

Domestic Veg. Oil Market Summary:

- Weak tone witnessed in domestic edible oil market during the week ended on 1st Oct as a result of downtrend in overseas markets with absence of aggressive buying support. Sporadic demand from retailers failed to sustain edible oil prices at higher levels. Relatively better supply before the season starts added bearish hue to the market sentiments.
- Groundnut oil might soften by Rs 20-30 per 10 kg in near term as new arrivals of Groundnut from Gujarat region might weigh on the spot market sentiments. Meanwhile, As per Ministry of Agriculture, groundnut acreage as on 30 Sept 2011 was lower by 13.87 percent and stood at 42.86 lakh ha compared to previous year. Fall in acreage for groundnut would lead to lower production estimates for current Kharif which might keep medium to long term fundamentals on firm note.
- With onset of active harvest and subsequent crushing of soybean the availability of soy oil is likely to increase. At the same time demand for edible oil is likely to stay steady to firm till Diwali which is likely to keep edible oil prices range bound with expectation of buying at subdued price levels. Buying interest likely surge in coming couple of week's inline with Hindu's festival which might lend support to the edible oil prices. As per trade sources the demand is likely to surge from second week of October.

International Veg. Oil Market Summary:

- International edible oil declined during the week as a result of looming financial crisis and fear of Eurozone economic crisis to deepen further had negative impact on the edible oil prices as EU is one of the largest buyer of Malaysian palm oil. Malaysian palm oil futures prices fell from MYR 2905/MT to MYR 2845/MT during the week as a result of anticipation of further decline in demand from US and EU.
- As per Intertek, Malaysia's palm oil products exports from for September month fell by 6.3 Per cent to 1,520,948 metric tons compared 1,622,731 tons shipped during August
- Discouraging export figure amid euro-zone crisis limits gains for Malaysian palm oil products in near term.
- 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.

Outlook:

Soy:

CBOT soy oil futures prices are would stay range bound with weak bias and might stay within a range of 49-51 cents/pound. 51.50 levels likely act as support for the prices to remain with bulls run for short term.

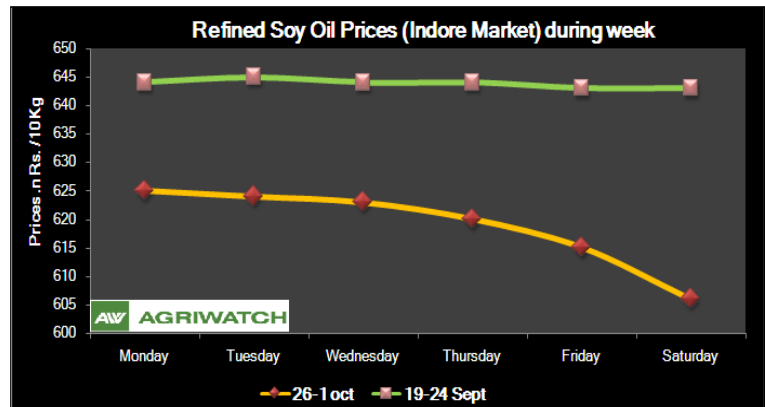
Palm:

Average price spread between CSO Argentina and CPO Malaysia during the week under review stood at US\$ US\$ 167.25/MT which down by US\$ 3.48 per MT as a result considerable falls in Argentina CSO prices as well as Malaysian CPO.

Market Recap and Fundamental Analysis

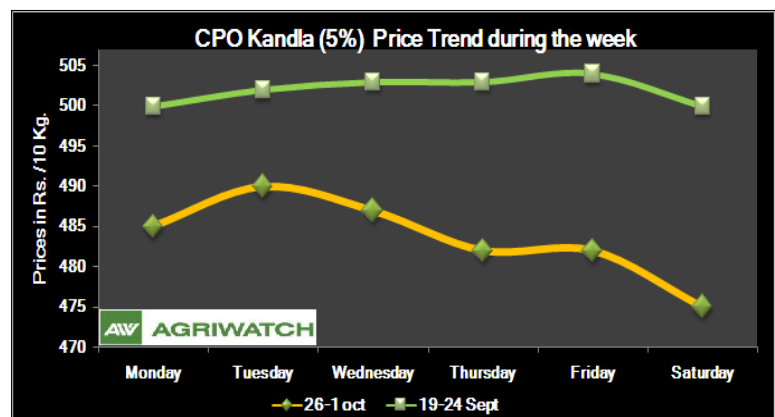
Soy oil:

- Domestic Indore market refined soy oil trade with weak bias during the week and prices fell by 3.88 per cent to Rs. 619 per 10 kg compared to previous week prices (average prices of week).
- Greater selling interest by the plants due to optimum margin realization despite continue decline in oil prices stands encouraging for the millers to liquidate their oil stocks. Comparatively lower seed prices and relatively stable meal prices stands encouraging for their net realization and for this reason they can even lower their soy refine prices moving forward with the onset of peak soybean arrivals.
- Meanwhile, better spot demand for soy refine till Diwali shall lend underlying support to the domestic soy refine prices till Diwali. This is likely to keep overall price trend sideways for coming couple of days.
- As per the notification from Ministry of Commerce & Industry, ban on export of edible oil is further extended up to September 30, 2012. Meanwhile, government has provided an exemption for branded edible oil packs with a ceiling of 10,000 tonnes from November 1, 2011 to October 31, 2012. As per notification of 2008, export of fish oil continues to be free.
- Argentina CSO FOB quotes fell by 3.95 per cent to US 1119 per MT during the week. Meanwhile, Soy oil futures prices at CBOT fell by 7.72 per cent to US c 50.20 per pound during the week.
- We expect CBOT soy oil prices to remain range bound with weak tone during the coming week due to the weak fundamentals and current global financial crisis.



Palm Oil:

- Domestic market crude palm oil (CPO Kandla 5%) trade with weak bias during the week and prices fell by 3.69 per cent to Rs. 483.50 per 10 kg compared to previous week average prices.
- Sluggish demand and weak international economic factors weighed on the domestic markets to trade with weak tone.
- Malaysia's palm oil products exports from for September month fell by 6.3 per cent to 1,520,948 metric tons compared 1,622,731 tons shipped during August.
- As per sources, Indonesia and India discussed trade next week with rice and edible oils likely to be on the agenda as Jakarta faces cuts in supplies of the grain from Thailand and New Delhi considers retaliation for a hike in crude palm oil prices. In an attempt to strengthen bilateral relations India and Indonesia had bilateral talks for palm oil import and rice export to Indonesia. India meanwhile gives indication for no possible change in existing restriction of palm oil imports which is likely to divert back the demand towards Indonesia from Malaysia. This would mean continuous flow of relatively cheap palm oil and its products into our domestic market. This will keep edible oil prices on soft note during medium to long term perspective.



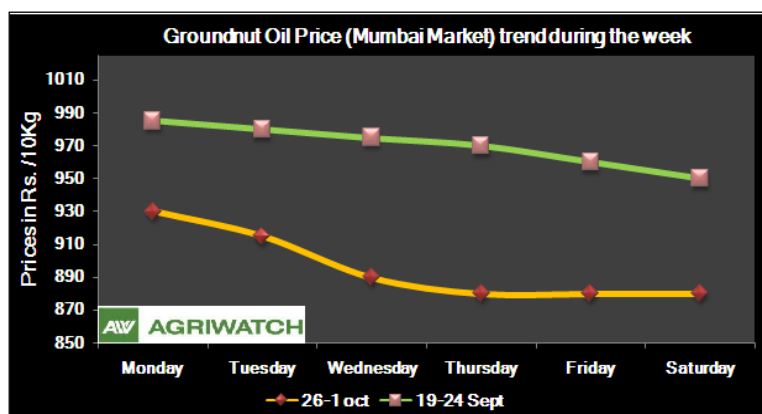
- As per Intertek Testing services, Malaysia's palm oil products exports from for September month fell by 6.3 per cent to 1,520,948 metric tonnes compared 1,622,731 tonnes shipped during August. Breakdown of ITS palm export figures for September Month compared to a month ago (Values in tonnes):

Palm Products	Sept.	Aug.	%change
Crude Palm Oil	362,523	368,728	-1.68281
RBD Palm Oil	91,694	133,038	-31.0768
RBD Palm olein	686,848	645,536	6.399643
RBD Palm Stearin	143,815	195,510	-26.4411
Crude Palm Kernel Oil	11,525	11,030	4.487761
Palm fatty acid distillate	45,835	67,945	-32.541

- India and subcontinents imported 340,380 MT of palm oil products from Malaysia during Sept which fell by 5.69 per cent compared to Aug imports of 361,035 MT. But EU's imports rose by 7.22% during Sept month.

Groundnut Oil:

- Groundnut oil trade with weak bias as a result of fresh supply meanwhile, prices fell by 8.28 per cent to Rs. 896 per 10 kg compared to previous week average prices in Mumbai market during the week.
- Major fall in groundnut oil prices seen in Rajkot markets where prices fell by 10.5% to 840 per 10 kg compared to previous week average prices.
- Trade sources feel new supply from plants during coming couple of days and relatively weak demand in the spot market might keep pressure on prices and is likely to keep prices in the range of Rs.840-870 per 10 kg for coming week.
- As per Ministry of Agriculture, groundnut acreage as on 30 Sept 2011 fell by 13.87 percent stood at 42.86 lakh ha compared to previous year. Meanwhile fall in acreage would mean lower production in this year which is likely to keep long term bullish fundamentals intact.



Sunflower oil

- Ukraine, the world's biggest sunflower oil exporter, is likely to produce a record 3.55 million tonnes of sun oil in the 2011-12 seasons. Higher supply from Ukraine in international trade channel shall give stiff competition to the Argentinean sun oil trade which means relatively lower sun oil prices y-o-y. With optimistic sowing intention from Argentina and better global supply shall ensure relatively cheaper sun oil import. This might keep domestic sun oil prices range bound with weak bias and will depend on the volume of sun oil import during current oil year. This will off-set the impact of lower Kharif sunflower seed production due to lower acreage.

Edible oil Shipments at Indian Ports during Sept. month (till 1 Oct 2011)

Product	Shipments (tonnes)
Crude Soybean Oil	28405
Crude Palm Oil	353047
RBD Palm olein	15290
Palm Oil	134420.1
Crude Palm Stearin	6,499.63
Crude Sunflower Oil	40627
Sunflower Oil	8,000
Total edible oils	586288.73
Source: Ben Line Agencies(India) Pvt Ltd.	

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

Landed Cost Calculation as on 29/09/2011	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1119	1118	1105
Freight (USD/MT)	65	55	50
C & F	1184.0	1173.4	1155.0
Weight loss (0.25% of FOB)	2.80	2.80	2.76
Finance charges (0.4% on CNF)	4.48	4.47	4.42
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1195	1184	1166
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	48.92	48.92	48.92
Landed cost without customs duty in INR per ton	58451	57931	57023
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	58887	58367	57459
Domestic Market price INR per ton Soy Degum Kandla	59500	59500	59500
Total landed cost USD per ton	1204	1193	1175
Domestic Market price USD per ton Soy Degum Kandla	1216	1216	1216
Parity INR/MT (Domestic - Landed)	613	1133	2041
Parity USD/MT (Domestic - Landed)	12.53	23.17	41.71

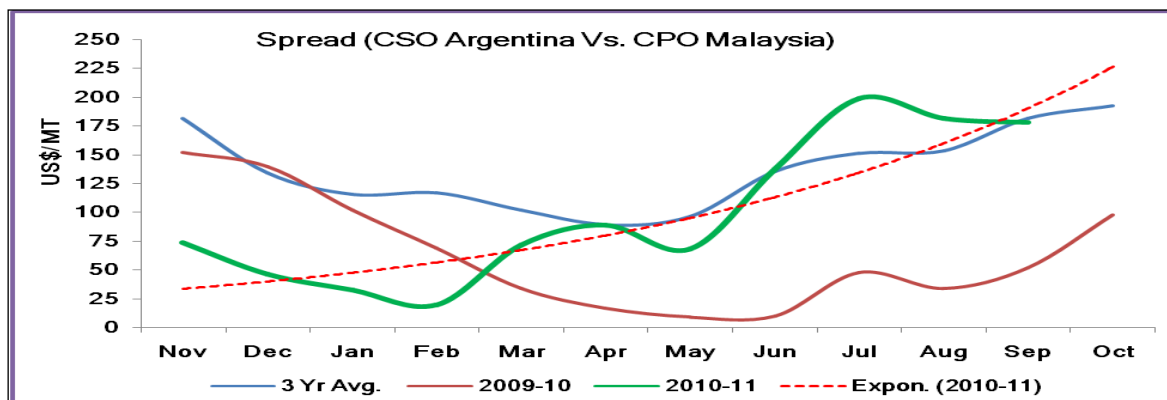
Source: Agriwatch/ Reuters

It is evident from the above table that parity comes into positive territory with imports viable from US ports. With the onset of US harvest and subsequent decline in soy oil prices helped to ease the soy oil prices during recent time. Despite depreciation of rupee during last couple of weeks shall stand encouraging for imports to import soy ref from US and other destinations We expect booking of few consignments during coming week shall ensure adequate domestic edible oil supply.

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

Sept. month 1-29 average price spread between CSO Argentina and CPO Malaysia stood at US\$ 178.22 per MT which is narrowed by US\$ 3.48 per MT compared to Aug. month. Meanwhile, spread difference narrowed during the week period by US\$ 3.95per MT to US\$ 167.25/MT compared to previous week. CPO Malaysia and CSO Argentina FOB quotes declined during the week under review.

Considering seasonality index of price spread between CSO Argentina and CPO Malaysia, spread difference may stay steady with marginal increase in the difference 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 declined during the week.
- ❖ Immediate support level likely to be Rs 590 per 10 Kg for short term.
- ❖ Breaching the level likely lead the prices to test towards 585 level. However, a technical bounce from its key support level shall bring the prices to test towards 630/10 kg.
- ❖ Positioning of RSI is down near to neutral zone indicating weak bias movement for next week.
- ❖ Looking forward, soy oil spot prices likely to remain range bound with weak bias in coming week.

Strategy: Plants would look to sell refine towards 630 at higher levels and shall sell profitably till towards 600.

Technical Analysis (Spot Market Weekly Charts)

CPO (KANDLA Rs/10 Kg)



- CPO spot market candlesticks depict marked fall during the week.
- Immediate support level likely to be Rs 469 per 10 Kg for short term.
- Breaching the level likely lead to a fall up to 460.00 levels in near term. However technical bounce is possible towards its key support towards 469 which is likely to test towards its immediate resistance of 490 to 495 resistance zone.
- Positioning of RSI in chart is in-tune with the current sideways price movement.
- As indicators depicts, prices likely remain range bound with possibility of to test towards its support.

Strategy: One should wait to liquidate existing stocks in case of immediate jump. At the same time one should take care for its immediate support and breaching the same should instigate a fresh sell off in the spot market.

Technical Analysis (Futures)
RSBO (Refined Soybean Oil): Weekly Chart



- ❖ Soy oil prices stay sideways with marginal improvement from its previous week lows during the week.
- ❖ Prices unable to breach its previous week low and form almost inside day trading pattern with marginal improvement indicating a formation of base towards 595.
- ❖ This indicates possibility for a technical bounce towards its weekly EMA which might act as a resistance zone.
- ❖ Therefore the price is likely to keep its sideways trade intact within a broad trading zone. Breaching in either side shall define the prices for coming couple of weeks.
- ❖ Concisely we expect prices to face stiff resistance towards 630 -635 which mean one should liquidate any long position towards its key resistance zone.

Strategy: Selling on rally is desirable towards 630-625 for a target of 600-610 with stop loss at 640. One should wait to sell at higher levels.

RSO NCDEX (Oct)

Support & Resistance				
S2	S1	PCP	R1	R2
565.00	578.30	608.00	630.00	651.00

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


- ❖ **Candlestick indicates weakness. However spinning top at bottom of the weekly contract chart might indicate possibility of marginal bounce.**
- ❖ However, breaching the immediate support of 460 shall lead the prices to fall towards 450 levels during coming couple of weeks.
- ❖ Indicators stay neutral as there is no major indication from the same.
- ❖ Technical bounce is likely to cap towards 480-485 price band coinciding with its EMA resistance zone.
- ❖ Price is likely to remain range bound with weak bias for short term.

Strategy: Market participants are suggested to wait for short selling as a technical bounce is possible at these levels. Selling is desirable towards 485-480 level for a target of 470 with a strict stop loss at 490.

CPO MCX (Oct)

Support & Resistance				
S2	S1	PCP	R1	R2
445.00	455.00	469.40	484.00	505.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		1/10/2011	26/09/2011	
Refined Soybean Oil	Mumbai +VAT	630	643	-13
	Delhi (Loose)	655	665	-10
	Indore (Loose)	606	625	-19
	Kota(Loose)	630	645	-15
	Hyderabad+ VAT	705	700	5
	Jaipur (Loose)	645	655	-10
	Rajkot (Loose)	625	640	-15
	Akola (Loose)	658	671	-13
	Amrawati (Loose)	658	671	-13
	Haldiya Port (Loose)	-	641	
	Jalna	649	670	-21
	Kakinada	655	660	-5
	Nagpur	666	673	-7
	SoyDegum Kandla/Mundra+VAT	590	610	-20
	Soy Degum Mumbai+VAT	590	608	-18
Palm Oil	Kandla CPO (5%FFA)	475	485	-10
	Kandla RBD Palmolein +VAT	-	520	
	Chennai RBD Palmolein (Loose)	540	560	-20
	Kakinada RBD Palmolein (Loose)	529	554	-25
	Mumbai RBD Pamolein+ VAT	542	556	-14
	Hyd. RBD Palmolein VAT	585	600	-15
	Delhi RBD Palmolein (Loose)	575	590	-15
Refined Sunflower Oil	Hyderabad Exp +VAT	765	770	-5
	Bellary (Exp. Oil)+VAT	646	661	-15
	Chellakere (Exp. Oil)+VAT	661	671	-10
	Erode (Exp. Oil)+VAT	725	730	-5
	Latur (Exp. Oil)+VAT	681	686	-5

	Kandla/Mundra	655	665	-10
	Mumbai + VAT	740	755	-15
	Chennai (Loose)	770	770	0
Groundnut Oil	Hyderabad +VAT	970	980	-10
	Chennai (Loose)	870	890	-20
	Delhi (Loose)	860	900	-40
	Gondal+VAT	820	845	-25
	Jamnagar +VAT	820	850	-30
	Narsarropeth+VAT	801	821	-20
	Prodattour+VAT	841	881	-40
	Mumbai + VAT	880	930	-50
	Rajkot (Loose)	830	840	-10
Rapeseed Oil	Alwar (Expeller Oil)(Loose)	629	639	-10
	Sri Ganga Nagar(Exp Oil-Loose)	630	630	0
	Delhi (Exp. Oil) (Loose)	665	675	-10
	Jaipur (Expeller Oil) (Loose)	622	635	-13
	Kota (Expeller Oil) (Loose)	610	620	-10
	Mumbai (Exp. Oil) +VAT	652	670	-18
	Kolkatta	-	-	
	Hapur+VAT	650	-	
	Agra (Kacchi Ghani Oil) +VAT	665	670	-5
Refined Cottonseed Oil	Mumbai +VAT	648	654	-6
	Hyderabad (Loose)	680	685	-5
	Rajkot (Loose)	625	630	-5
	Delhi (Loose)	605	645	-40
Sesame Oil	Delhi	630	635	-5
	Mumbai	775	775	0
Rice Bran Oil (40%)	Delhi	550	550	0
Rice Bran Oil (70%)	Punjab	550	550	0
	Delhi	420	425	-5
Malaysia Palmolein USD/MT	FOB (Oct)	-	1020	-
	CNF (Oct) - India	-	1055	-
Indonesia/Malaysia CPO	FOB (Oct)	-	980	-



USD/MT	CNF (Oct) - India	-	1015	-
Argentina FOB (\$/MT)		01-10-2011	26-09-2011	Change
Crude Soybean Oil Ship(Sep)		1092	-	
Refined Soy Oil (Bulk) Ship(Sep)		1130	-	
Sunflower Oil Ship(Sep)		-	-	
Cottonseed Oil Ship(Sep)		1072	-	
Refine Linseed Oil(Bulk) Ship(Sep)		1112	-	

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