

Domestic Veg. Oil Market Summary:

- Domestic edible oil basket traded with a weak note during the week on account of non aggressive buying in spot markets.
- MMTC has float a tender to buy 21,000 tons of RBD Palm olein (Edible Grade) to be sourced from Indonesia and/or Malaysia, bidding closed on 12 Jan, 2012 and shipment was sought by Jan. 30.
- PEC has tendered to buy 3,000 tonnes of soyoil (+/- 2%) at Buyers option to be sourced from Argentina, bidding closed on 10 Jan, 2012.
- As per the latest report from Ministry of Agriculture, Oilseed sown area during Rabi 2011-12 fell by 5.31% and stood at 81.97 lakh hectares compared to 6th Jan 2012 at 85.51 lakh hectares. Moreover sunflower sown area fell by 18.10% as compared to last year.

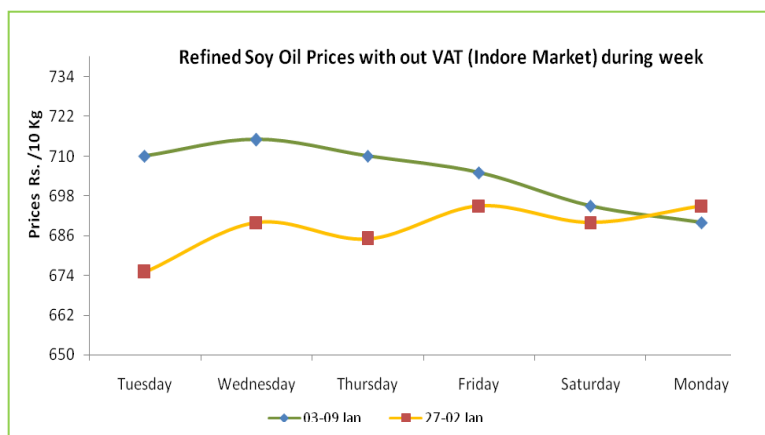
Looking forward, edible oils are likely to trade with a steady to firm tone due to favoring international fundamentals amid seasonal demand shall kept the prices at higher level.

International Veg. Oil Market Summary:

- According to the latest Argentina's government crop progress report, Farmers have planted 89 percent (17.013 million ha.) of the record 19.038 million hectares forecasted for soy this season fell by 1% as compared to previous year.
- Palm oil products exports from Malaysia for the period of 1-10 Jan. fell by 19.2 per cent to 352,800 tonnes from 436,63 tonnes. Palm oil products exports figures for 1-10 Jan for top major markets (Values in tonnes and 1-10 Dec. import figures in parenthesis): China 77,119 (93,700), India 20,500 (35,300), US 13,875 (7,800), Pakistan 27,240 (55,500) and EU 42,059 (113,579) - SGS.
- Malaysian Metrological Department upgraded yellow stage to orange stage over key palm growing state. Moreover, Malaysia's December palm oil ending stocks fell 1.5 percent to 2,039,224 tons as compared to November month 2,070,008 tons on account of low palm output due to heavy rainfall.

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

- Limited buying featured in major trading centers during the week due to high volatility in soybean and soy oil prices, however we expect prices is likely to recover in near to medium term as overall fundamentals are bullish.
- Looking forward, soy oil prices to trade with steady to firm bias on account of dry weather condition in South America amid market participants expecting bullish USDA's WASDE report in coming days ahead.


International Fundamentals:-

- Hot weather will continue to stress on soybeans on key soy growing areas of Argentina in near term. However scattered rainfall is expected from next week which may restrict excessive losses to crop. However, if the dry season persist till January month then this may affect global soybean supply
- According to the latest Argentina's government crop progress report, Farmers have planted 89 percent (17.013 million ha.) of the record 19.038 million hectares forecasted for soy this season fell by 1% as compared to previous year.
- Chinese soybean imports for Dec. month stood at 5.42 Mln. Tons fell by 4.9% as compared to Nov. imports at 5.70 Mln. Tons. Meanwhile veg. oil imports were 730,000 tonnes rose by 9.0 percent from the previous month.

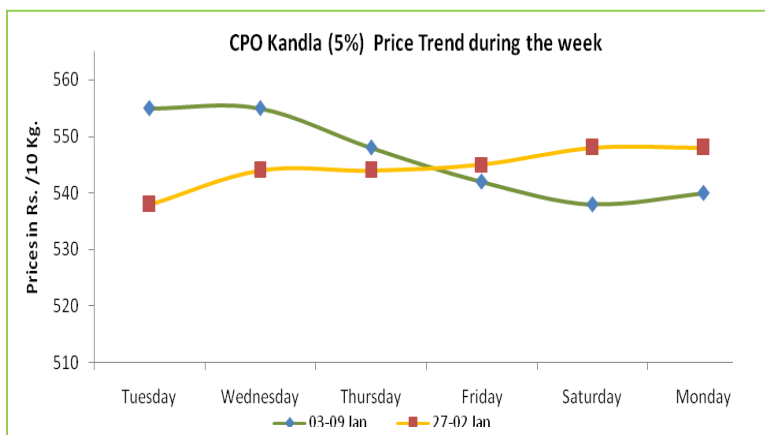
Soy oil parity analysis:-

Values in Rs per 10Kg	Soy oil parity on 10 Jan 2012	Avg. Soy oil parity – during the week	Avg. Soy oil parity – week ago	Avg. Soy oil parity – Dec Month
Indore	-18	-8	-11	-8

Crushing plants (ex-Indore) are in disparity as on 10 Jan. considering average plant delivery seed at Rs 2510/qrtl and meal prices at Rs 17000/MT. Adding processing costs and other expenses, soy refine production cost works out to 711/10 kg. Adding 5% VAT and 0.15% commission as brokerage the total cost is approx. Rs 747 per 10Kg which is more compared to the prevailing spot price of 729/10 Kg on 10 Jan, 2012. This indicates plants are in disparity and might hold their oil stocks at present. We expect lower supply in a coming week from plants.

Palm Oil:**Domestic Fundamentals:-**

- Domestic market CPO Kandla 5% prices traded with a weak bias due to bearish edible oil basket during the week.
- MMTTC has float a tender to buy 21,000 tons of RBD Palm olein (Edible Grade) to be sourced from Indonesia and/or Malaysia, bidding closed on 12 Jan, 2012 and shipment was sought by Jan. 30.
- India's palm oil products imports during 1-10 January from Malaysia fell by 41.93 per cent to 20,500 MT compared to previous month's imports. Moreover 42.08% of palm oil product imports fell Y-o-Y basis
- Looking forward, we expect prices is likely to trade with a steady to firm bias on account of four month low stock in Malaysia which may support the international as well as domestic market in a coming month.

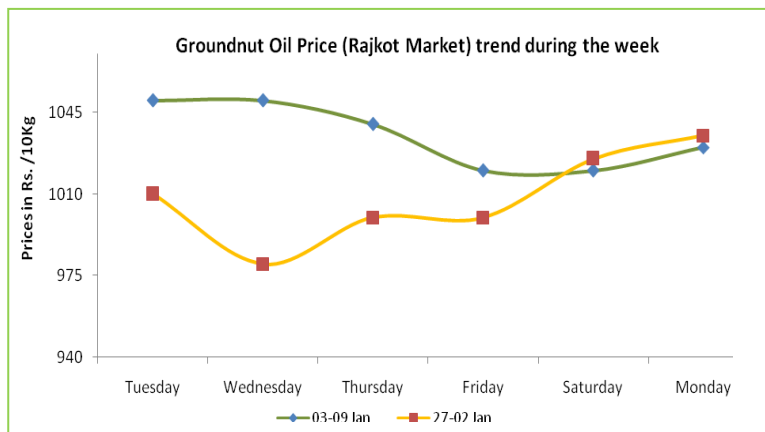
**International Fundamentals:-**

- Malaysia's December palm oil ending stocks fell 1.5 percent to 2,039,224 tons as compared to November month 2,070,008 tons on account of low palm output due to heavy rainfall, moreover bad weather continues in a coming week which likely to support the palm oil prices in near to medium term but MPOB lowers Malaysian palm oil products exports worse than expected if export remain lean in coming days ahead might weigh on the international markets.
- Palm oil products exports from Malaysia for the period of 1-10 Jan. fell by 19.2 per cent to 352,800 tonnes from 436,63 tonnes. Palm oil products exports figures for 1-10 Jan for top major markets (Values in tonnes and 1-10 Dec. import figures in parenthesis): China 77,119 (93,700), India 20,500 (35,300), US 13,875 (7,800), Pakistan 27,240 (55,500) and EU 42,059 (113,579) - SGS.
- Malaysian Metrological Department upgraded yellow stage to orange stage over key palm growing state which may cause supply disruption amid floods in low lying areas this may support the palm oil price in near to medium term.
- Indonesian agriculture ministry is expected 25.71 million tonnes palm output for 2012 up by 14 per cent on Y-o-Y basis. However Indonesian palm oil exports fell 5 percent to 19.4 million tonnes last year. Despite of high output, exports were less due to rising domestic consumption.

Groundnut Oil:

Domestic Fundamentals:-

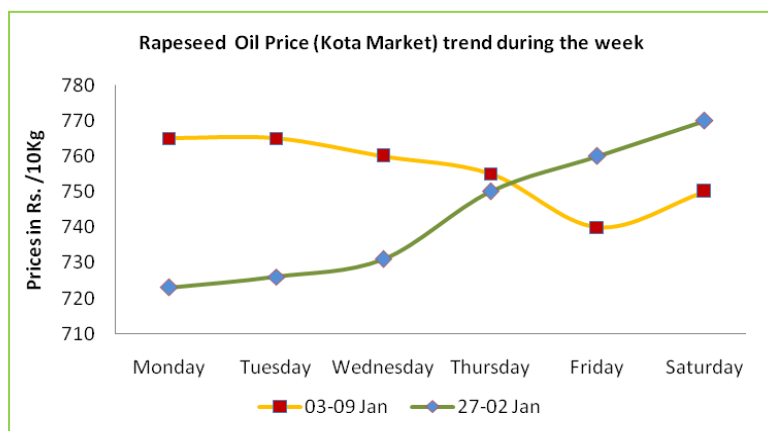
- Domestic groundnut oil prices eased in spot market due to subdued demand. Non aggressive buying from re-packers and reseller kept the prices at lower levels. Moreover demand from consumer side remains stable in Rajkot market.
- As per the latest report from Ministry of Agriculture, Rabi sowing of groundnut is lagging year on year. As on 05th January area under groundnut were reported at 5.10 lakh hectares up by 3.87% during the same period last year when it was seen at 4.91 lakh hectares. Better Rabi sowing witnessed in Tamil Nadu and Orissa states
- Looking forward, we expect G/N oil is likely to trade with a steady bias in a coming week, however low availability of G/N seed for crushing amid upcoming Hindu's festivals in second week might support the prices. We expect groundnut oil in Rajkot market is likely to trade in the price band of Rs 1000-1045 per 10 Kg.

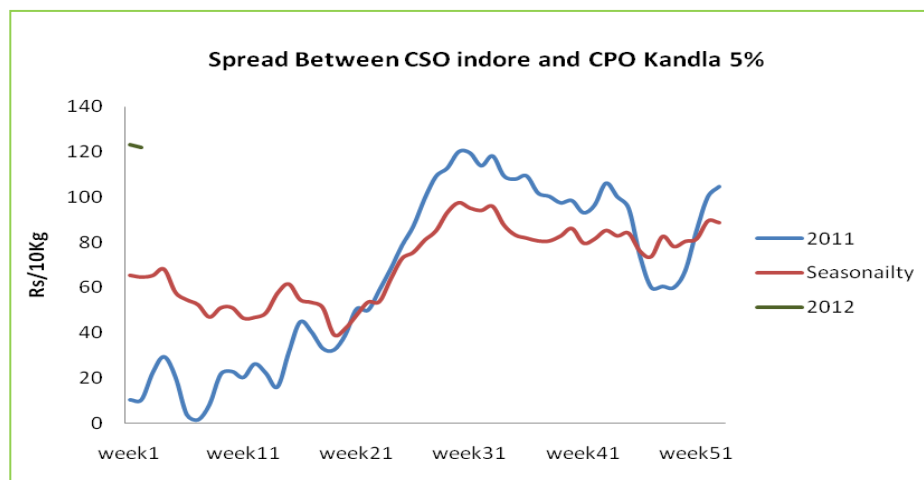


Domestic Market Fundamentals

Rapeseed oil:

- Rapeseed oil prices traded with a steady to weak bias during the week on account of beneficial rains over RM seed belt which support the crop to some extent, however overall fundamentals remain bullish due to low acreage this year which is likely to support the RM Seed oil prices in near to medium term.
- As per the latest report from Ministry of Agriculture, Rabi sowing of Rapeseed is lagging year on year as on 05th January, 2012 area under rapeseed were reported at 64.84 lakh hectares down by 4.95% during the same period last year when it was seen at 68.22 lakh hectares.
- Slow pace of RM seed sowing witnessed in Rajasthan and Madhya Pradesh. Low acreage amid fair demand in physical market is likely to support the RM seed oil prices in near term. We expect Rapeseed oil in Kota market is likely to trade in the price band of Rs 735-765 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 123/10 Kg up by Rs 18.50 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 doesn't change dramatically 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 narrow in a coming week. We recommend investors to liquidate CSO Indore at 670-675 levels in near term.

Edible oil Shipments at Indian Ports during Nov. month (till 10 Jan. 2012)

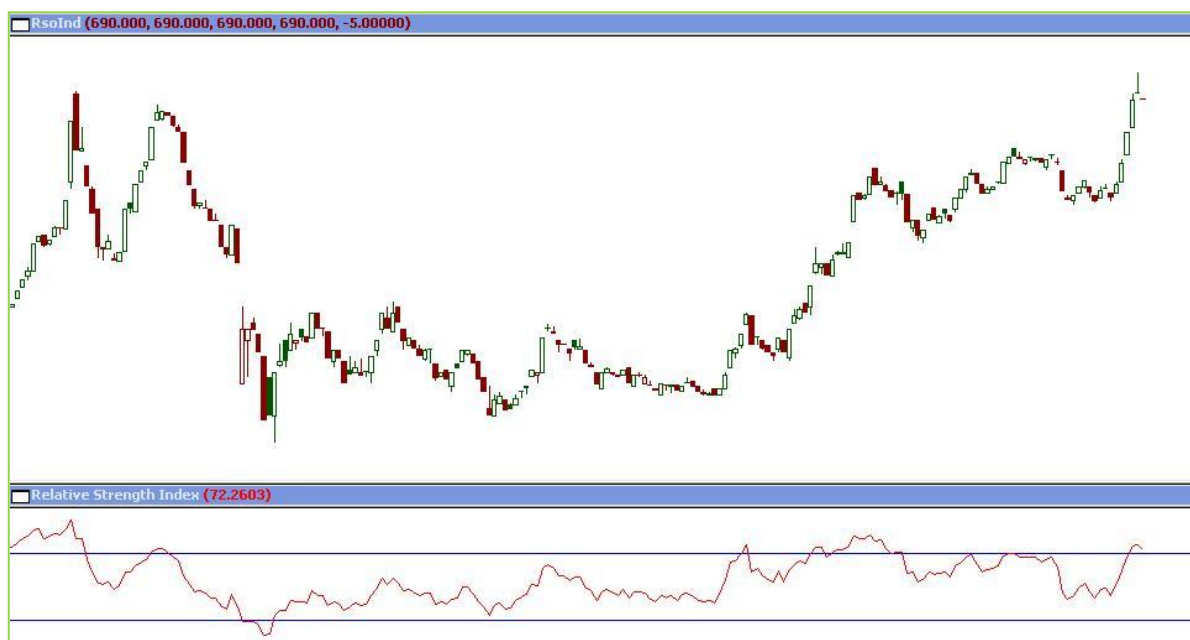
Product	January Shipments (tonnes)	December Shipments (tonnes)	% Change
Crude Soybean Oil	7973	----	-14.00
Crude Palm Oil	400462.12	465651.	-57.50
RBD Palm olein	8500	20000	11.70
Palm Oil	84033	75232	20.00
Crude Sunflower Oil	30000	25000	399.99
PALM FATTY ACID	9999.8	2000	-9.43
Total edible oils	532,468	587,883	-14.00
Source: Ben Line Agencies(India) Pvt. Ltd.			

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

Landed Cost Calculation as on 09/01/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1116.00	1110.47	1144.84
Freight (USD/MT)	65	55	50
C & F	1181.0	1165.5	1194.8
Weight loss (0.25% of FOB)	2.79	2.78	2.86
Finance charges (0.4% on CNF)	4.46	4.44	4.58
Insurance (0.3% of C&F)	4	3	4
CIF (Indian Port - Kandla)	1192	1176	1206
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	52.73	52.73	52.73
Landed cost without customs duty in INR per ton	62843	62020	63585
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	63279	62456	64021
Domestic Market price INR per ton Soy Degum Kandla	66000	66000	66000
Total landed cost USD per ton	1200	1184	1214
Domestic Market price USD per ton Soy Degum Kandla	1252	1252	1252
Parity INR/MT (Domestic - Landed)	2721	3544	1979
Parity USD/MT (Domestic - Landed)	51.59	67.21	37.52
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 weak bias during the week. It is likely to trade with steady bias for a coming week for a short term.
- ❖ Breaching the immediate support level is likely to test towards 672-677 zones. However we expect prices is likely to recover from current level.
- ❖ Market Participants can wait to liquidate their stocks at higher levels moreover can 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
672.00	680.00	690.00	705.00	715.00

Technical Analysis (Spot Market Weekly Charts)

CPO (KANDLA Rs/10 Kg)



- ❖ Candlesticks depict weak movement in CPO prices during the week. We expect prices are likely to be in range bound in a coming week.
- ❖ 529.00 could act as an immediate support; meanwhile RSI is in between oversold and neutral zone.
- ❖ Any near term impulse from the current level could lead prices to test the resistance level of 550-556 zones in near to medium term.

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

Support & Resistance				
S2	S1	PCP	R1	R2
520.00	529.00	540.00	550.00	556.00

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


Outlook - Soy oil traded with a steady bias during the week. We expect prices are likely to recover from lower levels in near to medium term.

- ❖ Any close below 701.50 in weekly chart shall change the sentiments and might bring the prices in bearish phase.
- ❖ EMA continue to support the prices while oscillators remain in tune with the prices showing minimal divergence.
- ❖ Expected price band for next week is 712.00-734.00 level in near to medium term.

Strategy: We recommend investors to go long in NCDEX (Jan contract) at dip levels towards 710.00-713.00 for a target of 728.00 and then 734.00 with a stop loss at 701.50 on closing basis.

RSO NCDEX (Feb)

Support & Resistance				
S2	S1	PCP	R1	R2
698.80	704.70	720.10	738.60	743.00

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 we expect prices are likely to recover from lower levels in near to medium 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 529.00-550.00 level in near to medium term.

Strategy: Buy CPO in MCX (Jan. contract) at dip levels towards 529.00-531.00 for a target of 545.00 and second target of 550.00 with a stop loss at 522.50 on closing basis.

CPO MCX (Feb. contract)

Support & Resistance				
S2	S1	PCP	R1	R2
519.00	524.00	537.00	551.00	557.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		9/12/2011	3/12/2011	
Refined Soybean Oil	Kota(Loose)	710	725	-15
	Rajkot (Loose)	695	705	-10
	Jaipur (Loose)	725	733	-8
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	725	765	-30
	Kakinada	-	-	-
	Mumbai +VAT	700	710	-10
	Indore	690	710	-20
	Soy Degum Mumbai+VAT	660	670	-10
	SoyDegum Kandla/Mundra+VAT	660	670	-10
	Haldiya Port (Loose)	696	711	-15
	Akola (Loose)	726	741	-15
	Amrawati (Loose)	726	741	-15
	Jalna	716	739	-23
	Nagpur	721	749	-38
Palm Oil	Chennai RBD Palmolein (Loose)	600	612	-12
	Hyd. RBD Palmolein VAT	635	640	-5
	Delhi RBD Palmolein (Loose)	635	650	-15
	Kandla CPO (5%FFA)	540	555	-15
	Kakinada RBD Palmolein (Loose)	586	601	-15
	Mumbai RBD Pamolein+ VAT	605	615	-10
	Kandla RBD Palmolein +VAT	580	605	-25
Refined Sunflower Oil	Mumbai + VAT	730	730	Unch
	Kandla/Mundra	650	660	-10
	Erode (Exp. Oil)+VAT	720	720	Unch
	Hyderabad Exp +VAT	740	750	-10
	Chennai (Loose)	740	735	+5
	Bellary (Exp. Oil)+VAT	651	656	-5
	Latur (Exp. Oil)+VAT	656	666	-10
	Chellakere (Exp. Oil)+VAT	646	661	-15
Groundnut Oil	Rajkot (Loose)	1030	1050	-20



	Chennai (Loose)	950	940	+10
	Delhi (Loose)	1035	1040	-5
	Hyderabad Exp +VAT	950	950	Unch
	Mumbai + VAT	1015	1010	+5
	Gondal+VAT	1025	1050	-25
	Jamnagar +VAT	1025	1050	-25
	Narsarropeth+VAT	906	906	Unch
	Prodattour+VAT	941	906	+35
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	790	815	-25
	Alwar (Expeller Oil)(Loose)	779	776	+3
	Kota (Expeller Oil) (Loose)	750	765	-15
	Jaipur (Expeller Oil) (Loose)	765	765	Unch
	Delhi (Exp. Oil) (Loose)	785	810	-25
	Sri Ganga Nagar(Exp Oil-Loose)	763	-	-
	Hapur+VAT	775	790	-15
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	795	810	-15
Refined Cottonseed Oil	Mumbai +VAT	658	665	-7
	Rajkot (Loose)	650	685	-35
	Delhi (Loose)	630	670	-40
	Hyderabad (Loose)	685	695	-10
Sesame Oil	Delhi	770	805	-35
	Mumbai	780	780	Unch
Rice Bran Oil (40%)	Delhi	550	575	-25
	Punjab	535	535	Unch
Rice Bran Oil (70%)	Delhi	440	450	-10
Malaysia Palmolein USD/MT	FOB (Dec)	1085	1088	-3
	CNF (Dec) - India	1120	1123	-3
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	1010	1020	-10
	CNF(Dec) - India	1045	1055	-10
Argentina FOB (\$/MT)		9/1/2012	6/1/2012	Change
Crude Soybean Oil Ship (Nov)		1133	1110	+23
Refined Soy Oil (Bulk) Ship (Nov)		1172	1148	+24



Sunflower Oil Ship (Nov)	-	1070	-
Cottonseed Oil Ship (Nov)	1113	1090	+23
Refine Linseed Oil(Bulk) Ship (Nov)	1153	1130	+23

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