

Domestic Veg. oil Market Highlights

- Domestic edible oil prices traded with a weak bias during the week due to lackluster buying interest.
- India's palm oil products imports during the month of December from Malaysia fell by 2.10 per cent to 95,500 MT compared to previous month's imports. Moreover 5.5% of palm oil product imports rose on Y-o-Y basis.
- Palm oil imports from Indonesia are likely to be costlier in February month due to export duty hiked by Indonesian govt.

International Veg. Oil Market Summary:

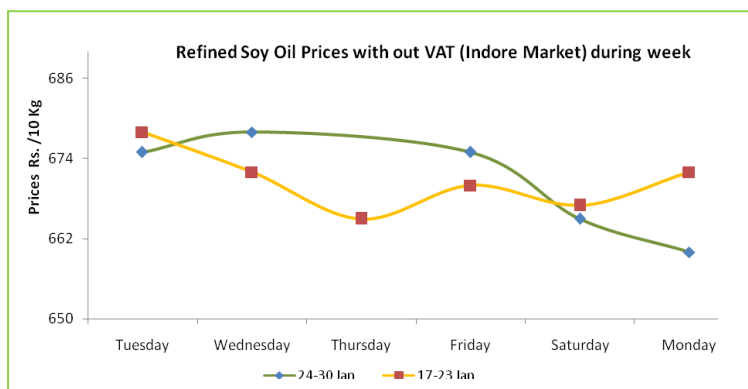
- Malaysia has postponed issuing tax-free export quotas for crude palm oil, to revamp its export tax policies in response to Indonesia's tariff change.
- As per Agroconsult, Argentina is likely to produce 45.0 million tonnes of soybean in the 2011-12. Moreover, as per Emater, Rio Grande do sul in Brazil is expected to produce 8 Mln. tons soy in 2011/12.
- 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 Jan. fell by 13 per cent and stood at 1,293,078 million tonnes from 1,486,574 tonnes shipped during Dec.

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Domestic refined soyoil traded with a steady to weak note during the week due to falling prices scenario amid weak cues from international markets kept the prices at lower levels.
- Marginal improvement noticed in soybean crush margin as compared to previous week. Moreover, soy oil trade margin remain on the negative side.
- Looking forward, we expect soy oil prices to stay weak in the coming week on account of upcoming RM seed crop which may weigh on edible oil prices. Moreover intermittent rains are expected over key soy growing area of South America which may weigh on the domestic as well international market prices.



Soy oil Trade Margin analysis:-

Values in Rs per 10Kg	Soy oil Trade Margin on 31 January 2012	Soy oil Trade Margin on 31 Dec 2011
Indore	-13	-17
Kota	-17	16
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.		

Argentina's Soy output scenario :-

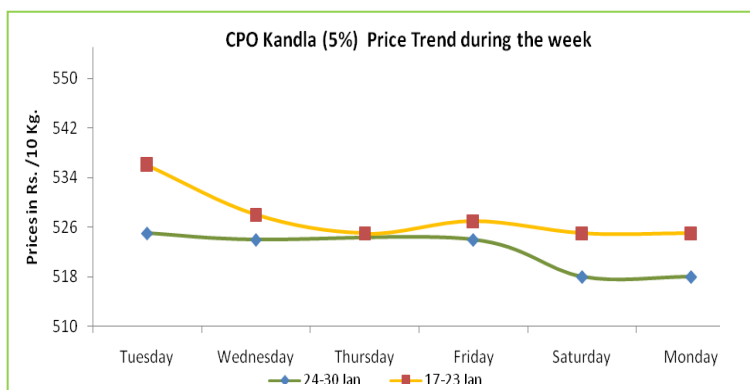
Widespread rainfall witnessed during the last week of January over the key soy growing belt of Argentina this may give respite to the Argentinean soy crop to some extent. Cool weather amid intermittent rains is expected in a coming week.

Trade bodies soy output estimation (* Values in Million Tons)

Sources	Argentina's Soy output estimation for 2011/12
Argentina Agriculture Ministry	48.9
Agroconsult	45.0
USDA	50.5
Buenos Aires Grains Exchange	46.2

Palm Oil:
Domestic Fundamentals:-

- Domestic palm oil prices traded with weak during the week on account of dull demand from stockiest and weak international export figures weigh on the domestic palm oil markets.
- India's palm oil products imports during the month of December from Malaysia fell by 2.10 per cent to 95,500 MT compared to previous month's imports. Moreover 5.5% of palm oil product imports rose on Y-o-Y basis.
- Looking forward, palm oils are likely to trade steady to weak note in near to medium term. INR touches 3 month high during the week this may add pressure to the palm oil prices in near to medium term. However, heavy rainfall in South East Asian countries may restrict substantial downfall.


International Fundamentals:-

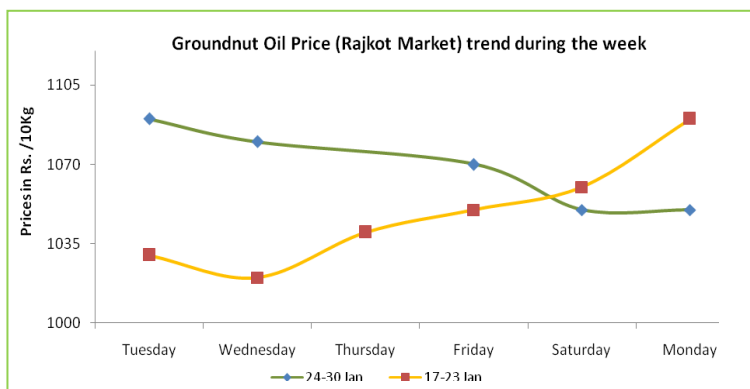
- Malaysian palm oil products exports for the period of Jan. fell by 13 per cent and stood at 1,293,078 million tonnes from 1,486,574 tonnes shipped during Dec.
- Malaysian palm oil products export figures for Jan. month of top major markets (Values in tonnes and Dec. import figures in parenthesis) are: China 245,456 (336,980), EU 230,887 (295,975), Pakistan 74,429 (166,700) and US 133,260 (122,084) - SGS.
- Malaysia has postponed issuing tax-free export quotas for crude palm oil, to revamp its export tax policies in response to Indonesia's tariff change. Higher Malaysian palm oil ending stock amid delayed tax free export quotas might weigh on CPO at BMD.

Price Outlook:

We expect CPO Kandla 5% to trade in the price band of Rs 508-518 per 10 Kg.

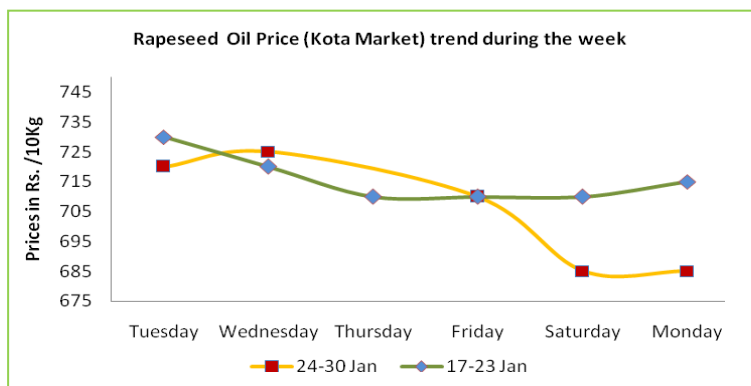
Groundnut Oil:
Domestic Fundamentals:-

- Domestic groundnut oil prices traded with a weak bias during the week. Non aggressive buying from wholesalers and dull demand from end-user kept the prices at lower 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.
- Looking forward, G/N oil prices are likely to trade with a steady bias on account of low availability of G/N seed for crushing. Meanwhile, on the flip side low demand would keep the prices in a tight range.

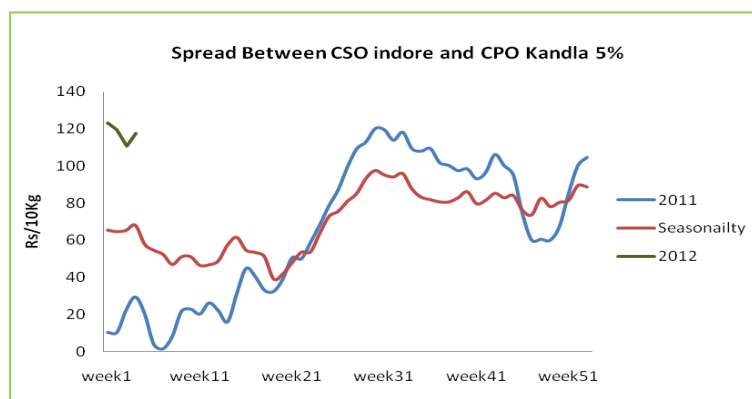


Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil prices fell during the week on account of new rapeseed crop. Moreover, weak edible oil basket add fuel to the bearish sentiments.
- As per Mustard Oil Producers Association (MOPA), RM seed output may fall by 20 % to 5.5 million metric tons in the current crop year moreover, SEA of India also seen output may fall up to 5.5 million metric tons. However, we expect RM seed output may fall by 9.4% to 6.5 million tons due to low acreage this year.
- We expect rapeseed oil prices likely to stay steady to weak in a coming week. Meanwhile, any surge in the prices of soy and palm oil may support the Rapeseed oil prices.



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 118.0/10 Kg, rose by Rs 7 per 10 Kg w-o-w. High volatility witnessed in crude soy oil prices during the week. However, crude palm oil prices stood steady during the week. Looking forward, we expect spread would narrow and may hover in between Rs 105-115/10Kg range in the coming week. Any rise in the crude soy oil prices may act as selling opportunity. Market participants can liquidate CSO Indore at higher levels of 635-640 per 10Kg in a coming week, if needed.

Edible oil Shipments at Indian Ports during Jan. month (till 31st Jan. 2012)

Product	January Shipments (tonnes)	December Shipments (tonnes)	% Change
Crude Soybean Oil	7973
Crude Palm Oil	884785.12	553,950.33	+59.72
RBD Palm olein	18099.88	27500	-34.18
Palm Oil	112033	118,532	-5.48
Crude Sunflower Oil	38000	50,500	-24.75
PALM FATTY ACID	2,000
Total edible oils	1,060,891	752,482	+40.99

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

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

Landed Cost Calculation as on 27/01/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1147.00	1134.50	1126.33
Freight (USD/MT)	65	55	50
C & F	1212.0	1189.5	1176.3
Weight loss (0.25% of FOB)	2.87	2.84	2.82
Finance charges (0.4% on CNF)	4.59	4.54	4.51
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1223	1200	1187
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	49.64	49.64	49.64
Landed cost without customs duty in INR per ton	60714	59590	58932
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	61150	60026	59368
Domestic Market price INR per ton Soy Degum Kandla	64000	64000	64000
Total landed cost USD per ton	1232	1209	1196
Domestic Market price USD per ton Soy Degum Kandla	1289	1289	1289
Parity INR/MT (Domestic - Landed)	2850	3974	4632
Parity USD/MT (Domestic - Landed)	57.41	80.06	93.32

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.
- ❖ Breaching the immediate support zone of 645.00-647.00, prices shall test 639.00 levels. However, we expect prices to range bound in a coming week.
- ❖ Any surge in the prices may act as a selling opportunity in a coming week.

Strategy: Market Participants can liquidate their Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks in a coming week at 660-665 level.

Support & Resistance				
S2	S1	PCP	R1	R2
639.00	645.00	655.00	665.00	669.00

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.
- ❖ 506.00 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 520-523 zones in near to medium term which act as a selling opportunity.

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

Support & Resistance				
S2	S1	PCP	R1	R2
501.00	506.00	515.00	520.00	523.00

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 surge in the prices may act as a selling opportunity.

- ❖ Any close above 695.00 in weekly chart shall change the sentiments and might bring the prices in bullish phase.
- ❖ Expected price band for next week is 689.00-670.00 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 687.00-689.00 for a target of 676.00 and then 673.00 with a stop loss at 695.00 on closing basis.

RSO NCDEX (Feb)

Support & Resistance				
S2	S1	PCP	R1	R2
661.00	667.00	679.45	704.00	710.00

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 527.00 in weekly chart shall change the sentiments and might bring the prices in bullish phase.
- ❖ Expected price band for CPO is 521.60-503.00 level in near to medium term.

Strategy: Sell CPO in MCX (Feb. contract) at 519.60-521.60 for a target of 510.00 and second target of 505.00 with a stop loss at 527.00 on closing basis.

CPO MCX (Feb)

Support & Resistance				
S2	S1	PCP	R1	R2
490.00	495.00	512.90	534.00	541.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-1-2012	24-1-2012	
Refined Soybean Oil	Kota(Loose)	660	690	-30
	Rajkot (Loose)	665	680	-15
	Jaipur (Loose)	675	695	-20
	Hyderabad+ VAT	-	-	
	Delhi (Loose)	695	720	-25
	Kakinada	-	-	
	Mumbai +VAT	660	668	-8
	Indore	655	675	-20
	Soy Degum Mumbai+VAT	630	640	-10
	SoyDegum Kandla/Mundra+VAT	630	640	-10
	Haldiya Port (Loose)	661	671	-10
	Akola (Loose)	685	-	-
	Amrawati (Loose)	685	-	-
	Jalna	681	-	-
	Nagpur	686	712	-26
Palm Oil	Chennai RBD Palmolein (Loose)	555	565	-10
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	610	625	-15
	Kandla CPO (5%FFA)	515	525	-10
	Kakinada RBD Palmolein (Loose)	549	556	-7
	Mumbai RBD Pamolein+ VAT	562	571	-9
	Kandla RBD Palmolein +VAT	555	568	-13
Refined Sunflower Oil	Mumbai + VAT	685	700	-15
	Kandla/Mundra	605	625	-20
	Erode (Exp. Oil)+VAT	670	685	-15
	Hyderabad Exp +VAT	-	-	-
	Chennai (Loose)	690	710	-20
	Bellary (Exp. Oil)+VAT	-	634	-
	Latur (Exp. Oil)+VAT	636	636	UNCH
	Chellakere (Exp. Oil)+VAT	621	626	-5
Groundnut Oil	Rajkot (Loose)	1040	1090	-50
	Chennai (Loose)	970	960	+10
	Delhi (Loose)	1025	1100	-75
	Hyderabad Exp +VAT	-	-	-
	Mumbai + VAT	1030	1035	-5
	Gondal+VAT	1045	1090	-45
	Jamnagar +VAT	1050	1100	-50

	Narsarropeth+VAT	851	851	Unch
	Prodattour+VAT	931	936	-5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	725	750	-25
	Alwar (Expeller Oil)(Loose)	746	743	+3
	Kota (Expeller Oil) (Loose)	680	720	-40
	Jaipur (Expeller Oil) (Loose)	710	750	-40
	Delhi (Exp. Oil) (Loose)	725	785	-60
	Sri Ganga Nagar(Exp Oil-Loose)	721	746	-25
	Hapur+VAT	710	722	-12
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	745	765	-20
Refined Cottonseed Oil	Mumbai +VAT	615	635	-20
	Rajkot (Loose)	605	635	-30
	Delhi (Loose)	600	632	-32
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	750	775	-25
	Mumbai	780	780	Unch
Rice Bran Oil (40%)	Delhi	530	555	-25
	Punjab	510	510	Unch
Rice Bran Oil (70%)	Delhi	430	435	-5
Malaysia Palmolein USD/MT	FOB (Jan)	1060	-	-
	CNF(Jan) - India	1065	1085	-20
Indonesia/Malaysia CPO USD/MT	FOB (Jan)	1010	-	-
	CNF(Jan) - India	1030	1055	-25
Argentina FOB (\$/MT)		30-1-2012	23-1-2012	Change
Crude Soybean Oil Ship (Jan)		1116	1142	-26
Refined Soy Oil (Bulk) Ship (Jan)		1155	1182	-27
Sunflower Oil Ship (Jan)		-	-	-
Cottonseed Oil Ship (Jan)		1096	1122	-26
Refine Linseed Oil(Bulk) Ship (Jan)		1136	1162	-26

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