

Domestic Veg. Oil Market Summary:

Steady to weak tone witnessed in domestic edible oil basket during the week as a result of seasonal supply pressure amid weak international edible oil prices. Nearing harvesting season of Kharif oilseeds amid lack luster buying interest from retailers pressurized edible oil prices. Retailers remained inactive to find the direction of edible oil price movement in domestic market. Weakening of rupee value against the dollar kept imports on lean side amid pressure of domestically crushed edible oil supplies from the plants.

New supply pressure dragged groundnut oil prices further down and G/N oil prices fell by 7.50 per cent to Rs. 925 per 10 kg in Delhi market. Trade sources feel, in coming week groundnut oil likely fall up to Rs. 820-850 per 10 kg. Meanwhile, upcoming festivities might give an underlying support to the edible oil prices.

On sowing front, acreage under oilseed crop (as on 25th Sept, 2011) is up by 3.11 per cent at 178.60 lakh ha compared to the same period last year. Going ahead with the soybean crushing which is expected during 1st week of Oct across India, and market participants projecting 1.55-1.63 MMT soy oil production during 2011.

Moving forward, we expect edible oil demand likely remains range bound during the coming week as of higher buying interest from consumers on occasion of Navratra festival. Buying interest likely pickup in coming couple of weeks on nearing Dussera and Diwali festivals which likely add support to the edible oil prices. As per trade sources the demand is likely to surge from first week of October.

Looking ahead, soy oil during coming week is likely to stay with weak bias however any surge in edible oil demand during coming week shall stand supportive for the prices.

International Veg. Oil Market Summary:

International edible oil remained with weak tone during the week as a result of uncertainty of global economy which pressurized market participants to remain inactive from any trade commitments. Malaysian palm oil futures prices fell from its level of MYR 3040/MT to MYR 2890/MT during the week as a result of weak tone of imports from major buying countries like China and EU.

Meanwhile, discouraging export figure by Malaysia limited excessive gains. Meanwhile, Indonesia's decision to cut the export tax kept the Malaysian palm futures prices in weak tone. As per SGS, palm oil products exports from Malaysia for the period of Sept 1-25 fell by 11.80 per cent to 1,204,124 metric tonnes compared to 1,365,693 MT shipped during Aug 1-25.

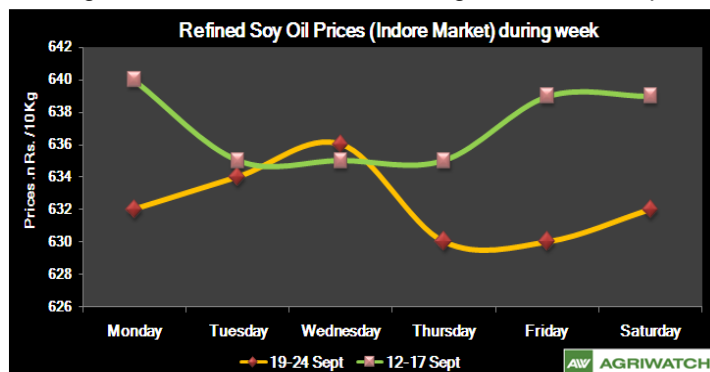
CBOT soy oil prices remained with weak tone as a result of seasonal pressure amid worries of the fragile world economy. Meanwhile, export demand for US soy oil remained sluggish which also added weakness to the market.

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

Market Recap and Fundamental Analysis

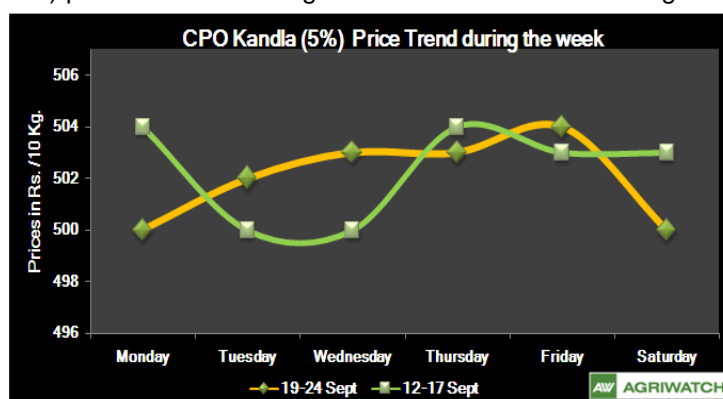
Soy oil:

- Domestic market refined soy oil prices remained range bound with weak bias during the week and prices fell by 0.76 per cent to Rs. 632 per 10 kg compared to previous week prices (average prices of week) in indicative market Indore.
- Seasonal pressure of fresh supplies from domestic crushing plants amid weak tone in international market pressurized the prices remain with weak tone. Market participants remained inactive to get direction for soy oil prices during the week amid festivities purchases kept the prices in range bound condition.
- Market participants are expecting 1.55-1.63 MMT of soy oil production during 2011-12 which likely keep the soy oil prices in weak tone for the medium term.
- Due to higher disparity in importing crude soy oil from major exporting countries like US, Argentina and Brazil small quantity of imports were recorded during the week. 16,803 MT of crude soy oil shipments to India recorded at Indian ports during the period of 17-26 Sept.
- Domestic demand during first week of Oct might lend underlying support to the soy oil prices going ahead with festivity. Meanwhile, start of peak crushing activities of soybean likely keep bearish tone on domestic market soy oil prices.
- Argentina CSO FOB quotes fell by 5.02 per cent to US 1230 per MT during the week. Meanwhile, Soy oil futures prices at CBOT fell by 6.16 per cent to USc 52.40 per pound during the week.
- 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 5%) prices remained range bound with weak bias during the week and prices fell marginally by 0.06 per cent to Rs. 502 per 10 kg compared to previous week average prices.
- Meanwhile, RBD palm oil prices at Mumbai remain with weak tone in tandem with Malaysian palm futures and prices fell by 0.54 per cent to Rs. 561 per 10 kg compared to previous week prices.
- During the period of 1-25 Sept, Refined and crude palm oil imports stood at quantity 164,020 MT which is up by 17.80 per cent compared to same period last month.
- As per trade sources, India is considering edible oil industry request to raise import duties on processed palm oil, as Indonesia's export tax cut on palm products which likely have adverse impact on Indian refineries. The Indonesia's export tax cut decision pushing Govt. of India to raise the base price or tariff value for refined palm oil which likely keep the tax rate higher from its current 7.7 percent duties based on the tariff value set at US\$ 484 per MT.
- As per the source, Indonesia will levy a maximum tax of 10 percent on RBD palm oil from Oct. 1, while crude palm oil will be taxed at a maximum of 22.5 percent.



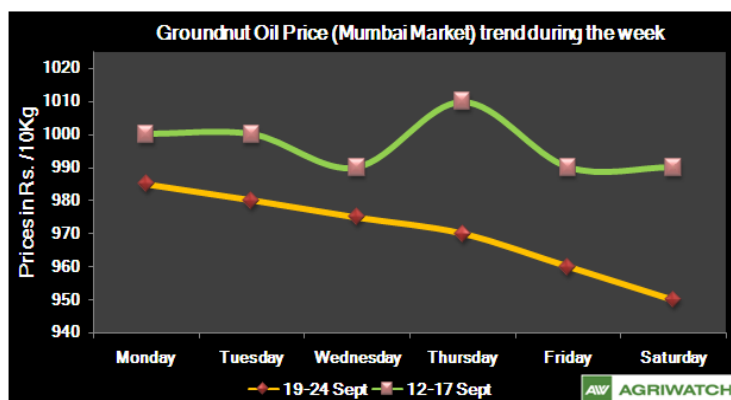
- Market participants feel that, Indonesian duty differential is a final wake up call for Malaysia to re-look at its export policy to make its palm products competitive in the global market. Meanwhile, the Indonesia's decision of tax cut shall divert global demand from Malaysia to Indonesia for a while.
- As per SGS, palm oil products exports from Malaysia for the period of Sept 1-25 fell by 11.80 per cent to 1,204,124 metric tonnes compared to 1,365,693 MT shipped during Aug 1-25. Breakdown of SGS palm export figures for Sept. 1-25 compared to a month ago (Values in tonnes):

Palm Products	Sept. 1-25	Aug. 1-25	%change
Crude Palm Oil	269,878	313,329	-13.87
RBD Palm Oil	74,131	109,020	-32.00
RBD Palm olein	575,021	556,503	+3.33
RBD Palm Stearin	120,630	179,368	-32.75
Processed Palm Kernel Oil	55,710	56,452	-1.31
Oliochemicals	44,489	47,210	-5.76
Total	1,204,124	1,365,693	-11.80

- At present, Malaysian palm futures trading range bound with weak bias in the range of MYR 2880-3000 per MT (Dec 2011 contract).

Groundnut Oil:

- Major fall among edible oil prices is noticed in groundnut oil as a result of lack luster buying interest from retailers amid seasonal pressure. Groundnut oil prices fell by 2.75 per cent to Rs. 970 per 10 kg in Mumbai market during the week.
- Major fall in groundnut oil prices noticed in Gujarat region markets during the week as a result of fresh supplies. Price fall in this region averaged to Rs. 90-95 per 10 kg. Meanwhile, G/N oil prices at Delhi market fell by Rs. 75 to Rs. 925 per 10 kg during the week.
- On sowing front, groundnut sowing (as on 25 Sept. 2011) stood down by 12.49 per cent to 43.28 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 and projecting G/N oil prices in the range of Rs. 820-850 per 10 kg for coming week.



Edible oil Shipments at Indian Ports during Sept. month (till Sept 26)

Product	Shipments (tonnes)
Crude Soybean Oil	28,405
Crude Palm Oil	291,797
RBD Palm olein	15,290
Palm Oil	127,920
Crude Palm Stearin	6499.63
Crude Sunflower Oil	33,127
Sunflower Oil	8,000
Total edible oils	352,968

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 (Weekly average)	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	49.617	49.617	49.617
Landed cost without customs duty in INR per ton	64434	63770	64657
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	64870	64206	65093
Domestic Market price INR per ton Soy Degum Kandla	62000	62000	62000
Total landed cost USD per ton	1307	1294	1312
Domestic Market price USD per ton Soy Degum Kandla	1250	1250	1250
Parity INR/MT (Domestic - Landed)	-2870	-2206	-3093
Current Week Parity USD/MT (Domestic - Landed)	-57.85	-44.46	-62.35
Previous week Parity INR/MT (Domestic - Landed)	+12.95	+26.34	+8.45

Source: Agriwatch/ Reuters

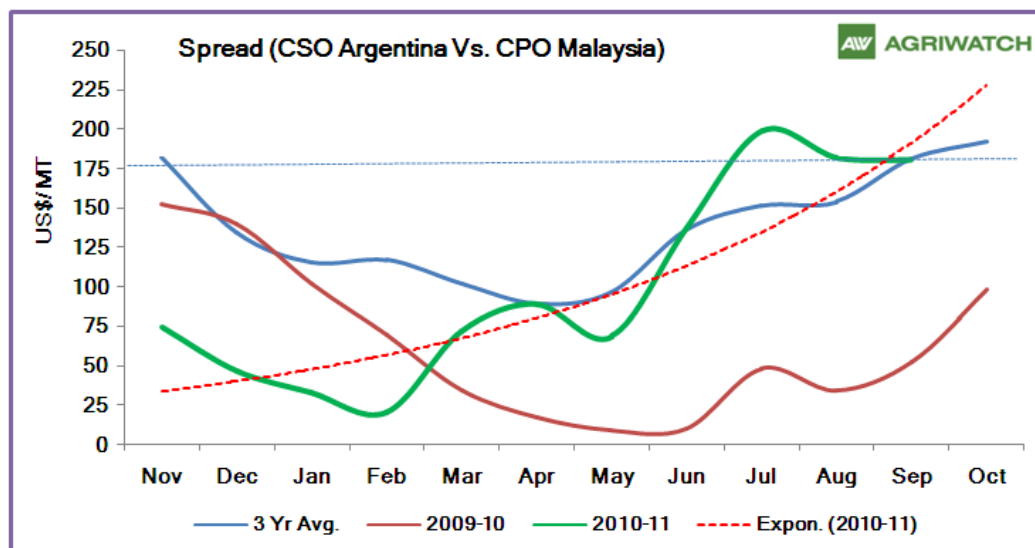
Parity in importing CSO narrowed considerably during the week as a result of weakening of Indian rupee value against dollar which stood at 49.44 (as on 26th Sept, weakened by 3.80 per cent during the week). During the period of 17- 26 Sept, shipments with a quantity 16,803 MT of CSO imports noticed at Indian ports. At present, there is disparity in importing CSO from major exporting countries like Argentina, Brazil and US. Meanwhile, fresh supplies from domestic plants lead to fall in domestic soy oil prices too.

Therefore, 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)

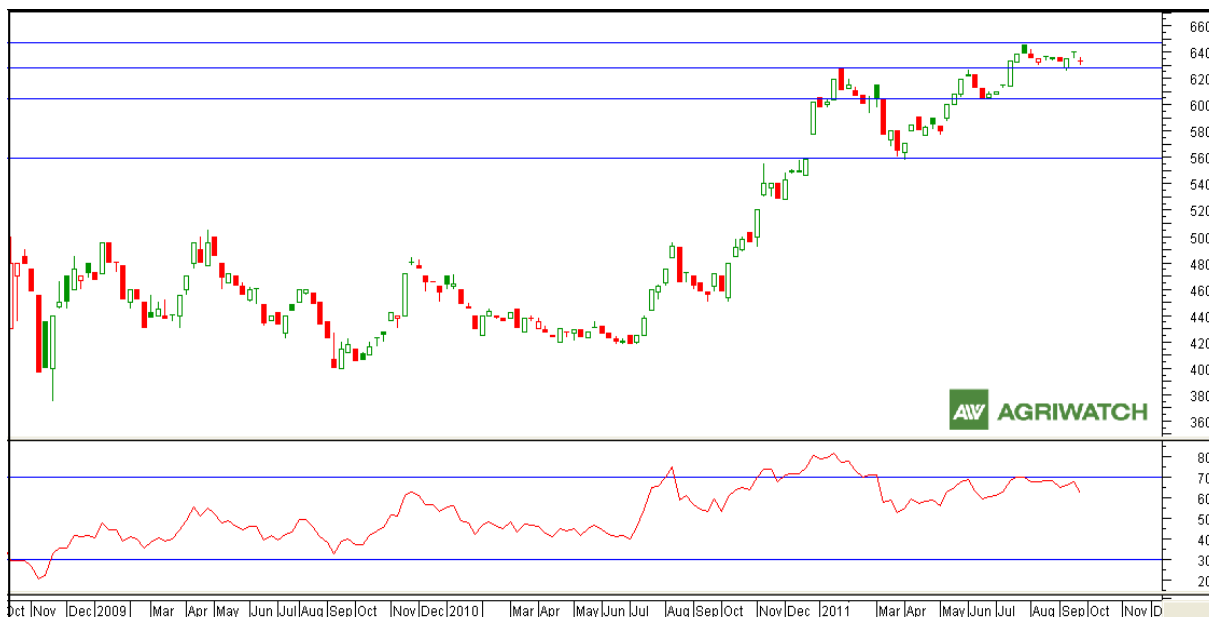
Sept. month 1-26 average price spread between CSO Argentina and CPO Malaysia stood at US\$ 180.26 per MT which is narrowed by US\$ 1.44 per MT compared to Aug. month. Meanwhile, spread difference narrowed during the week period by US\$ 8.30 per MT to US\$ 171.20/MT compared to previous week. CPO Malaysia and CSO Argentina FOB quotes remained range weak bias during the week.

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.



Technical Analysis (Spot Market Weekly Charts)

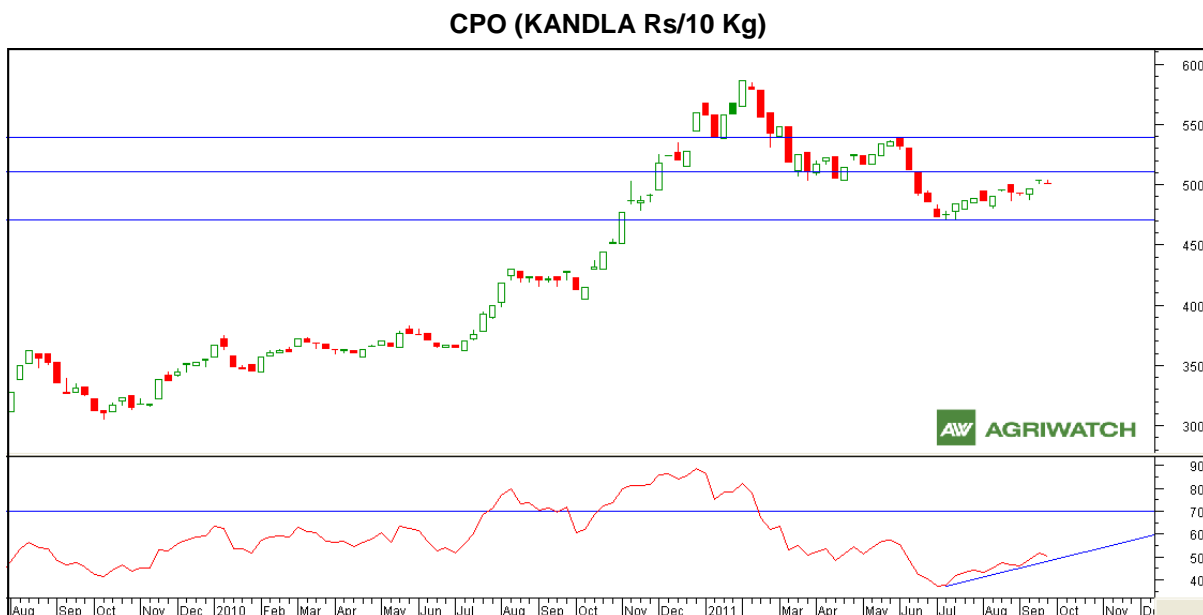
SOYOIL REFINED (INDORE Rs/10 Kg)



- ❖ Domestic spot market soy oil prices remained range bound with weak bias during the week.
- ❖ The support level of 635 now acting as resistance for the current prices.

- ❖ 627 levels seems immediate support for the prices for short term. Breaching the level likely lead to a fall up to 604 levels in near term.
- ❖ Positioning of RSI is down near overbought zone indicating weak trend likely in short term.
- ❖ Looking forward, soy oil spot prices likely to remain range bound with weak bias in coming week.

Strategy: Selling of Soy oil is suggested towards Rs 630 to 632/10 Kg range for trading purpose.



- CPO spot market candlesticks depict range bound with weak bias movement in prices during the week.
- As mentioned in earlier report, prices took support at 500 levels and prices couldn't able to test the resistance of 510 levels during the week.
- 500 levels likely hold the prices for short term and breaching the immediate support level likely lead to a fall up to 488 in near term.
- Positioning of RSI in chart depicts downward movement in prices.
- As indicators depicts, prices likely remain range bound with weak bias in coming week.

Strategy: Selling towards 501 to 503 levels is desirable.

Technical Analysis (Futures)

RSBO (Refined Soybean Oil): Weekly Continuous Chart



- ❖ Soy oil prices stay weak bias during the week.
- ❖ Prices breached the support level at 640 which likely act as resistance for the prices in short term.
- ❖ Breaching the immediate resistance on higher side likely keep the bulls run to test the resistance of 657 levels.
- ❖ Prices likely get supported by the levels of 622 which seems immediate support.
- ❖ Prices closed below 9 and 18 day's EMA suggesting weak bias movement in prices.
- ❖ Positioning of RSI in chart depicts downtrend in prices.
- ❖ However prices likely to remain with weak bias movement in the week.

Strategy: Selling on rallies desirable towards 638-640 for a target of 630/625 with stop loss at 642 levels.

RSO NCDEX (Oct)

Support & Resistance				
S2	S1	PCP	R1	R2
604.00	625.00	639.80	640.00	657.00

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


- ❖ **Candlestick chart pattern reveal range bound with weak bias movement during the week.**
- ❖ CPO prices hovering in the range of 473-498 levels from June month onwards.
- ❖ 498 levels seem strong resistance and 473 levels likely act as support for the falling prices for short term.
- ❖ Breaching the immediate support likely lead to a fall up to 452 levels in near term.
- ❖ Positioning of RSI in chart depicts downtrend in prices.
- ❖ Prices closed below 9 and 18 day's EMA suggesting weak bias movement in prices.
- ❖ Price is likely to remain range bound with weak bias for short term.

Strategy: Market participants are suggested to go for selling from 490-492 levels for a target of 485/480 with a strict stop loss at 493.

CPO MCX (Oct)

Support & Resistance				
S2	S1	PCP	R1	R2
473.00	480.00	495.20	496.00	500.00

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		24-09-2011	17-09-2011	
Refined Soybean Oil	Mumbai +VAT	643	647	-4
	Delhi (Loose)	670	670	Unch
	Indore (Loose)	632	639	-7
	Kota(Loose)	652	655	-3
	Hyderabad+ VAT	715	710	+5
	Jaipur (Loose)	660	655	+5
	Rajkot (Loose)	640	650	-10
	Akola (Loose)	676	679	-3
	Amrawati (Loose)	676	679	-3
	Haldiya Port (Loose)	-	651	-
	Jalna	672	677	-5
	Nagpur	678	686	-8
	Soy Degum Kandla/Mundra+VAT	615	625	-10
	Soy Degum Mumbai+VAT	612	615	-3
Palm Oil	Kandla CPO (5%FFA)	500	503	-3
	Kandla RBD Palmolein +VAT	540	540	Unch
	Chennai RBD Palmolein (Loose)	565	565	Unch
	Kakinada RBD Palmolein (Loose)	559	556	+3
	Mumbai RBD Pamolein+ VAT	562	560	+2
	Hyd. RBD Palmolein VAT	600	605	-5
	Delhi RBD Palmolein (Loose)	595	595	Unch
Refined Sunflower Oil	Hyderabad Exp +VAT	755	760	-5
	Bellary (Exp. Oil)+VAT	656	646	+10
	Chellakere (Exp. Oil)+VAT	676	657	+19
	Erode (Exp. Oil)+VAT	730	725	+5
	Latur (Exp. Oil)+VAT	686	666	+2
	Kandla/Mundra	665	665	Unch
	Mumbai + VAT	745	725	+20
	Chennai (Loose)	770	745	+25
Groundnut Oil	Hyderabad +VAT	980	990	-10
	Chennai (Loose)	890	900	-10
	Delhi (Loose)	925	1020	-95
	Gondal+VAT	890	990	-10
	Jamnagar +VAT	890	990	-100
	Narsarropeth+VAT	821	851	-30
	Prodattour+VAT	881	901	-20

	Mumbai + VAT	950	990	-40
	Rajkot (Loose)	875	990	-15
Rapeseed Oil	Alwar (Expeller Oil)(Loose)	643	641	+2
	Sri Ganga Nagar(Exp Oil-Loose)	635	638	-3
	Delhi (Exp. Oil) (Loose)	678	670	+8
	Jaipur (Expeller Oil) (Loose)	642	655	-13
	Kota (Expeller Oil) (Loose)	632	625	+7
	Mumbai (Exp. Oil) +VAT	670	674	-4
	Hapur+VAT	-	670	-
	Agra (Kacchi Ghani Oil) +VAT	675	-	-
Refined Cottonseed Oil	Mumbai +VAT	660	658	+2
	Hyderabad (Loose)	675	690	-15
	Rajkot (Loose)	640	673	-33
	Delhi (Loose)	645	658	-13
Malaysia Palmolein USD/MT	FOB (Oct)	-	1090	-
	CNF (Oct) – India	-	1185	-
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	-	1055	-
	CNF (Oct) - India	-	1085	-
Argentina FOB (\$/MT)		23-09-2011	15-09-2011	Change
Soybean Oil Ship(Sep)		1155	1228	-73
Refined Soy Oil (Bulk) Ship(Sep)		1195	1271	-76
Sunflower Oil Ship (Sep)		1195	1225	-30
Cottonseed Oil Ship(Sep)		1135	1208	-73
Refine Linseed Oil (Bulk) Ship(Sep)		1175	1248	-73

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