

Domestic Veg. Oil Market Summary:

- Domestic edible oil prices traded with a steady to weak note during the week due to lackluster trading activities but bounced back at the end of the week due to supportive global cues along with depreciating rupee against the US dollar.
- As per the latest report from Ministry of Agriculture, Oilseed sown area during Rabi 2011-12 rose by 0.58% and stood at 70.80 lakh hectares compared to 2 Dec. 2010 at 70.39 lakh hectares. Moreover sunflower sown area fell by 23.84% as compared to last year.
- Rajkot's G/N oil likely to trade with a steady to firm bias within a range of Rs 840-870 per 10 Kg in near term.

Looking forward, edible oils are likely to trade range bound in a coming week as markets will fluctuate between fair domestic fundamentals and uncertain macroeconomic factors.

International Veg. Oil Market Summary:

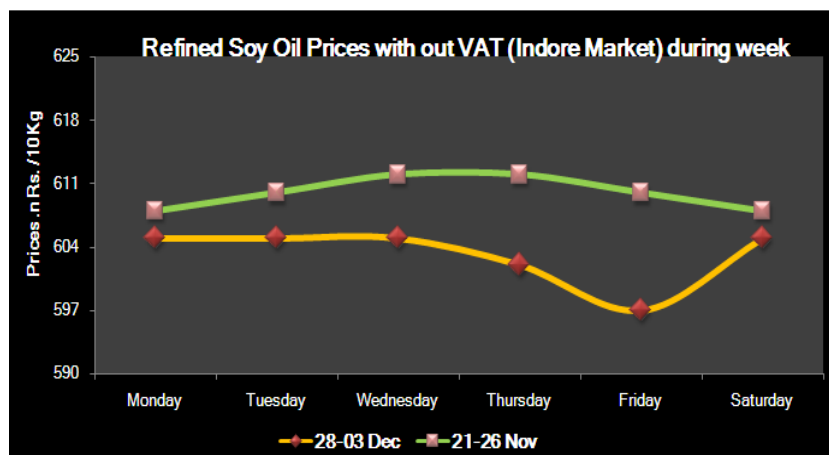
- According to the latest Argentina's government weekly crop progress report, Farmers have planted 66 percent (12.4 million ha.) of the record 19 million hectares forecast for soy this season up by 6% as compared to previous year and advancing by 10 percent during the seven day's period. Moreover 1.65 million ha sun seed has been planted of the forecast 1.69 million ha.
- Heavy rains over the weekend triggered floods in some areas of Malaysia's Perak state and the Sarawak region on the Borneo Island that together account for about 10 to 15 percent of national palm oil production
- Indonesia Commodity & Derivative Exchange (ICDX) will launch a palm olein futures contract for trading on 9 Dec 2011.
- Malaysian palm oil products exports for the period of 1-30 November fell by 8.7 per cent stood at 1,537,556 million tonnes from 1,684,077 tonnes shipped during 1-30 October.
- Ukraine will produce 3.25 million tons of sunflower oil in 2011/12 MY (September-August) up by 5% as compared to the previous MY.

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

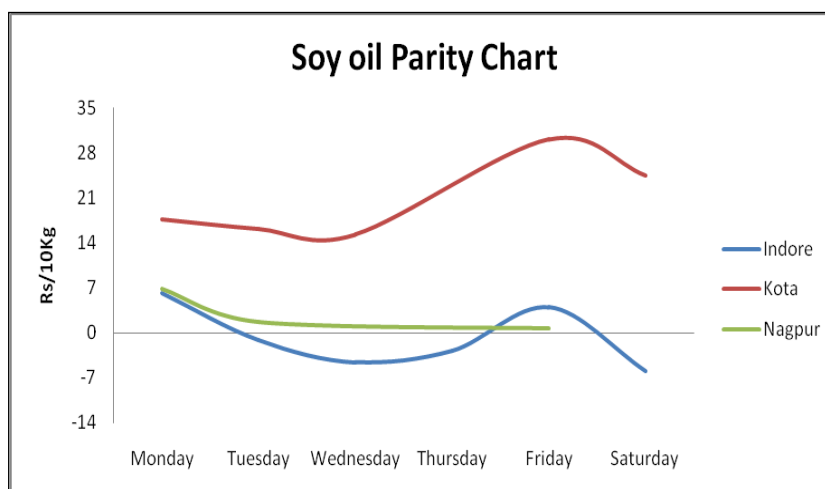
- Domestic market refined soyoil prices remained range bound with a weak bias during the week and prices fell by 1.12 per cent to Rs. 603 per 10 kg compared to previous week prices (average prices of week) in the indicative market Indore due to lackluster buying interest amid fresh supply from plants which kept the prices on a soft note.
- Looking forward, we expect soy oil prices to stay steady 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 66 percent (12.4 million ha.) of the record 19 million hectares forecast for soy this season up by 6% as compared to previous year and advancing by 10 percent during the seven day's period.
- Weather conditions for soybean in Latin America are to be seen as a major uncertainty in the near to medium term. Below-normal rains and above-normal temperatures lead to reduction in soil moisture in southern Brazil in the recent days. Crop stress is likely to intensify if dryness persists.

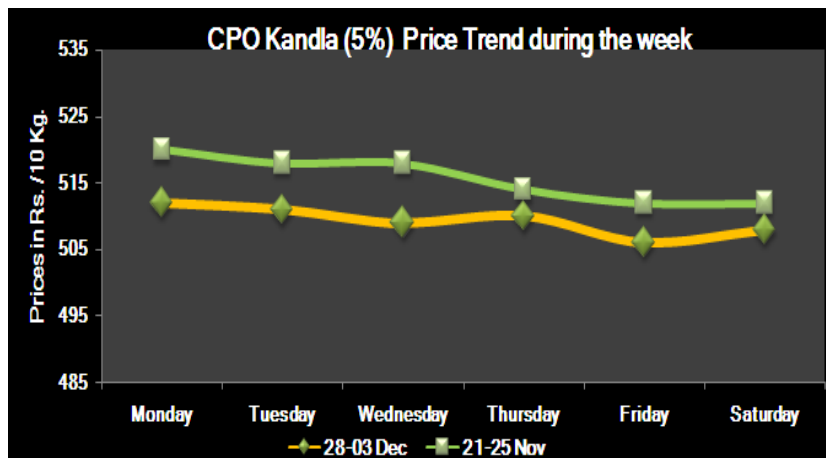
Soy oil parity analysis:-



As per soy oil parity calculation on W-o-W basis, Kota and Nagpur based plants are at higher parity as compared to Indore based plants. As graph shows negative parity for Indore market during the week amid higher profit from Kota region might inspire the plants to sell refined soy oil actively in the spot market. We expect better supply from Kota and Nagpur region in a coming week as compared to Indore based plants.

Palm Oil:
Domestic Fundamentals:-

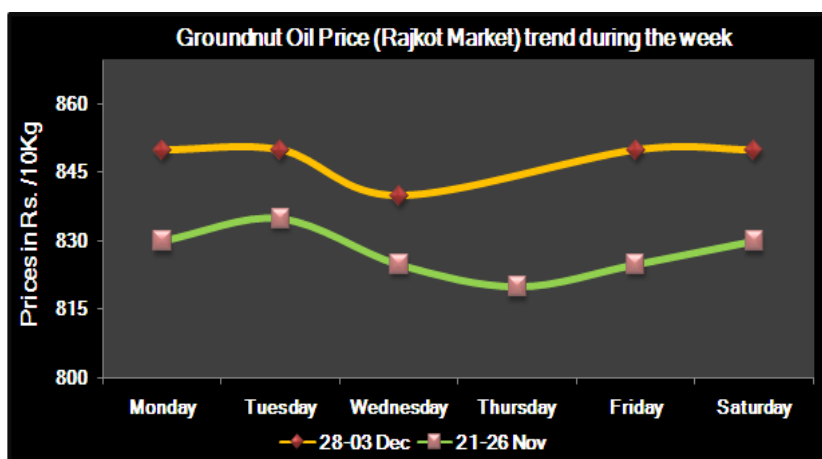
- Domestic palm oil prices traded with a steady to weak bias during the week due to sluggish demand amid thin trading activities seen during the week.
- Looking forward, dwindling rupee coupled with lower crush margins due to high import duty on palm oil and RBD palm olein amid bullish cues from Malaysia is likely to support the palm oil prices in the near term. Meanwhile any uncertain macroeconomic factors may cap excessive gains.


International Fundamentals:-

- Malaysian palm oil products exports for the period of 1-30 November fell by 8.7 per cent and stood at 1,537,556 million tonnes from 1,684,077 tonnes shipped during 1-30 October. Palm oil products exports figures for 1-30 November for top major markets (Values in tonnes and 1-30 October import figures in parenthesis) are: China 361,364 (366,089), India 157,853 (191,590), EU 227,912 (317,002), Pakistan 188,200 (201,750), US 148,592 (95,050) – SGS
- Low palm production and normal demand expansion will set the stage for a bull market next year, palm oil likely to trade at 3300 Ringgit level in near to medium term as Southeast Asian countries are entering into a flat phase - Dorab Mistry. He also added Malaysian crude palm oil production for next year will be more or less flat at 18.6-18.9 million tonnes, compared to his 2011 forecast of 18.8 million tons.
- Indonesia Commodity & Derivative Exchange (ICDX) will launch a palm olein futures contract for trading on 9 Dec 2011.
- Looking forward, Industry lower production in November due to seasonal decline in yields and demand for palm oil are likely to pick up soon as China will replenish its stocks ahead of the Chinese New Year festival in January. However weak macroeconomic factors and feeble palm oil export figures might weigh on the palm oil prices in near to medium term.

Groundnut Oil:

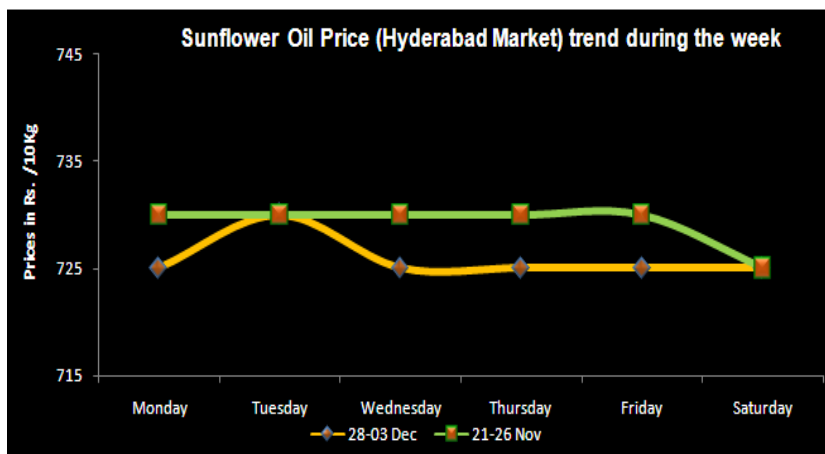
- Domestic groundnut oil prices traded with a firm bias on account of better buying interest during the week.
- Sown area for Rabi groundnut seed stood at 2.66 lakh hectares as on December 2, 2011 which is down by 2.56% as compared to last year's 2.73 lakh hectares during the same period.
- Good demand for HPS amid low acreage is likely to support the G/N oil prices in near term.
- As per sources, Rajkot's G/N oil likely to trade with a steady to firm bias within a range of Rs 840-870 per 10 Kg in near term.



Sunflower oil

Domestic Fundamentals:-

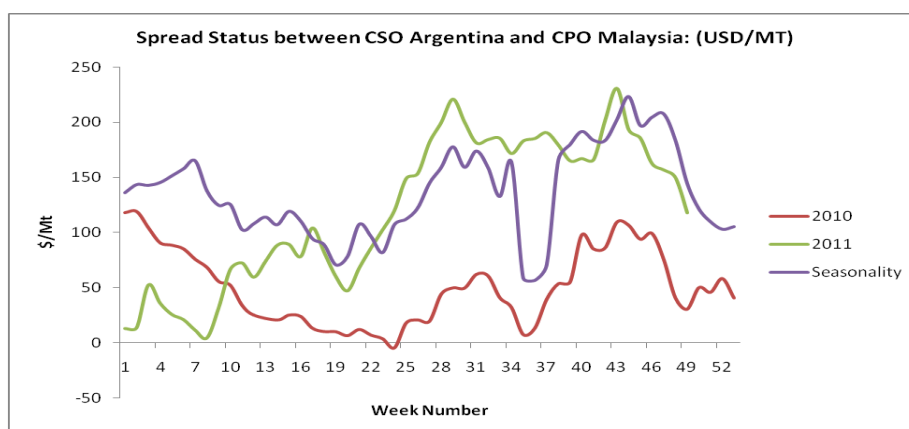
- Sun oil prices traded with a steady bias in major markets due to lackluster buying interest at higher prices seen during the week.
- As per the latest report from Ministry of Agriculture, Rabi sowing of sunflower is lagging year on year. As on 2th December area under sunflower was reported at 2.62 lakh hectares down by 23.8% during the same period last year when it was seen at 3.44 lakh hectares.
- High production in black sea region coupled with stable demand in cash market for sun oil keep the prices in a range bound. However depreciating INR might support the prices in near term.



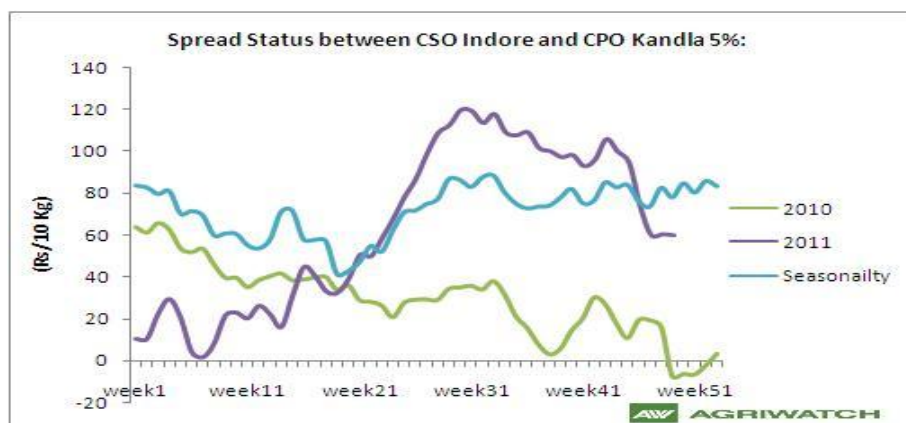
International Fundamentals:-

- According to Ukroliaprom, Ukraine will produce 3.25 million tons of sunflower oil in 2011/12 MY (September-August) up by 5% as compared to the previous MY. Ukraine's share in the world production of sunflower oil might reach the level of 25%. Sunflower oil export volumes are forecasted at the level of 2.7 million tons (in 2010/11 MY - 2.65 million tons).
- Global demand in sunflower oil will continue to increase as the price is much lower compared to soybean oil price, and is kept at the level of palm oil price. India (27% of the general Ukrainian exports), the EU (21.8%), Turkey (11.6%), Egypt (8%) and Russia (5.7%) are the main importers of Ukrainian sunflower oil - Ukroliaprom.
- According to the latest Argentina's government weekly crop progress report, 1.65 million ha sunflower seed has been planted of the total forecasted 1.69 million ha up by 3% as compared to last 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\$ 118 per MT, a fall of US\$ 31.9 per MT compared to the previous week's average of US\$ 149.9 per MT. Spread is likely to be in the range of US\$ 120-140 per MT as heavy rainfall is expected in South East Asian countries which might support the palm oil prices in near to medium term. We recommend PEC buy CPO Malaysia at lower levels as Malaysian palm oil likely to trade with a steady to firm bias in near to medium term.

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 1 per 10 Kg w-o-w. Spread stayed on the lower side as crude soy oil traded with a soft note during the week while crude palm oil kandla stayed steady on account of bullish cues from Malaysia. Looking forward, we expect spread to hover between Rs 55-63/10Kg range in the coming week. Low output is expected from Malaysia amid seasonal demand keep the prices likely to trade with a steady to firm bias in a coming week.

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

Landed Cost Calculation as on 02/12/2011	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1156	1094	1118.83
Freight (USD/MT)	65	55	50
C & F	1221.0	1148.9	1168.8
Weight loss (0.25% of FOB)	2.89	2.73	2.80
Finance charges (0.4% on CNF)	4.62	4.38	4.48
Insurance (0.3% of C&F)	4	3	4
CIF (Indian Port - Kandla)	1232	1159	1180
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	51.35	51.35	51.35
Landed cost without customs duty in INR per ton	63272	59538	60573
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	63708	59974	61009
Domestic Market price INR per ton Soy Degum Kandla	61500	61500	61500
Total landed cost USD per ton	1241	1168	1188
Domestic Market price USD per ton Soy Degum Kandla	1198	1198	1198
Parity INR/MT (Domestic - Landed)	-2208	1526	491
Parity USD/MT (Domestic - Landed)	-42.99	29.72	9.56

Source: Agriwatch/ Reuters

Edible oil Shipments at Indian Ports during Nov. month (till 5th Dec. 2011)

Product	December Shipments (tons)	November Shipments (tons)	% Change
Crude Palm Oil	93,499.94	347,401.50	-73.0%
Palm Oil	47,500	43,500	9.19%
Palm Fatty Acid	2,000	-	-
Crude soy oil	-	-	-
RBD Palm olein	-	-	-
Crude Sunflower Oil	10,000	15,750	-36.5
Total edible oils	153,000	406,652	-62.30
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. However we expect market likely to move in a range bound in near to medium term.
- ❖ Breaching the immediate resistance level is likely to test towards 626.00. Meanwhile breaching the immediate support level prices might test 597.0 levels in near term.

Strategy: Investors can liquidate their Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks at 620 to 623 levels in a coming week.

Support & Resistance				
S2	S1	PCP	R1	R2
597.00	604.00	610.00	620.00	626.00

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


- ❖ Candlesticks depicts marginal rise in CPO prices during the week. It is likely to stay steady to firm for coming week.
- ❖ CPO prices could test the resistance level of 519-521 zones in near to medium term. We expect markets likely to be range bound in a week ahead.
- ❖ 505 could act as an immediate support; meanwhile RSI is in neutral zone.
- ❖ Any near term impulse from the current level prices could lead prices to test the resistance level of 519-521 zones in near to medium term.

Strategy: Market participants can wait to buy CPO at lower levels in cash market.

Support & Resistance				
S2	S1	PCP	R1	R2
500.00	505.00	514.00	521.00	527.00

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



Outlook - Soy oil traded with a firm note during the week. We expect prices stay firm in a coming week, however any technical dip from current level might act as a buying opportunity for a short term.

- ❖ Any close below 645.30 in weekly chart shall change the sentiments and might bring the prices in bearish phase again.
- ❖ EMA continue to act as a good support while oscillators remain in tune with the prices showing minimal divergence.
- ❖ Expected price band for next week is 647.30-657.30 level in near to medium term.

Strategy: We recommend market participants to go long in NCDEX (Dec contract) at dip levels towards 647.30-648.30 for a target of 652.80 and then 653.50 with a stop loss at 645.30 on closing basis.

RSO NCDEX (Dec)

Support & Resistance				
S2	S1	PCP	R1	R2
630.00	637.30	651.30	660.50	665.40

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



Outlook - We expect prices likely to be in range bound for a coming week, however any technical dip from current level might act as a buying opportunity for a short term.

- ❖ Candlestick chart pattern reveals a consolidation in the market.
- ❖ RSI and other indicators stand supportive for the prices and remain in tune with the price direction indicating minimal divergence as of now. This might lead to extend the gains further for short term.
- ❖ Expected price band for CPO is 510.0-520.0 level in near to medium term.

Strategy: Buy CPO in MCX (Dec. contract) at dip levels towards 511.00-512.00 for a target of 516.50 and second target of 517.30 with a stop loss at on closing basis.

CPO MCX (Dec. contract)

Support & Resistance				
S2	S1	PCP	R1	R2
503.10	507.50	514.80	525.40	528.30

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		3/11/2011	28/11/2011	
Refined Soybean Oil	Kota(Loose)	625	625	UNCH
	Rajkot (Loose)	630	630	UNCH
	Jaipur (Loose)	-	640	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	650	650	UNCH
	Kakinada	-	-	-
	Mumbai +VAT	620	622	-2
	Indore	600	605	-5
	Soy Degum Mumbai+VAT	608	608	UNCH
	SoyDegum Kandla/Mundra+VAT	612	610	2
	Haldiya Port (Loose)	656	648	8
	Akola (Loose)	630	633	-3
	Amrawati (Loose)	630	633	-3
	Jalna	636	640	-4
	Nagpur	632	641	-9
Palm Oil	Chennai RBD Palmolein (Loose)	565	575	-10
	Hyd. RBD Palmolein VAT	600	600	UNCH
	Delhi RBD Palmolein (Loose)	595	605	-10
	Kandla CPO (5%FFA)	508	512	-4
	Kakinada RBD Palmolein (Loose)	559	561	-2
	Mumbai RBD Pamolein+ VAT	572	580	-8
	Kandla RBD Palmolein +VAT	550	560	-10
Refined Sunflower Oil	Mumbai + VAT	690	695	-5
	Kandla/Mundra	640	640	UNCH
	Erode (Exp. Oil)+VAT	705	700	5
	Hyderabad Exp +VAT	725	725	UNCH
	Chennai (Loose)	715	730	-15
	Bellary (Exp. Oil)+VAT	651	651	UNCH
	Latur (Exp. Oil)+VAT	646	646	UNCH
	Chellakere (Exp. Oil)+VAT	636	636	UNCH
Groundnut Oil	Rajkot (Loose)	850	850	UNCH
	Chennai (Loose)	880	860	20
	Delhi (Loose)	840	835	5
	Hyderabad Exp +VAT	880	920	-40
	Mumbai + VAT	850	850	UNCH
	Gondal+VAT	-	835	-
	Jamnagar +VAT	-	840	-

	Narsarropeth+VAT	821	821	UNCH
	Prodattour+VAT	866	851	15
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	687	688	-1
	Alwar (Expeller Oil)(Loose)	674	673	1
	Kota (Expeller Oil) (Loose)	665	670	-5
	Jaipur (Expeller Oil) (Loose)	-	680	-
	Delhi (Exp. Oil) (Loose)	713	720	-7
	Sri Ganga Nagar(Exp Oil-Loose)	672	670	2
	Hapur+VAT	730	750	-20
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	710	725	-15
Refined Cottonseed Oil	Mumbai +VAT	593	610	-17
	Rajkot (Loose)	610	602	8
	Delhi (Loose)	590	590	UNCH
	Hyderabad (Loose)	620	625	-5
Sesame Oil	Delhi	740	740	UNCH
	Mumbai	775	775	UNCH
Rice Bran Oil (40%)	Delhi	525	550	-25
	Punjab	550	550	UNCH
Rice Bran Oil (70%)	Delhi	425	435	-10
Malaysia Palmolein USD/MT	FOB (Dec)	1070	-	-
	CNF (Dec) - India	1105	-	-
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	985	-	-
	CNF(Dec) - India	1020	-	-
Argentina FOB (\$/MT)		2/12/2011	25/11/2011	Change
Crude Soybean Oil Ship (Nov)		1127	1095	32
Refined Soy Oil (Bulk) Ship (Nov)		1166	1133	33
Sunflower Oil Ship (Nov)		-	1100	-
Cottonseed Oil Ship (Nov)		1107	1075	32
Refine Linseed Oil(Bulk) Ship (Nov)		1147	1115	32

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