

Domestic Veg. Oil Market Summary:

- Domestic edible oil prices traded with a weak bias during the week due to dull demand amid lackluster buying interest kept the prices at lower quotes.
- Crushing plants facing low crush margin which reached beyond to its critical point (Rs -800 per MT) due to significantly soy oil prices fell in the past two weeks this may restrict plants to remain active in a coming week.
- India's palm oil products imports during the first twenty days of Jan. from Malaysia rose by 25.01 per cent to 58,000 tons compared to previous year same month's imports.
- Groundnut oil rose significantly during the week as crushers facing low availability of G/N seed amid better buying may lift further G/N oil prices for short term.

International Veg. Oil Market Summary:

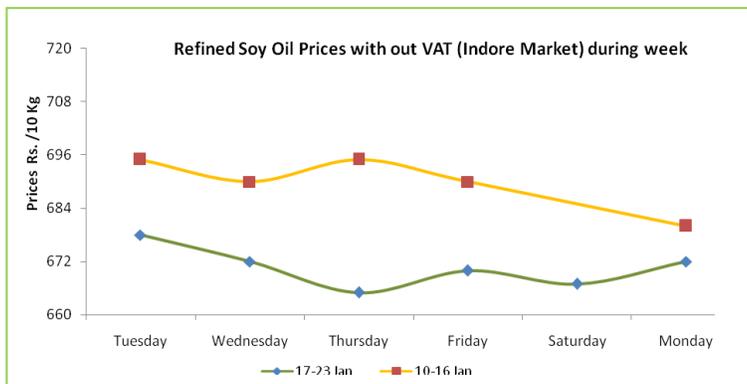
- Argentina Agriculture Ministry has cut soybean output estimate to 48.9 Mln. T from 52 Mln. T forecasted last month. Reportedly, about 54% of the soybean crop is in good shape, 34% in average while 12% in bad condition.
- As per Ag-Rural, Brazil is likely to produce 70.2 million tonnes of soybean in the 2011-12; earlier estimate was 73.1 million tons.
- Indonesia hiked export duty on crude palm oil (CPO) by 1.5% to 16.5% and also raised export duty on refined palm olein from 7% to 8%.
- Malaysian palm oil products exports for the period of 1-20 Jan. fell by 15.4 per cent and stood at 782,048 million tonnes from 924,811 tonnes shipped during 1-20 Dec.

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Domestic refined soyoil traded with a weak note during the week on account of lackluster buying in domestic market and high volatility keeps the stockiest remain inactive.
- Crushing plants facing low crush margin which reached beyond to its critical point (Rs -800 per MT) due to significantly soy oil prices fell in the past two weeks this may restrict plants to remain active in a coming week.
- Looking forward, we expect soy oil prices to stay steady to weak in the coming week due to dull demand. However, any bullish cues from Argentina and US might support the domestic soy oil prices in a coming week.



International Fundamentals:-

- As per UGP association, Paraguay is likely to harvest of 6.9 million tonnes of soy in 2011-12. However market participants are expecting 22 per cent less soy output from last year due to drought like condition in Paraguay. This may lend lateral support to the soybean and soy oil prices in near to medium term.
- As per IGC, the global soybean output in 2011/12 is projected to decline to 256.4 Mln T compared to 266.8 Mln. T last year, mainly due to fall in US crop. The continued rising demand in Asia, mainly from China, is expected to support world trade in 2011/12 to a record 94.9 Mln T compared to 91.3 Mln T.
- Argentina Agriculture Ministry has cut soybean output estimate to 48.9 Mln T from 52-53 Mln T forecasted last month. Reportedly, about 54% of the soybean crop is in good shape, 34% in average while 12% in bad condition. Moreover, Brazil is likely to produce 70.2 million tonnes of soybean in the 2011-12 earlier estimate was 73.1 million tons - Ag-Rural.

Soy oil parity analysis:-

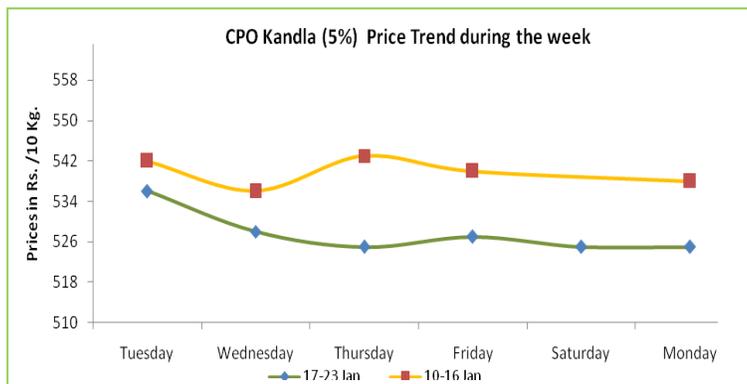
Values in Rs per 10Kg	Soy oil parity on 23 January 2012	Soy oil parity on 23 Dec 2011
Indore	-29	-11
Kota	-18	-5

Outlook - Plants are in disparity and might hold their soy oil stocks at present. We expect a tight supply of soy oil continue in near to medium term.

Palm Oil:

Domestic Fundamentals:-

- Domestic palm oil prices traded with weak note during the week on account of lackluster trading activities amid weak cues from international market kept the prices at lower levels.
- India's palm oil products imports during the first twenty days of Jan. from Malaysia rose by 25.01 per cent to 58,000 tons compared to previous year same month's imports. However, palm oil products imports fell by 14.25 percent as compared to first twenty days of December.
- Looking forward, palm oils are likely to trade steady note in near to medium term due to lower demand in cash market amid strengthening INR against US dollar may pressurize prices in near term. Meanwhile, wet weather conditions in South East Asia may restrict excessive losses.

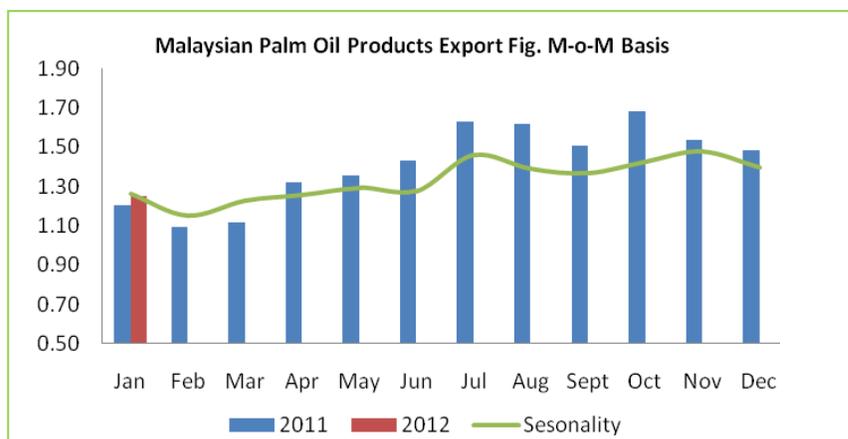


International Fundamentals:-

- Malaysian palm oil products exports for the period of 1-20 Jan. fell by 15.4 per cent and stood at 782,048 million tonnes from 924,811 tonnes shipped during 1-20 Dec.
- Malaysian palm oil products export figures for first 20 days of Jan. month for top major markets (Values in tonnes and 1-20 Dec. import figures in parenthesis) are: China 168,519 (228,850), India 58,000(67,500), EU 89,069 (212,513), Pakistan 58,640 (73,500) and US 58,705 (57,508)-SGS.
- Indonesia hiked export duty on crude palm oil (CPO) by 1.5% to 16.5% and also raised export duty on refined palm olein from 7% to 8%.
- Lower imports of palm oil products by top markets are likely to weigh on the CPO at BMD in a coming week. In addition to this china market will be closed for a week celebrating Lunar New Year and would further dampen the palm oil exports.

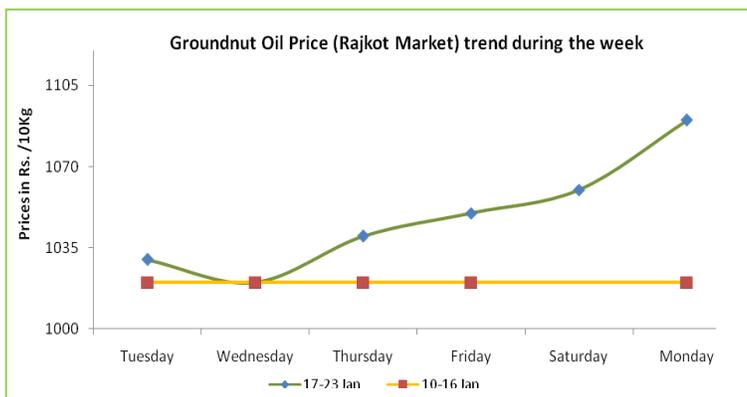
Malaysian Palm oil products export for 1-30 Jan.2012 projection -

Malaysian palm oil export is projected to stay weak for the period of 1-30th Jan. While considering the historical export trend during the period we expect exports to fall by 15-17% to 1.22 Mln. T due to non-aggressive buying from major buyers. Moreover, china market will be closed for a week celebrating Lunar New Year and would further dampen the palm oil exports. Values depicts in charts are in Mln. Tones.



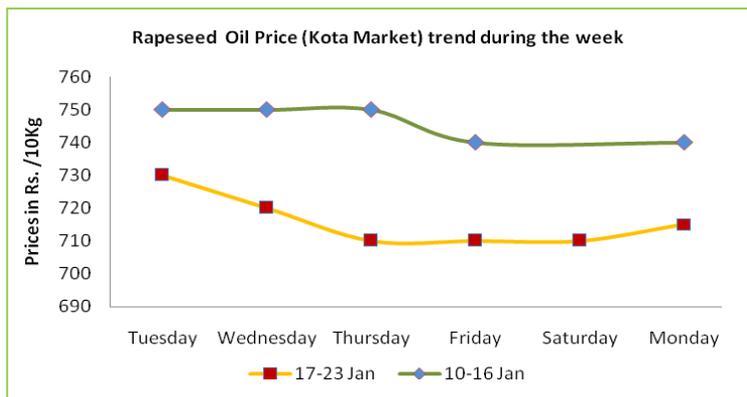
Groundnut Oil:
Domestic Fundamentals:-

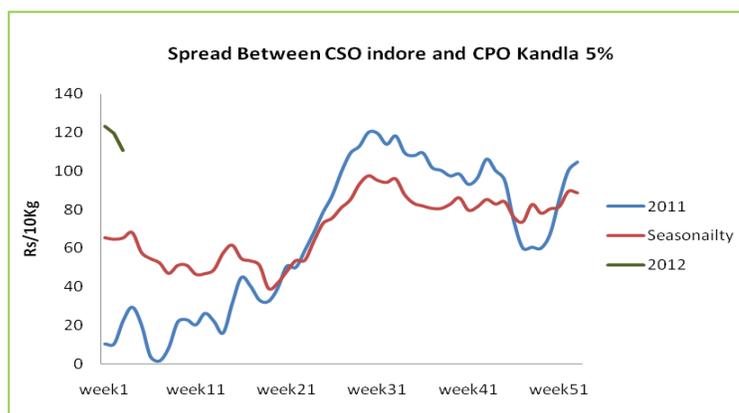
- Domestic groundnut oil prices traded with a firm bias during the week due to low availability of groundnut seed for crushing amid better buying by wholesalers and retailers in anticipation of good demand kept the prices at higher levels.
- As per the latest report from Ministry of Agriculture, Sown area for Rabi Groundnut stood at 6.84 lakh hectares as on January 19th, 2012 which is up by 9.96% as compared to last year's 6.62 lakh hectares during the same period.
- Low availability of seed amid better buying from re-packers may lift G/N oil prices further in a coming week. However, weak edible oil basket might weigh on the G/N oil prices in medium term.



Rapeseed oil:
Domestic Market Fundamentals

- Rapeseed oil traded with a steady to weak bias on account of low demand in physical market, however prices are likely to trade with a mixed bias due to low acreage of rapeseed. Moreover, on flip side low demand from wholesalers might weigh on the rapeseed oil prices.
- As per the latest report from Ministry of Agriculture, Sown area for Rabi Rapeseed stood at 65.31 lakh hectares as on January 19th, 2012 which is down by 8.16% as compared to last year's 71.12 lakh hectares during the same period. Low acreage witnessed in major rapeseed growing region like Rajasthan and M.P.
- We expect rapeseed oil prices likely to trade with a steady to weak bias in a coming week. Meanwhile, low acreage area this year may support the prices in days ahead.



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 110/10 Kg, a fall by Rs 13 per 10 Kg w-o-w. Substantially downtrend witnessed in the crude soy oil Indore prices during the week. Meanwhile, crude palm oil kandla 5% stood steady. Looking forward, we expect spread to narrow further and may hover between Rs 105-120/10Kg range in the coming week. PEC can liquidate CSO Indore at higher levels of 645-655 per 10Kg in a coming week, if needed.

Edible oil Shipments at Indian Ports during Nov. month (till 23th Jan. 2012)

Product	January Shipments (tonnes)	December Shipments (tonnes)	% Change
Crude Soybean Oil	7973	----	----
Crude Palm Oil	578185.12	553,950.33	+4.37
RBD Palm olein	9999.88	27500	-63.64
Palm Oil	108533	118,532	-8.44
Crude Sunflower Oil	30000	50,500	-40.59
PALM FATTY ACID	----	2,000	-100.00
Total edible oils	734,691	752,482	-2.36
Source: Ben Line Agencies(India) Pvt. Ltd.			

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

Landed Cost Calculation as on 20/01/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1120.00	1112.50	1122.80
Freight (USD/MT)	65	55	50
C & F	1185.0	1167.5	1172.8
Weight loss (0.25% of FOB)	2.80	2.78	2.81
Finance charges (0.4% on CNF)	4.48	4.45	4.49
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1196	1178	1184
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	50.32	50.32	50.32
Landed cost without customs duty in INR per ton	60174	59289	59560
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	60610	59725	59996
Domestic Market price INR per ton Soy Degum Kandla	64000	64000	64000
Total landed cost USD per ton	1204	1187	1192
Domestic Market price USD per ton Soy Degum Kandla	1272	1272	1272
Parity INR/MT (Domestic - Landed)	3390	4275	4004
Parity USD/MT (Domestic - Landed)	67.36	84.96	79.58
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Technical Analysis (Spot Market Weekly Charts)

SOYOIL REFINED (INDORE Rs/10 Kg without VAT)



- ❖ Domestic spot 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 zone of 660.00-658.00, prices shall test 653.00 levels. However, we expect prices to range bound in a coming week.
- ❖ 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
653.00	660.00	672.00	686.00	691.00

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.
- ❖ 515.00 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 535-540 zones in near to medium term.

Strategy: Investors can liquidate CPO from near to resistance levels in cash market.

Support & Resistance				
S2	S1	PCP	R1	R2
508.00	515.00	525.00	538.00	545.00

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



Outlook - Soy oil traded with a weak bias during the week. We expect prices are likely to remain weak for short term.

- ❖ Any close above 730.00 in weekly chart shall change the sentiments and might bring the prices in bullish phase.
- ❖ Expected price band for next week is 714.00-685 level in near to medium term. Prices are likely to trade with a high volatility in near term.

Strategy: We recommend investors to go short in NCDEX (Feb contract) at 711.00-714.00 for a target of 693.00 and then 689.00 with a stop loss at 722.80 on closing basis.

RSO NCDEX (Feb)

Support & Resistance				
S2	S1	PCP	R1	R2
670.00	680.00	705.00	730.00	740.00

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



Outlook - We expect prices likely to move with a high volatile for a coming week.

- ❖ Candlestick chart pattern reveals a consolidation in the market.
- ❖ Any close above 541.00 in weekly chart shall change the sentiments and might bring the prices in bullish phase.
- ❖ Expected price band for CPO is 536.00-517.00 level in near to medium term.

Strategy: Sell CPO in MCX (Feb. contract) at 532.00-536.00 for a target of 520.00 and second target of 517.00 with a stop loss at 541.00 on closing basis.

Support & Resistance				
S2	S1	PCP	R1	R2
508.00	512.00	527.50	545.00	552.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		23-1-2012	17-1-2012	
Refined Soybean Oil	Kota(Loose)	685	690	-5
	Rajkot (Loose)	680	695	-15
	Jaipur (Loose)	695	705	-10
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	720	725	-5
	Kakinada	-	-	-
	Mumbai +VAT	665	680	-15
	Indore	672	678	-6
	Soy Degum Mumbai+VAT	640	645	-5
	SoyDegum Kandla/Mundra+VAT	640	645	-5
	Haldiya Port (Loose)	-	676	-
	Akola (Loose)	699	704	-5
	Amrawati (Loose)	699	704	-5
	Jalna	698	706	-8
Nagpur	706	709	-3	
Palm Oil	Chennai RBD Palmolein (Loose)	565	580	-15
	Hyd. RBD Palmolein VAT	-	605	-
	Delhi RBD Palmolein (Loose)	620	625	-5
	Kandla CPO (5%FFA)	525	536	-11
	Kakinada RBD Palmolein (Loose)	551	566	-15
	Mumbai RBD Pamolein+ VAT	568	582	-10
	Kandla RBD Palmolein +VAT	565	572	-7
Refined Sunflower Oil	Mumbai + VAT	710	720	-10
	Kandla/Mundra	625	640	-15
	Erode (Exp. Oil)+VAT	690	710	-20
	Hyderabad Exp +VAT	-	720	-
	Chennai (Loose)	710	730	-20
	Bellary (Exp. Oil)+VAT	636	641	-5
	Latur (Exp. Oil)+VAT	636	641	-5
	Chellakere (Exp. Oil)+VAT	621	646	-25
Groundnut Oil	Rajkot (Loose)	1090	1030	+60
	Chennai (Loose)	970	960	+10
	Delhi (Loose)	1060	1000	+60
	Hyderabad Exp +VAT	-	930	-
	Mumbai + VAT	1025	1010	+15
	Gondal+VAT	1090	1025	+55
	Jamnagar +VAT	1100	1030	+70

	Narsarropeth+VAT	881	891	-10
	Prodattour+VAT	936	931	+5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	765	788	-23
	Alwar (Expeller Oil)(Loose)	743	773	-30
	Kota (Expeller Oil) (Loose)	715	730	-15
	Jaipur (Expeller Oil) (Loose)	750	750	-
	Delhi (Exp. Oil) (Loose)	780	785	-5
	Sri Ganga Nagar(Exp Oil-Loose)	743	766	-23
	Hapur+VAT	730	770	-40
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	770	782	-12
Refined Cottonseed Oil	Mumbai +VAT	630	640	10
	Rajkot (Loose)	635	635	Unch
	Delhi (Loose)	630	630	Unch
	Hyderabad (Loose)	-	650	Unch
Sesame Oil	Delhi	770	770	Unch
	Mumbai	780	780	Unch
Rice Bran Oil (40%)	Delhi	545	535	10
	Punjab	510	535	-25
Rice Bran Oil (70%)	Delhi	430	430	Unch
Malaysia Palmolein USD/MT	FOB (Jan)	-	1060	-
	CNF(Jan) - India	1060	1065	-5
Indonesia/Malaysia CPO USD/MT	FOB (Jan)	-	1010	-
	CNF(Jan) - India	1030	1030	Unch
Argentina FOB (\$/MT)		20-1-2012	13-1-2012	Change
Crude Soybean Oil Ship (Jan)		1120	1100	+20
Refined Soy Oil (Bulk) Ship (Jan)		1159	1138	+21
Sunflower Oil Ship (Jan)		1065	-	-
Cottonseed Oil Ship (Jan)		1100	1080	+20
Refine Linseed Oil(Bulk) Ship (Jan)		1140	1120	+20

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