

Domestic Veg. Oil Market Summary:

- Domestic edible oil prices trade with a steady to firm bias during the week and likely to trade with a range bound for the coming week.
- Depreciating INR touches 52 levels during the week leads to expensive imports. This may slow down imports which might lend underlying support to the palm oil prices in near term.
- Govt. plans to bring oil palm under MSP mechanism to bridge the domestic demand and supply gap from 12th five year plan.
- We expect edible oil likely to trade with a steady to firm bias in near to medium term on account of seasonal demand coupled with expensive imports which might support edible oil prices in near term.

International Veg. Oil Market Summary:

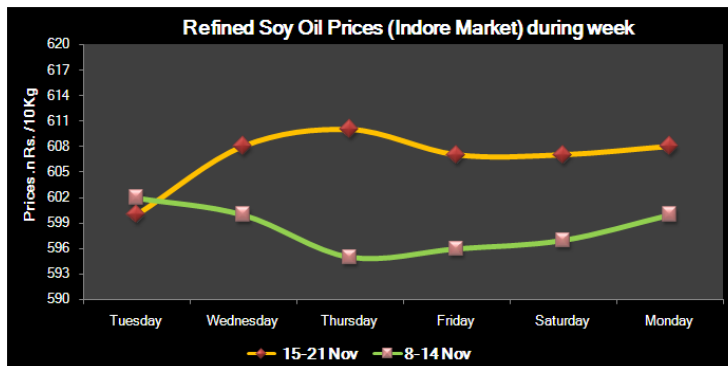
- Crude soy oil prices at the bench mark market of CBOT fell during the week from 52.48 to 49.89(week ended in 21 Nov) and likely to stay in the range of 49 to 52 cents/lb level. Meanwhile, Malaysian palm oil futures stay firm during the week under consideration and fell by MYR 16 from MYR 3184/MT to MYR 3168/MT during the week.
- Malaysian weather Department expecting five to six heavy rainfall episodes likely to occur during the season which could disrupt palm output in medium term, meanwhile import disparity might weigh in the imports in near to medium term we expect palm oil trade with a steady to firm bias in near to medium term.
- Indonesia has kept its export tax for crude palm oil (CPO) at 15% for December, unchanged from the previous month. Indonesian government also left its olein palm oil products export tax for next month unchanged at 7%.
- We expect soy oil prices remain steady on account of low international meal demand amid uncompetitive soy oil prices which impact on crushing and slowed soybean crushing below expectations in the U.S., Argentina, Brazil and Europe

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Domestic soy oil prices trade with a firm bias on account of higher demand noticed coupled with weaken INR supports prices during the week. Spot market Ref. soy oil prices fell by 1.39 per cent to Rs. 607 per 10 kg (excluding VAT) till Saturday compared to previous week average prices.
- It is evident that the plants (ex-Indore) are in marginal parity as on 21th Nov. Considering average plant delivery seed at Rs 2200/qlt and meal prices at Rs 16000/MT (Indore spot) and selling refined soy oil at 640.50/10 Kg, plants are getting good return. Adding processing costs and other expenses to the crude soy oil produced in plants in Indore region, soy refine production cost works out to 595.5/10 kg. Further addition of 5% VAT and 0.15% commission as brokerage brings the total cost to Rs 625.3 per 10Kg as compared to the prevailing spot price of 640.50/10 Kg as on 21th Nov. This indicates plants are in parity (Rs 15.3/10 Kg) and might liquidate their oil stocks at current prices.
- However Nagpur and Kota based plants are in higher parity as compared to Indore based plants. As per parity calculated on 21th of November, plants are in parity of Rs 62.53 per 10 Kg and Rs 1.98 per 10 Kg respectively for Nagpur and Kota region. Higher parity from these regions, plants might liquidate their stock at current levels in the spot market.
- Looking forward, we expect soy oil likely to trade with a steady to firm bias on account of better buying interest from the wholesalers and retailers.



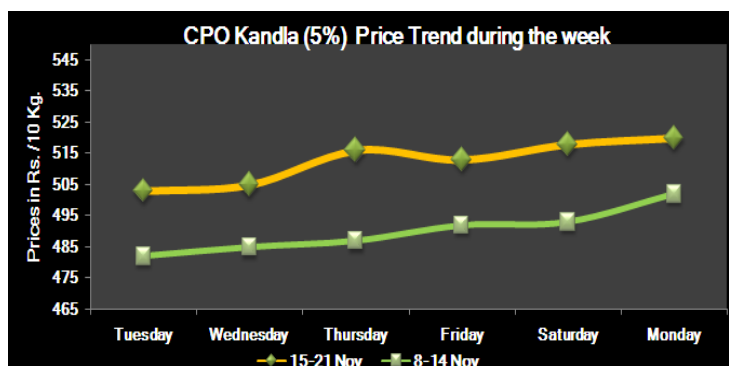
International Fundamentals:-

- According to the latest government's weekly crop progress report, Farmers have planted 44 percent (8.3 million ha.) of the record 19 million hectares forecasted for soy this season up by 2% as compared to previous year. Moreover 1.42 million ha sun seed has planted of the forecasted 1.69 million ha.
- Average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 156.92 per MT, a fall of US\$ 5.45 per MT compared to previous week average of US\$ 162.60 per MT. We expect international palm prices stay firm, however spread between FOB CSO Argentina and CPO Malaysia likely to fall by US \$7-10/MT in a coming week.

Palm Oil:

Domestic Fundamentals:-

- Domestic palm oil prices stay firm in major market on account of buying support at spot amid bullish Malaysian cues lends underlying support to the palm oil prices during the week.
- Govt. plans to bring oil palm under MSP mechanism to bridge the domestic demand and supply gap from 12th five year plan.
- Weaken INR touches 52.70 level this week which leads to expensive imports in near term this might support domestic palm oil prices in near to medium term.

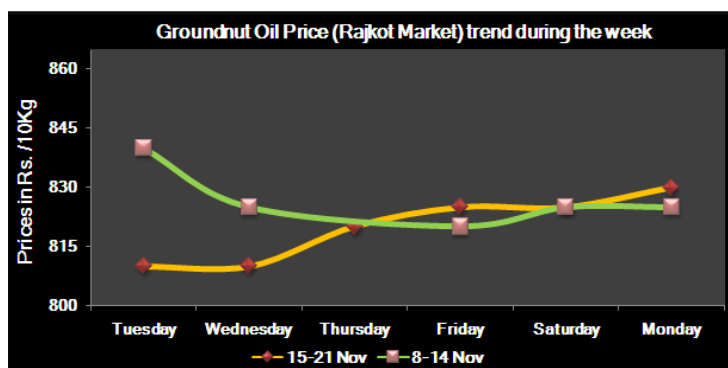


International Fundamentals:-

- As per Malaysian Meteorological Department, heavy rainfall is expected over Malaysia's key oil palm growing states Sabah, Johor and Pahang comprises 60-70% of palm output to get 20-40% more rainfall in a Nov-Dec months, meanwhile la Nina over equatorial central Pacific Ocean might worsen the northeast monsoon season that runs from this month till March next year. Department expecting five to six heavy rainfall episodes likely to occur during the season which could disrupt palm output in medium term.
- As per SGS, Malaysian palm oil products exports for the period of 1-20 November fell by 0.04 per cent stood at 1,033,040 million tonnes from 1,033,454 tonnes shipped during 1-20 October.
- Indonesia has kept its export tax for crude palm oil (CPO) at 15% for December, unchanged from the previous month. Indonesian government also left its olein palm oil products export tax for next month unchanged at 7%.

Groundnut Oil:

- Domestic groundnut oil prices stay steady w-o-w due to low export of HPS during the week.
- Rabi groundnut sowing is also seen lagging after it sluggish starts. Sown area for groundnut seed stood at 1.48 lakh as on November 18, 2011 which is down by 22.51% as compared to last year 1.91 lakh hectares during same period.
- As per source, G/N oil likely to trade with a steady to firm bias in coming week as new HPS exports likely to occur in a coming week, meanwhile G/N oil likely to trade with a range of Rs 810 to 840 per 10 Kg in near term.



Sunflower oil

Domestic Fundamentals:-

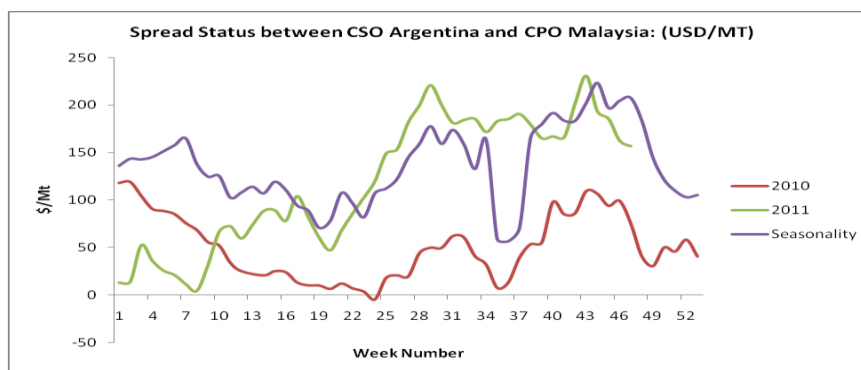
- Sun oil trade with a steady to firm bias during the week. Meanwhile low acreage for Rabi crop amid expensive imports might support the sunflower oil prices in near term.
- As per the latest report from Ministry of Agriculture, Rabi sowing of sunflower is lagging year on year. As on 18th Nov area under sunflower were reported at 1.99 lakh hectares down by 26.84% during the same period last year when it was seen at 2.72 lakh hectares.

- Rupee depreciates against dollar this week closed at 51.35 as on 19th Nov. which indicates an expensive sun oil imports, moreover the production for domestic sun oil is quite less which likely support the domestic sun oil prices in near term.

International Fundamentals:-

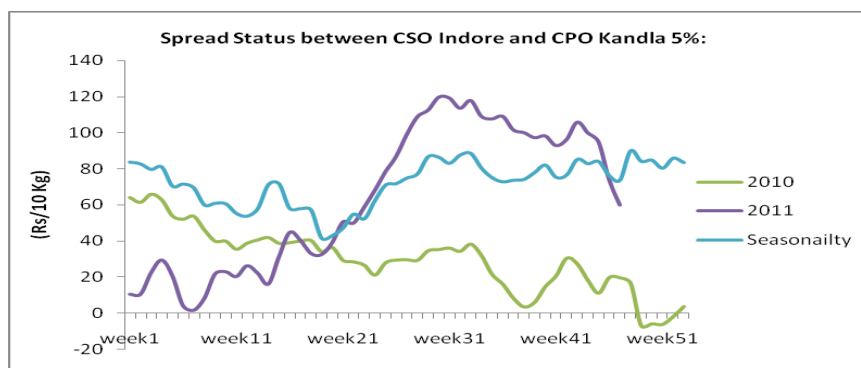
- As per Ukroliyaprom, sun oil exports could rise to at least 2.8 million tonnes in the 2011/12 season (September-August) if there are no trade restrictions. Meanwhile exports in 2010/11 were 2.65 million tonnes.
- According to the latest government's weekly crop progress report, Farmers have planted 44 percent (1.42 million ha.) of the record 1.69 million hectares forecasted for sun seed this season up by 2% as compared to previous year.

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\$ 156.92 per MT, a fall of US\$ 5.45 per MT compared to previous week average of US\$ 162.60 per MT. Spread is likely to narrow further considering seasonality, as lower palm output amid high Chinese demand likely support the palm oil prices in near to medium term, meanwhile Argentina crude soyoil likely to stay steady due to low demand of soy oil in international markets, We expected spread to fell by US\$ 7-10/MT during coming week.

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



Domestic weekly average spread between CSO Indore and CPO Kandla (5%) stood at Rs 60/10 Kg down by Rs 14 per 10 Kg w-o-w. Decline in spread between the two is due to surge in CPO Kandla. Looking forward, we expect spread to narrow further by Rs 4-6/10 Kg towards Rs 54-56 during the week under consideration. Bullish Malaysian cues coupled with good availability of soy oil likely to support the CPO to trade with steady bias and spread likely to be in the range of Rs 54-60/10 Kg. We recommend Market participants to take the opportunity to buy crude soy oil at lower level in coming week and wait to sell palm at higher levels.

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

Landed Cost Calculation as on 22/11/2011	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1126	1131	1190.00
Freight (USD/MT)	65	55	50
C & F	1191.4	1185.5	1240.0
Weight loss (0.25% of FOB)	2.82	2.83	2.98
Finance charges (0.4% on CNF)	4.51	4.52	4.76
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1202	1196	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	52.05	52.05	52.05
Landed cost without customs duty in INR per ton	62577	62273	65138
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	50.05	50.05	50.05
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	63013	62709	65574
Domestic Market price INR per ton Soy Degum Kandla	61000	61000	61000
Total landed cost USD per ton	1211	1205	1260
Domestic Market price USD per ton Soy Degum Kandla	1172	1172	1172
Parity INR/MT (Domestic - Landed)	-2013	-1709	-4574
Parity USD/MT (Domestic - Landed)	-38.67	-32.83	-87.88

Source: Agriwatch/ Reuters

Edible oil Shipments at Indian Ports during Nov. month (till 21th Nov 2011)

Product	Nov. Shipments (tonnes)	Oct. Shipments (tonnes)	% Change
Crude Palm Oil	601405.5	577900.57	+4.07
Palm Oil	128800	88298	+45.87
Palm Fatty Acid	50000	3999.99	+1150
Crude soy oil	8000	48906	-83.64
RBD Palm olein	6000	9000	-33.33
Crude Sunflower Oil	38250	24120	+58.58
Total edible oils	832,456	752,225	+10.67
Source: Ben Line Agencies(India) Pvt Ltd.			

Technical Analysis (Spot Market Weekly Charts)

SOYOIL REFINED (INDORE Rs/10 Kg without VAT)



- ❖ Domestic spot market soy oil prices trade with a positive note during the week ended on 22th Nov.
- ❖ Breaching the immediate support level is likely to test towards 597.00. Meanwhile breaching the immediate resistance level prices might test 620-623 levels in near term.
- ❖ We expect prices likely to trade with a steady in near term.
- ❖ **Strategy: Market participants can start liquidating physical stocks of Soy Refine if any around Rs 623/10 Kg (without VAT) in near term**

RSO Spot Market (Without VAT)

Support & Resistance				
S2	S1	PCP	R1	R2
597.00	600.00	612.00	620.00	623.00

Technical Analysis (Spot Market Weekly Charts)
CPO (KANDLA Rs/10 Kg)


- Candlesticks depicts marginal fall in CPO prices during the week. It is likely to stay steady for short term.
- CPO prices could test 518-520 level in near term. As the secondary trend indicates bullish sentiments.
- 507 could act as an immediate support; meanwhile oscillators are in tune with prices.
- We expect prices to stay steady. Any near term impulse from the current level prices could lead prices to test towards 524.00 in near term.

Strategy: Market participants can wait to buy CPO from support level in cash market.

CPO Spot Market

Support & Resistance				
S2	S1	PCP	R1	R2
500.00	507.00	514.00	524.00	530.00

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



- ❖ **Soy oil prices likely to trade with a steady bias in near term.**
- ❖ Any close below 638.00 in weekly chart shall change the sentiments and might bring the prices in consolidative phase again.
- ❖ EMA continue to act as a good support while oscillators remain in tune with the prices showing minimal divergence.
- ❖ We may expect a marginal decline initially primarily attributed to profit booking at these levels but may regain the buying support at any near term dips.

Strategy: we recommend market participants to go long in NCDEX (Dec contract) at dip levels towards 640.10-641.10 for a target of 644.20 with a stop loss at 639.30 on closing basis.

RSO NCDEX (Dec)

Support & Resistance				
S2	S1	PCP	R1	R2
636.40	638.00	642.50	646.50	649.30

Technical Analysis (Futures) CPO (Crude palm Oil): Weekly Chart



- ❖ **Palm oil prices trade with a steady to weak bias during the week.**
- ❖ Any close below 501.20 in weekly chart shall initiate the bearish sentiments in near term. Meanwhile RSI is in between overbought and neutral zone. We may expect a marginal decline from the current levels this may act as a buying opportunity for market participants.
- ❖ We recommend market participants to go long in MCX (Nov. contract)

Strategy: Entry towards 508-509 for a target of 514.50 with a stop loss at 505.50 on closing basis.

CPO MCX (Nov)

Support & Resistance				
S2	S1	PCP	R1	R2
496.70	501.20	511.50	520.90	526.20

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		21/11/2011	15/11/2011	
Refined Soybean Oil	Kota(Loose)	630	632	-2
	Rajkot (Loose)	640	630	+10
	Jaipur (Loose)	640	638	+2
	Hyderabad+ VAT	-	670	-
	Delhi (Loose)	650	640	+10
	Kakinada	-	-	-
	Mumbai +VAT	632	620	+12
	Indore	608	600	+8
	Soy Degum Mumbai+VAT	610	600	+10
	SoyDegum Kandla/Mundra+VAT	612	605	+7
	Haldiya Port (Loose)	656	651	+5
	Akola (Loose)	637	629	+8
	Amrawati (Loose)	637	629	+8
	Jalna	640	631	+9
	Nagpur	639	631	+8
Palm Oil	Chennai RBD Palmolein (Loose)	585	575	+10
	Hyd. RBD Palmolein VAT	622	605	+17
	Delhi RBD Palmolein (Loose)	615	595	+20
	Kandla CPO (5%FFA)	520	503	+17
	Kakinada RBD Palmolein (Loose)	574	563	+11
	Mumbai RBD Pamolein+ VAT	585	560	+25
	Kandla RBD Palmolein +VAT	565	550	+15
Refined Sunflower Oil	Mumbai + VAT	700	685	+15
	Kandla/Mundra	645	625	+20
	Erode (Exp. Oil)+VAT	695	680	+15
	Hyderabad Exp +VAT	730	725	+5
	Chennai (Loose)	715	695	+20
	Bellary (Exp. Oil)+VAT	651	631	+20
	Latur (Exp. Oil)+VAT	656	646	+10
	Chellakere (Exp. Oil)+VAT	646	631	+15
Groundnut Oil	Rajkot (Loose)	830	810	+20
	Chennai (Loose)	850	820	+30
	Delhi (Loose)	835	865	-30
	Hyderabad Exp +VAT	880	825	+55
	Mumbai + VAT	845	840	+5
	Gondal+VAT	835	815	+20
	Jamnagar +VAT	840	820	+20
	Narsarropeth+VAT	831	811	+20
	Prodattour+VAT	851	821	+20
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	687	682	+5
	Alwar (Expeller Oil)(Loose)	659	682	-23
	Kota (Expeller Oil) (Loose)	670	653	+17
	Jaipur (Expeller Oil) (Loose)	670	660	+10
	Delhi (Exp. Oil) (Loose)	715	668	+47

	Sri Ganga Nagar(Exp Oil-Loose)	670	695	+5
	Hapur+VAT	745	670	+75
	Kolkatta	-	700	-
	Agra (Kacchi Ghani Oil) +VAT	715	-	-
Refined Cottonseed Oil	Mumbai +VAT	620	602	+18
	Rajkot (Loose)	615	605	+10
	Delhi (Loose)	610	590	+20
	Hyderabad (Loose)	645	625	+20
Sesame Oil	Delhi	725	665	+60
	Mumbai	775	775	Unch
Rice Bran Oil (40%)	Delhi	570	550	+20
	Punjab	550	550	Unch
Rice Bran Oil (70%)	Delhi	445	425	+20
Malaysia Palm olein USD/MT	FOB (Nov)	1085	1085	Unch
	CNF (Nov) - India	1120	1120	Unch
Indonesia/Malaysia CPO USD/MT	FOB (Nov)	995	995	Unch
	CNF (Nov) - India	1030	1030	Unch
Argentina FOB (\$/MT)		21/11/2011	14/11/2011	Change
Crude Soybean Oil Ship (Nov)		1122	1140	-12
Refined Soy Oil (Bulk) Ship (Nov)		1161	1179	18
Sunflower Oil Ship (Nov)		-	-	-
Cottonseed Oil Ship (Nov)		1102	1120	-18
Refine Linseed Oil(Bulk) Ship (Nov)		1142	1160	-12

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