

Domestic Veg. Oil Market Summary:

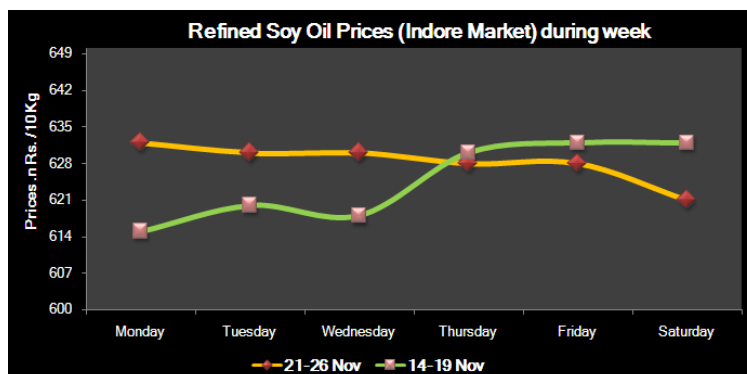
- Domestic edible oil prices traded with a steady to weak bias during the week due to weak buying interest at higher prices.
- As plants are getting higher parity as compared to last week this may encourage plants to liquidate their stock in near to medium term which might increase domestic supply.
- Government has allowed import of edible oils (except coconut oil) under Open General License (OGL), in order to bridge the gap between demand and supply of edible oils in the country. However import duty remains unchanged to zero and 7.5% on crude and refined edible oils respectively.
- Rajkot's G/N oil likely to trade with a steady to firm bias within a range of Rs 830 to 860 per 10 Kg in near term.

International Veg. Oil Market Summary:

- China has cancelled 3 lakh tons of ref. palm oil over the last month due to cheaper domestic palm oil as compared to imported palm oil and overbooked cargos. As per SGS, Malaysian palm oil products exports for the period of 1-25 November fell by 1.72 per cent stood at 1,342,955 million tonnes from 1,366,499 tonnes shipped during 1-25 October.
- Brazil's soybean planting in the 2011/12 season is 86% complete, ahead of the same period last year. As per Agro consult, Brazil's new soybean crop which is being planted is seen at 74.8 million tonnes, up from 73.8 million tons last year.
- Malaysian weather department issued yellow stage warning that heavy rains could persist till Saturday (3 Dec. 2011) which triggers floods in parts of Pahang accounts for 15 percent of palm output which might support the palm oil prices 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.

Market Recap and Fundamental Analysis
Soy oil:
Domestic Fundamentals:-

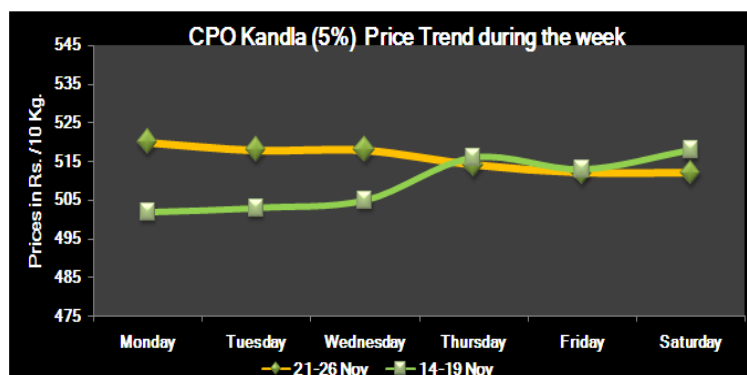
- Domestic soy oil prices trade with a steady to weak bias on account of low buying interest against better selling at higher prices seen in spot market.
- It is evident that the plants (ex-Indore) are in marginal parity as on 26th Nov. Considering average plant delivery seed at Rs 2175/qtl and meal prices at Rs 15800/MT (Indore spot) and selling refined soy oil at 635.05/10 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 Rs 580/10 kg. Further addition of 5% VAT and 0.15% commission as brokerage brings the total cost to Rs 609 per 10Kg as compared to the prevailing spot price of 635.05/10 Kg as on 26th Nov. This indicates plants are in parity (Rs 26/10 Kg) and might liquidate their oil stocks at current prices.
- However Nagpur based plants are at higher parity as compared to Indore based plants. As per parity calculated on 26th of November, plants are in parity of Rs 41 per 10 Kg for Nagpur region. Higher parity from this region should encourage plants to liquidate their stock at current price levels in the spot market meanwhile Kota based plants are in parity of Rs 16 per 10Kg but relatively lower as compared to other due to high prices of soybean.
- Looking forward, we expect soy oil prices to stay steady note on account of better buying interest from the wholesalers and retailers.


International Fundamentals:-

- Argentina's farmers had planted 56 per cent of 19 Mn ha (47 Mn Acres) estimated to be sown in 2011-12 which is 5 per cent ahead of last season. Meanwhile Brazil's soybean planting in the 2011/12 season is 86% complete, ahead of the same period last year.
- Considering spread seasonality between CSO Argentina and CPO Malaysia (FOB – USD/MT) we expect spread to narrow by US\$ 10-12 per MT for coming week on account of weak soy oil fundamentals and bullish cues from Malaysia.

Palm Oil:
Domestic Fundamentals:-

- Domestic palm oil prices traded with a steady bias during the week on account of weak BMD amid better selling against limited buying interest at higher levels in cash market.
- Government has allowed import of edible oils (except coconut oil) under Open General License (OGL), in order to bridge the gap between demand and supply of edible oils in the country. However import duty remains unchanged to zero and 7.5% on crude and refined edible oils respectively.
- Looking forward, domestic palm oil likely to trade with steady to firm note due to expensive imports coupled with low Malaysian palm output is expected in near term which may support the palm oil prices in near term.

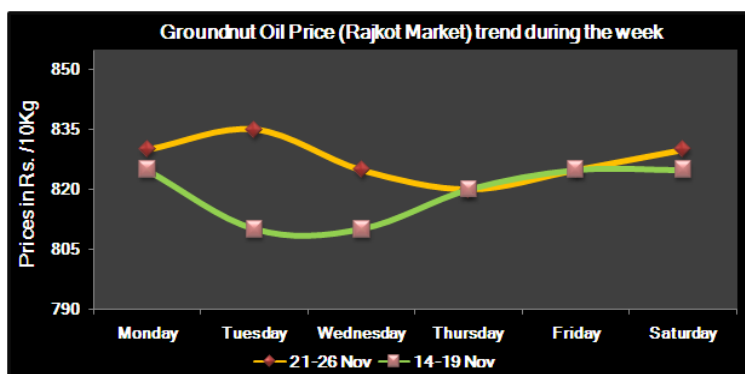


International Fundamentals:-

- China has cancelled 3 lakh tons of ref. palm oil over the last month due to cheaper domestic palm oil as compared to imported palm oil. China had already overbooked the cargos, meanwhile, market participants are expecting that imports in January to March next year would be 500,000 tonnes each month, which will surpass the last year's first quarter imports which was 1 million tons. Malaysian weather department already forecasted low palm output in coming months coupled with good export demand from china.
- 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%.
- As per SGS, Malaysian palm oil products exports for the period of 1-25 November fell by 1.72 per cent stood at 1,342,955 million tonnes from 1,366,499 tonnes shipped during 1-25 October.

Groundnut Oil:

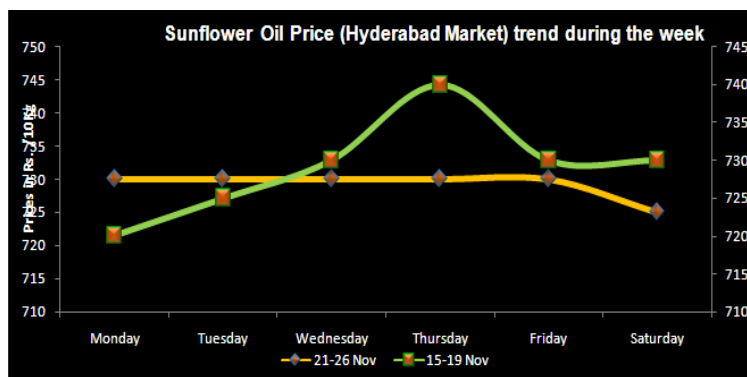
- Domestic groundnut oil prices stay steady during the week due to absence of market moving factors.
- Sown area for Rabi groundnut seed stood at 1.9 lakh as on November 25, 2011 which is down by 13.24% as compared to last year 2.19 lakh hectares during same period. Good demand amid lag in sowing progress likely added bullish tone to groundnut oil prices for medium term.
- As per sources, Rajkot's G/N oil likely to trade with a steady to firm bias within a range of Rs 830 to 860 per 10 Kg in near term.

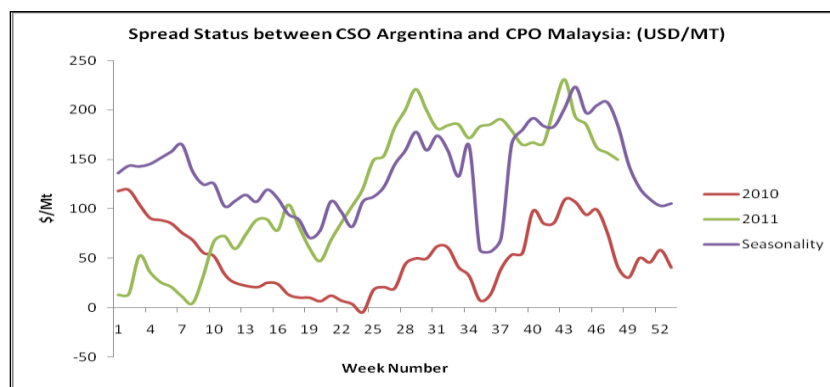


Sunflower oil

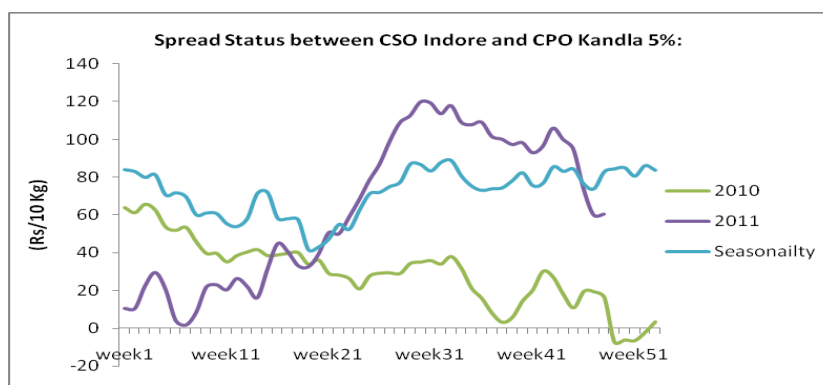
Domestic Fundamentals:-

- Sun oil prices traded with a steady bias in Hyderabad market due to thin trading activities noticed during the week on account of mismatch buyer and seller quotes.
- As per the latest report from Ministry of Agriculture, Rabi sowing of sunflower is lagging year on year. As on 25th Nov area under sunflower were reported at 1.90 lakh hectares down by 13.24% during the same period last year when it was seen at 2.10 lakh hectares.
- Buyer are reluctant to give new orders for sunflower oil on account of weak reports from major producing region meanwhile expensive imports might give underlying support to the sunflower oil prices in near term as most of the sunflower oil is imported from black sea region for this season.



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\$ 149.9 per MT, a fall of US\$ 7.25 per MT compared to previous week average of US\$ 156.92 per MT. Spread is likely to narrow further considering seasonality, as Malaysian weather expecting heavy rainfall which might support the palm oil prices in near to medium term however soy oil demand shifted to cheaper Black sea region's sun oil and Malaysian palm oil which likely to weigh on the international soy oil price we expecting spread to be narrow by US\$ 10-12 per MT for 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 61/10 Kg up by Rs 1 per 10 Kg w-o-w. Spread doesn't change abruptly during the week due to steady CSO Indore prices noticed during the week. Looking forward, we expect spread might hover between Rs 55-65/10Kg range in a coming week. High availability of soy oil in spot market keep the prices in lower levels, however low production is expected from South East countries which might give underlying support to the palm oil prices oil near term.

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

Landed Cost Calculation as on 25/11/2011	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1115	1100	1190.00
Freight (USD/MT)	65	55	50
C & F	1180.1	1155.2	1240.0
Weight loss (0.25% of FOB)	2.79	2.75	2.98
Finance charges (0.4% on CNF)	4.46	4.40	4.76
Insurance (0.3% of C&F)	4	3	4
CIF (Indian Port - Kandla)	1191	1166	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	52.1	52.1	52.1
Landed cost without customs duty in INR per ton	62045	60737	65201
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	62481	61173	65637
Domestic Market price INR per ton Soy Degum Kandla	57700	57700	57700
Total landed cost USD per ton	1199	1174	1260
Domestic Market price USD per ton Soy Degum Kandla	1107	1107	1107
Parity INR/MT (Domestic - Landed)	-4781	-3473	-7937
Parity USD/MT (Domestic - Landed)	-91.77	-66.66	-152.34

Source: Agriwatch/ Reuters

Edible oil Shipments at Indian Ports during Nov. month (till 28th Nov 2011)

Product	Nov. Shipments (tonnes)	Oct. Shipments (tonnes)	% Change
Crude Palm Oil	601405.5	649805.1	-7.45
Palm Oil	128800	96798	+33.06
Palm Fatty Acid	50000	3999.9	+1150.03
Crude soy oil	8000	61961	-87.09
RBD Palm olein	6000	19739.7	-69.60
Crude Sunflower Oil	38250	52370	-26.96
Total edible oils	832,456	884,674	-5.90
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 steady note during the week.
- ❖ Breaching the immediate support level of Rs 595/10 Kg is likely to test towards 590.00 in near term. Meanwhile RSI is near to neutral zone. We expect prices likely to trade with a range bound and hovers between Rs 598.0 to 612.0.
- ❖ Investors 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
590.00	595.00	605.00	615.00	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 support level in near term. As the primary trend indicates bearish sentiments.
- ❖ 500.00 could act as an immediate support level; meanwhile RSI is hovering at neutral zone.
- ❖ We expect prices to stay steady to weak for the coming month. Any near term impulse from the current level prices could lead prices to test towards 520.00 in near term.

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

CPO Spot Market

Support & Resistance				
S2	S1	PCP	R1	R2
495.00	500.00	509.00	520.00	525.00

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



- ❖ Soy oil prices likely to trade with a steady bias in near term. We expect market likely to move in consolidation phase in a coming week.
- ❖ 618.50 act as a support level, breaching this level likely to test the 615.40 level in near to medium term.
- ❖ We may expect a marginal decline in the prices from current 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 624.50- 625.50 for a target of 631.00 with a stop loss at 621.00 on closing basis.

RSO NCDEX (Dec)

Support & Resistance				
S2	S1	PCP	R1	R2
615.40	618.50	627.00	635.70	641.00

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 496.00 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.
- ❖ EMA continue to act as a good support zone while oscillators remain in tune with the prices showing minimal divergence.

Strategy:- We recommend market participants to go long in MCX (Dec contract) at dip levels towards 501.00-501.80 for a target of 508.40 and second target of 509.20 with a stop loss at 497.40 on closing basis.

CPO MCX (Dec. contract)

Support & Resistance				
S2	S1	PCP	R1	R2
490.60	496.00	503.70	516.10	520.10

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		26/11/2011	21/11/2011	
Refined Soybean Oil	Kota(Loose)	625	630	-5
	Rajkot (Loose)	630	640	-10
	Jaipur (Loose)	640	640	Unch
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	655	650	+5
	Kakinada	-	-	-
	Mumbai +VAT	621	632	-11
	Indore	608	608	Unch
	Soy Degum Mumbai+VAT	608	610	-2
	SoyDegum Kandla/Mundra+VAT	610	612	-2
	Haldiya Port (Loose)	648	656	-8
	Akola (Loose)	633	637	-4
	Amrawati (Loose)	633	637	-4
	Jalna	638	640	-2
	Nagpur	641	639	+2
Palm Oil	Chennai RBD Palmolein (Loose)	575	585	-10
	Hyd. RBD Palmolein VAT	600	622	-12
	Delhi RBD Palmolein (Loose)	605	615	-10
	Kandla CPO (5%FFA)	512	520	-8
	Kakinada RBD Palmolein (Loose)	564	574	-10
	Mumbai RBD Pamolein+ VAT	580	585	-5
	Kandla RBD Palmolein +VAT	560	565	-5
Refined Sunflower Oil	Mumbai + VAT	700	700	Unch
	Kandla/Mundra	640	645	-5
	Erode (Exp. Oil)+VAT	700	695	+5
	Hyderabad Exp +VAT	725	730	-5
	Chennai (Loose)	720	715	+5
	Bellary (Exp. Oil)+VAT	651	651	Unch
	Latur (Exp. Oil)+VAT	646	656	-10
	Chellakere (Exp. Oil)+VAT	636	646	-10
Groundnut Oil	Rajkot (Loose)	830	830	Unch
	Chennai (Loose)	880	850	+30
	Delhi (Loose)	835	835	Unch
	Hyderabad Exp +VAT	920	880	+40
	Mumbai + VAT	850	845	+5
	Gondal+VAT	825	835	-10
	Jamnagar +VAT	830	840	-10
	Narsarropeth+VAT	821	831	-10

	Prodattour+VAT	841	851	-10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	690	687	+3
	Alwar (Expeller Oil)(Loose)	673	659	+14
	Kota (Expeller Oil) (Loose)	670	670	Unch
	Jaipur (Expeller Oil) (Loose)	680	670	+10
	Delhi (Exp. Oil) (Loose)	722	715	+7
	Sri Ganga Nagar(Exp Oil-Loose)	670	670	Unch
	Hapur+VAT	745	745	Unch
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	725	715	+10
Refined Cottonseed Oil	Mumbai +VAT	610	620	-10
	Rajkot (Loose)	610	615	-5
	Delhi (Loose)	600	610	-10
	Hyderabad (Loose)	635	645	-10
Sesame Oil	Delhi	740	725	+15
	Mumbai	775	775	Unch
Rice Bran Oil (40%)	Delhi	550	570	-20
	Punjab	550	550	Unch
Rice Bran Oil (70%)	Delhi	435	445	-10
Malaysia Palmolein USD/MT	FOB (Dec)	1063	1085	-22
	CNF (Dec) - India	1098	1120	-22
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	950	995	-45
	CNF(Dec) - India	985	1030	-45
Argentina FOB (\$/MT)		25/11/2011	21/11/2011	Change
Crude Soybean Oil Ship (Nov)		1095	1122	-27
Refined Soy Oil (Bulk) Ship (Nov)		1133	1161	-28
Sunflower Oil Ship (Nov)		1100	-	-
Cottonseed Oil Ship (Nov)		1075	1102	-27
Refine Linseed Oil(Bulk) Ship (Nov)		1115	1142	-27

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