



Veg. Oil Monthly Research Report

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International Veg. Oil Market Summary:

Edible oil basket traded with a steady to slightly firm tone during the month of August due to tighten domestic oilseed supply and firm cues from international soy oil market.

As per Ministry of Agriculture, sown area for Kharif soybean stood at 10.69 million hectares as on 06 Sept 2012 up 3.7 % compared to corresponding period last year.

Palm oil was the top loser among the edible oil pack due to adequate ready to use palm oil stocks and higher selling pressure at major physical counters. Moreover, rapeseed oil featured sideways movement tracking lackluster trade activities and better rains over key RM seed growing areas weigh on the sentiments.

On the currency front, Indian rupee against USD ended at 55.30 and is likely to trade sideways in the coming month. We expect edible oil complex to trade steady to slightly weak tone in the coming month on bearish cues from international palm oil market and upcoming soybean arrivals in the coming 2-3 weeks. However, lower soybean crop in the current season may limit excessive losses.

International Veg. Oil Market Summary:

Edible oil prices at the benchmark market of CBOT featured firm tone during the month. CBOT closed at 56.59 cents/pound (Sept'12 contract) as on 31 August 2012. Moreover, Malaysian palm oil futures traded with a slightly negative tone and fell MYR 11 to MYR 2968/MT (30 Aug 2012).

South East Asian countries entering into high palm oil output phase and rising Malaysian palm oil stocks could weigh on the market. However, lower US soybean crop and diminishing South American soybean stocks may limit downside risk in the CPO prices.

As per MPOB's latest report, Malaysia's August palm oil stocks rose 5.8 percent to 2,115,214 tons from a revised 1,999,066 tons in July.

South East countries entering into higher palm oil output phase and rising palm oil ending stocks may weigh on the international edible oils markets. However, rising demand from Asian countries and higher spread between CSO Argentina and CPO Malaysia may underpin palm oil prices in the medium term.

Malaysian palm oil product exports during August rose 17.7 percent to 1,453,544 tons from 1,234,603 tons shipped from July – Intertek Testing Services. Palm oil products export figures for Aug for top major markets (Values in tons and July import figures in parenthesis): China 274,070 (195,490), EU 235,260 (252,760) and India & Sub-continent 455,885 (343,470).

Soy oil:

Domestic Market Fundamentals

- Ref. soy oil prices featured steady to slightly firm tone at Indore market on tighten soybean supply and bullish cues from international market.
- As per Ministry of Agriculture, sown area for Kharif soybean stood at 10.69 million hectares as on 06 Sept 2012 up 3.7 % compared to corresponding period last year.
- As per source, new Kharif soybean arrivals are likely to hit the major spot markets of Maharashtra in the coming 2-3 weeks. Meanwhile, soybean arrivals in major producing state Madhya Pradesh is likely to commence from first week of October.
- We expect soy oil may trade with a weak tone in the coming month on upcoming kharif oilseeds arrivals would ease the tighten soybean supplies situation at physical counters. However, supportive US soybean fundamentals may restrict excessive losses.

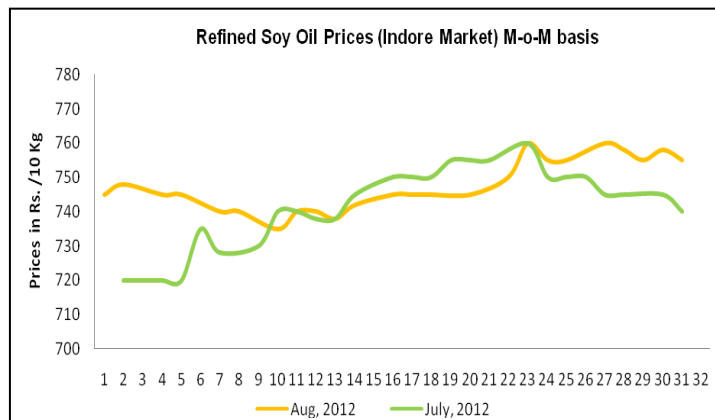
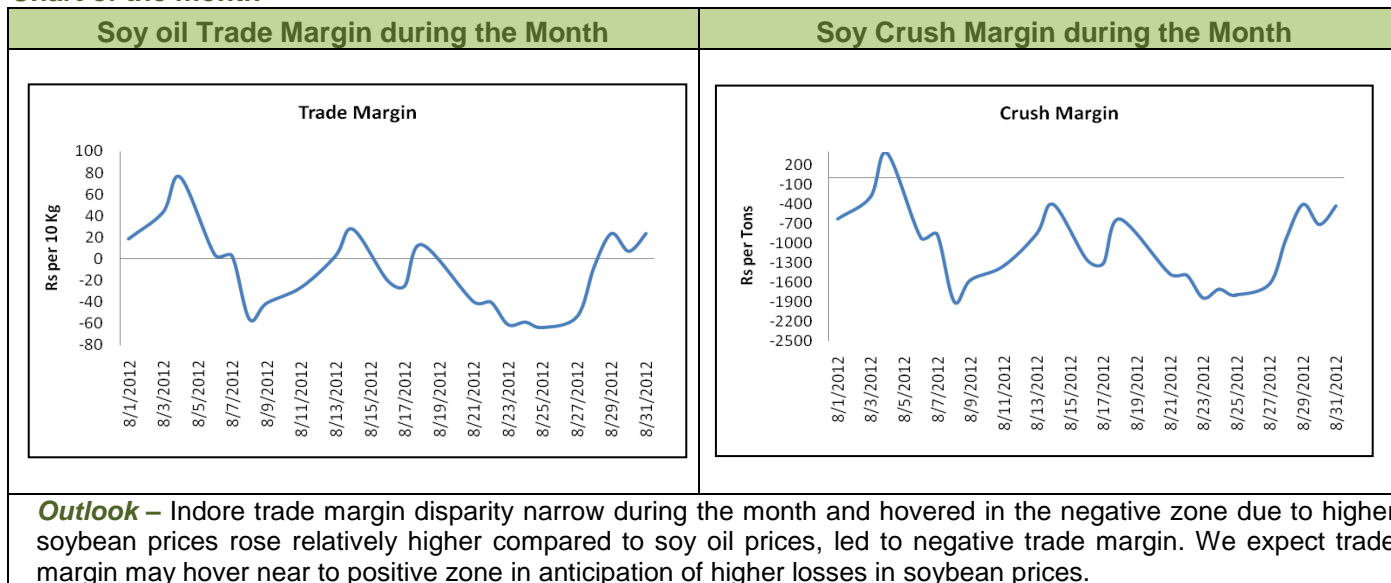


Chart of the month



*Trade and Crush margin are calculated on prices at Indore based plants.

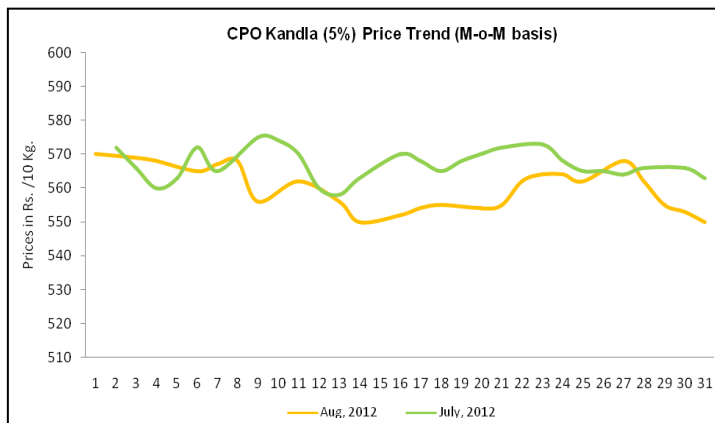
International Market Fundamentals

- As per International Grain Council's report, world soybean output estimate for 2012/13 is pegged at 255 million tons up 7% compared to last year due to rebound in South American crop.
- China's soybean imports would likely to fall below 7 million tons in the month of September and October due to non-aggressive buying from crushers and declining profit margins. Chinese soybean imports in the August might reach to 4.7 million tons, up from an earlier forecast of 4.5 million tons - China National Grain & Oils Information Center.
- As per AgRural, The Brazil's soybean crop, which starts its official planting season in two weeks, is likely to see a production of 82 million tons, up 23.4 percent compared to this year. Planted area is likely to reach a record figure of 27.9 million hectares from 25 million hectares last year.
- US soybean oil prices may trade sideways to slightly weak tone in near term. However, lower US soy crop and diminishing South American soybean stocks could limit downside risk in the prices.

Price Outlook: We expect Ref. soy oil to trade in the price band of Rs 770-800 per 10 Kg.

Palm oil:
Domestic Market Fundamentals

- CPO kandla 5% prices featured steady to slightly weak tone on higher selling pressure at spot market and bearish international palm oil market.
- Adequate palm oil stocks in cash market and bearish international palm oil fundamentals could drag down CPO prices further in the days ahead. As per sources, around 0.9-1.1 lakh tons of palm oil products stocks position reported at Kandla port as on 3 September 2012. However, need based buying is featured in the cash market.
- India imported 3,882,383 tons of crude palm oil in the current oil year (Nov.-Oct), up 2.57 percent compared to same period last year-SEA of India.
- Palm oil may trade steady to weak note in the coming month on bearish international palm oil fundamentals and upcoming kharif oilseed arrivals would offset the tighten edible oil supply.


International Market Fundamentals

- Malaysian palm oil product exports during August rose 17.7 percent to 1,453,544 tons from 1,234,603 tons shipped from July – Intertek Testing Services.

Breakdown of ITS palm export figures for Aug compared to a month ago (in tons):

Palm Products	Aug	July	% Change
Crude palm oil	473,111	325,775	45.2
RBD palm oil	149,360	139,530	7.05
RBD palm olein	463,609	479,828	-3.4
RBD palm stearin	161,540	101,340	59.4
Crude palm kernel oil	25,720	10,000	157.2
Palm fatty acid distillate	27,339	27,150	0.7

Importers	Aug	July	% Change
EU	235,260	252,760	-6.9
China	274,070	195,490	40.2
India & sub continent	455,885	343,470	32.7

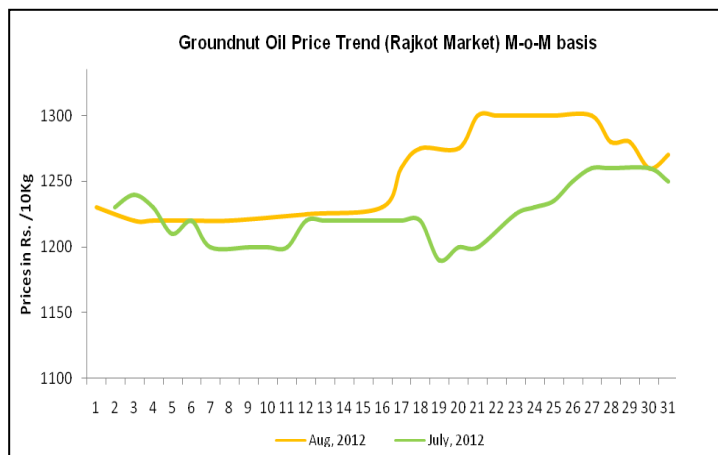
- As per MPOB's latest report, Malaysia's August palm oil stocks rose 5.8 percent to 2,115,214 tons from a revised 1,999,066 tons in July. Besides, Malaysian palm oil production fell during the month of August by 5.1 percent to 1,662,706 tons as compared to previous month.
- As per Dorab Mistry, crude palm oil at BMD may trade within a range of 2,900-3,300 ringgit (\$930-\$1,059) per tons in September and October. While, current market prices hover near to 3,000 ringgit. Malaysian palm oil output might hit a record 2 million tons each in September and October. Moreover, current stocks of Indonesia are around at 4 million tons.
- As per oil world, global palm oil production may reach to 54.0 million tons in 2012/2013(Oct- Sept) compared with around 50.8 million tons in 2011/12(Oct- Sept). Moreover, Indonesia's 2012/2013 palm oil output will rise to 26.60 million tons compared to 25.02 million tons in 2011/12 and the Malaysian palm oil output would surge to 19.36 million tons in 2012/2013 from 18.06 million tons last year.
- South East Asian countries entering into high palm oil output phase and rising Malaysian palm oil stocks could weigh on the market. However, spread between CSO Argentina and CPO Malaysia FOB hovering above USD 300 per tons, which could limit downside risk in the CPO prices.

Price Outlook:

We expect CPO Kandla 5% to trade in the price band of Rs 525-555 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil witnessed steady to firm tone during the month on fair buying from re-packers and resellers. However, revival of monsoon over key groundnut producing region of Gujarat and Saurashtra weigh on the markets during the last week of August.
- As per Ministry of Agriculture, sown area for Kharif Groundnut was lag behind and stood at 3.79 million hectares as on 06 Sept 2012 down 10.4 % compared to corresponding period last year.
- As per trade sources, recent rains over Gujarat support groundnut crop prospects and somewhat offset the fear of significant fall in the yields this may weigh on the groundnut oil prices in the coming days.
- We expect G/N oil may trade sideways to slightly weak tone in the days ahead due to non-aggressive buying at major spot markets and good rains support the standing groundnut crop.

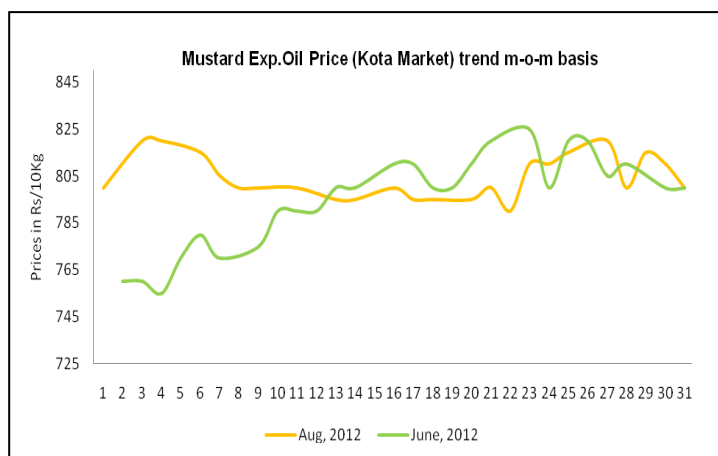


Price Outlook:

We expect groundnut oil to trade in the price band of Rs 1230-1190 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured sideways movement during the month of August on limited buying and recent rains over key RM seed producing regions support soil moisture.
- As per trade sources, slack buying interest against adequate stocks position mainly led to a fall in mustard oil prices. Meanwhile, rapeseed and RM seed oil at Alwar market ended unchanged compared to previous week on good demand for rapeseed from millers in Alwar belt.
- We expect RM seed oil prices may trade sideways to weak tone in the days ahead on lack of encouraging factor for the market and kharif oilseeds arrival in the coming weeks would weigh on the RM seed oil prices. However, slow rapeseed offloading by stockist and farmers may limit excessive losses.



International Fundamentals:-

- Canadian canola output for 2012/13 seen at 16.2 million tons. Moreover, exports may surge to 8.8 million tons; up 1.73 percent compared to previous year, which was 8.65 million tons shipped. Lower US soybean crop and tightness in sunflower seed production in the current season may support Canadian canola oil demand in medium term.
- Global canola output estimate for 2012/13 projected at 60.6 MT. World canola trade seen at 12.5 million tons, up 5% on Y-o-Y basis in anticipation of larger shipments to the EU and Asia – IGC.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 765-800 per 10 Kg.

Indian Supply and Demand Scenario:

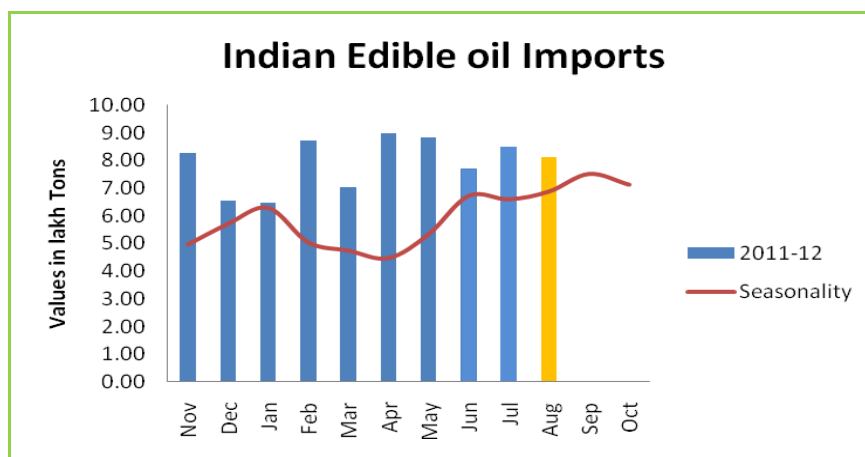
Balance sheet of Indian Edible Oil (Oil Year-Nov-Oct)	2009-2010	2010-11	2011-12 (P)	% Change
Value in million tons				
Beginning Stock	0.52	0.67	0.52	-22.39
Production	7.33	7.98	8.21	2.89
Imports	8.82	8.37	9.00	7.53
Total Supply	16.67	17.02	17.73	4.18
Exports	....	....	....	....
Total Demand(Consumption)	16.00	16.50	17.00	3.03
Ending Stock	0.67	0.52	0.73	40.55

Balance Sheet Highlights

Net edible oil output would likely be 8.21 Million MT in 2011/12. On import front, Edible oil imports likely to surge by 7.53 percent compared to previous year. Higher imports is mainly due to lower RM seed production estimated 60 lakh ton for current year and to meet rising domestic consumption. Total demand of Indian edible oil is likely to grow at a rate of 3%. Ending stocks are projected marginally higher compared to 2011-12 at 0.73 million tons.

For the Current Oil Year (Nov-Oct):

India's monthly edible oils consumption stands around 1.40 – 1.45 million tons. In view of various balance domestic oilseeds stocked with farmers and stockists for crushing will result in the availability of 1.55 – 1.65 Mn T in current oil year. In addition, India needs to import around 1.60-1.70 Mn T of edible oils to meet the domestic demand for the next two months.

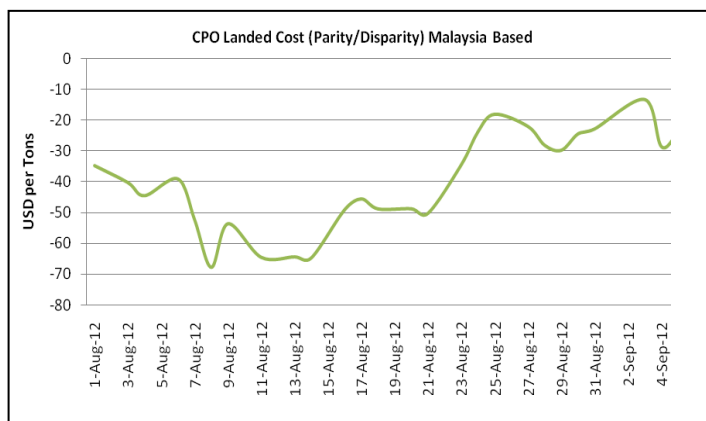
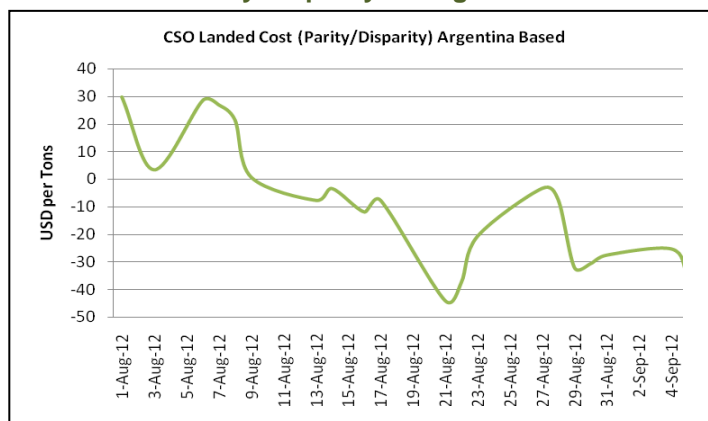
Indian edible oil imports in Aug 2012 projections –:


As per Solvent Extractors' Association of India, India imported 7,104,667 tons of edible oil in the current oil year (Nov.-Oct) up to July 2012. However, edible oil imports were 5,829,273 tons in the corresponding period last year. We expect Indian edible oil imports for the month of Aug is likely to increase by 5-6 percent at 8.12-8.21 lakh tons.

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

Landed Cost Calculation as on 5/9/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1265	1297	1237
Freight (USD/MT)	65	55	50
C & F	1330.0	1351.6	1287.0
Weight loss (0.25% of FOB)	3.16	3.24	3.09
Finance charges (0.4% on CNF)	5.06	5.19	4.95
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1342	1364	1299
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	55.89	55.89	55.89
Landed cost without customs duty in INR per ton	75016	76239	72596
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	49.40	49.40	49.40
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	75452	76675	73032
Domestic Market price INR per ton Soy Degum Kandla	73500	73500	73500
Total landed cost USD per ton	1350	1372	1307
Domestic Market price USD per ton Soy Degum Kandla	1315	1315	1315
Parity INR/MT (Domestic - Landed)	-1952	-3175	468
Parity USD/MT (Domestic - Landed)	-34.93	-56.80	8.38

Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture

Landed Cost Parity/Disparity during the month.

Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory due to higher international prices as compared to domestic prices. We expect import parity to be in the negative side in the coming weeks. On the other side, disparity in CPO import may narrow in the coming weeks in expectation of losses at international palm oil market.

Currency Technical Analysis



Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		53.70		51.55	
Technical Indicators		RSI (21)		SSTK/SSTD(9,3,3)	
		64.65		81.91/84.04	
Support and Resistance					
S2	S1	PCP	R1	R2	
52.90	54.00	55.30	56.70	57.00	

Expected Price Band and Outlook

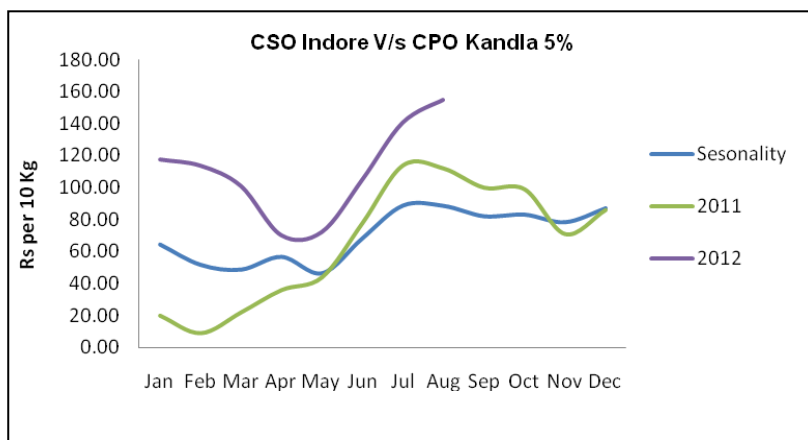
Indian Rupee	<p>We observed consolidation in the monthly INR against USD technical chart. Indian rupee is likely to trade sideways in the coming month. RSI is near to oversold zone. We see a range of 56.70-57.00 on the higher side in the coming month and lower level as 54.00 and below that, we may see selling pressure until 52.90.</p>
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Edible oil vessel line ups at Indian Ports
Commodity Wise

<i>Edible oil products</i>	<i>Veg. oil Vessel line up from 01/08/2012 to 31/08/2012</i>
Crude Soybean Oil	102888
Crude Palm Oil	241871.84
RBD Palm olein	7500
Palm Oil	363946.92
Crude Sunflower Oil	54500
Edible oil	-----
Total edible oils	770,707
Source: Ben Line Agencies(India) Pvt. Ltd.	

Port Wise

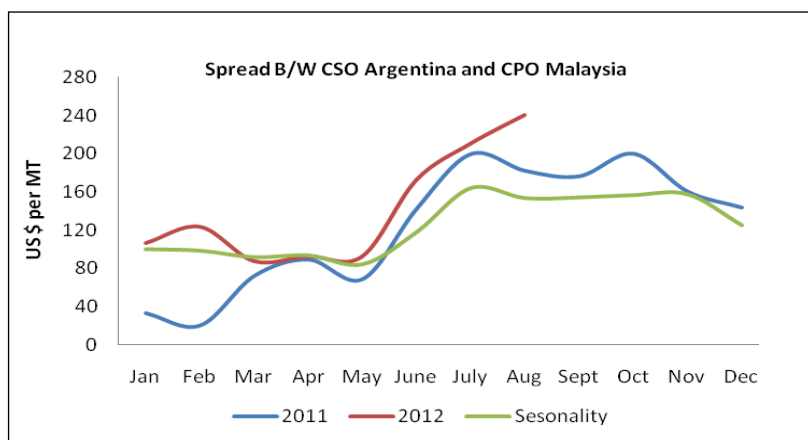
<i>Veg. oil Vessel line up in Tons.</i>	<i>Veg. oil Vessel line up for Aug</i>	<i>Veg. oil Vessel line up for July</i>
Ennore	78754	47500
Chennai	68000	76290
Haldia	98176.4	100276
JNPT	.....	28250
Kakinada	.....	47080
Kandla	328357	46000
Karaikal	.....	.....
Kolkata	27984	37886
Krishnapatnam	47340	46450
Mangalore	42636	42436
Murmugoa	.....	.....
Mumbai	15995	.....
Paradip	9000	.....
Mundra	54499.84	817570
Tuticorin	.....	33938
Source: Ben Line Agencies(India) Pvt. Ltd.		

Seasonality vs. Current year Spread difference between CSO Indore and CPO Kandla 5%


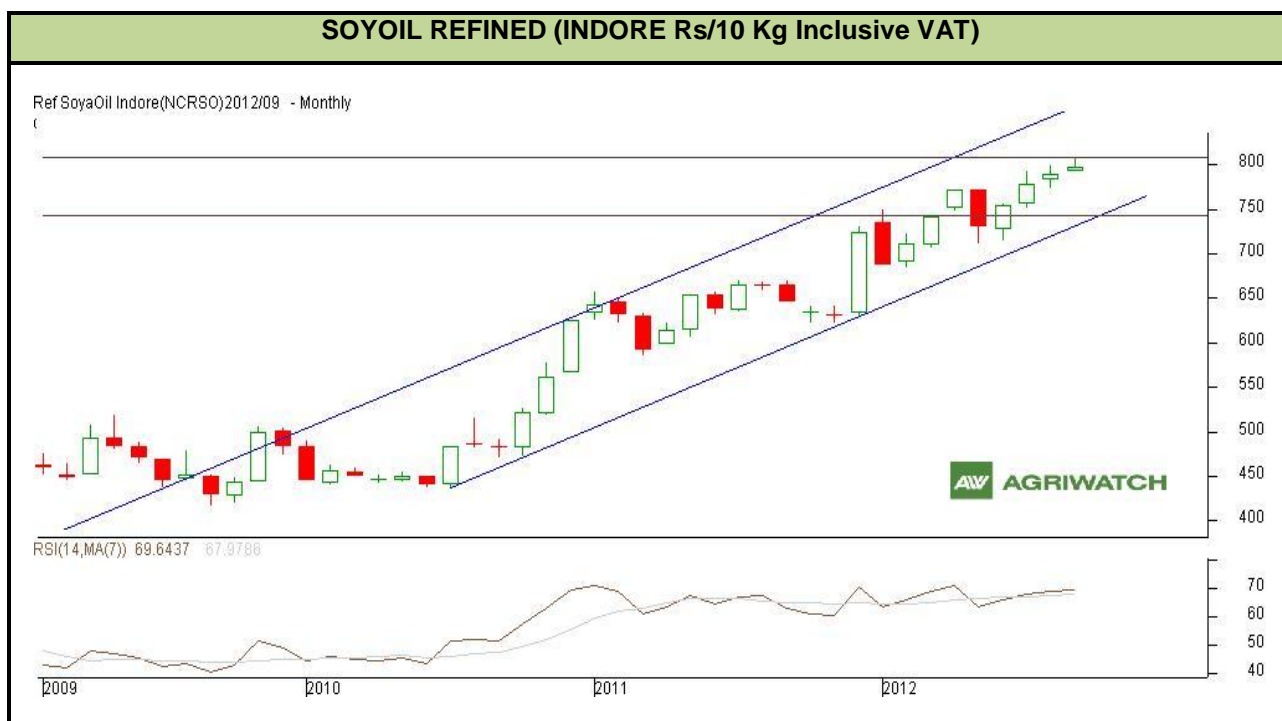
Average monthly spread between CSO Indore and CPO Kandla (5%) marginally widened during the month and stood at Rs 154.8 per 10 Kg compared to 140.5/10 Kg during the previous month. Considering seasonality index of spread between CSO Indore and CPO Kandla 5%.

Outlook and Strategy :-

We expect spread between CSO Indore and CPO kandla 5% to narrow in the coming month and may hover in between Rs 156-138 per 10Kg. Market participants can offload Crude soy oil at 730-735 level, if needed.

Seasonality vs. Current year Spread difference between CSO Argentina and CPO Malaysia


Average price spread between CSO Argentina and CPO Malaysia significantly widen during the month of August compared to previous month average and stood at US\$ 241 per MT. Spread is likely to narrow in the coming month as CSO Argentina prices may fall relatively higher compared to CPO Malaysia prices. Spread likely to move in the range of US\$ 250-190 per MT.

Technical Analysis (Spot Market Monthly Charts)


- ❖ Domestic soy oil prices traded with a steady note during the week. We expect RSO Indore prices may trade steady to weak tone in the coming days.
- ❖ Breaching the immediate zone of 776-770, prices shall test 753-758 zones in medium term. RSI is in between oversold and neutral zone and stayed in tune with the prices with no indication of any convergence/ divergence.
- ❖ Expected price band for next month is 800-770 level in near to medium term.

Strategy: Market Participants can offload Ref. soy oil (INDORE Rs/10 Kg with VAT) in cash markets at 796-800 level.

Support and Resistance				
S2	S1	PCP	R1	R2
747.00	758.00	796.90	815.00	825.00

Technical Analysis (Spot Market Monthly Chart)


- ❖ Candlesticks depict weakness in the CPO prices during the month. Prices may trade sideways to weak tone in the coming month.
- ❖ Rs 515 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 525-555 level in near term. However, breaching 568 levels prices may touch the 575.00-580.00 levels in the coming days.
- ❖ RSI is in neutral zone and stayed in tandem with the prices with no indication of any convergence/divergence.

Strategy: Market Participants can wait to buy crude palm oil Kandla 5% in cash markets.

Support and Resistance				
S2	S1	PCP	R1	R2
509.00	515.00	545.00	568.00	575.00



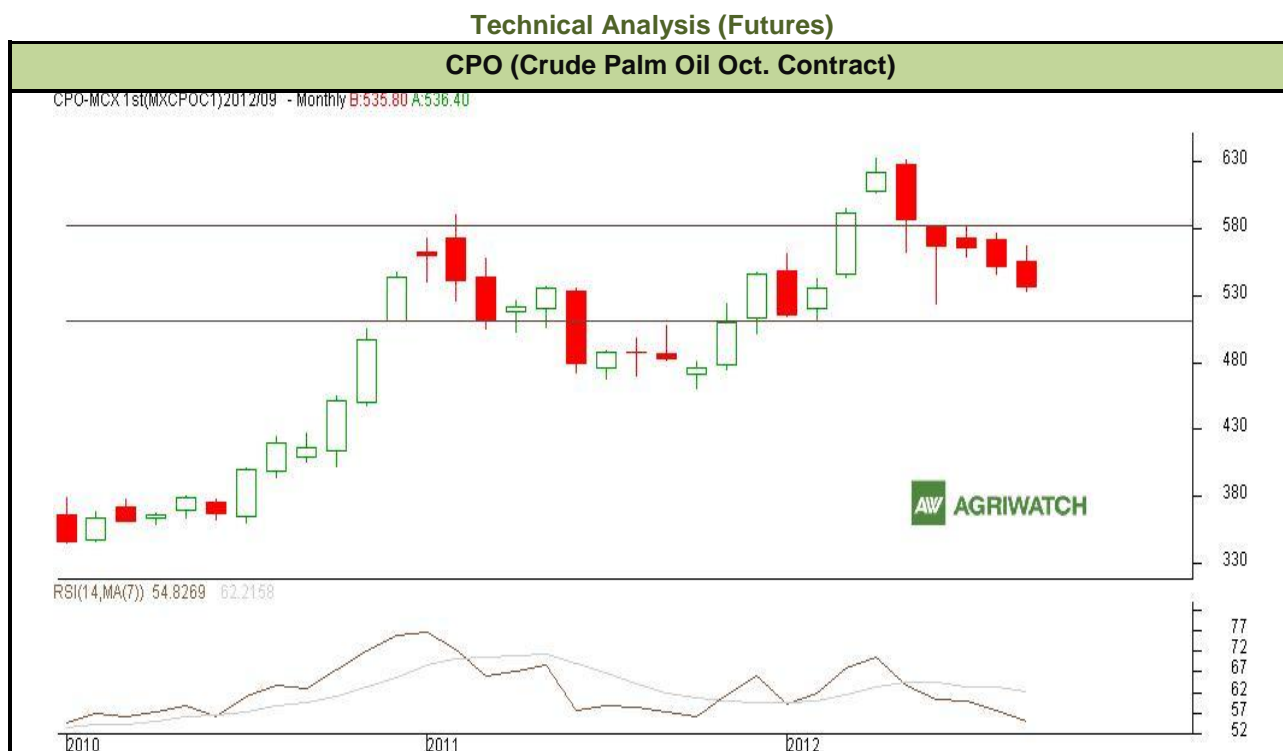
Outlook - We observed consolidation in the monthly chart of refined soy oil. However, we expect prices may trade steady to weak tone in the coming month.

- Any close above 790.00 in monthly chart shall change the sentiments and might bring the prices to a bullish phase.
- RSI hover in between oversold and neutral zone and remains in tandem with the price direction with no divergence seen.
- Expected price band for next month is 780-744 level in near to medium term.

Strategy: We recommend market participants to go short in NCDEX (Nov. contract) at 775-780 for a target of 755 and then 744 with a stop loss at 790 on closing basis.

RSO NCDEX (Nov)

Support and Resistance				
S2	S1	PCP	R1	R2
728.00	738.00	764.80	798.00	805.00



Outlook - Prices may trade with a steady to weak tone in the coming days. Investors are advised to sell MCX CPO Oct contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows weakness in the prices. However, prices may trade steady to weak bias in near term.
- ❖ Any close above 562.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next month is 552-525 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Market participants are advised to go short in CPO in the range of 548-552 for a target of 530 and 525 with a stop loss at 562.00 on closing basis.

CPO MCX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
505.00	515.00	541.70	570.00	582.00

Monthly spot price comparison

Commodity	Centre	Prices(Per 10 Kg)		
		31/8/2012	31.7.2012	30.6.2012
Refined Soybean Oil	Kota(Loose)	750	740	720
	Rajkot (Loose)	725	730	725
	Jaipur (Loose)	755	750	730
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	795	788	770
	Kakinada	-	-	-
	Mumbai +VAT	775	745	743
	Indore	755	740	720
	Soy Degum Mumbai+VAT	735	710	700
	SoyDegum Kandla/Mundra+VAT	730	700	695
	Haldiya Port (Loose)	786	-	-
	Akola (Loose)	786	791	764
	Amrawati (Loose)	786	791	764
	Jalna	782	787	-
	Nagpur	792	797	770
Palm Oil	Chennai RBD Palmolein (Loose)	615	613	610
	Hyd. RBD Palmolein VAT	650	650	655
	Delhi RBD Palmolein (Loose)	655	665	665
	Kandla CPO (5%FFA)	550	563	569
	Kakinada RBD Palmolein (Loose)	606	606	601
	Mumbai RBD Pamolein+ VAT	610	620	617
	Kandla RBD Palmolein +VAT	608	608	600
Refined Sunflower Oil	Mumbai + VAT	785	760	750
	Kandla/Mundra	730	700	675
	Erode (Exp. Oil)+VAT	785	755	735
	Hyderabad Exp +VAT	840	741	721
	Chennai (Loose)	805	780	750
	Bellary (Exp. Oil)+VAT	666	656	644
	Latur (Exp. Oil)+VAT	736	706	696
	Chellakere (Exp. Oil)+VAT	736	711	691
Groundnut Oil	Rajkot (Loose)	1260	1250	1230
	Chennai (Loose)	1160	1115	1110
	Delhi (Loose)	1250	1250	1200
	Hyderabad Exp +VAT	1210	1200	1130

	Mumbai + VAT	1250	1210	1190
	Gondal+VAT	1275	1250	1230
	Jamnagar +VAT	1270	1250	1230
	Narsarropeth+VAT	1101	1091	1051
	Prodattour+VAT	1151	1096	1081
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	860	857	797
	Alwar (Expeller Oil)(Loose)	836	839	783
	Kota (Expeller Oil) (Loose)	800	800	770
	Jaipur (Expeller Oil) (Loose)	840	830	790
	Delhi (Exp. Oil) (Loose)	845	860	790
	Sri Ganga Nagar(Exp Oil-Loose)	823	833	761
	Hapur+VAT	885	858	805
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	895	890	830
Refined Cottonseed Oil	Mumbai +VAT	768	755	705
	Rajkot (Loose)	770	750	685
	Delhi (Loose)	745	740	670
	Hyderabad (Loose)	775	750	715
Sesame Oil	Delhi	900	920	860
	Mumbai	850	880	750
Kardi	Mumbai	590	1110	625
Coconut Oil	(Crude Rs/10kg) - Kangayan	1110	605	625
Rice Bran Oil (40%)	Delhi	630	650	615
	Punjab	660	645	575
Rice Bran Oil (70%)	Delhi	530	545	540
Malaysia Palmolein USD/MT	FOB (Dec)	975	925	980
	CNF (Dec) - India	995	1025	1035
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	945	970	953
	CNF(Dec) - India	975	995	1000
Argentina FOB (\$/MT)		31/8/2012	30.7.2012	29.6.2012
Crude Soybean Oil Ship (Nov)		1253	1168	1172
Refined Soy Oil (Bulk) Ship (Nov)		1296	1208	1213
Sunflower Oil Ship (Nov)		-	-	-
Cottonseed Oil Ship (Nov)		1233	1148	1152
Refined Linseed Oil(Bulk) Ship (Nov)		-	1188	1192



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