

Domestic Veg. Oil Market Summary:

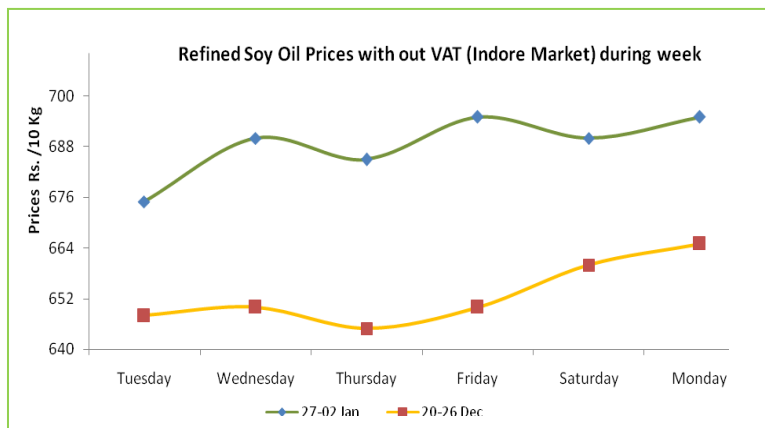
- Domestic edible oil basket traded with a firm note during the week on account of active buying in cash markets in tandem with bullish international markets.
- India's palm oil products imports during the month of December from Malaysia fell by 38.20 per cent to 97,500 MT compared to previous month's imports.
- As per the latest report from Ministry of Agriculture, Rabi sowing of Rapeseed is lagging year on year. As on 30th December area under sunflower were reported at 64.55 lakh hectares down by 5.37% during the same period last year when it was seen at 68.21 lakh hectares.
- Looking forward, edible oils are likely to trade with a steady to firm tone due seasonal demand and fair domestic and international factors which might support the prices in medium term; however EU debt crisis might weigh on the markets

International Veg. Oil Market Summary:

- The Grains association Abiove, has estimated Brazil's soybean output at 74.6 million tonnes, up from its estimate for last season of 74.3 million
- Palm oil products exports from Malaysia for the period of Dec. fell by 3.3 per cent 1,486,574 tonnes from 1,537,556 tonnes. Palm oil products exports figures for December for top major markets (Values in tonnes and November import figures in parenthesis): China 336,980 (361,324), India 97,550 (157,853), US 122,084 (148,592), Pakistan 166,700 (188,200) and EU 295,975 (227,912) - SGS.
- 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 5.41 per cent to Rs. 688 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 on account of the good buying, however higher arrivals are expected for soy bean which may weigh on the soy oil prices.


International Fundamentals:-

- The Grains association Abiove, has estimated Brazil's soybean output at 74.6 million tonnes, up from its estimate for last season of 74.3 million tonnes. However, the impact of the weather on the crop is inevitable and the actual Brazil's output is expected to be lower than the estimate. Brazil's soybean planting in the 2011/12 season is 99% complete.
- 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:-

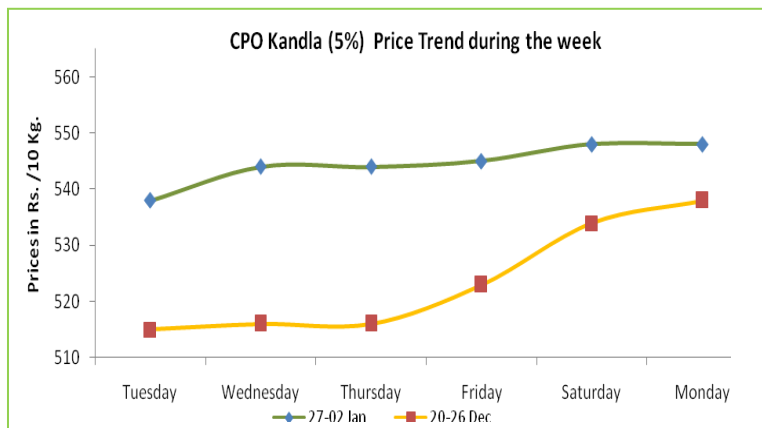
Values in Rs per 10Kg	Soy oil parity on 4 Jan 2012	Avg. Soy oil parity – during the week	Avg. Soy oil parity – week ago	Avg. Soy oil parity – Dec Month
Indore	-8	-11	-21	-13

Crushing plants (ex-Indore) are in disparity as on 4 Jan. considering average plant delivery seed at Rs 2535/ql and meal prices at Rs 17100/MT. Adding processing costs and other expenses, soy refine production cost works out to 690/10 kg. Adding 5% VAT and 0.15% commission as brokerage the total cost is approx. Rs 756 per 10Kg which is more compared to the prevailing spot price of 750/10 Kg on 4 Jan, 2012. This indicates plants are in disparity and might hold their oil stocks at present.

Palm Oil:

Domestic Fundamentals:-

- Domestic market CPO Kandla 5% prices traded with a strong bias due to bullish international markets amid aggressive buying from wholesalers and retailers kept the prices at higher level. Prices rose by 3.98 per cent to Rs. 544.50 per 10 kg as compared to previous week prices (average prices of week).
- India's palm oil products imports during the month of December from Malaysia fell by 38.20 per cent to 97,500 MT compared to previous month's imports. Moreover 16.20% of palm oil product imports fell Y-o-Y basis
- Looking forward, heavy rainfall and low palm product output in Malaysia may support the palm oil prices in near to medium term; however any weak cues from EU debt zone might weigh on the markets.



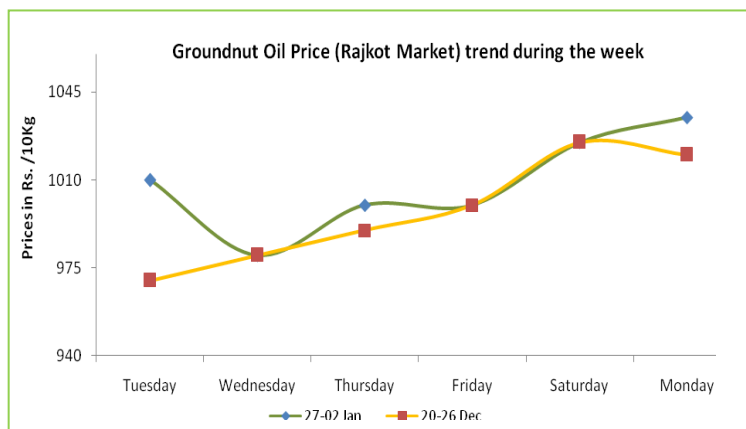
International Fundamentals:-

- Palm oil products exports from Malaysia for the period of Dec. fell by 3.3 per cent 1,486,574 tonnes from 1,537,556 tonnes. Palm oil products exports figures for December for top major markets (Values in tonnes and November import figures in parenthesis): China 336,980 (361,324), India 97,550 (157,853), US 122,084 (148,592), Pakistan 166,700 (188,200) and EU 295,975 (227,912) - SGS.
- Looking forward, Intermittent rain over key palm growing state may cause floods over low-lying areas which will subsequently hamper the oil palm production amid low palm output is likely to add spillover support to the international markets in a coming week. We expect CPO at BMD likely to trade between MYR 3160 to 3345 level in a coming week.

Groundnut Oil:

Domestic Fundamentals:-

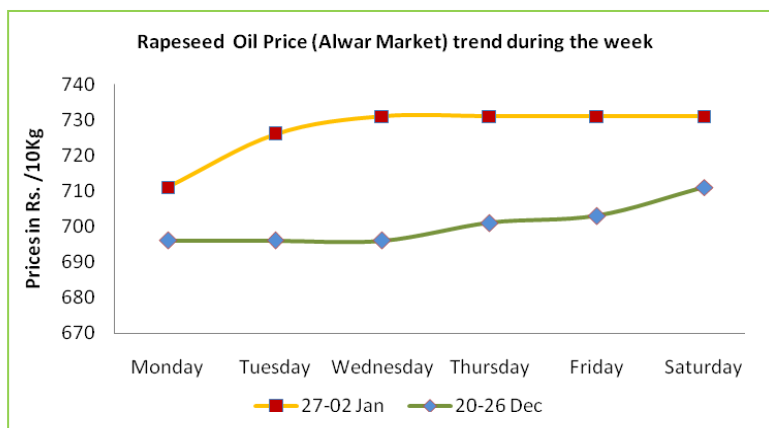
- Domestic groundnut oil prices traded with a steady to firm bias on account of active buying and low availability of groundnut seed for crushing elevates the prices. However demand from consumer side remains steady due to high prices.
- As per the latest report from Ministry of Agriculture, Rabi sowing of sunflower is lagging year on year. As on 30th December area under sunflower were reported at 4.06 lakh hectares down by 2.64% during the same period last year when it was seen at 4.17 lakh hectares.
- 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.



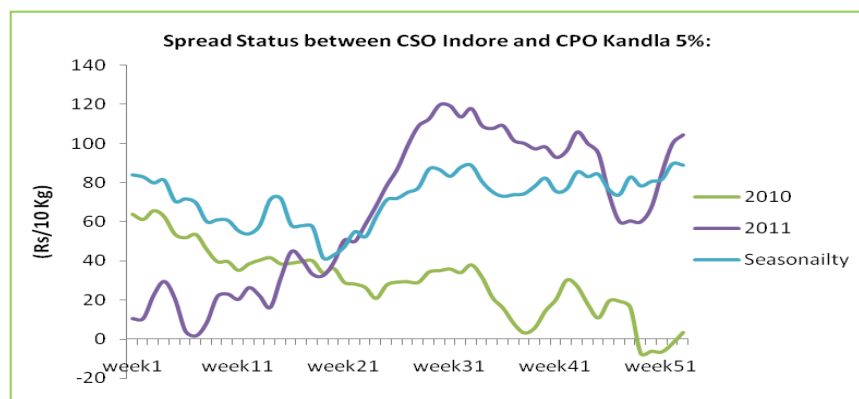
Domestic Market Fundamentals

Rapeseed oil:

- Rapeseed oil prices traded with a firm bias due to low acreage amid unfavorable weather concern kept the prices at higher level. Prices rose by 3.70 per cent to Rs. 727 per 10 kg as compared to previous week prices (average prices of week).
- As per the latest report from Ministry of Agriculture, Rabi sowing of Rapeseed is lagging year on year. As on 30th December area under sunflower were reported at 64.55 lakh hectares down by 5.37% during the same period last year when it was seen at 68.21 lakh hectares. Slow pace of sowing witnessed in Rajasthan and Madhya Pradesh.
- As per Solvent Extractors' Association of India, RM seed output may fell by 21 % to 5.5 million metric tons in the current crop year. Unfavorable climate amid costlier dollar is likely to add spillover support to the rapeseed oil prices in a coming month. We expect Rapeseed oil in Alwar market is likely to trade in the price band of Rs 722-750 per 10 Kg.



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 105/10 Kg up by Rs 5 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 98-110/10Kg ranges in the coming week. We recommend investors to liquidate CSO Indore at current levels in near term.

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

Landed Cost Calculation as on 03/01/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1146.40	1138.03	1158.51
Freight (USD/MT)	65	55	50
C & F	1211.4	1193.0	1208.5
Weight loss (0.25% of FOB)	2.87	2.85	2.90
Finance charges (0.4% on CNF)	4.59	4.55	4.63
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1222	1204	1220
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	53.22	53.22	53.22
Landed cost without customs duty in INR per ton	65061	64077	64911
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	53.25	53.25	53.25
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	65497	64513	65347
Domestic Market price INR per ton Soy Degum Kandla	67000	67000	67000
Total landed cost USD per ton	1231	1212	1228
Domestic Market price USD per ton Soy Degum Kandla	1259	1259	1259
Parity INR/MT (Domestic - Landed)	1503	2487	1653
Parity USD/MT (Domestic - Landed)	28.25	46.73	31.07

Source: Agriwatch/ Reuters

Edible oil Shipments at Indian Ports during Nov. month (till 3 Jan. 2012)

Product	January Shipments (tonnes)	December Shipments (tonnes)	% Change
Crude Soybean Oil	7973	----	----
Crude Palm Oil	37439	93,499.94	-59.96
RBD Palm olein	8500	----	----
Palm Oil	46033	47,500	-3.09
Crude Sunflower Oil	13000	10,000	+30.00
PALM FATTY ACID	----	2,000	-100.00
Total edible oils	112,945	153,000	-26.18

Source: Ben Line Agencies(India) Pvt. Ltd.

Technical Analysis (Futures)

RSO (Refined Soybean Oil): Weekly Chart



Outlook - Soy oil traded with a steady note during the week. We expect prices likely to correct from higher levels in a coming week. Meanwhile technical dip is expected from current levels which act as a buying opportunity for short term.

- ❖ Candlestick chart pattern reveals a short buildup in the market during the previous week.
- ❖ Any close below 719 levels 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 727-750 level.

Strategy: We recommend investors to go long in NCDEX (Jan contract) at higher levels towards 727-729 for a target of 745.00 and then 750.00 with a stop loss at 719.50 on closing basis.

RSO NCDEX (Jan)

Support & Resistance				
S2	S1	PCP	R1	R2
703.00	711.00	738.00	761.00	767.00

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. Meanwhile technical dip is expected which acts as a buying opportunity for short term.

- ❖ Candlestick chart pattern reveals a short buildup in the market during the previous week.
- ❖ 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 537-552 level in near to medium term.

Strategy: We recommend investors to go long in MCX (Jan contract) at higher levels towards 535-537 for a target of 546.00 and then 550.00 with a stop loss at 530.00 on closing basis.

CPO MCX (Jan. contract)

Support & Resistance				
S2	S1	PCP	R1	R2
519.00	524.00	544.00	560.00	566.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		3/12/2011	26/12/2011	
Refined Soybean Oil	Kota(Loose)	725	690	+35
	Rajkot (Loose)	705	675	+30
	Jaipur (Loose)	733	690	+43
	Hyderabad+ VAT	-	671	-
	Delhi (Loose)	765	715	+50
	Kakinada	-	-	-
	Mumbai +VAT	710	680	+30
	Indore	710	665	+45
	Soy Degum Mumbai+VAT	670	640	+30
	SoyDegum Kandla/Mundra+VAT	670	645	+25
	Haldiya Port (Loose)	711	686	+25
	Akola (Loose)	741	696	+45
	Amrawati (Loose)	741	696	+45
	Jalna	739	696	+45
	Nagpur	749	703	+43
Palm Oil	Chennai RBD Palmolein (Loose)	612	580	+32
	Hyd. RBD Palmolein VAT	640	620	+20
	Delhi RBD Palmolein (Loose)	650	625	+25
	Kandla CPO (5%FFA)	555	538	+13
	Kakinada RBD Palmolein (Loose)	601	581	+20
	Mumbai RBD Pamolein+ VAT	615	598	+17
	Kandla RBD Palmolein +VAT	605	590	+15
Refined Sunflower Oil	Mumbai + VAT	730	720	+10
	Kandla/Mundra	660	655	+5
	Erode (Exp. Oil)+VAT	720	710	+10
	Hyderabad Exp +VAT	750	745	+5
	Chennai (Loose)	735	740	-5
	Bellary (Exp. Oil)+VAT	656	657	-1
	Latur (Exp. Oil)+VAT	666	666	Unch
	Chellakere (Exp. Oil)+VAT	661	651	+10

Groundnut Oil	Rajkot (Loose)	1050	1020	+30
	Chennai (Loose)	940	900	+40
	Delhi (Loose)	1040	1040	Unch
	Hyderabad Exp +VAT	950	960	-10
	Mumbai + VAT	1010	995	+15
	Gondal+VAT	1050	1020	+30
	Jamnagar +VAT	1050	1020	+30
	Narsarropeth+VAT	906	891	+15
	Prodattour+VAT	906	901	+5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	815	750	+65
	Alwar (Expeller Oil)(Loose)	776	711	+5
	Kota (Expeller Oil) (Loose)	765	713	+52
	Jaipur (Expeller Oil) (Loose)	765	725	+40
	Delhi (Exp. Oil) (Loose)	810	775	+35
	Sri Ganga Nagar(Exp Oil-Loose)	-	741	-
	Hapur+VAT	790	750	+40
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	810	760	+50
Refined Cottonseed Oil	Mumbai +VAT	665	645	+20
	Rajkot (Loose)	685	658	+27
	Delhi (Loose)	670	640	+30
	Hyderabad (Loose)	695	670	+25
Sesame Oil	Delhi	805	795	+10
	Mumbai	780	775	+5
Rice Bran Oil (40%)	Delhi	575	535	+40
	Punjab	535	515	+20
Rice Bran Oil (70%)	Delhi	450	425	+25
Malaysia Palmolein USD/MT	FOB (Dec)	1088	1058	+30
	CNF (Dec) - India	1123	1093	+30
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	1020	945	+85
	CNF(Dec) - India	1055	980	+75
Argentina FOB (\$/MT)		29/12/2011	22/12/2011	Change
Crude Soybean Oil Ship (Nov)		1127	1111	+16



Refined Soy Oil (Bulk) Ship (Nov)	1166	1150	+16
Sunflower Oil Ship (Nov)	1045	-	-
Cottonseed Oil Ship (Nov)	1107	-	-
Refine Linseed Oil(Bulk) Ship (Nov)	1147	-	-

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