices stay range bound with firm bias during the week.
- ❖ Prices taking support at 662 levels to test the resistance level at 670 in short term which seems immediate resistance level.
- ❖ Breaching the support level likely keep the bears run up to level of 649 in short term.
- ❖ Prices closed above 9 and 18 day's EMA suggesting range bound with firm bias movement in prices.
- ❖ Positioning of RSI in chart depicts downtrend in prices.
- ❖ However prices likely to remain range bound with weak bias movement in the week.

**Strategy: Selling on rallies desirable towards 668-670 for a target of 660/662 with stop loss at 673 levels.**

#### RSO NCDEX (Oct)

Support & Resistance				
S2	S1	PCP	R1	R2
662.00	666.00	667.00	670.00	676.00



**Technical Analysis: CPO (Crude Palm Oil): Weekly Continuous Chart**


- ❖ **Candlestick chart pattern reveal range bound with firm bias movement during the week.**
- ❖ After breakout of falling channel from upper side, prices taking support at 497 levels which seems immediate support for the prices to extend its range bound with firm bias movement.
- ❖ 504 levels seems immediate resistance for the prices and 497 levels immediate support.
- ❖ Breaching the immediate support level likely lead to a fall up to 491 levels in short term.
- ❖ Positioning of RSI in chart depicts downtrend in prices.
- ❖ Price is likely to remain range bound with firm bias for short term.

**Strategy:** Market participants are suggested to wait for the direction.

**CPO MCX (Oct)**

Support & Resistance				
S2	S1	PCP	R1	R2
487.00	491.00	498.90	504.00	512.00



**Edible Oil Prices at Key Markets (Week on Week Prices)**

Commodity	Centre	Prices (Per 10 Kg)		Change
		17-09-2011	10-09-2011	
Refined Soybean Oil	Mumbai +VAT	647	640	+7
	Delhi (Loose)	670	665	+5
	Indore (Loose)	639	635	+4
	Kota(Loose)	655	644	+11
	Hyderabad+ VAT	710	710	Unch
	Jaipur (Loose)	655	655	Unch
	Rajkot (Loose)	650	640	+10
	Akola (Loose)	679	676	+3
	Amrawati (Loose)	679	676	+3
	Haldiya Port (Loose)	651	656	-5
	Jalna	677	673	+4
	Nagpur	686	681	+5
	Soy Degum Kandla/Mundra+VAT	625	620	+5
	Soy Degum Mumbai+VAT	615	615	Unch
Palm Oil	Kandla CPO (5%FFA)	503	497	+6
	Kandla RBD Palmolein +VAT	540	549	-9
	Chennai RBD Palmolein (Loose)	565	570	-5
	Kakinada RBD Palmolein (Loose)	556	553	+3
	Mumbai RBD Pamolein+ VAT	560	552	+8
	Hyd. RBD Palmolein VAT	605	600	+5
	Delhi RBD Palmolein (Loose)	595	585	+10
Refined Sunflower Oil	Hyderabad Exp +VAT	760	760	Unch
	Bellary (Exp. Oil)+VAT	646	641	+5
	Chellakere (Exp. Oil)+VAT	657	656	+1
	Erode (Exp. Oil)+VAT	725	715	+10
	Latur (Exp. Oil)+VAT	666	656	+10
	Kandla/Mundra	665	655	+10
	Mumbai + VAT	725	710	+15
	Chennai (Loose)	745	745	Unch
Groundnut Oil	Hyderabad +VAT	990	995	-5
	Chennai (Loose)	900	890	+10
	Delhi (Loose)	1020	1040	-20
	Gondal+VAT	990	1010	-20
	Jamnagar +VAT	990	1010	-20
	Narsarropeth+VAT	851	841	+10
	Prodattour+VAT	901	901	Unch

	Mumbai + VAT	990	1000	<b>-10</b>
	Rajkot (Loose)	990	1010	<b>-20</b>
<b>Rapeseed Oil</b>	Alwar (Expeller Oil)(Loose)	641	636	<b>+5</b>
	Sri Ganga Nagar(Exp Oil-Loose)	638	624	<b>+14</b>
	Delhi (Exp. Oil) (Loose)	670	665	<b>+5</b>
	Jaipur (Expeller Oil) (Loose)	655	640	<b>+15</b>
	Kota (Expeller Oil) (Loose)	625	627	<b>-2</b>
	Mumbai (Exp. Oil) +VAT	674	664	<b>+10</b>
	Hapur+VAT	670	660	<b>+10</b>
	Agra (Kacchi Ghani Oil) +VAT	-	670	<b>-</b>
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	658	652	<b>+6</b>
	Hyderabad (Loose)	690	695	<b>-5</b>
	Rajkot (Loose)	673	665	<b>+8</b>
	Delhi (Loose)	658	650	<b>+8</b>
<b>Malaysia Palmolein USD/MT</b>	FOB (Oct)	1090	1150	<b>-60</b>
	CNF (Oct) – India	1185	1185	<b>Unch</b>
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (Oct)	1055	1170	<b>+115</b>
	CNF (Oct) - India	1085	1205	<b>+120</b>
<b>Argentina FOB (\$/MT)</b>		<b>15-09-2011</b>	<b>09-09-2011</b>	<b>Change</b>
Soybean Oil Ship(Sep)		1228	1272	<b>-44</b>
Refined Soy Oil (Bulk) Ship(Sep)		1271	1316	<b>-45</b>
Sunflower Oil Ship (Sep)		1225	-	<b>-</b>
Cottonseed Oil Ship(Sep)		1208	1252	<b>-44</b>
Refine Linseed Oil (Bulk) Ship(Sep)		1248	1292	<b>-44</b>

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