

Domestic Veg. Oil Market Summary:

- Lackluster buying interest from wholesalers and retailers kept the domestic edible oil basket in range bound during the week.
- We expect edible oil basket to trade with a steady bias in the coming week however low availability of groundnut seed for crushing may support the G/N oil prices further in major trading centers.
- Marginal improvement was noticed in soybean crush margin as compared to previous week due to falling soybean prices.
- Looking forward, Increasing new crop RM seed supply and consequent improve crushing in RM seed domestically is expected to weigh on the edible oil prices in the domestic market in days ahead.

International Veg. Oil Market Summary:

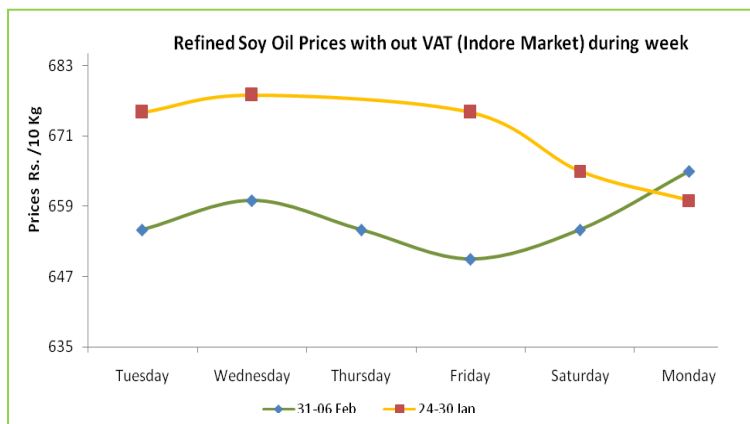
- As per Celeres, Brazil's soybean crop forecast for 2011-12 cut by 2.36 million tons to 72.04 million tons from 74.4 million tons projected in early January due to dry weather conditions in Brazil which may affect soybean crop yield.
- According to the latest estimate by the Chinese commerce ministry, China is expected to import 3.70 million tonnes of soybean in February which is 23.7 percent less as compared to previous month.
- Malaysia has issued tax free CPO export quotas of 3 million tons, this quota would help the Malaysian refiners to compete with the Indonesian export policy.
- According to Dutch Board for Margarine, EU palm oil imports will likely to be at 5.5 million tonnes in 2012 same as compared to the previous year due to economic downturn add pressure to the biodiesel producers this may affect palm oil prices in medium term.

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Domestic refined soy oil trades lower during the week on account of poor buying interest. Moreover, intermittent rainfall over the key soy growing areas of South America added a bearish hue in the markets.
- Marginal improvement was noticed in soybean crush margin as compared to previous week due to falling soybean prices.
- Looking forward, we expect soybean oil prices likely to trade steady to weak bias on account of lackluster buying activities in the cash market and appreciation of INR against US dollar which leads to cheap imports this would add more pressure to the domestic soy oil prices in near to medium term.



International Fundamentals:-

- Informa lowers Argentina soybean crop estimates pegged at 46.5 million tons, down from its January estimate of 51 million tons due to hot weather which may affect yield. Moreover, it also lowered its forecast of Brazil soybean crop to 70 million tons, as compared to its previous estimate of 72 million tons.
- According to the latest estimate by the Chinese commerce ministry, China is expected to import 3.70 million tonnes of soybean in February which is 23.7 percent less as compared to previous month. Moreover,
- As per Celeres, Brazil's soybean crop forecast for 2011-12 cut by 2.36 million tons to 72.04 million tons from 74.4 million tonnes in early January due to dry weather condition in Brazil which may affect soybean crop yield. While, Brazil harvested a record 74.9 million tonnes of soybean in previous season.

Soy oil Trade Margin analysis:-

Values in Rs per 10Kg	Soy oil Trade Margin on 07 January 2012	Soy oil Trade Margin on 07 January 2012
Indore	-26	-5
Kota	-33	27

Outlook – Trade margin disparity widen during the week due to surge in soybean prices. We expect a tight supply of soy oil in near term.

Argentina's Soy output and weather scenario :-

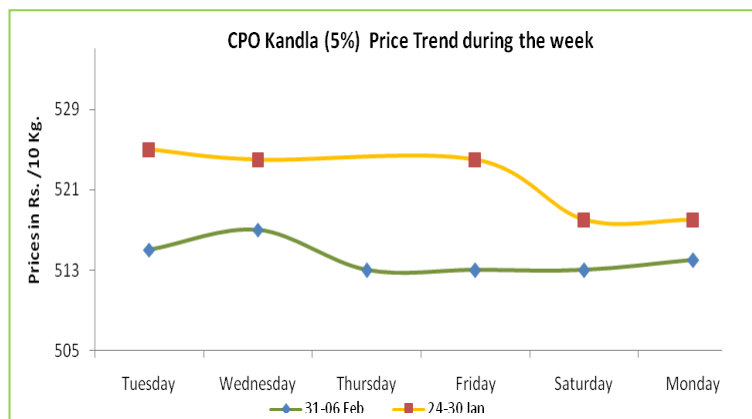
Argentina soybean output is likely to be tightened in 2011-12 due to dry weather over the key soy growing belt of Argentina in December and early days of January. However Rainfall in the last week of January restricts the excessive losses to the standing soybean crop. As per Argentinean govt. official, Argentina's 2011-12 soy harvest will be at least 47 million tons. Moreover scattered showers are expected in days ahead which would likely to add more moisture in the soil.

Outlook – Cool weather may support Argentina soybean crop in near term. However, lower South American output would lend lateral support to the international soy oil and soybean prices in medium term.

Palm Oil:

Domestic Fundamentals:-

- Domestic palm oil prices remained weak on account of sluggish demand and appreciation of INR against US dollar adds fuel to the bearish sentiments.
- Wholesalers and retailers stay away from bulk buying in cash market during the week due to thin demand. Moreover end user demand was need based.
- Looking forward, palm oils are likely to trade range bound in days ahead. Market participants eyed on upcoming MPOB report on Malaysia palm oil product ending stock.



International Fundamentals:-

- Malaysia has issued tax free CPO export quotas of 3 million tons, this quota would help the Malaysian refiners to compete with the Indonesian export policy.
- 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 - SGS.
- In response to changes in Indonesian palm oil products export tariff, Malaysia will reform its crude palm oil export duty policy and is likely to introduce a 1 billion ringgit fund to assist downstream players and a fallback plan for the oil palm companies and refiners.
- According to Dutch Board for Margarine, EU palm oil imports will likely to be at 5.5 million tonnes in 2012 same as compared to the previous year due to economic downturn add pressure to the biodiesel producers this may affect palm oil prices in medium term.

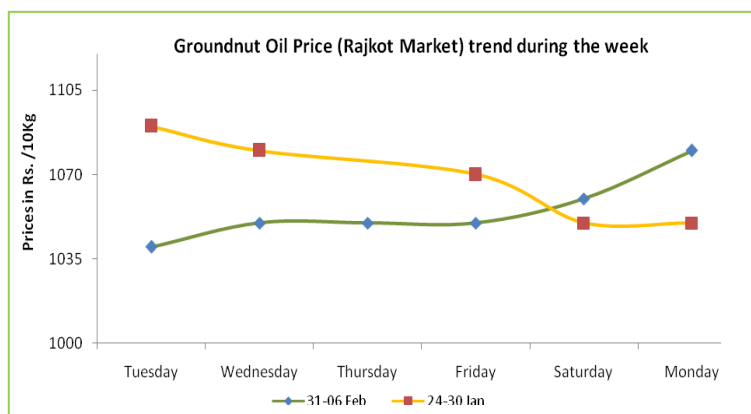
Price Outlook:

We expect CPO Kandla 5% to trade in the price band of Rs 510-520 per 10 Kg.

Groundnut Oil:

Domestic Fundamentals:-

- Domestic groundnut oil prices traded with a steady to firm bias during the week in major trading centers.
- As per the latest report from Ministry of Agriculture, Sown area for Rabi Groundnut stood at 7.42 lakh hectares as on February 2, 2012 which is up by 5.0% as compared to last year's 7.06 lakh hectares during the same period.
- As per trade source, millers face low availability of G/N seed in Chennai market during the week which kept the prices in the bullish trend. 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, upcoming RM seed crop may add pressure to the edible oil basket which may affect G/N oil prices too.

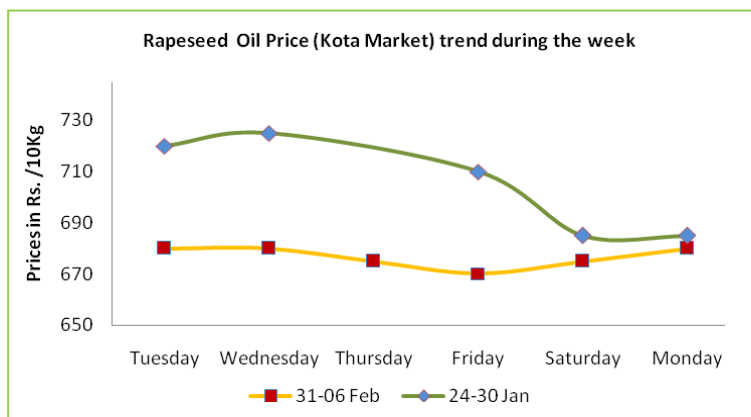


Price Outlook:

We expect groundnut oil in Rajkot market to trade in the price band of Rs 1060-1090 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

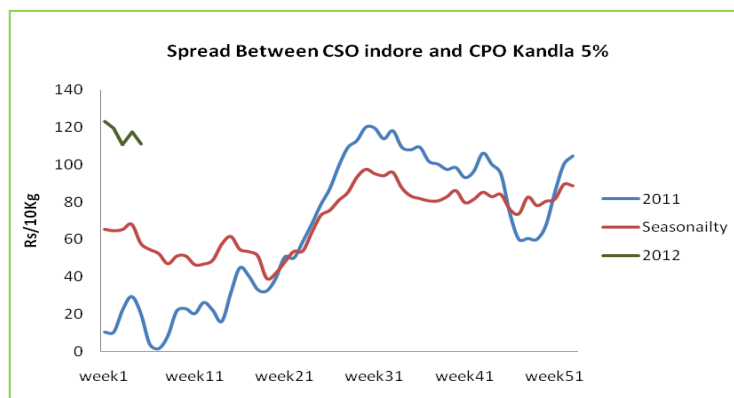
- Rapeseed oil prices remained sluggish on weak buying interest during the week. As per trade source, regular RM seed arrival would start from fourth week of Feb. this may weigh on the RM seed oil prices in near to medium term.
- As per the latest report from Ministry of Agriculture, Sown area for Rabi Rapeseed oil stood at 65.77 lakh hectares as on February 2, 2012 which fell by 7.2% as compared to last year's 70.90 lakh hectares during the same period.
- We expect rapeseed oil prices to stay steady in the coming week due to new crop pressure amid weak demand from oil millers would keep the prices in range bound.



Price Outlook:

Rapeseed oil in kota market is likely to trade in the price band of Rs 685-710 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 111/10 Kg, a fall of Rs 7 per 10 Kg w-o-w. crude soy oil prices trade range bound during the week. Looking forward, we expect spread would narrow and may hover in between Rs 104-111/10Kg in the coming week. We expect CSO is likely to trade with a steady to weak bias in near term. 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 Feb. month (till 6st Feb. 2012)

Product	February Shipments (tonnes)	January Shipments (tonnes)	% Change
Crude Soybean Oil	----	----	----
Crude Palm Oil	54400	93499.9	-41.82
RBD Palm olein	13100	----	----
Palm Oil	54800	47500	15.37
Crude Sunflower Oil	22286.86	10,000	122.87
PALM FATTY ACID	----	2,000	----
Total edible oils	144,587	153,000	-5.50

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

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

Landed Cost Calculation as on 06/02/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1152.00	1143.30	1133.16
Freight (USD/MT)	65	55	50
C & F	1217.0	1198.3	1183.2
Weight loss (0.25% of FOB)	2.88	2.86	2.83
Finance charges (0.4% on CNF)	4.61	4.57	4.53
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1228	1209	1194
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	48.67	48.67	48.67
Landed cost without customs duty in INR per ton	59774	58858	58116
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	60210	59294	58552
Domestic Market price INR per ton Soy Degum Kandla	62500	62500	62500
Total landed cost USD per ton	1237	1218	1203
Domestic Market price USD per ton Soy Degum Kandla	1284	1284	1284
Parity INR/MT (Domestic - Landed)	2290	3206	3948
Parity USD/MT (Domestic - Landed)	47.06	65.87	81.13

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 steady to firm bias during the week. It is likely to trade with steady bias for a coming week.
- ❖ Breaching the immediate support zone of 672-674, prices shall test 678.00 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 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
649.00	653.00	665.00	673.00	678.00

Technical Analysis (Spot Market Weekly Charts)
CPO (KANDLA Rs/10 Kg)


- ❖ Candlesticks depict steady movement in CPO prices during the week. Prices are likely to be range bound in the coming week.
- ❖ 517.00 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	507.00	513.00	520.00	524.00

Technical Analysis (Futures)

RSO (Refined Soybean Oil): weekly Chart



Outlook - Prices to trade with steady to weak for short term. Any surge in the prices may act as a selling opportunity.

- ❖ Any close above 707.50 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 700-675 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 698-700 for a target of 680.00 and then 675.00 with a stop loss at 709.50 on closing basis.

RSO NCDEX (March)

Support & Resistance				
S2	S1	PCP	R1	R2
665.00	671.00	693.50	707.00	713.10

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



Outlook - We expect prices to move with high volatility for this week.

- ❖ 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: Market Participants can wait to take a position in MCX CPO in the coming week.

Support & Resistance				
S2	S1	PCP	R1	R2
501.00	508.00	521.20	537.00	544.00

Review of Previous Week call:

Last week, We recommended 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 and 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. We have achieved both the target in CPO (MCX) and Ref. soy oil traded with a steady bias as predicted.

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		7.2.2012	1-2-2012	
Refined Soybean Oil	Kota(Loose)	670	660	+10
	Rajkot (Loose)	665	670	-5
	Jaipur (Loose)	678	662	+16
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	715	700	+15
	Kakinada	-	-	-
	Mumbai +VAT	655	655	UNCH
	Indore	665	660	+5
	Soy Degum Mumbai+VAT	628	635	-7
	SoyDegum Kandla/Mundra+VAT	625	635	-10
	Haldiya Port (Loose)	-	661	-
	Akola (Loose)	689	681	+8
	Amrawati (Loose)	689	681	+8
	Jalna	691	681	+10
	Nagpur	693	686	+7
Palm Oil	Chennai RBD Palmolein (Loose)	555	555	UNCH
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	605	605	UNCH
	Kandla CPO (5%FFA)	513	517	-4
	Kakinada RBD Palmolein (Loose)	551	551	UNCH
	Mumbai RBD Pamolein+ VAT	558	560	-2
	Kandla RBD Palmolein +VAT	555	557	-2
Refined Sunflower Oil	Mumbai + VAT	670	675	-15
	Kandla/Mundra	605	610	-5
	Erode (Exp. Oil)+VAT	650	670	-20
	Hyderabad Exp +VAT	-	-	-
	Chennai (Loose)	680	690	-10
	Bellary (Exp. Oil)+VAT	621	631	-10
	Latur (Exp. Oil)+VAT	616	631	-15
	Chellakere (Exp. Oil)+VAT	596	616	-20
Groundnut Oil	Rajkot (Loose)	1070	1050	+20
	Chennai (Loose)	980	970	+10
	Delhi (Loose)	1075	1030	+50
	Hyderabad Exp +VAT	-	-	-
	Mumbai + VAT	1050	1030	+20
	Gondal+VAT	1065	1055	+10
	Jamnagar +VAT	1070	1060	+10

	Narsarropeth+VAT	876	861	+15
	Prodattour+VAT	926	926	UNCH
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	722	720	+2
	Alwar (Expeller Oil)(Loose)	739	-	-
	Kota (Expeller Oil) (Loose)	690	680	+10
	Jaipur (Expeller Oil) (Loose)	710	724	-14
	Delhi (Exp. Oil) (Loose)	760	730	+30
	Sri Ganga Nagar(Exp Oil-Loose)	721	716	+5
	Hapur+VAT	720	-	-
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	760	735	+15
Refined Cottonseed Oil	Mumbai +VAT	615	610	+5
	Rajkot (Loose)	620	615	+5
	Delhi (Loose)	620	600	+20
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	775	755	+20
	Mumbai	780	780	UNCH
Rice Bran Oil (40%)	Delhi	545	530	+15
	Punjab	510	510	UNCH
Rice Bran Oil (70%)	Delhi	435	430	+5
Malaysia Palmolein USD/MT	FOB (Jan)	1070	1060	+10
	CNF(Jan) - India	1080	1065	+15
Indonesia/Malaysia CPO USD/MT	FOB (Jan)	1025	1010	+15
	CNF(Jan) - India	1045	1030	+15
Argentina FOB (\$/MT)		6.2.2012	31-1-2012	Change
Crude Soybean Oil Ship (Jan)		1152	1130	+22
Refined Soy Oil (Bulk) Ship (Jan)		1192	1169	+23
Sunflower Oil Ship (Jan)		1080	-	-
Cottonseed Oil Ship (Jan)		1132	1110	+22
Refine Linseed Oil(Bulk) Ship (Jan)		1172	1150	+22

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