



Veg. Oil Monthly Research Report

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Domestic Veg. Oil Market Summary:

Edible oil basket traded with a weak tone during the month of September due to bearish cues from international palm oil market and ongoing Kharif oilseed arrivals.

Groundnut oil was the top loser among the edible oil pack due to dull demand and harvest pressure followed by palm oil on sufficient stocks against higher selling pressure at major physical counters.

As per the first estimate of soybean crop released by SOPA, the production of soybean is estimated at 126.775 lakh MT compared to 116.504 lakh MT in 2011. The soybean yield is estimated to be 1185 Kg/Ha, up from last year's yield of 1127 Kg/Ha.

On the currency front, Indian rupee against USD ended at 52.67 (on 11/10/2012) and is likely to trade sideways to slightly weak tone in the coming month. We expect edible oil complex to trade steady to firm tone in the coming month in anticipation of demand for edible oils may emerge from the mid October on festivities. However, ongoing Kharif oilseeds arrivals may limit upside.

International Veg. Oil Market Summary:

CBOT soy oil is expected to stay in the range of 49.80-52.90 cents/lb. Focus during the coming days will be on the Malaysian palm oil export figures, Malaysian CPO export rate decision and depreciation of INR against US dollar.

Crude palm oil at BMD may trade within a range of 2,375-2535 ringgit per tons in October. Ongoing US soybean harvesting and better yield prospects may weigh on the sentiments in the coming days. However, lower US soy crop and diminishing South American soybean stocks may underpin international soy oil market in the medium term.

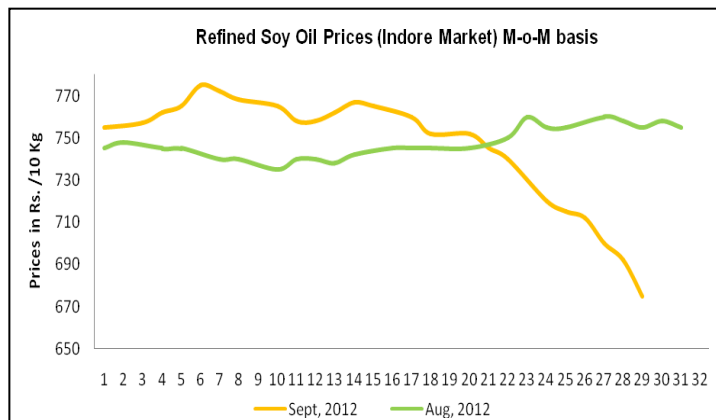
As per MPOB's latest report, Malaysia's September palm oil stocks rose 5.8 percent to record high 2.48 million tons compared to previous month. Moreover, crude palm oil in September rose 20% from August to 2 million tons.

Malaysian palm oil product exports during September rose 0.5 percent 1.43 million metric tons from the 1.42 million metric tons shipped during Aug. Palm oil products export figures for Sept. for top major markets (Values in tons and Aug. import figures in parenthesis): China 298,170 (266,407), EU 213,006 (237,490) and India 405,106 (282,782).

Soy oil:

Domestic Market Fundamentals

- Ref. soy oil prices featured weak tone at Indore market on bearish cues from international market and high selling pressure in the cash market.
- As per the first estimate of soybean crop released by SOPA, the production of soybean is estimated at 126.775 lakh MT compared to 116.504 lakh MT in 2011. The soybean yield is estimated to be 1185 Kg/Ha, up from last year's yield of 1127 Kg/Ha.
- As per trade source, rising soybean arrivals and dull demand for soy oil in the spot market which may weigh on the markets. Moreover, big plants refrain from active soybean buying in anticipation of further fall in the prices.
- We expect soy oil may trade with a steady to firm tone in the coming month on festive demand in the month of October. However, ongoing kharif oilseeds arrivals may limit excessive gains.
- If we consider soy bean estimate of 13.2 million tons for the kharif 2012 then we expected 0.86 to 0.93 MT of soy oil likely to import for the 2012-13 MY.



Soy bean Production in India	13.2	
Farmer's retention	1.3	1.7
After Retention	11.9	11.5
Soy bean left for crushing	11.9	11.5
Oil meal output	9.6	9.30
Crude Soy oil Production	2.13	2.06
Total Consumption of Soy oil in India	3	3.00
Expected soy oil imports in 2011-12 MY	0.86	0.93

* Values in million tons

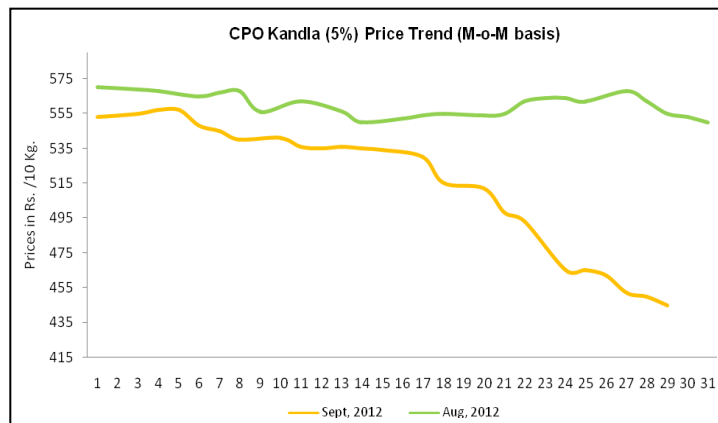
International Market Fundamentals

- According to the latest crop progress report released by USDA, US soybean harvest is 58 per cent complete as compared to 41 per cent last week and 40 per cent 5 year average. 37 per cent of the crop is reported in Good to Excellent condition against 56 per cent during the same period last year. Further, soybean Drooping Leaves is reported to be at 93 per cent compared to 5 year average of 88 per cent.
- USDA has reported the soybean old crop stocks in all positions at 169 million bushels on Sep 1, 2012, down 21% from a year earlier. Soybean stocks stored on farms are 38.3 million bushels and off-farm stocks are 131 million bushels, both down 21% from last year. Indicated disappearance for June-August 2012 stands up 23% at 498 million bushels.
- Ongoing US soybean harvesting and better yield prospects may weigh on the sentiments in the coming days. However, lower US crop may support international market in the medium term.

Price Outlook: We expect Ref. soy oil to trade in the price band of Rs 615-665 per 10 Kg.

Palm oil:
Domestic Market Fundamentals

- CPO kandla 5% prices featured significant losses on bearish cues from international palm oil market.
- CCEA has approved to continue the ban on export of edible oils. Moreover, distribution of subsidized imported edible oils through State Governments/ Union Territories with central subsidy of Rs.15/-per kg for import of up to 1 million tons of edible oils during this period (1.10.2012 to 30.9.2013).
- India imported 4.05 lakh tons of Malaysian palm oil products during the month of September - SGS. Sufficient palm oil supply and weak demand may pressurize palm oil prices in near term. As per sources, market participants refrain from forward booking for palm oil due to significant fall in the prices.
- Palm oil may trade steady to slightly firm note in the coming month on upcoming Hindu's festivals. However, higher rate of palm oil production in South East Asian countries may limit upside.


International Market Fundamentals

- Exports of Malaysian palm oil products for Sept. rose 0.5 percent to 1,433,795 tons from the 1,427,052 tons shipped during Aug. – SGS.

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

Palm Products	Sept	Aug	% Change
Crude palm oil	553,446	459,122	20.54
RBD palm oil	98,747	154,247	-35.98
RBD palm olein	477,653	475,204	0.52
RBD palm stearin	109,676	149,002	-26.39
Crude palm kernel oil	27,000	23,500	14.89
Palm fatty acid distillate	42,135	47,384	-11.08

Top Palm Products Importers	Sept	Aug	% Change
European Union	213,006	237,490	-10.31
China	298,170	266,407	11.92
Pakistan	31,400	80,250	-60.87
United States	85,098	184,258	-53.82
India	405,106	282,782	43.26

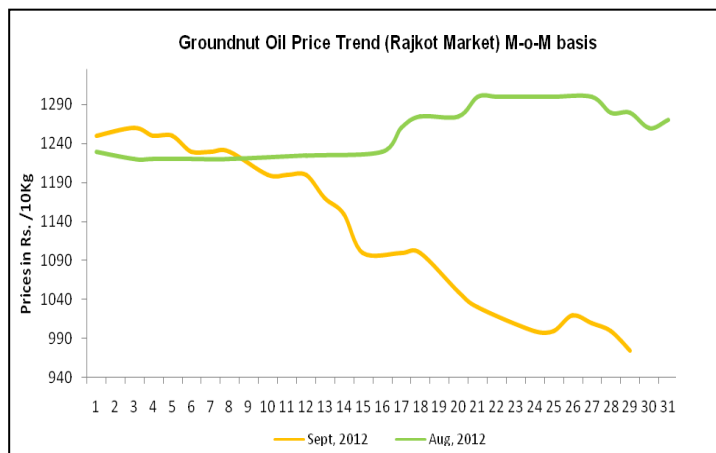
- Malaysian palm oil futures hover at 3-year low on rising palm oil inventories and bearish cues from overseas market.
- As per MPOB's latest report, Malaysia's September palm oil stocks rose 5.8 percent to record high 2.48 million tons compared to previous month. Moreover, crude palm oil output in September rose 20% from August to 2 million tons.
- As per Indonesian Ministry's, Indonesia will keep its crude palm oil export tax to 13.5 percent for October unchanged as compared to previous month. The government will also keep its export tax for RBD palm olein to 6 percent. Moreover, Malaysian government may cut its CPO export taxes to 8 to 10 percent from current 23 percent. Lowering export tax would help higher competition to Indonesia; boost Malaysian CPO exports, and cushioning CPO price from falling further.
- Higher rate of palm oil supply and record palm oil inventories in South East Asian countries may weigh on the sentiments. However, in anticipation of good demand from Asian buyers ahead of festivities may limit excessive downside.

Price Outlook:

We expect CPO Kandla 5% to trade in the price band of Rs 385-435 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil witnessed significant losses during the month on dull demand and revival of monsoon over key groundnut producing region of Gujarat and Saurashtra.
- As per source, government allowed export of 20,000 tons groundnut oil in consumer packs which could act as an encouraging factor for the market in near term. However, rising Kharif G/N seed arrivals could limit upside.
- As per source, government allowed export of 20,000 tons groundnut oil in consumer packs which could act as an encouraging factor for the market in near term.
- We expect G/N oil may trade sideways to slightly firm tone in the days ahead due to export demand and low groundnut seed production would support G/N oil prices in the medium term.

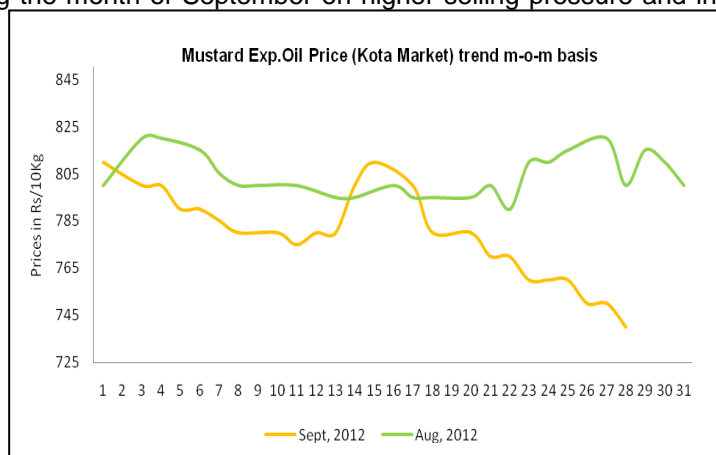


Price Outlook:

We expect groundnut oil to trade in the price band of Rs 1050-1150 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured steady to weak tone during the month of September on higher selling pressure and in anticipation of higher sowing in the next season.
- As per source, bearishness in rapeseed and rapeseed oil would persist for the coming weeks on the hopes of better crop prospect and dull demand in edible oil pack. However, demand may emerge from the mid October for festive demand. Moreover, 65-70 percent of mustard seed has been crushed of the total mustard production in the current year.
- Mustard seed area is likely to rise 5% to around 7.2 million ha. Last year RM seed acreage was 6.8 million ha – Dorab Mistry. Market participants are expecting higher rapeseed production in the 2012/13 in anticipation of higher acreage due to lucrative RM seed prices in the current season and revival of monsoon over key rapeseed producing region.
- We expect RM seed oil prices may trade sideways to firm tone in the days ahead on festive demand and diminishing RM seed stocks. However, ongoing kharif oilseeds arrival may limit excessive gains.



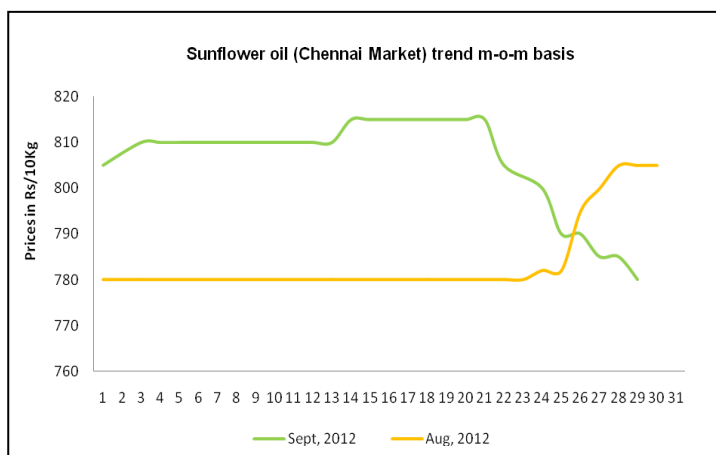
International Fundamentals:-

- As per latest report by Canada's Ministry of Agriculture, Canada's canola output seen at 13.36 million tonnes in 2012/13, down 2 million tonnes from the government agency's Aug. 22 estimate of 15.4 million tonnes and below last year's harvest of 14.5 million tonnes. Midsummer heat during canola's vulnerable flowering period, disease and a windstorm all reduced the potential of Canada's crop. The average canola yield fell to 28.2 bushels per acre. Lower canola crop along with lower supply of US soybean would support international edible oil prices in the medium term.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 735-770 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured steady tone during the month of September. However, prices fell significantly during the last week of the month due to bearish edible oil complex.
- As per sources, no major crop loss witness in southern India. However, sunflower seed arrivals in the southern India would be delayed due to late harvesting. However, sunflower seed arrivals have started in Maharashtra.
- Lower sunflower acreage in the current season and bullish global fundamentals may support sunflower oil in the medium term. However, rising Kharif oilseed crop may weigh on the market in near term.

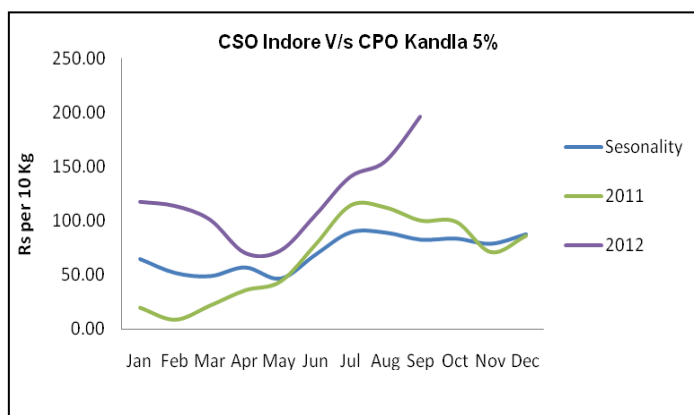


International Fundamentals:-

- As per UkrAgroConsult, Ukraine's sunflower production seen at 3.6 million tons against 3.83 million tons in 2011/12. However, sun oil exports are likely to reduce to 3.09 million tons in the 2012/13 season from 3.23 million tons in 2011/12 due to lower production.
- As per Ukragroconsult Ukraine sunflowers seed was removed from the 3193 ha (67% of the plan), with an average yield of 1.52 t / ha as of September 25. Ongoing EU's sunflower crop arrivals and new soybean supply from US may ease sunflower oil prices in the coming weeks. However, lower global oilseed output may support prices in the medium term.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 760-790 per 10 Kg.

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



Average monthly spread between CSO Indore and CPO Kandla (5%) widened during the month and stood at Rs 196.36 per 10 Kg compared to 154.80/10 Kg during the previous month.

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 160-200 per 10Kg. Market participants can buy CPO Kandla 5% at 395-400 level for the target of 435-445 level, if needed.

Indian Supply and Demand Scenario:

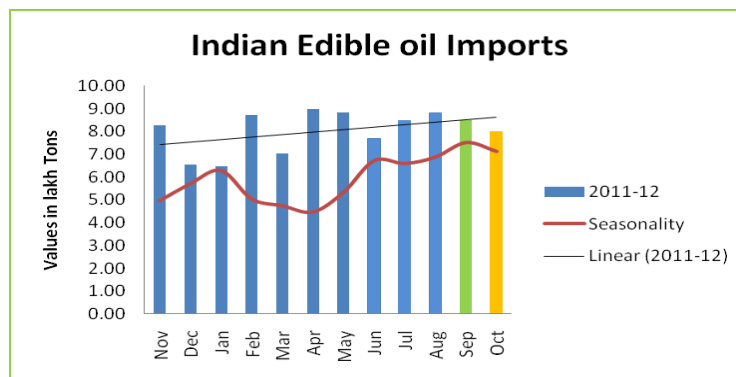
Balance sheet of Indian Edible Oil (Oil Year-Nov-Oct)	2009-2010	2010-11	2011-12 (P)	% Change
Value in million tons				
Beginning Stock	0.52	0.67	0.52	-22.39
Production	7.33	7.98	8.04	0.71
Imports	8.82	8.37	9.30	11.11
Total Supply	16.67	17.02	17.86	4.92
Exports
Total Demand(Consumption)	16.00	16.50	17.00	3.03
Ending Stock	0.67	0.52	0.86	64.78

Balance Sheet Highlights

Net edible oil output would likely be 8.04 Million MT in 2011/12. On import front, Edible oil imports likely to surge by 11.11 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 higher compared to 2011-12 at 0.86 million tons.

For the Current Oil Year (Nov-Oct):

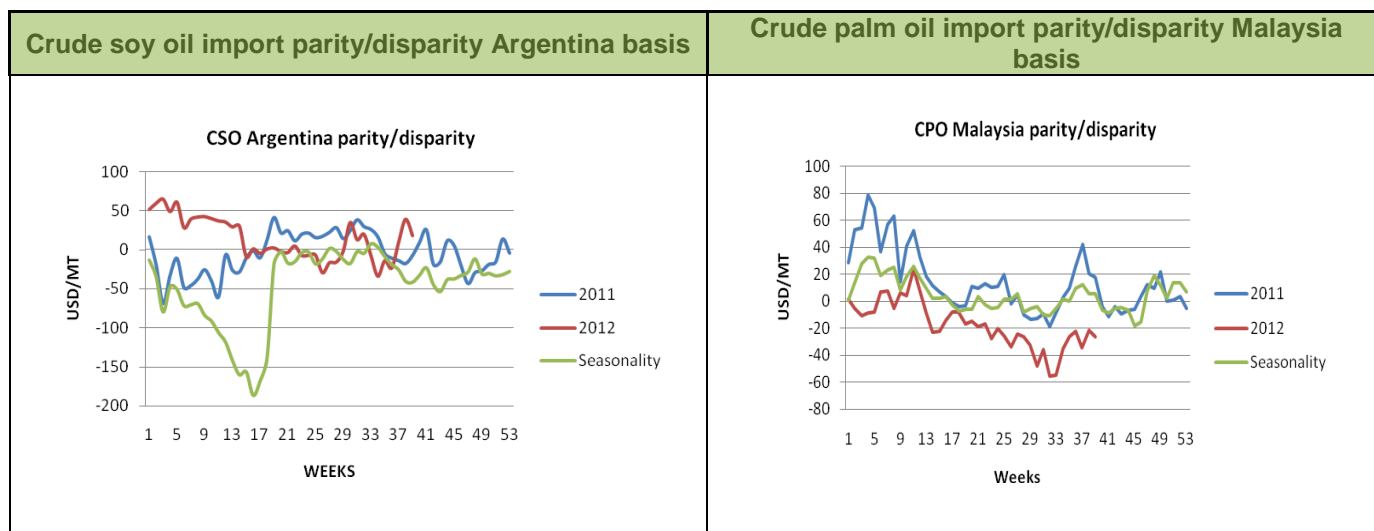
India's monthly edible oils consumption stands around 1.40 – 1.43 million tons. In view of various balance domestic oilseeds stocked with farmers and stockists for crushing will result in the availability of 0.95-1.10 Mln T in current oil year. In addition, India needs to import around 0.84-0.86 Mln T of edible oils to meet the domestic demand for the next months.

Indian edible oil imports in Aug 2012 projections –:


As per Solvent Extractors' Association of India, India imported 7.98 million tons of edible oil in the current oil year (Nov.-Oct) up to August 2012. However, edible oil imports were 6.61 million tons in the corresponding period last year. We expect Indian edible oil imports for the month of Sept is likely to increase to 8.4-8.6 lakh tons. Besides, October month Imports seen at 8.0-8.2 lakh tons.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 04/10/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1076	1089	1101
Freight (USD/MT)	65	55	50
C & F	1141.0	1144.0	1151.0
Weight loss (0.25% of FOB)	2.69	2.72	2.75
Finance charges (0.4% on CNF)	4.30	4.36	4.40
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1151	1155	1162
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	51.835	51.835	51.835
Landed cost without customs duty in INR per ton	59684	59844	60212
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	60120	60280	60648
Domestic Market price INR per ton Soy Degum Kandla	60500	60500	60500
Total landed cost USD per ton	1160	1163	1170
Domestic Market price USD per ton Soy Degum Kandla	1167	1167	1167
Parity INR/MT (Domestic - Landed)	380	220	-148
Parity USD/MT (Domestic - Landed)	7.34	4.24	-2.86
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			



* Seasonality based on 2009-2011 data averages for CPO Malaysia and 2010-11 data averages for CSO Argentina.

Outlook:-

Import parity for crude soy oil from Argentina is hovering in positive territory due to lower international prices as compared to domestic prices. We expect import parity to be in the positive side in the coming weeks. On the other side, disparity in CPO import may hover in the negative side.

Currency Technical Analysis

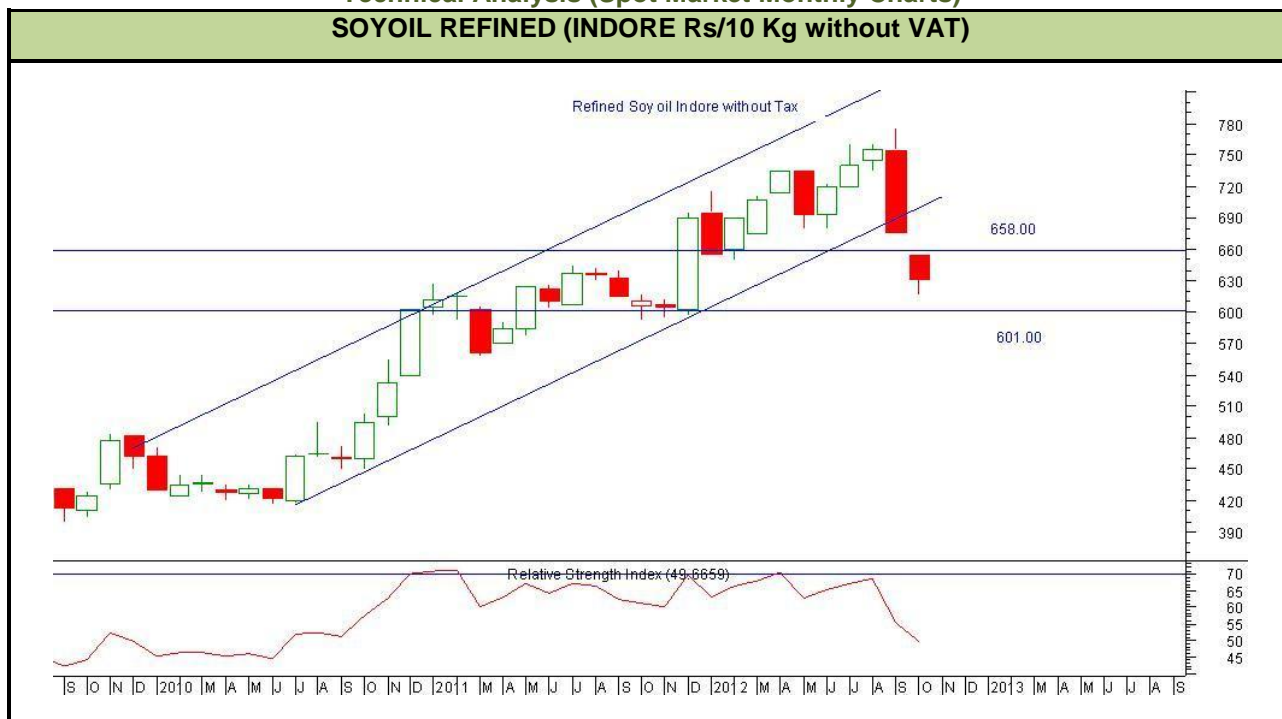


Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		53.10		51.43	
Technical Indicators		RSI (21)		SSTK/SSTD(9,3,3)	
		58.16		69.39/77.57	
Support and Resistance					
S2	S1	PCP		R1	R2
49.90	50.30	52.72		54.32	55.20

Expected Price Band and Outlook

Indian Rupee	We observed correction in the monthly INR against USD technical chart. Indian rupee is likely to trade sideways to slightly weak tone in the coming month. RSI is in neutral zone. We see a range of 54.32-55.20 on the higher side in the coming month and lower level as 50.30 and below that, we may see selling pressure until 49.90.
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Technical Analysis (Spot Market Monthly Charts)
SOYOIL REFINED (INDORE Rs/10 Kg without VAT)


- ❖ Domestic soy oil prices traded with a weak note during the week. We expect RSO Indore prices may trade steady tone in the coming days.
- ❖ Breaching the immediate zone of 615-620, prices shall test 595-600 zones in medium term. RSI is in neutral zone and stayed in tune with the prices with no indication of any convergence/ divergence.
- ❖ Expected price band for next month is 615-665 level in near to medium term.

Strategy: Market Participants can buy Ref. soy oil (INDORE Rs/10 Kg without VAT) in cash markets at 615-620 level for a target of 658-665.

Support and Resistance				
S2	S1	PCP	R1	R2
565.00	585.00	630.00	675.00	685.00

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 385 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 385-435 level in near term. However, breaching 385 levels prices may touch the 360-365 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 buy crude palm oil Kandla 5% in cash markets at 395-405 for the target of 430-435.

Support and Resistance				
S2	S1	PCP	R1	R2
365.00	385.00	407.00	450.00	465.00



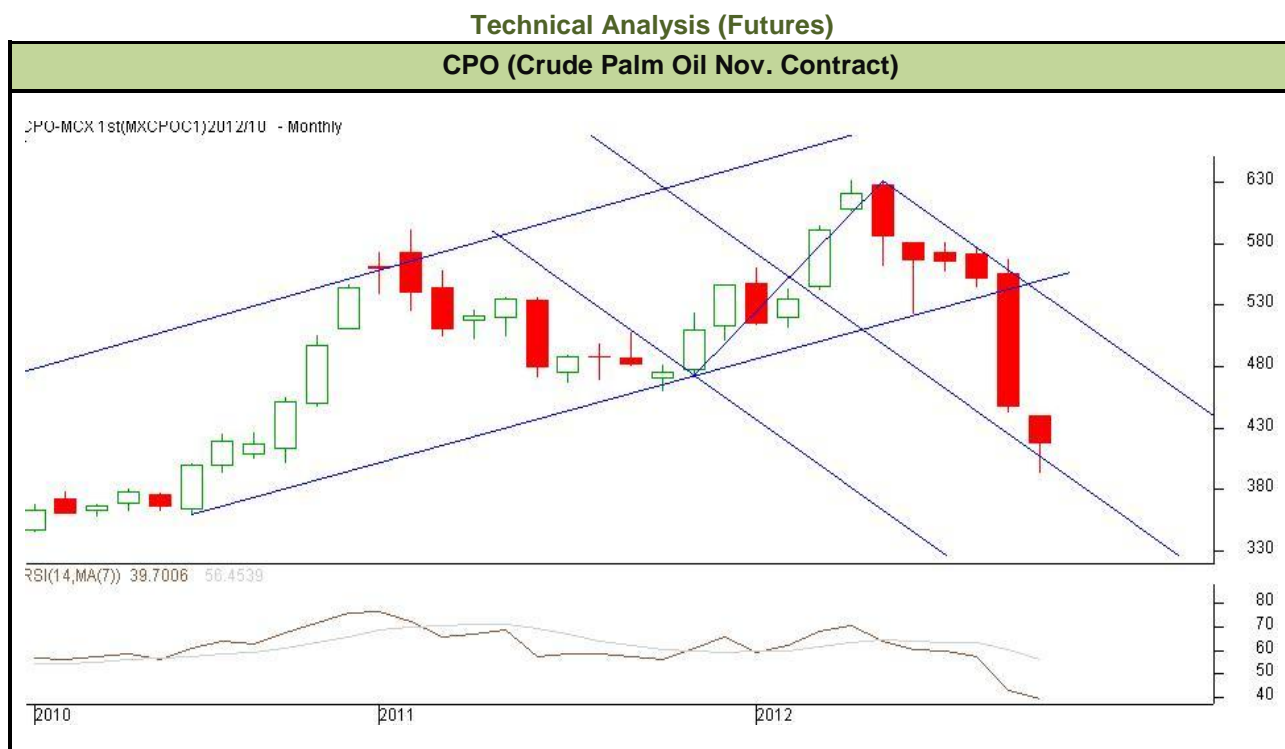
Outlook - We observed recovery in the monthly chart of refined soy oil. However, we expect prices may trade steady to firm tone in the coming month.

- Any close below 600.00 in monthly chart shall change the sentiments and might bring the prices to a bearish 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 620-670 level in near to medium term.

Strategy: We recommend market participants to go long in NCDEX (Nov. contract) at 620-625 for a target of 670 and then 680 with a stop loss at 600.00 on closing basis.

RSO NCDEX (Nov)

Support and Resistance				
S2	S1	PCP	R1	R2
590.00	600.00	650.75	700.00	715.00



Outlook - Prices may trade with a steady to firm tone in the coming days. Investors are advised to buy MCX CPO Nov contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows recovery in the prices. However, prices may trade steady to firm bias in near term.
- ❖ Any close below 402.00 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next month is 470-420 level in near to medium term. RSI is in between neutral and oversold zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Market participants are advised to go long in CPO in the range of 420-425 for a target of 465 and 470 with a stop loss at 402.00 on closing basis.

CPO MCX (Nov)

Support and Resistance				
S2	S1	PCP	R1	R2
380.00	390.00	434.60	470.00	482.00

Monthly spot price comparison

Commodity	Centre	Prices(Per 10 Kg)		
		29.9.2012	31/8/2012	31/7/2012
Refined Soybean Oil	Kota(Loose)	669	750	740
	Rajkot (Loose)	670	725	730
	Jaipur (Loose)	690	755	750
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	720	795	788
	Kakinada	-	-	-
	Mumbai +VAT	690	775	745
	Indore	675	755	740
	Soy Degum Mumbai+VAT	650	735	710
	SoyDegum Kandla/Mundra+VAT	645	730	700
	Haldiya Port (Loose)	691	786	-
	Akola (Loose)	736	786	791
	Amrawati (Loose)	736	786	791
	Jalna	732	782	787
	Nagpur	742	792	797
Palm Oil	Chennai RBD Palmolein (Loose)	530	615	613
	Hyd. RBD Palmolein VAT	570	650	650
	Delhi RBD Palmolein (Loose)	570	655	665
	Kandla CPO (5%FFA)	445	550	563
	Kakinada RBD Palmolein (Loose)	-	606	606
	Mumbai RBD Pamolein+ VAT	540	610	620
	Kandla RBD Palmolein +VAT	525	608	608
Refined Sunflower Oil	Mumbai + VAT	730	785	760
	Kandla/Mundra	675	730	700
	Erode (Exp. Oil)+VAT	755	785	755
	Hyderabad Exp +VAT	770	840	741
	Chennai (Loose)	780	805	780
	Bellary (Exp. Oil)+VAT	711	666	656
	Latur (Exp. Oil)+VAT	691	736	706
	Chellakere (Exp. Oil)+VAT	671	736	711
Groundnut Oil	Rajkot (Loose)	975	1260	1250
	Chennai (Loose)	970	1160	1115
	Delhi (Loose)	980	1250	1250
	Hyderabad Exp +VAT	-	1210	1200

	Mumbai + VAT	1060	1250	1210
	Gondal+VAT	980	1275	1250
	Jamnagar +VAT	980	1270	1250
	Narsarropeth+VAT	891	1101	1091
	Prodattour+VAT	926	1151	1096
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	794	860	857
	Alwar (Expeller Oil)(Loose)	781	836	839
	Kota (Expeller Oil) (Loose)	740	800	800
	Jaipur (Expeller Oil) (Loose)	790	840	830
	Delhi (Exp. Oil) (Loose)	805	845	860
	Sri Ganga Nagar(Exp Oil-Loose)	761	823	833
	Hapur+VAT	865	885	858
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	840	895	890
Refined Cottonseed Oil	Mumbai +VAT	675	768	755
	Rajkot (Loose)	670	770	750
	Delhi (Loose)	655	745	740
	Hyderabad (Loose)	-	775	750
Sesame Oil	Delhi	845	900	920
	Mumbai	845	850	880
Kardi	Mumbai	555	590	1110
Coconut Oil	(Crude Rs/10kg) - Kangayan	1200	1110	605
Rice Bran Oil (40%)	Delhi	565	630	650
	Punjab	590	660	645
Rice Bran Oil (70%)	Delhi	490	530	545
Malaysia Palmolein USD/MT	FOB (Dec)	865	975	925
	CNF (Dec) - India	885	995	1025
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	790	945	970
	CNF(Dec) - India	825	975	995
Argentina FOB (\$/MT)		28.9.2012	31/8/2012	30.7.2012
Crude Soybean Oil Ship (Nov)		1127	1253	1168
Refined Soy Oil (Bulk) Ship (Nov)		1166	1296	1208
Sunflower Oil Ship (Nov)		-	-	-
Cottonseed Oil Ship (Nov)		-	1233	1148
Refined Linseed Oil(Bulk) Ship (Nov)		-	-	1188



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