

Domestic Veg. Oil Market Summary:

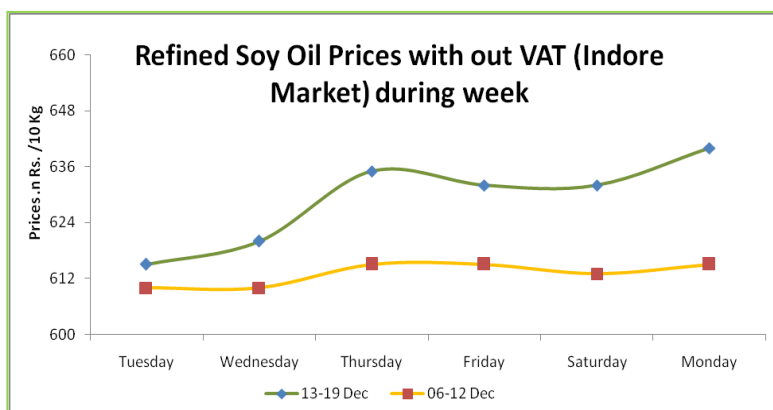
- Domestic edible oil basket traded with a firm note during the week on account of better buying interest against limited selling.
- As per Sea of India, edible oil for Nov. 2011 up by 26.89% stood at 827,684 MT as compared to last year at 652,262 MT. moreover higher imports seen for crude palm kernel oil up by 94.02%, meanwhile soy oil imports fell by 74.98% during the year.
- Groundnut oil gained more than 9% in Rajkot market during the week due to anticipating good demand in near term; however demand from consumer side remained flat.
- Edible oils are likely to trade with a steady to firm tone in a coming week, however any weak cues from international market might restrict excessive gains.

International Veg. Oil Market Summary:

- According to the latest Argentina's government weekly crop progress report, Farmers have planted 77 percent (14.68 million ha.) of the record 19.03 million hectares forecast for soy this season up by 5% as compared to previous year and Moreover 1.695 million ha sun seed has been planted of the forecast 1.697 million ha. Moreover despite growing concerns over dry weather Argentina's government has kept its forecast for 2011/12 soy area at 19 million hectares.
- Malaysia's weather office raised its weather warning to orange level on account of heavy rainfall which would continue till 22 Dec. in parts of the key oil palm growing region of Malaysia.
- Malaysian palm oil products exports for the period of 1-20 December fell by 10.1 per cent stood at 924,811 million tonnes from 1,033,040 tonnes shipped during 1-20 November.

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

- Domestic market refined soyoil prices traded with positive bias during the week and prices rose by 2.61 per cent to Rs. 629 per 10 kg as compared to previous week prices (average prices of week) in Indore market due good demand in cash market amid better buying against limited selling.
- Looking forward, we expect soy oil prices to stay steady to firm on account weaken INR amid better buying interest from the wholesalers and retailers keep the soy oil in a firm tone.
- As per Sea of India, edible oil for Nov. 2011 up by 26.89% stood at 827,684 MT as compared to last year at 652,262 MT. moreover higher imports seen for crude palm kernel oil up by 94.02%, meanwhile soy oil imports fell by 74.98% during the year.



Edible Oils	2011	2010	% Change
RBD Palmolein	110050	70516	+56.0
Crude Palm Oil	611193	476611	+28.2
Crude Olein	----	----	----
Sunflower Oil	78633	62956	+24.9
Soybean Oil	8000	31970	-74.9
Coconut Oil	---	---	
Crude Palm Ker.Oil	19808	10209	+94.0
Total	827684	652262	+26.8

Source - Sea of India

International Fundamentals:-

- According to the latest Argentina's government weekly crop progress report, Farmers have planted 77 percent (14.68 million ha.) of the record 19.03 million hectares forecast for soy this season up by 5% as compared to previous year. Despite growing concerns over dry weather Argentina's government has kept its forecast for 2011/12 soy area at 19 million hectares.
- Argentine soy-crushing fell 8.4 percent in October year-on-year to 3.3 million tonnes following a record 2009/10 crop and a smaller 2010/11 harvest

Soy oil parity analysis:-

Values in Rs per 10Kg	Soy oil parity on 17 Dec 2011	Avg. Soy oil parity – during the week	Avg. Soy oil parity – week ago	Avg. Soy oil parity – Dec Month
Indore	-27	-22	-6	-11

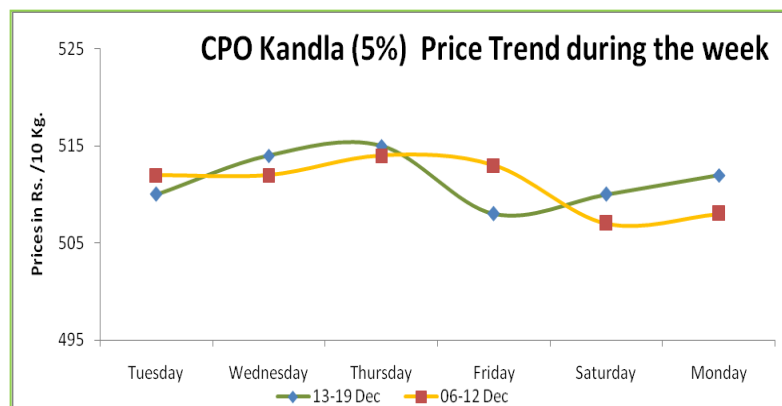
Crushing plants (ex-Indore) are in disparity as on 17th Dec. Considering average plant delivery seed at Rs 2395/qlt and meal prices at Rs 16600/MT. Adding processing costs and other expenses, soy refine production cost works out to 635/10 kg. Adding 5% VAT and 0.15% commission as brokerage the total cost is approx. Rs

699.0 per 10Kg which is more compared to the prevailing spot price of 672/10 Kg on 17th Dec. This indicates plants are in disparity and might hold their oil stocks at present.

Palm Oil:

Domestic Fundamentals:-

- Domestic market CPO Kandla prices traded with a range bound during the week. Prices rose by 0.10 per cent to Rs. 511.50 per 10 kg as compared to previous week prices (average prices of week).
- Domestic palm oil prices remained flat on account of lackluster buying interest shown by wholesalers amid thin trading activities seen during the week.
- Looking forward, seasonal demand amid Depreciating INR will negatively affect the edible oil imports leading to lower domestic stocks subsequently lending support to the oil prices at higher levels.



International Fundamentals:-

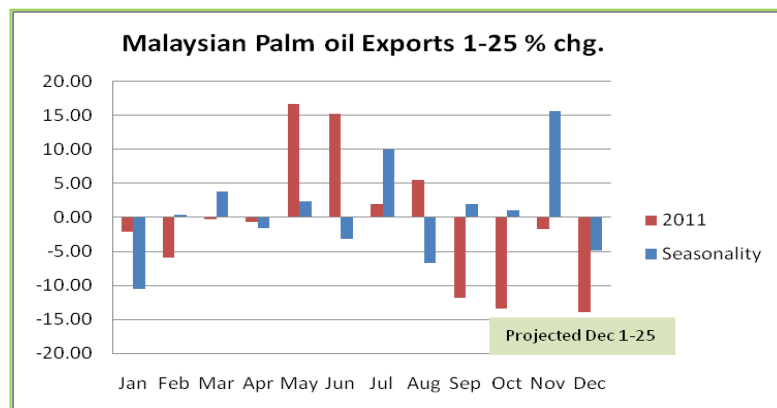
- Malaysian palm oil products exports for the period of 1-15 December fell by 19.2 per cent stood at 649,138 million tonnes from 802,917 tonnes shipped during 1-15 November. Palm oil products exports figures for 1-15 November for top major markets (Values in tonnes and 1-15 November import figures in parenthesis): China 183,850 (188,550), India 35,300 (105,150), EU 146,533 (97,080), Pakistan 55,500 (96,500) and US 29,025 (74,927)-SGS.
- As per Indonesian trade ministry, Following are details of the new palm oil base export prices and export taxes for Dec. month:

Product	Tax Rate %	Base Export in \$/Ton
Crude Palm Oil	15	970
Crude Palm Kernel	15	1117
RBD Palm Olein	7	1018
RBD Palm Oil	5	1025
RBD Palm Stearin	5	890
Palm Fatty Acid	8	838
Biofuel	2	1099
Palm Kernel	40	310
Oil Palm Fruit	40	310

- Looking forward, uninspiring export demand might weigh on the international markets however heavy rainfall coupled with low production might restrict excessive losses at BMD. We expect CPO at BMD likely to trade between MYR 2920 to 3090 level in a coming week.

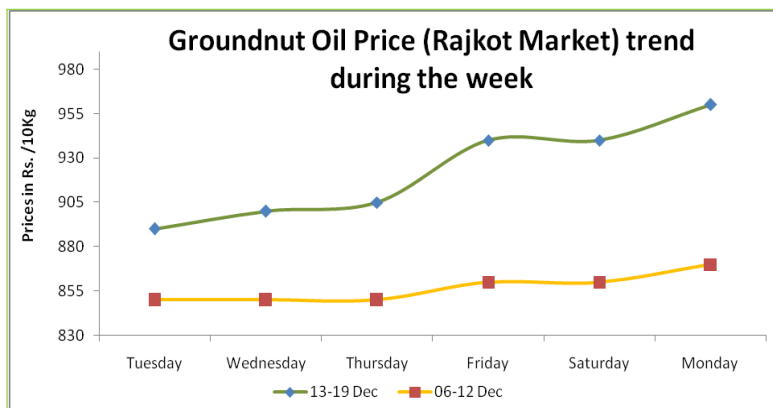
Malaysian Palm oil export for 1-25 Dec. projection -

Malaysian palm oil export is projected to stay weak for the period of 1-25th Dec. While considering the historical export trend during the period we expect export could fell by 12-14% due to non-aggressive buying from china and India which might fell 1-25th Dec export beyond the seasonality.



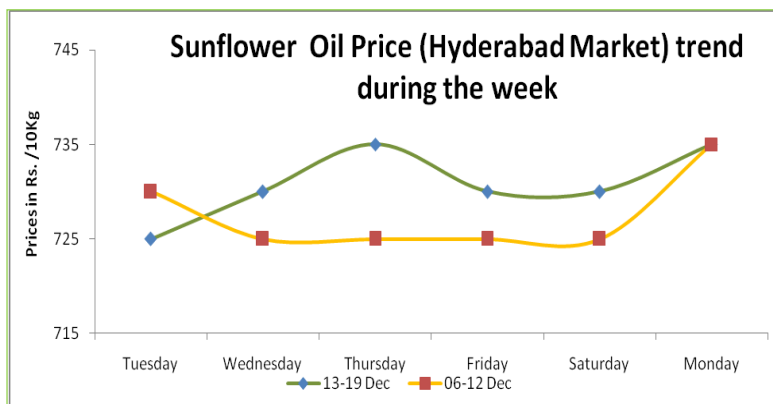
Groundnut Oil: Domestic Fundamentals:-

- Domestic groundnut oil prices traded with a firm bias on account of aggressive buying by resellers during the week. However demand from consumer side remains flat.
- Sown area for Rabi groundnut seed stood at 3.27 lakh hectares as on December 16, 2011 which is down by 9.17% as compared to last year's 3.60 lakh hectares during the same period.
- Looking forward, Good demand in international markets amid Low availability of groundnut for crushing might led the price of G/N oil to 985 to 1000 levels in near to medium term.



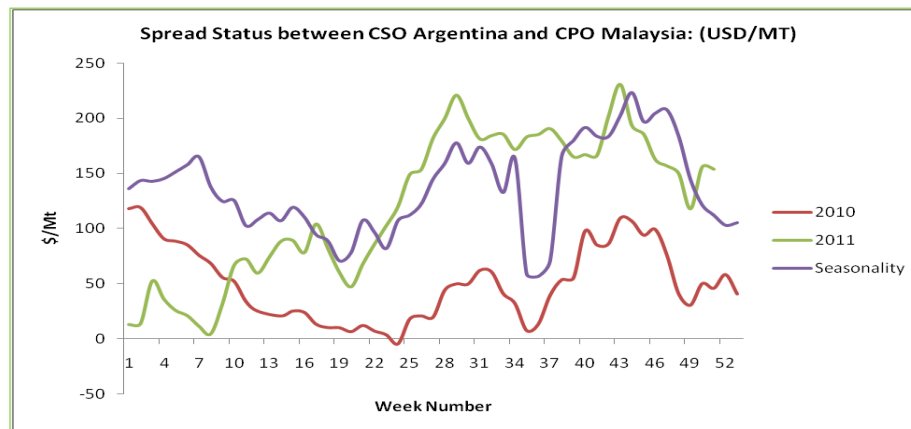
Sunflower oil Domestic Fundamentals:-

- Sun oil refined Prices at indicative market Hyderabad remain range bound during the week however bullish edible oil basket keep the sun oil prices at higher levels moreover the rate of growth marginally firmer as compared to previous week.
- As per the latest report from Ministry of Agriculture, Rabi sowing of sunflower is lagging year on year. As on 16th December area under sunflower was reported at 3.20 lakh hectares down by 19.40% during the same period last year when it was seen at lakh hectares.



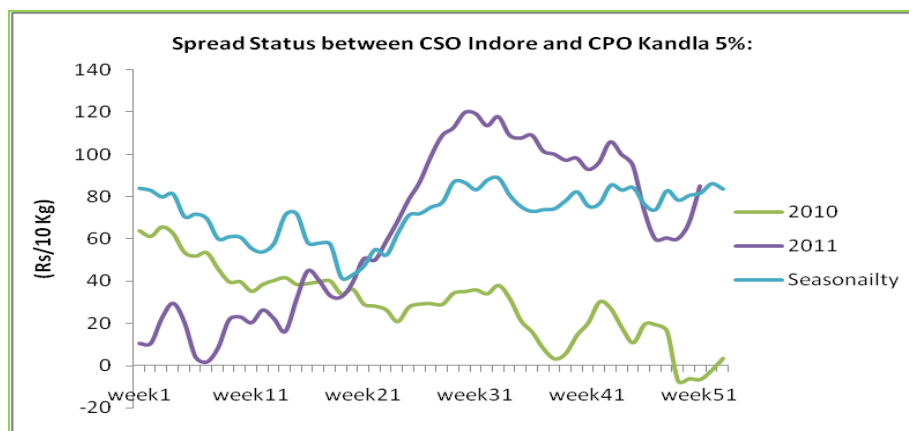
- According to the latest Argentina's government weekly crop progress report, 1.695 million ha sunflower seed has been planted of the total forecasted 1.697 million ha up by 1% as compared to last year.
- Looking forward, sun oil likely to trade with a steady bias on account of stable demand in most of the southern states, however seasonal demand might support the prices in coming month.

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



Weekly average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 154 per MT fell by US\$ 2 per MT noticed as compared to the previous week's average of US\$ 156 per MT. Spread is likely to be in the range of US\$ 138-148 per MT, heavy rainfall in Malaysia might support ht prices of palm oil 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 85.10/10 Kg up by Rs 17.40 per 10 Kg w-o-w. Spread between CSO Indore and CPO Kandla 5% widen on account of good soy oil demand in cash market which keeps the prices in a positive note however palm oil remains range bound during the week. Considering spread seasonality spread likely to widen in a coming week. Looking forward, we expect spread to hover between Rs 92-102/10Kg range in the coming week. We recommend market participants to buy CPO Kandla 5% at lower levels in near term.

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

Landed Cost Calculation as on 16/12/2011	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1060	1090.85	1087.89
Freight (USD/MT)	65	55	50
C & F	1125.0	1145.9	1137.9
Weight loss (0.25% of FOB)	2.65	2.73	2.72
Finance charges (0.4% on CNF)	4.24	4.36	4.35
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1135	1156	1148
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	52.81	52.81	52.81
Landed cost without customs duty in INR per ton	59953	61068	60646
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	52.60	52.60	52.60
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	60389	61504	61082
Domestic Market price INR per ton Soy Degum Kandla	62200	62200	62200
Total landed cost USD per ton	1144	1165	1157
Domestic Market price USD per ton Soy Degum Kandla	1178	1178	1178
Parity INR/MT (Domestic - Landed)	1811	696	1118
Parity USD/MT (Domestic - Landed)	34.29	13.17	21.18

Source: Agriwatch/ Reuters

Edible oil Shipments at Indian Ports during Nov. month (till 20Th Dec. 2011)

Product	December Shipments (tons)	November Shipments (tons)	% Change
Crude Palm Oil	511572.83	601405.5	-14.94%
Palm Oil	91232	128800	-29.17%
Palm Fatty Acid	2000	50000	-96.00%
Crude soy oil	-----	8000	-----
RBD Palm olein	22500	6000	+275.00%
Crude Sunflower Oil	25000	3825	+553.59%
Total edible oils	652,305	798,031	-18.26%
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 firm bias during the week. However we expect market likely to correct at higher levels which might act as a buying opportunity for a short term.
- ❖ Breaching the immediate resistance level is likely to test towards 660-662 zones.
- ❖ A technical dip is expected from current levels, however market participants can liquidate their stocks at current levels moreover can wait to buy Ref. soy oil at lower levels.

Strategy: Market participants can liquidate their Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks at 648-652 levels in a coming week.

Support & Resistance				
S2	S1	PCP	R1	R2
634.00	639.00	648.00	657.00	663.00

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.
- ❖ 509 could act as an immediate support; meanwhile RSI is in between neutral and oversold 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: Investors can wait to buy CPO at lower levels in cash market.

Support & Resistance				
S2	S1	PCP	R1	R2
504.00	509.00	515.00	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 656.10 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 665.10-679.60 level in near to medium term.

Strategy: We recommend investors to go long in NCDEX (Jan contract) at dip levels towards 675.10-676.10 for a target of 689.10 and then 691.20 with a stop loss at 668.35 on closing basis.

RSO NCDEX (Jan)

Support & Resistance				
S2	S1	PCP	R1	R2
653.50	664.50	680.90	694.30	698.10

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



Outlook - We expect prices likely to move with a high volatile 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.
- ❖ Expected price band for CPO is 505-516 level in near to medium term.

Strategy: Buy CPO in MCX (Jan. contract) at dip levels towards 511-512.50 for a target of 519.75 and second target of 520.10 with a stop loss at 507.75 on closing basis.

CPO MCX (Jan. contract)

Support & Resistance				
S2	S1	PCP	R1	R2
500.30	505.60	516.00	527.00	533.20

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		17/12/2011	10/12/2011	
Refined Soybean Oil	Kota(Loose)	645	628	+17
	Rajkot (Loose)	650	640	+10
	Jaipur (Loose)	660	640	+20
	Hyderabad+ VAT	641	-	-
	Delhi (Loose)	680	665	+15
	Kakinada	-	-	-
	Mumbai +VAT	655	635	+20
	Indore	632	613	+19
	Soy Degum Mumbai+VAT	620	612	+8
	SoyDegum Kandla/Mundra+VAT	622	615	+7
	Haldiya Port (Loose)	663	655	+8
	Akola (Loose)	666	649	+17
	Amrawati (Loose)	666	649	+17
	Jalna	676	656	+20
	Nagpur	672	646	+26
Palm Oil	Chennai RBD Palmolein (Loose)	578	575	+3
	Hyd. RBD Palmolein VAT	610	600	+10
	Delhi RBD Palmolein (Loose)	600	595	+5
	Kandla CPO (5%FFA)	510	507	+3
	Kakinada RBD Palmolein (Loose)	563	561	+2
	Mumbai RBD Pamolein+ VAT	580	580	Unch
	Kandla RBD Palmolein +VAT	555	560	-5
Refined Sunflower Oil	Mumbai + VAT	710	705	+5
	Kandla/Mundra	655	645	+10
	Erode (Exp. Oil)+VAT	720	715	+5
	Hyderabad Exp +VAT	730	725	+5
	Chennai (Loose)	735	715	+20
	Bellary (Exp. Oil)+VAT	658	656	+2
	Latur (Exp. Oil)+VAT	666	661	+5
	Chellakere (Exp. Oil)+VAT	651	646	+5
Groundnut Oil	Rajkot (Loose)	940	860	+80
	Chennai (Loose)	880	880	Unch
	Delhi (Loose)	930	850	+80
	Hyderabad Exp +VAT	920	900	+20

	Mumbai + VAT	940	885	+55
	Gondal+VAT	940	-	-
	Jamnagar +VAT	940	-	-
	Narsarropeth+VAT	951	816	+135
	Prodattour+VAT	961	866	+95
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	720	706	+14
	Alwar (Expeller Oil)(Loose)	689	679	+10
	Kota (Expeller Oil) (Loose)	679	668	+11
	Jaipur (Expeller Oil) (Loose)	705	680	+25
	Delhi (Exp. Oil) (Loose)	735	715	+20
	Sri Ganga Nagar(Exp Oil-Loose)	721	691	+30
	Hapur+VAT	750	735	+15
	Kolkatta	-	-	
	Agra (Kacchi Ghani Oil) +VAT	730	720	+10
Refined Cottonseed Oil	Mumbai +VAT	630	622	+8
	Rajkot (Loose)	625	620	+5
	Delhi (Loose)	600	605	-5
	Hyderabad (Loose)	635	620	+15
Sesame Oil	Delhi	790	760	+30
	Mumbai	775	775	Unch
Rice Bran Oil (40%)	Delhi	530	540	-10
	Punjab	550	550	Unch
Rice Bran Oil (70%)	Delhi	425	430	-5
Malaysia Palm olein USD/MT	FOB (Dec)	1050	1085	-35
	CNF (Dec) - India	1085	1120	-35
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	943	960	-17
	CNF(Dec) - India	978	995	-17
Argentina FOB (\$/MT)		16/12/2011	14/12/2011	Change
Crude Soybean Oil Ship (Nov)		1102	1087	+15
Refined Soy Oil (Bulk) Ship (Nov)		1141	1125	+16
Sunflower Oil Ship (Nov)		1060	1050	+10
Cottonseed Oil Ship (Nov)		1082	1067	+15
Refine Linseed Oil(Bulk) Ship (Nov)		1122	1107	+15

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