

Domestic Veg. Oil Market Summary:

- Steady tone witnessed in the domestic edible oil basket during the week; major spot markets were closed during the week on account of festivals.
- Higher arrivals of soy bean is expected and crushing activity will be begin as scheduled in a couple of weeks so soy oil prices might correct from higher levels in near to medium term.
- Good demand noticed for super olein and ready palm oil products in parts of southern India which is likely to support the prices of palm olein in the near to medium term.
- Moving forward, edible oil prices are expected to gain momentum in with rise in seasonal demand. However, festive buying is over and this may limit excessive gains for short term.

International Veg. Oil Market Summary:

- Edible oil prices at the bench mark market of CBOT, traded with steady tone during the week. CBOT closed to 52.77 cents/pound (Dec'11 contract) on 28 Oct 2011. Meanwhile, Malaysian palm oil futures prices trade with a firm bias during the week and rose by from MYR 2994/MT to MYR 2891/MT during the week.
- U.S. soybean harvesting is complete by 80 percent compared to 5 year average of 71%.
- Good weather conditions over soy growing region of South America helped to boost soybean planting in Brazil. Soybean planting in Brazil is reported to complete by 25% compared to 9% during the same period last year.

Outlook:
Soy:

CBOT soy oil futures prices are would stay range bound within a range of 50 to 51.2 cents/pound.

Palm:

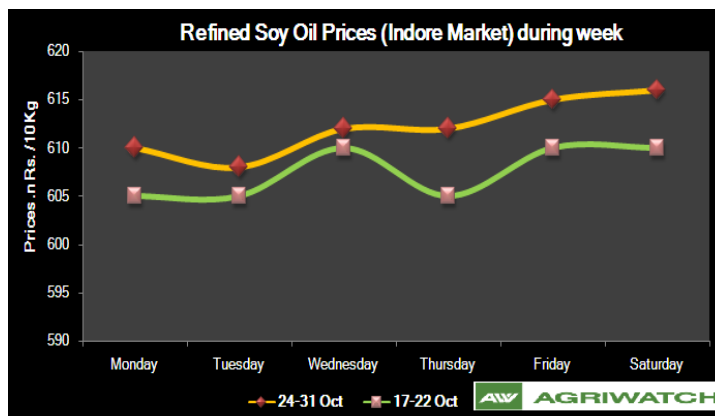
Average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 193.50 per MT, a fall of US\$ 37.50 per MT compared to previous week average of US\$ 231 per MT. Low FOB quotes of CSO Argentina and marked rise in FOB quotes for CPO Malaysia made this difference. Argentine FOB quotes for CSO rose by US\$ 21 per MT to US\$ 1144/MT and Malaysian FOB quotes rose by US\$ 35/MT to US\$/MT 955 as compared to 24 Oct 2011. Meanwhile spread is likely to widen in the medium term as imports from India and china are likely to gain momentum due to seasonal demand.

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Domestic refined soy oil traded with firm bias during the week due to festive buying support.
- It is evident that the plants are in marginal parity considering the prices as on 29th Oct. The crushing plants bought seed at Rs 2200 per quintal, and are selling meal at Rs 1580 per quintal (Indore spot) and soy refine at 640 per 10 Kg (Indore spot). Adding the processing costs and other factors, soy refines production cost works out to 593.50/10 kg. Adding 5% VAT and .15% commission as brokerage the total cost is approx. Rs 623.20 per 10Kg. At these price levels the plants might be interested to liquidate their soy refined stocks, however as per source soy oil plants does not want to liquidate their stock at these price levels.
- As per SOPA, soy bean production Second Estimate for the kharif 2011 stood at 119.395 Lac Tons up by 2.4% as compared to the First Estimate though market participants feel that soy bean production for the kharif 2011 is likely to be more than SOPA estimates.
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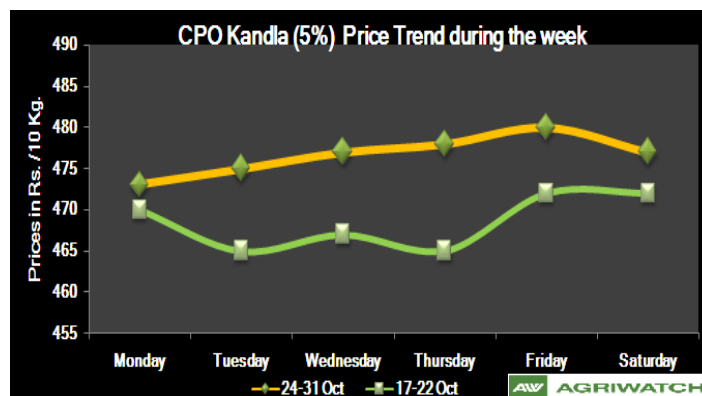
International Fundamentals:-

- Argentina CSO FOB quotes rose by US 13.67 per MT to US 1142.44 per MT during the week meanwhile Soy oil futures prices at CBOT which fell by 0.7 points to 52.41 cents/pound (Dec'11 contract) during the week.
- Congenial weather condition over soy growing region of South America helped to boost soybean planting in Brazil. Soybean planting in Brazil is reported to complete by 25% compared to 9% during the same period last year.
- We expect Brazilian soybean to be available early this season, may be during end January to first week of February against March last year . hitting US exports a bit early. U.S. soybean harvesting is complete by 89 percent compared to 5 year average of 79%.

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 1.74 per cent to Rs. 476.6 per 10 kg compared to previous week average prices.
- Domestic market crude palm oil (CPO Kandla 5%) traded with firm bias during the week.
- Good demand was noticed for super olein in Hyderabad and other southern Indian regions which lent support to the prices and we expect palm oil to trade with a range bound movement in near term; meanwhile seasonal demand might support the prices in medium term.



International Fundamentals:-

- A couple a days' back Indonesian government lowered the crude palm oil export tax to 15% for November month due to declining global prices. As per Indonesian trade ministry, New Base export prices in \$/tons as below(Old Base export prices in \$/tons are in parenthesis) -: Crude Palm Oil 938 (1,001), Crude Palm Kernel Oil 999 (1,301), RBD Palm Olein 980 (1,121), RBD Palm Oil 965 (1,104), RBD Palm Stearin 824(870), Palm Fatty Acid Distillate 808 (838), Palm Kernel 375(395).
- As per SGS, Malaysian palm oil products exports for the period of Oct 1-30 rose by 11.9 per cent and stood at 1,684,077 tonnes from 1,505,002 tonnes shipped during Sept. 1-30. Indian imported 191,590 MT of palm oil products from Malaysia during Oct 1-30

Groundnut Oil:

- Domestic market groundnut oil prices traded with steady bias due to thin trading as major spot markets were closed during the week on account of festivals.
- Groundnut oil is likely to trade with steady bias in near term, however festive buying is over and this may cap on excessive gains in near-term
- As per source, G/N oil in Rajkot's Market likely to trade with a range of Rs 830-860/ 10Kg in near term to medium term.

Sunflower oil

Domestic Fundamentals:-

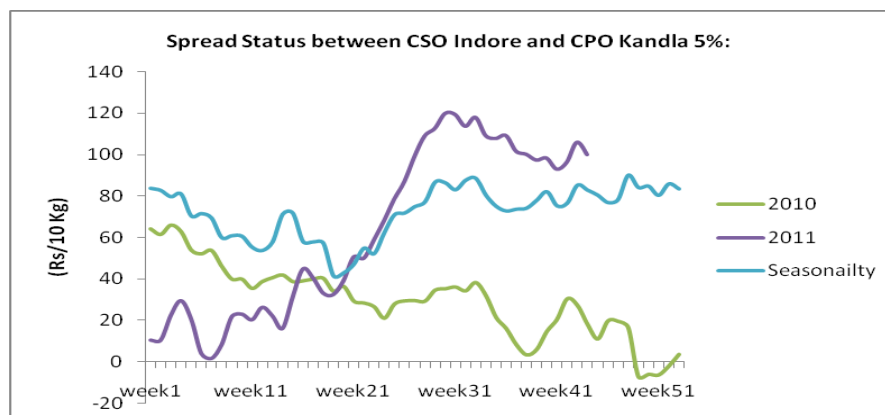
- Sun oil remained sideways during the week due to limited trading activities as major markets were closed during the week on account of holidays.
- Moving forward, we expect prices to stay range bound during the coming week as festive buying is over this may caps on excessive gains.

International Fundamentals:-

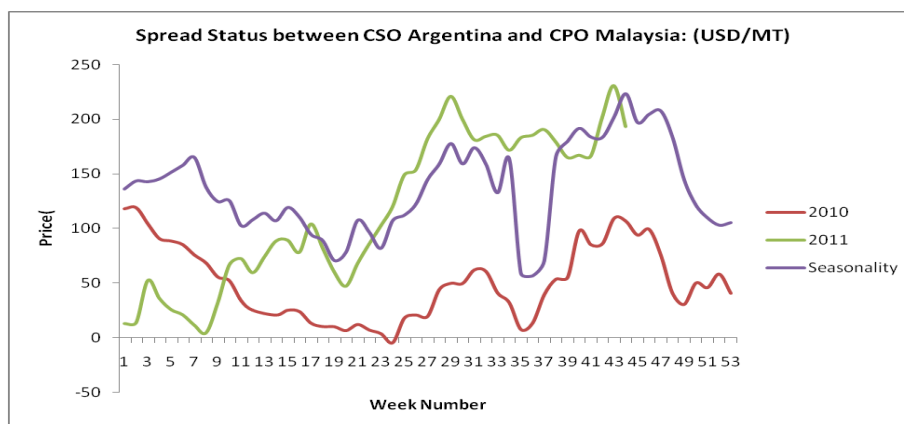
- As per UkrAgroConsult, Ukraine is likely to produce a record 3.55 million tons of sun oil in the 2011/12 season. Ukraine is likely to harvest sunflower seed of up to 8 million tons this year as compared to last year's 7.86 million due to an increased planting area.
- As per source, Ukraine is likely to reduce its sun oil exports to 2.43 million tons in 2010/11 from 2.65 million tons

Edible oil Shipments at Indian Ports during Oct. month (1-30 Oct 2011)

Product	Shipments (tonnes)
Crude Soybean Oil	61961
Crude Palm Oil	649805.1
RBD Palm olein	19739.7
Palm Oil	96798
Crude Sunflower Oil	52370
PALM FATTY ACID	3999.99
Total edible oils	884,674
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\$ 193.50 per MT a fall of US\$ 37.50 per MT compared to previous week average of US\$ 231 per MT. Low FOB quotes of CSO Argentina and marked rise in FOB quotes for CPO Malaysia decreased the spread. Argentine FOB quotes for CSO rose by US\$ 21 per MT to US\$ 1144/MT and Malaysian FOB quotes rose by US\$ 35/MT to US\$ 955/MT as compared to 24 Oct 2011. Meanwhile the spread is likely to widen in the medium term as imports from India and China are likely to gain momentum due to seasonal demand in the 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 100 per MT and fell by Rs 6 per 10 Kg compared to previous week average of Rs 106 per 10 Kg. Marked rise in CSO Indore & prices were noticed during the week. Spread likely to narrow further in Nov. month as festive buying is over festive buying is over and this may caps on excessive gains in near-term, moreover buying gains momentum in medium term with a rise in seasonal demand.

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

Landed Cost Calculation as on 28/10/2011	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1142	1142	1190
Freight (USD/MT)	65	55	50
C & F	1207.0	1197.0	1240.0
Weight loss (0.25% of FOB)	2.86	2.86	2.98
Finance charges (0.4% on CNF)	4.57	4.57	4.76
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1218	1208	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	48.82	48.82	48.82
Landed cost without customs duty in INR per ton	59465	58975	61096
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	59901	59411	61532
Domestic Market price INR per ton Soy Degum Kandla	60500	60500	60500
Total landed cost USD per ton	1227	1217	1260
Domestic Market price USD per ton Soy Degum	1239	1239	1239

Kandla			
Parity INR/MT (Domestic - Landed)	599	1089	-1032
Parity USD/MT (Domestic - Landed)	12.27	22.30	-21.14

Brazil crude soy oil FOB quotes fell by US\$ 3.3/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 strengthened against dollar to 48.8 (as on 28 Oct.). Brazil is the cheapest source of soy oil. Due to current disparity with respect to US, we expect sluggish booking to source from there. Also the improvement in domestic crushing would inhibit aggressive imports.

Technical Analysis (Spot Market Weekly Charts)

SOYOIL REFINED (INDORE Rs/10 Kg)



- ❖ Domestic spot market soy oil prices traded with a firm tone during the week.
- ❖ Breaching the first support level is likely to test towards 600-605 levels, meanwhile spot RSO likely to trade with range bound in near term.
- ❖ We expect technical dip from 620.50 levels in near term.
- ❖ **Strategy: One should wait for higher levels for to liquidate their stocks**

Support & Resistance				
S2	S1	PCP	R1	R2
604.60	607.50	616.00	621.20	623.50

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 482.00.
- Candlestick depicts descending triangle formation we expect prices likely to trade with steady to firm bias, meanwhile technical dip is possible at 482.0.

Strategy: Market participants should wait to sell their stocks at higher levels.

Support & Resistance				
S2	S1	PCP	R1	R2
469.0	472.50	477.00	482.00	487.00

Technical Analysis (Futures)

RSO (Refined Soybean Oil): Weekly Chart



- ❖ Soy oil prices marginally rose from its previous week close during the week.
- ❖ 9th EMA's day acts as a strong resistance zone. Breaching this level shall lead the prices to rise towards 633.50 levels during coming couple of weeks.
- ❖ However, breaching support level may take the prices to touch 605.00 levels in medium term.
- ❖ Therefore the prices are likely to trade with steady to weak bias in near term. We expect selling pressure at 624.20 prices.

Strategy: Selling on rally is desirable towards Below 624.20 for a target of 616.00 with stop loss at 628.50. One should wait to sell at higher levels.

RSO NCDEX (Nov)

Support & Resistance				
S2	S1	PCP	R1	R2
605.00	609.20	619.60	627.10	633.50

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


- ❖ **CPO prices trade sideways during the week.**
- ❖ However, breaching the immediate support of 469.50 shall lead the prices to fall towards 467.00 levels during coming couple of weeks.
- ❖ Candlestick chart depicts descending triangle pattern which indicates CPO likely to trade with steady to weak bias in near term
- ❖ Price is likely to remain range bound between - 469.50 – 481.00 level in near to medium term.

Strategy: Market participants are suggested to wait for short selling as a correction might possible at 481.00- levels with target price 474.60 and a stop loss at 483.70.

CPO MCX (Oct)

Support & Resistance				
S2	S1	PCP	R1	R2
467.00	469.50	475.50	483.70	486.70

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		29/10/2011	24/10/2011	
Refined Soybean Oil	Kota(Loose)	635	625	+10
	Rajkot (Loose)	Closed	625	-
	Jaipur (Loose)	645	640	+5
	Hyderabad+ VAT	665	660	+5
	Delhi (Loose)	650	650	Unch
	Kakinada	630	630	Unch
	Mumbai +VAT	630	632	-2
	Indore + VAT	616	610	+6
	Soy Degum Mumbai+VAT	602	602	Unch
	SoyDegum Kandla/Mundra+VAT	605	605	Unch
	Haldiya Port (Loose)	629	631	-2
	Akola (Loose)	649	651	-2
	Amrawati (Loose)	649	651	-2
	Jalna	648	650	-2
	Nagpur	648	651	-3
Palm Oil	Chennai RBD Palmolein (Loose)	535	535	Unch
	Hyd. RBD Palmolein VAT	565	560	+5
	Delhi RBD Palmolein (Loose)	580	575	+5
	Kandla CPO (5%FFA)	477	473	+4
	Kakinada RBD Palmolein (Loose)	529	521	+8
	Mumbai RBD Pamolein+ VAT	537	535	+2
	Kandla RBD Palmolein +VAT	527	524	+3
Refined Sunflower Oil	Mumbai + VAT	725	725	Unch
	Kandla/Mundra	655	655	Unch
	Erode (Exp. Oil)+VAT	695	695	+5
	Hyderabad Exp +VAT	725	725	-
	Chennai (Loose)	690	725	-35
	Bellary (Exp. Oil)+VAT	626	626	Unch
	Latur (Exp. Oil)+VAT	646	651	-5
	Chellakere (Exp. Oil)+VAT	631	636	-5
Groundnut Oil	Rajkot (Loose)	Closed	825	-
	Chennai (Loose)	760	770	-10
	Delhi (Loose)	875	850	+25
	Hyderabad Exp +VAT	800	800	Unch

	Mumbai + VAT	860	840	+20
	Gondal+VAT	-	830	-
	Jamnagar +VAT	-	830	-
	Narsarropeth+VAT	741	731	+10
	Prodattour+VAT	771	771	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	678	675	+3
	Alwar (Expeller Oil)(Loose)	656	636	+20
	Kota (Expeller Oil) (Loose)	660	635	+25
	Jaipur (Expeller Oil) (Loose)	665	640	+25
	Delhi (Exp. Oil) (Loose)	690	674	+16
	Sri Ganga Nagar(Exp Oil-Loose)	658	647	+11
	Hapur+VAT	680	670	+10
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	695	682	+13
Refined Cottonseed Oil	Mumbai +VAT	647	650	-3
	Rajkot (Loose)	Closed	645	-
	Delhi (Loose)	625	620	+5
	Hyderabad (Loose)	670	665	+5
Sesame Oil	Delhi	660	645	+15
	Mumbai	775	775	Unch
Rice Bran Oil (40%)	Delhi	565	555	+10
	Punjab	550	550	Unch
Rice Bran Oil (70%)	Delhi	435	430	+5
Malaysia Palmolein USD/MT	FOB (Nov)	1040	1000	+40
	CNF (Nov) - India	1075	1035	+40
Indonesia/Malaysia CPO USD/MT	FOB (Nov)	955	923	+5
	CNF (Nov) - India	990	958	+5
Argentina FOB (\$/MT)		28/10/2011	24-10-2011	Change
Crude Soybean Oil Ship(Oct)		1144	-	-
Refined Soy Oil (Bulk) Ship(Oct)		1184	-	-
Sunflower Oil Ship(Oct)		1140	-	-
Cottonseed Oil Ship(Oct)		1224	-	-
Refine Linseed Oil(Bulk) Ship(Oct)		1164	-	-

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