

**Domestic Veg. Oil Market Summary:**

- *Mixed tone witnessed in the domestic edible oil basket during the week.*
- *Soy oil featured a firm tone on higher buying interest in the market despite of good soybean arrivals. Top Crushers actively take part in soy bean crushing to fulfill the demand.*
- *Good demand noticed for super olein in some parts of southern Indian states which is likely to support the prices of palm olein in the near term.*
- *Groundnut oil prices featured a weak bias during the week ended on 24 Oct. G/N oil likely to trade range bound in near term, meanwhile, marginal rise in prices can be noticed on any surge in demand from consumption side on account of upcoming festivities.*

*Moving forward, we expect edible oil demand to remain firm during the coming week*

**International Veg. Oil Market Summary:**

- *Edible oil prices at the bench mark market of CBOT, traded with weak bias during the week. CBOT soy oil futures prices fell by 1.75 points to 51.25 cents/pound (Dec'11 contract) while, Malaysian palm oil futures prices traded range bound and fell from MYR 2906/MT to MYR 2886/MT during the week.*
- *Indonesian govt. lowered the crude palm oil export tax by 1.5% and stood at 15 % for November month as compared to last month due to declining global prices during the last couple of months.*
- *Uncertainties continue in the Euro-zone financial crisis leading to fear of market declines in palm/soy oil. However, demand is likely to surge in India and China which might lend underlying support to the palm oil prices for short term.*

**Outlook:**
**Soy:**

*CBOT soy oil futures prices are would stay range bound within a range of 50.50 to 52.5 cents/pound.*

**Palm:**

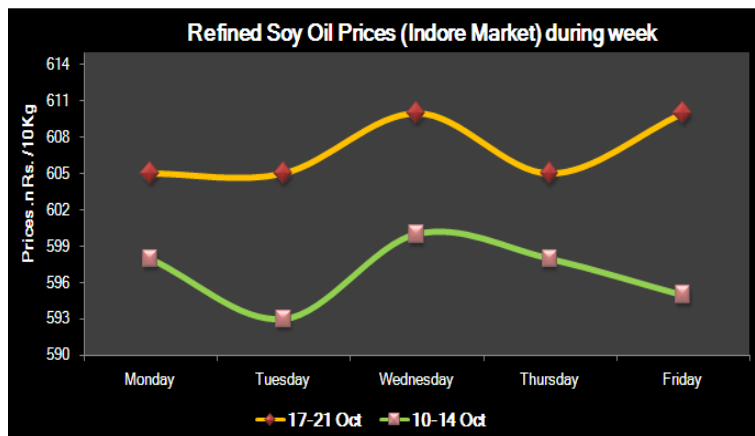
*Average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 231 per MT up by US\$ 28.75 per MT compared to previous week average of US\$ 202.35 per MT. High FOB quotes of CSO Argentina and marginal fall in FOB quotes for CPO Malaysia helped Malaysia remain competitive. Argentina FOB quotes for CSO rose by US\$ 22 per MT to US\$ 1126/MT and Malaysian FOB quotes fell by US\$ 7.5/MT to US\$/MT 920 as compared to previous week average. Rising trend is in line with the historical price spread we expect to widen further in Oct month.*

## Market Recap and Fundamental Analysis

### Soy oil:

#### Domestic Fundamentals:-

- Domestic refined soy oil traded with firm bias during the week on account of good demand due to upcoming Festival of Diwali.
- It is evident that the plants are in marginal parity considering the prices as on 22th Oct. The crushing plants bought seed at Rs 2205 per quintal, and are selling meal at Rs 1558 per quintal (Indore spot) and soy refine at 638 per 10 Kg (Indore spot). Adding the processing costs and other factors, soy refines production cost works out to 596/10 kg. Adding 5% VAT and .15% commission as brokerage the total cost is approx. Rs 626.15 per 10Kg. At these price levels the plants might be interested to liquidate their soy refined stocks.



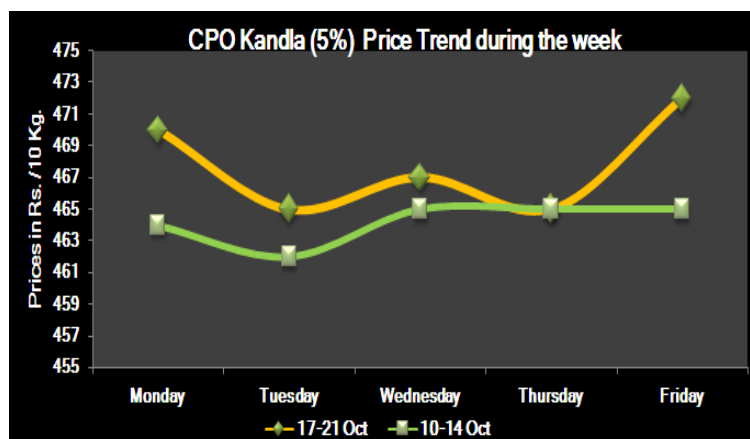
#### International Fundamentals:-

- Argentina CSO FOB quotes fell by US 18.96 per MT to US 1136.05 per MT during the week in tandem with Soy oil futures prices at CBOT which fell by 1.75 points to 51.25 cents/pound (Dec'11 contract) during the week.
- USDA reduced world soy oil production by 0.3 per cent to 43.11 MMT (in its October month report) compared to its earlier estimates. However, it raised its US soy oil ending stocks by 1.16 percent.
- Considering the above mention factors we expect CBOT soy oil prices to remain range bound with weak bias. However, any significant buying shall keep entire soy complex prices on firm note moving forward.
- According to the Aceitera General Deheza (AGD), biodiesel production in Argentina could reach to 7 million tons by 2015 against the current production of about 2 million tons per year. Soybean oil and corn mainly used in bio diesel production which might support the global soybean oil demand in long term.

## Palm Oil:

### Domestic Fundamentals:-

- Domestic market crude palm oil (CPO Kandla) prices traded with steady to firm tone during the week and prices rose by 0.78 per cent to Rs. 467.80 per 10 kg compared to previous week average prices.
- Domestic market crude palm oil (CPO Kandla 5%) traded with firm bias during the end of the week and prices rose in major markets by Rs 5-10 per 10 Kg during the week.
- Good demand was also noticed for super olein in Hyderabad and other southern Indian regions with approaching Diwali which adds firm note to the market sentiments.

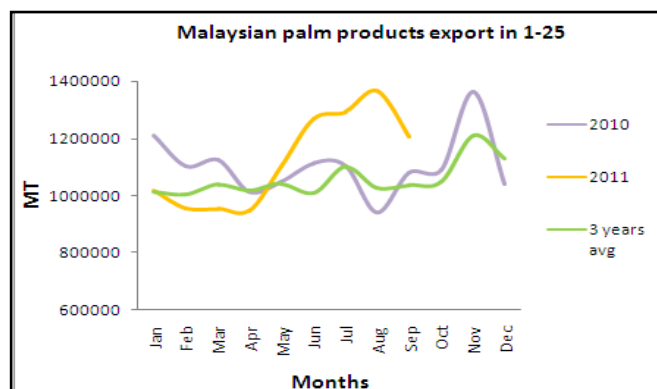


### International Fundamentals:-

- Indonesian govt. lowered the crude palm oil export tax by 1.5% to 15 % for November month as compared to last month due to declining global prices during the last couple of months. Moreover, world's top two palm oil producers have agreed to review crude palm oil export tax for mutual benefit. After the decision of Indonesian govt. to lower down its crude palm oil export tax, Malaysian local prices rose making it more expensive for Malaysian local refiners. Now both the governments have decided to discuss this matter. If any changes are made by the Indonesian government, local planters have to pay more for crude grade overseas as compared to the refined palm oil.
- As per SGS, Malaysian palm oil products exports for the period of Oct 1-20 rose by 6.8 per cent and stood at 1,033,454 million tonnes from 967,859 tonnes shipped during Sept. 1-20. Indian imported 113,290 MT of palm oil products from Malaysia during Oct 1-20 compared to Sept 1-20.

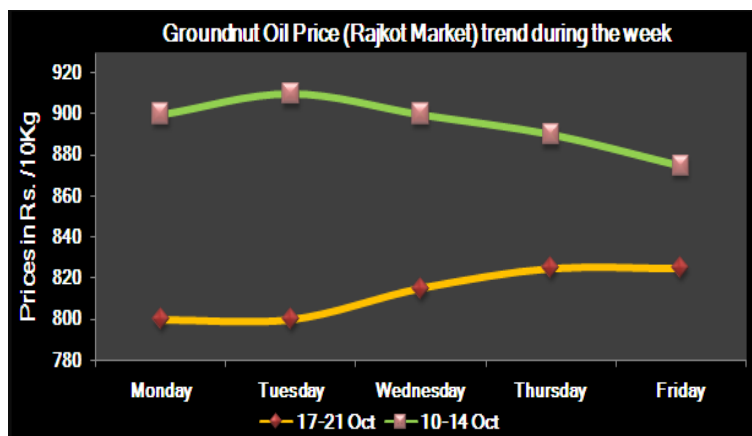
### Expected Malaysian Palm oil export for 1-25 Oct:

Malaysian palm oil export is projected to stay firm for the period of 1-25<sup>th</sup> Oct. Considering the historical export trend during the period, as seen in the 3 years average of Malaysian palm products export in Oct 1-25, the exports are likely to surge by nearly 4-6% as compared to Sept 1-25, 2011.



### Groundnut Oil:

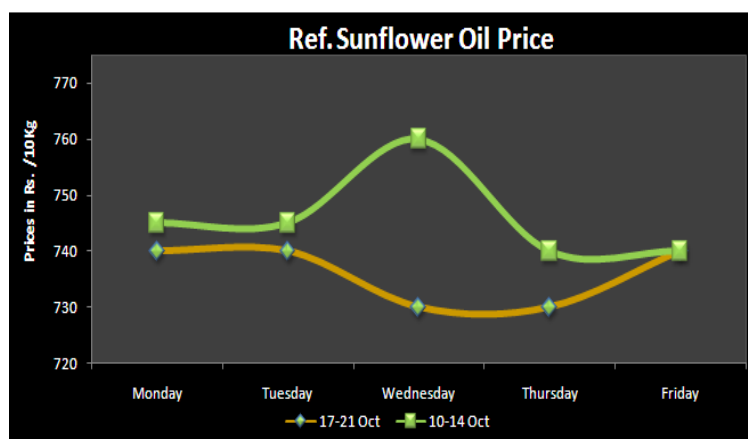
- Domestic market groundnut oil prices traded with weak bias during the week and prices fell by 9.16 per cent to Rs. 813 per 10 kg as compared to previous week average prices
- Demand for G/N oil has shifted to other oils due to relatively higher prices. New crop arrivals in major producing region and subsequent availability of GN seed, added bearish tone to the market sentiment.
- As per the latest report of Andhra Pradesh Agriculture Department, groundnut sown area during Rabi 2011-12 fell by 83.4% and stood at 0.05 lakh hectares compared to 19 Sept 2010 at 0.29 lakh hectares.
- Groundnut oil is likely to trade with steady bias in near term. However, inline festivals coupled with low arrivals due to festive holidays is likely to lend support to the groundnut oil prices for short term. In Rajkot's market, groundnut oil is likely to trade within the range of Rs 820-845 per 10 Kg in near term.



### Sunflower oil

#### Domestic Fundamentals:-

- Domestic market sunflower oil trade with weak bias during the week and prices fell by 1.34 per cent to Rs. 736 per 10 kg compared to previous week average prices
- As per the latest report of Andhra Pradesh Agriculture Department, sunflower sown area during Rabi 2011-12 is up by 68.3% and stood at 0.10 lakh hectares compared to 19 Sept 2010 at 0.06 lakh hectares.
- Anticipation of higher imports of sun oil during current oil year and subsequent greater availability continue to keep pressure on domestic sun oil prices.
- Moving forward, we expect prices to stay range bound with marginal weakness during coming week.

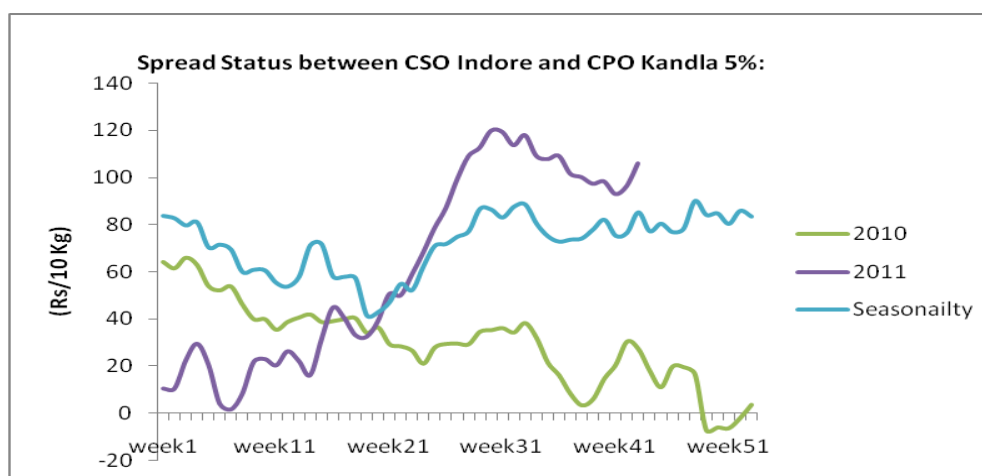


#### International Fundamentals:-

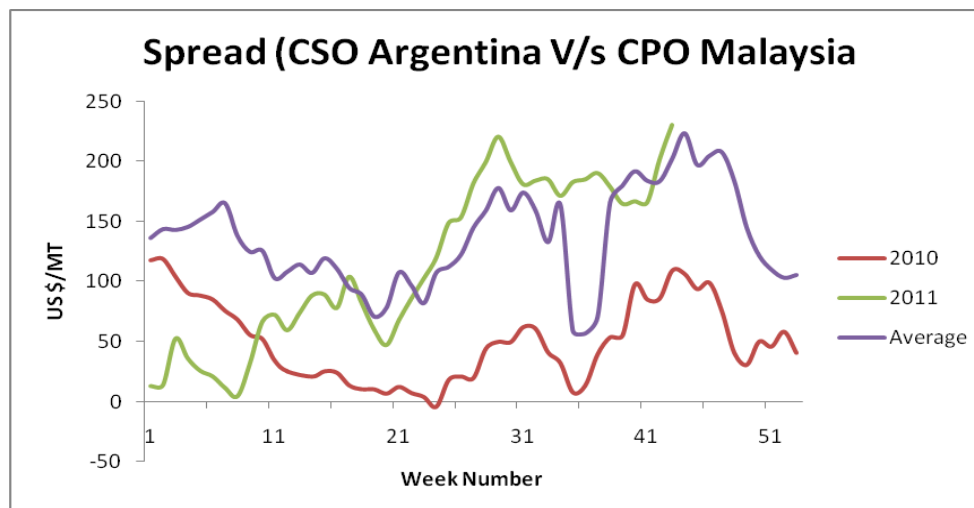
- As per UkrAgroConsult, Ukraine is likely to produce a record 3.55 million tons of sunoil in the 2011/12 season. Ukraine is likely to harvest sunflower seed of up to 8 million tons this year as compared to last year's 7.86 million due to an increased planting area.
- Better global supply shall ensure 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.

**Edible oil Shipments at Indian Ports during Oct. month (1-21 Oct 2011)**

<b>Product</b>	<b>Shipments (tonnes)</b>
Crude Soybean Oil	48906
Crude Palm Oil	577900.57
RBD Palm olein	9000
Palm Oil	88298
Crude Sunflower Oil	24120
PALM FATTY ACID	3999.99
<b>Total edible oils</b>	<b>752,225</b>
Source: Ben Line Agencies(India) Pvt Ltd.	

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


Average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 231 per MT up by US\$ 28.75 per MT compared to previous week average of US\$ 202.35 per MT. High FOB quotes of CSO Argentina and marginal fall in FOB quotes for CPO Malaysia maintained the spread difference which rose as compared to last week levels. Argentine FOB quotes for CSO rose by US\$ 22 per MT to US\$ 1126/MT and Malaysian FOB quotes fell by US\$ 7.5/MT to US\$/MT 920 as compared to previous week average. Rising trend is in line with the historical price spread we expect to widen further in Oct month & imports likely to fell in medium term.

**Spread Status between CSO Indore and CPO Kandla 5%: (Rs/10 Kg)**


Average price spread between CSO Indore and CPO Kandla 5% during the week stood at Rs 106 per MT and is up by Rs 10 per 10 Kg compared to previous week average of Rs 96 per 10 Kg. Marginal rise in CSO Indore & CPO Kandla prices were noticed during the week. Spread likely to widen further in Oct month due to festival demand which might support the prices of CSO Indore meanwhile palm oil usage likely to decrease in Nov which would widen the spread in medium term.

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

Landed Cost Calculation as on 20/10//2011	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1136	1124	1190.00
Freight (USD/MT)	65	55	50.00
C & F	1201.0	1179.1	1240
Weight loss (0.25% of FOB)	2.84	2.81	3
Finance charges (0.4% on CNF)	4.54	4.50	4.76
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1212	1190	1251
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	49.7	49.7	49.7
Landed cost without customs duty in INR per ton	60236	59140	62197
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	60672	59576	62633
Domestic Market price INR per ton Soy Degum Kandla	60000	60000	60000
Total landed cost USD per ton	1221	1199	1260
Domestic Market price USD per ton Soy	1207	1207	1207

Degum Kandla			
Parity INR/MT (Domestic - Landed)	-672	424	-2633
Parity USD/MT (Domestic - Landed)	-13.52	8.53	-52.98
Source: Agriwatch/ Reuters			

Brazil crude soy oil FOB quotes fell by US\$ 20.1/MT during the week leading to parity in Brazil soy oil. Rising prices of Soy Degum Kandla at domestic market led to marginal widening of parity in importing CSO from Brazil during the week. Meanwhile, rupee value further weakened against dollar to 49.7 (as on 20 Oct.) which also kept the parity in tight range. Brazil is the cheapest source of soy oil when compared to other destinations. Due to current disparity among US & Argentina we expect sluggish booking during the week. At the same time improvement in domestic crushing going ahead might keep importers on caution to go for aggressive imports.

### 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.
- ❖ Immediate support level likely to be Rs 604 per 10 Kg for short term.
- ❖ Breaching the level is likely to test towards 600, meanwhile Spot RSO likely to trade with firm bias in near term
- ❖ Positioning of RSI is near to neutral zone however one should wait for higher levels for to liquidate their stocks
- ❖ **Strategy: Sell on Rise**

Support & Resistance				
S2	S1	PCP	R1	R2
595.00	600.00	610.00	625.00	630.00



### Technical Analysis (Spot Market Weekly Charts)

#### CPO (KANDLA Rs/10 Kg)



- Candlesticks depicts marginal rise in CPO prices during the week.
- Immediate support level likely to be Rs 465.0 per 10 Kg for short term.
- Breaching the level will likely lead to a fall up to 460.0-462.0 levels in near term however prices likely to test towards its immediate resistance of 478.0.
- Positioning of RSI in chart is in-tune with the current sideways price movement.
- As indicators depicts, prices likely to remain range bound with a firm bias in coming week.

**Strategy: Market likely to trade with range bound with firm bias in near term. Market participants should wait to sell their stocks at higher levels.**

Support & Resistance				
S2	S1	PCP	R1	R2
462.00	465.00	472.00	478.00	482.00



### Technical Analysis (Futures)

#### RSO (Refined Soybean Oil): Weekly Chart



- ❖ Soy oil prices marginally rose from its previous week close during the week.
- ❖ 602.20 might act as strong support zone. Breaching this level shall lead the prices to fall towards 596.80 levels during coming couple of weeks.
- ❖ However, breaching support level may take the prices to touch 598.30 levels.
- ❖ Therefore the prices are likely to trade with firm bias. We expect selling pressure at 630.00-632.00 prices which mean one should liquidate any long position near to its key resistance zone.

**Strategy:** Selling on rally is desirable towards 630.00-632.00 for a target of 618.00 with stop loss at 635.50. One should wait to sell at higher levels.

#### RSO NCDEX (Nov)

Support & Resistance				
S2	S1	PCP	R1	R2
596.80	602.20	615.00	625.90	632.00

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


- ❖ **CPO prices trade sideways during the week.**
- ❖ However, breaching the immediate support of 463.40 shall lead the prices to fall towards 460.00 levels during coming couple of weeks.
- ❖ Indicators stay neutral as there is no major indication from the same.
- ❖ Price is likely to remain range bound between – 463.40-480.30 in near to medium term.

**Strategy:** Market participants are suggested to wait for short selling as a correction might possible at 480.3-482.00 levels with target 474.60 and a stop loss 484.50.

**CPO MCX (Oct)**

Support & Resistance				
S2	S1	PCP	R1	R2
460.00	463.40	471.1	480.30	485.30

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		21/10/2011	17/10/2011	
Refined Soybean Oil	Mumbai +VAT	630	628	+2
	Delhi (Loose)	645	645	Unch
	Indore + VAT	610	605	+5
	Kota(Loose)	625	625	Unch
	Hyderabad+ VAT	680	670	+10
	Jaipur (Loose)	640	635	+5
	Rajkot (Loose)	615	620	-5
	Akola (Loose)	651	661	-10
	Amrawati (Loose)	651	661	-10
	Haldiya Port (Loose)	632	632	Unch
	Jalna	655	655	Unch
	Kakinada	645	630	+15
	Nagpur	656	666	-10
	SoyDegum Kandla/Mundra+VAT	607	602	+5
	Soy Degum Mumbai+VAT	602	605	-3
Palm Oil	Kandla CPO (5%FFA)	472	470	+2
	Kandla RBD Palmolein +VAT	522	503	+19
	Chennai RBD Palmolein (Loose)	535	530	+5
	Kakinada RBD Palmolein (Loose)	521	522	-1
	Mumbai RBD Pamolein+ VAT	535	525	+10
	Hyd. RBD Palmolein VAT	570	565	+5
	Delhi RBD Palmolein (Loose)	580	580	Unch
Refined Sunflower Oil	Hyderabad Exp +VAT	740	740	Unch
	Bellary (Exp. Oil)+VAT	626	626	Unch
	Chellakere (Exp. Oil)+VAT	641	641	Unch
	Erode (Exp. Oil)+VAT	690	700	-10
	Latur (Exp. Oil)+VAT	651	656	-5
	Kandla/Mundra	655	655	Unch
	Mumbai + VAT	730	725	+5
	Chennai (Loose)	725	730	-5
Groundnut Oil	Hyderabad +VAT	850	840	+10
	Chennai (Loose)	790	810	-20
	Delhi (Loose)	840	880	-40
	Gondal+VAT	825	820	+5
	Jamnagar +VAT	825	820	+5

	Narsarropeth+VAT	731	731	Unch
	Prodattour+VAT	771	801	-30
	Mumbai + VAT	840	890	-40
	Rajkot (Loose)	825	800	+25
Rapeseed Oil	Alwar (Expeller Oil)(Loose)	639	641	-2
	Sri Ganga Nagar(Exp Oil-Loose)	640	635	+5
	Delhi (Exp. Oil) (Loose)	670	675	-5
	Jaipur (Expeller Oil) (Loose)	640	635	+5
	Kota (Expeller Oil) (Loose)	630	620	+10
	Mumbai (Exp. Oil) +VAT	668	662	+6
	Kolkatta	-	-	-
	Hapur+VAT	670	665	+5
	Agra (Kacchi Ghani Oil) +VAT	675	665	+10
Refined Cottonseed Oil	Mumbai +VAT	645	644	+1
	Hyderabad (Loose)	665	660	+5
	Rajkot (Loose)	640	640	Unch
	Delhi (Loose)	615	630	-15
Sesame Oil	Delhi	640	635	+5
	Mumbai	775	775	Unch
Rice Bran Oil (40%)	Delhi	540	550	-10
	Punjab	550	550	Unch
Rice Bran Oil (70%)	Delhi	425	425	Unch
Malaysia Palmolein USD/MT	FOB (Nov)	1000	1003	-3
	CNF (Nov) - India	1035	1038	-3
Indonesia/Malaysia CPO USD/MT	FOB (Nov)	920	930	-10
	CNF (Nov) - India	955	965	-10
<b>Argentina FOB (\$/MT)</b>		<b>20-10-2011</b>	<b>17-10-2011</b>	<b>Change</b>
Crude Soybean Oil Ship(Oct)		1135		-
Refined Soy Oil (Bulk) Ship(Oct)		1174		-
Sunflower Oil Ship(Oct)		1130		-
Cottonseed Oil Ship(Oct)		1115		-
Refine Linseed Oil(Bulk) Ship(Oct)		1155		

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