

Domestic Veg. Oil Market Summary:

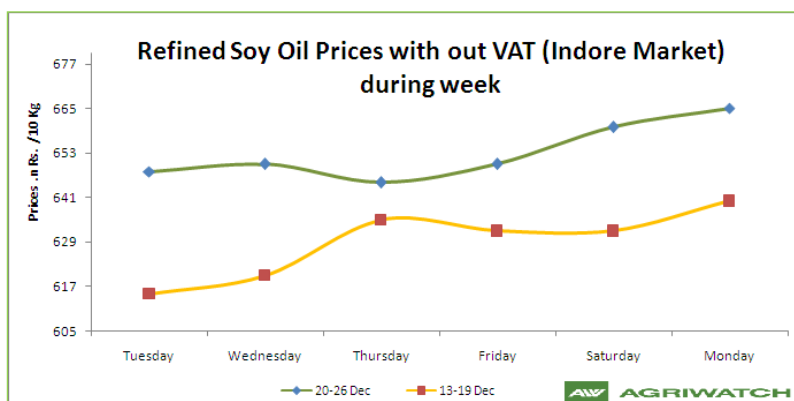
- Domestic edible oil basket traded with a firm note during the week on account of active buying in cash markets in tandem with bullish international markets.
- Active buying by re-packers and good international demand for groundnut seed keep the G/N oil prices at higher levels in a coming week.
- Market participants are expecting groundnut seed exports from India is likely to be cross 5.5 lakh tons in 2011-12 MY.
- As per the latest report from Ministry of Agriculture, Oilseed sown area during Rabi 2011-12 fell by 6.27% and stood at 77.91 lakh hectares compared to 23th Dec. 2010 at 83.11 lakh hectares. Moreover sunflower sown area fell by 18.94% as compared to last year.
- Looking forward, edible oils are likely to trade with a steady to firm tone due seasonal demand and fair domestic factors which might support the prices in medium term; however demand from consumer side remain flat due to high prices.

International Veg. Oil Market Summary:

- Crude soy oil prices at the bench mark market of CBOT continue to stay in the range of 49.30 cents/lb on lower side while getting resistance towards 52.10 cents/lb. CBOT closed to 52.96 cents/pound (Jan'12 contract) as on 23th Dec 2011. Meanwhile, Malaysian palm oil futures stay firm during the week under consideration and rose by MYR 143 from MYR 3017/MT to MYR 3160/MT during the week.
- Palm oil products exports from Malaysia for the period of Dec. 1-25 fell by 11.6 per cent to 1,181,141 tonnes from 1,335,328 tonnes shipped during Nov. 1-25 – Interek
- Brazil's soybean planting in the 2011/12 season is 99% complete. Brazilian soybean exports are expected to totalize 34.5 million tons in 2012, up 6% from total shipments in 2011, of 32.5 million tons.
- Ukraine has produced 916,000 tons of sunflower oil during the September-November 2011 up by 121% as compared to September-November 2010 production
- Indonesian govt. has kept its export tax for crude palm oil at 15 percent for January, unchanged from the previous month. The government also left its January RBD Palm olein export tax at last month's level of 7 percent

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

- Spot market refined soyoil prices traded with positive note during the week and prices rose by 3.82 per cent to Rs. 653 per 10 kg as compared to previous week prices (average prices of week) in Indore market due to aggressive buying in cash market by wholesalers amid low arrivals of soy kept the prices at higher levels.
- Looking forward, we expect soy oil prices to stay steady to firm on account of the good buying and ongoing marriage season might support the prices in near to medium term.


International Fundamentals:-

- As per latest release from China Customs Statistics Information Center, China imported 76,889 tons of soy oil in November fell by 38.68% as compared to last month. Moreover, total imports during the January-November period were reported at 1,052,495 tons of soy oil down by 12.08% on Y-o-Y basis. Moreover rapeseed oil fell by 6.13 percent stood at 70,098 tons during the Nov. month.
- Brazil's soybean planting in the 2011/12 season is 99% complete. Brazilian soybean exports are expected to totalize 34.5 million tons in 2012, up 6% from total shipments in 2011, of 32.5 million tons.
- Soyoil production is expected at 7.220 million tons in Brazil, up by 2% from total production last year. The total supply is estimated at 7.384 million tons.

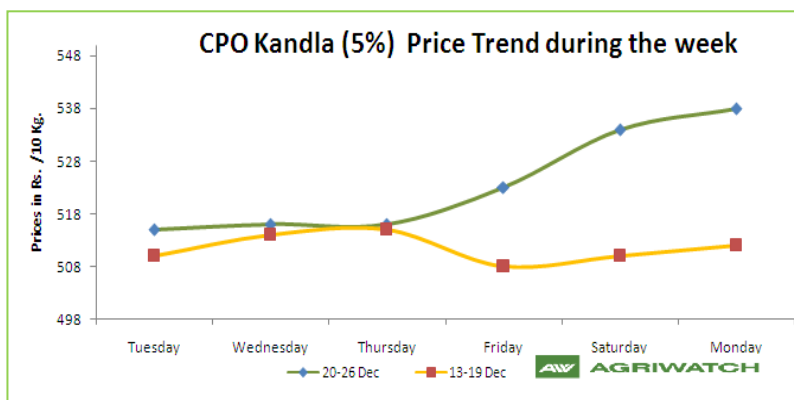
Soy oil parity analysis:-

Values in Rs per 10Kg	Soy oil parity on 24 Dec 2011	Avg. Soy oil parity – during the week	Avg. Soy oil parity – week ago	Avg. Soy oil parity – Dec Month
Indore	+2	-23	-21	-13
Kota	+22	-3	-31	-5

As per soy oil parity calculation on 24th Dec, Kota based plants are at higher parity as compared to Indore based plants. As table shows positive parity for Indore as well as Kota market on 24th Dec due to higher spot soy oil prices this might inspire the plants to liquidate refined soy oil actively in the spot market in near term. We expect better supply from Kota and Indore region in a coming week.

Palm Oil:
Domestic Fundamentals:-

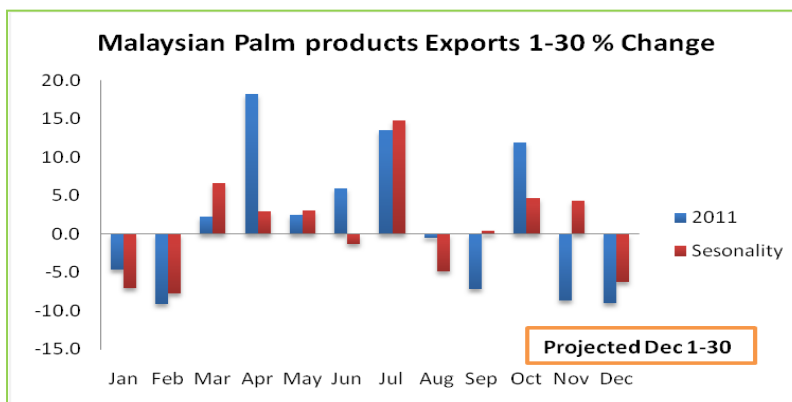
- Domestic market CPO Kandla prices traded with a firm bias due to bullish global cues amid seasonal demand lifts the prices to higher levels during the week. Prices rose by 2.38 per cent to Rs. 523.67 per 10 kg as compared to previous week prices (average prices of week).
- Domestic palm oil prices soar due to better buying interest shown by wholesalers and retailers in anticipating good demand in ongoing marriage season and bullish CPO at BMD kept the prices on a positive side.
- Looking forward, fair demand amid wet weather concerns in Malaysia might support the palm prices in near to medium term.


International Fundamentals:-

- Palm oil products exports from Malaysia for the period of Dec. 1-25 fell by 11.6 per cent to 1,181,141 tonnes from 1,335,328 tonnes shipped during Nov. 1-25. Palm oil products exports figures for 1-25 November for top major markets (Values in tonnes and 1-25 November import figures in parenthesis): China 268,150 (303,710), India 228,600 (275,750) and EU 282,699 (213,612) - Intertek.
- Indonesian govt. has kept its export tax for crude palm oil at 15 percent for January, unchanged from the previous month. The government also left its January RBD Palm olein export tax at last month's level of 7 percent
- Looking forward, wet weather concern and low production might support the palm oil prices in a firm tone, however low exports figures might weigh on the international markets. We expect CPO at BMD likely to trade between MYR 3000 to 3220 level in a coming week.

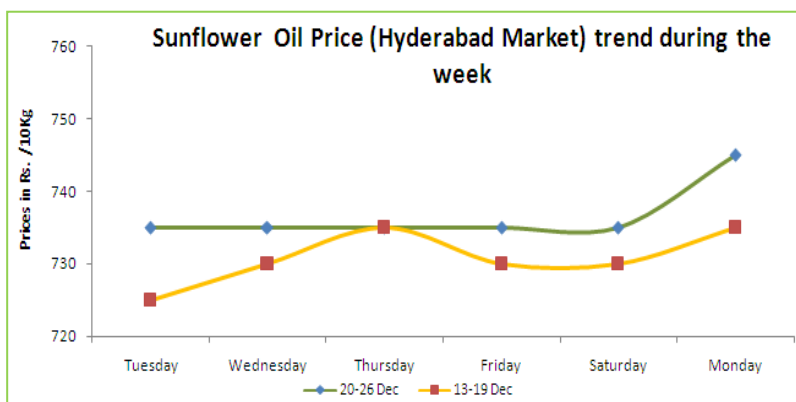
Malaysian Palm oil export for 1-30 Dec. projection –

Malaysian palm oil export is projected to stay weak for the period of 1-30th Dec. While considering the historical export trend during the period we expect exports to fall by 9-11% due to non-aggressive buying from major importers which might weigh on the palm oil prices in near term.

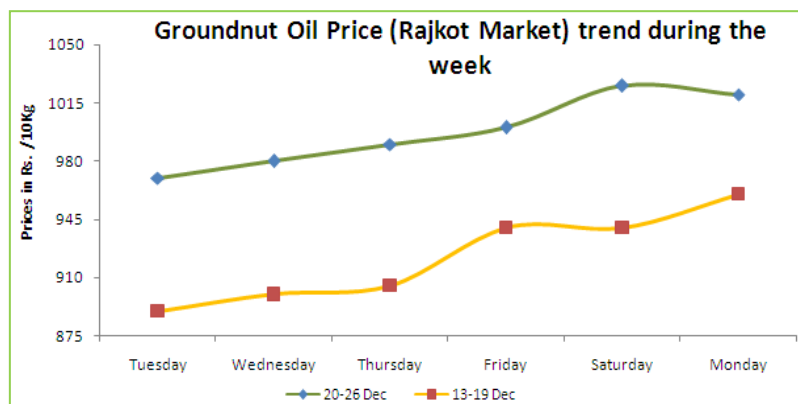


Groundnut Oil:
Domestic Fundamentals:-

- Domestic groundnut oil prices traded with a firm bias due to good demand in international markets amid low availability of groundnut for crushing elevates the prices to higher levels during the week. However demand on the consumer side remained stable.
- Sown area for Rabi groundnut seed stood at 3.87 lakh hectares as on December 23, 2011 which is up by 9.01% as compared to last year's 3.55 lakh hectares during the same period.
- As per IOPEPC, during 2010-11 India had exported 4.50 lakh tonnes groundnut. Meanwhile, Market participants are expecting groundnut seed exports from India is likely to be cross 5.5 lakh tons in 2011-12 MY. Looking forward, good demand in international markets amid low availability of groundnut for crushing might lead the price of G/N oil to Rs 1040-1060 per Kg levels in near to medium term.

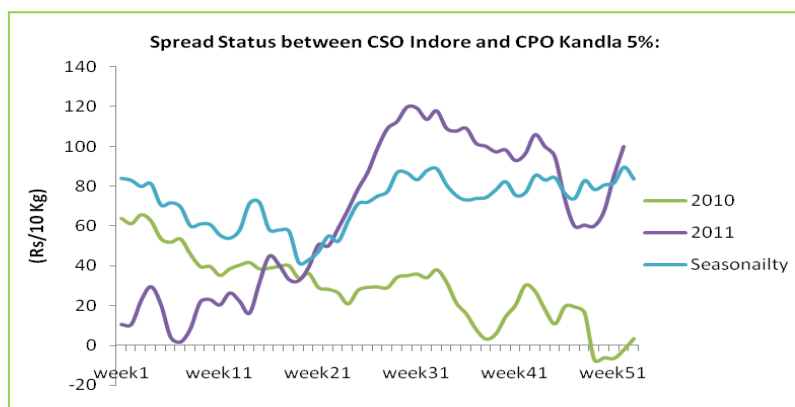

Sunflower oil
Domestic Fundamentals:-

- Refined sunflower oil prices at Hyderabad market traded with a steady to firm bias during the week meanwhile firm edible oil basket kept the sun oil prices at higher levels 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 23th December area under sunflower was reported at 3.38 lakh hectares down by 18.94% during the same period last year when it was seen at 4.17 lakh hectares.
- Looking forward, sun oil likely to trade with a steady to firm note on account of fair demand amid low Rabi acreage for sunflower seed might support the prices in near to medium term. Sun oil likely to trade within a range of 735-765 levels for a coming week.


International Fundamentals:-

- Ukraine has produced 916,000 tons of sunflower oil during the September-November 2011 up by 121% as compared to September-November 2010 production. Market participants are expecting the total exports of sunflower oil could reach 1.5 million tons for September-December 2011, meanwhile over the same period last year the figure was 1.355 million tons - Ukroliyprom Association.
- Ample world sunflower seed production might led to prices for sunflower seed oil is less than for soya oil by USD 80/ton and rape oil - by USD 100/ton – Ukroliyprom Association .

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 100/10 Kg up by Rs 15 per 10 Kg w-o-w.
- Spread between CSO Indore and CPO Kandla 5% widen due to high prices of crude soy oil in cash market moreover, palm oil stood remains steady to firm during the week. Considering spread seasonality it is likely to stay near to current levels in a coming week.
- Looking forward, we expect spread to hover between Rs 95-105/10Kg range in the coming week. We recommend investors to buy CPO Kandla 5% on dips at lower levels and liquidate CSO Indore at higher levels in near term.

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

Product	Dec Shipments (tonnes)	Nov Shipments (tonnes)	% Change
Crude Palm Oil	553950.33	601405	-7.89
Palm Oil	118532	128800	-7.97
Palm Fatty Acid	2000	50000	-96.00
Crude soy oil	-----	8000	-----
RBD Palm olein	27500	6000	+358.33
Crude Sunflower Oil	50500	38250	+32.03
Total edible oils	752,482	832,455	-9.61
Source: Ben Line Agencies(India) Pvt Ltd.			


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

Landed Cost Calculation as on 23/12/2011	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1093.50	1092.40	1112.12
Freight (USD/MT)	65	55	50
C & F	1158.5	1147.4	1162.1
Weight loss (0.25% of FOB)	2.73	2.73	2.78
Finance charges (0.4% on CNF)	4.37	4.37	4.45
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1169	1158	1173
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	52.78	52.78	52.78
Landed cost without customs duty in INR per ton	61704	61116	61902
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	62140	61552	62338
Domestic Market price INR per ton Soy Degum Kandla	63200	63200	63200
Total landed cost USD per ton	1177	1166	1181
Domestic Market price USD per ton Soy Degum Kandla	1197	1197	1197
Parity INR/MT (Domestic - Landed)	1060	1648	862
Parity USD/MT (Domestic - Landed)	20.08	31.22	16.33

Source: Agriwatch/ Reuters

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. It is likely to stay steady to firm for a coming week for a short term.
- ❖ Breaching the immediate resistance level is likely to test towards 690-694 zones.
- ❖ Positive breakout noticed in RSO candlestick chart However Market Participants can wait to liquidate their stocks from higher levels moreover can wait to buy Ref. soy oil at lower levels, if needed.

Strategy: Market Participants can wait to liquidate their Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks in a coming week.

Support & Resistance				
S2	S1	PCP	R1	R2
657.00	663.00	675.00	686.00	694.00

Technical Analysis (Spot Market Weekly Charts)

CPO (KANDLA Rs/10 Kg)



- ❖ Candlesticks depict firm movement in CPO prices during the week. It is likely to stay steady to firm for a coming week.
- ❖ 528.00 could act as an immediate support; meanwhile RSI is approaching towards oversold zone.
- ❖ Any near term correction from the higher level prices could lead prices to test the support level of 525-528 zones in near to medium term.

Strategy: Investors can buy CPO from support levels in cash market.

Support & Resistance				
S2	S1	PCP	R1	R2
520.00	528.00	538.00	548.00	556.00

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


Outlook - Soy oil traded with a firm note during the week. We expect prices likely to correct from higher levels in a coming week.

- ❖ Any close below 700 level in weekly chart shall change the sentiments and might bring the prices in downwards trend.
- ❖ We expect prices likely to correct from higher levels in near term which act as a buying opportunity. Expected price band for next week is 720-697 level.

Strategy: We recommend investors to go short in NCDEX (Jan contract) at higher levels towards 718-720 for a target of 700.00 and then 697.00 with a stop loss at 729.00 on closing basis.

RSO NCDEX (Jan)

Support & Resistance				
S2	S1	PCP	R1	R2
684.00	690.00	714.50	736.00	742.00

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



Outlook – Crude Palm oil traded with a firm note during the week. We expect prices likely to correct from higher levels in a coming week.

- ❖ Candlestick chart pattern reveals a long buildup 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. However a technical dip is expected in near term.
- ❖ Expected price band for CPO is 545-530 level in near to medium term.

Strategy: We recommend investors to go short in NCDEX (Jan contract) at higher levels towards 543-545 for a target of 530.00 and then 528.00 with a stop loss at 552.00 on closing basis.

CPO MCX (Jan. contract)

Support & Resistance				
S2	S1	PCP	R1	R2
520.00	528.00	537.50	552.00	560.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		26/12/2011	19/12/2011	
Refined Soybean Oil	Kota(Loose)	690	650	+40
	Rajkot (Loose)	675	655	+20
	Jaipur (Loose)	690	665	+25
	Hyderabad+ VAT	671	641	+30
	Delhi (Loose)	715	685	+30
	Kakinada	-	-	-
	Mumbai +VAT	680	660	+20
	Indore	665	640	+25
	Soy Degum Mumbai+VAT	640	625	+15
	SoyDegum Kandla/Mundra+VAT	645	628	+17
	Haldiya Port (Loose)	686	663	+23
	Akola (Loose)	696	671	+25
	Amrawati (Loose)	696	671	+25
	Jalna	696	681	+15
	Nagpur	703	676	+27
Palm Oil	Chennai RBD Palmolein (Loose)	580	578	+2
	Hyd. RBD Palmolein VAT	620	610	+10
	Delhi RBD Palmolein (Loose)	625	610	+15
	Kandla CPO (5%FFA)	538	512	+26
	Kakinada RBD Palmolein (Loose)	581	566	+15
	Mumbai RBD Pamolein+ VAT	598	582	+16
	Kandla RBD Palmolein +VAT	590	558	+32
Refined Sunflower Oil	Mumbai + VAT	720	715	+5
	Kandla/Mundra	655	655	UNCH
	Erode (Exp. Oil)+VAT	710	715	-5
	Hyderabad Exp +VAT	745	735	+10
	Chennai (Loose)	740	730	+10
	Bellary (Exp. Oil)+VAT	657	664	-7
	Latur (Exp. Oil)+VAT	666	666	UNCH
	Chellakere (Exp. Oil)+VAT	651	651	UNCH
Groundnut Oil	Rajkot (Loose)	1020	960	+60

	Chennai (Loose)	900	880	+20
	Delhi (Loose)	1040	980	+60
	Hyderabad Exp +VAT	960	940	+20
	Mumbai + VAT	995	940	+55
	Gondal+VAT	1020	955	+65
	Jamnagar +VAT	1020	960	+60
	Narsarropeth+VAT	891	851	+40
	Prodattour+VAT	901	861	+40
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	750	724	+26
	Alwar (Expeller Oil)(Loose)	711	691	+20
	Kota (Expeller Oil) (Loose)	713	683	+30
	Jaipur (Expeller Oil) (Loose)	725	700	+25
	Delhi (Exp. Oil) (Loose)	775	740	+35
	Sri Ganga Nagar(Exp Oil-Loose)	741	721	+20
	Hapur+VAT	750	755	-5
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	760	735	+25
Refined Cottonseed Oil	Mumbai +VAT	645	632	+13
	Rajkot (Loose)	658	625	+33
	Delhi (Loose)	640	605	+35
	Hyderabad (Loose)	670	645	+25
Sesame Oil	Delhi	795	800	-5
	Mumbai	775	775	UNCH
Rice Bran Oil (40%)	Delhi	535	545	-10
	Punjab	515	550	-35
Rice Bran Oil (70%)	Delhi	425	435	-10
Malaysia Palmolein USD/MT	FOB (Dec)	1058	1058	UNCH
	CNF (Dec) - India	1093	1093	UNCH
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	945	945	UNCH
	CNF(Dec) - India	980	980	UNCH
Argentina FOB (\$/MT)		22/12/2011	16/12/2011	Change
Crude Soybean Oil Ship (Nov)		1111	1102	+9
Refined Soy Oil (Bulk) Ship (Nov)		1150	1141	+9



Sunflower Oil Ship (Nov)	-	1060	-
Cottonseed Oil Ship (Nov)	-	1082	-
Refine Linseed Oil(Bulk) Ship (Nov)	-	1122	-

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