

Domestic Veg. Oil Market Summary:

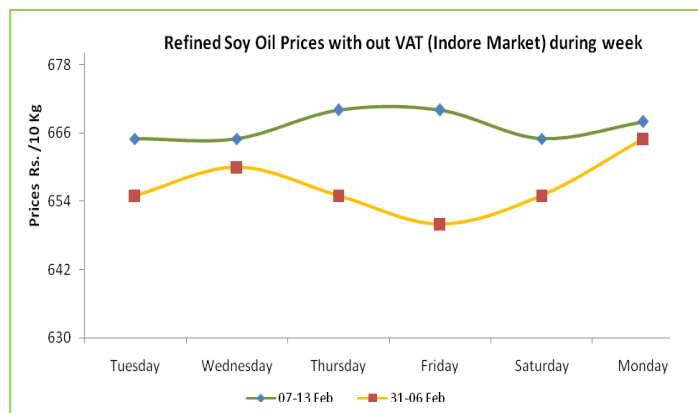
- Domestic edible oil trades higher during the week in tandem with international markets. We expect edible oil basket to trade with a steady to weak bias in the coming week due to dull demand in physical market however low availability of groundnut seed for crushing may support the G/N oil prices further in major trading centers.
- As per Sea of India, Vegetable oils imports during January 2012 are reported at 659,979 tons compared to 721,197 tons in January 2011 fell by 8.5 percent on Y-o-Y basis.
- Looking forward, New RM seed crop supply would likely to weigh on the edible oil basket in near to medium term. However, low acreage of RM Seed and lower soy output at South America may support the prices in medium term.

International Veg. Oil Market Summary:

- Brazil's soybean crop seen at 71 million tons down by 3 percent from previous forecast on account of dry weather during the January which would affect soy yield in this season - Brazil Gov't. Meanwhile, As per Conab, Brazil's soybean crop in 2011/12 seen at 69.23 million tons. Earlier estimate was 71.75 million tons in early January.
- China imported 4.61 million tons of oilseeds fell by 15 percent in January as compared to previous month stood at 5.42 million tons.
- Malaysian Jan palm oil ending stock down 2.5 percent to 2 million tones as compared to Dec which was 2.05 million tons due to low palm output in Jan - MPOB.
- 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 previous year.

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

- Domestic refined soy oil trades higher during the week on account of good demand in cash markets and uncertain weather condition in South America support the prices.
- The disparity in crushing soybean has widened during the week and recorded at Rs - 811/MT as on 13th Feb, 2012. Crush margin reached near to its critical point which may restrict active crushing in coming days.
- Looking forward, we expect soybean oil prices likely to trade with a steady note in the coming week. However, upcoming mustard crop would pressure the soy oil prices.


International Fundamentals:-

- USDA reduced world soy oil production estimates by 0.56 per cent to 42.49 MMT (in its Feb month report) compared to 42.73 MMT productions in Jan month projections. The US soybean production estimate stay at 3056 million bushels. Meanwhile, USDA increased the world ending stocks Feb. estimates of soybean oil by 1.13 per cent to 2.68 million tons which might weigh on global soy oil prices in near to medium term.
- As per Brazilian Gov't, Brazil's soybean crop seen at 71 million tons down by 3 percent from previous forecast on account of dry weather during the January which would affect soy yield in this season. Meanwhile, last season Brazil harvested 75.3 million tons. Parana state is likely to harvest 12.1 million tons, down by 9 percent from January's forecast. While 22 percent from the record 15.42 million tons harvested in the state last year.
- As per General Administration of Customs of China, China imported 4.61 million tons of oilseeds fell by 15 percent in January as compared to previous month stood at 5.42 million tons. Moreover, Soy imports in February are expected to fall to 3.7 million tons. Market participants are expected soy demand in china would be dull in days ahead; however soy imports likely to gain in March.

Price Outlook:

- We expect refined soy oil Indore (without VAT) to trade in the price band of Rs 658-670 per 10 Kg.

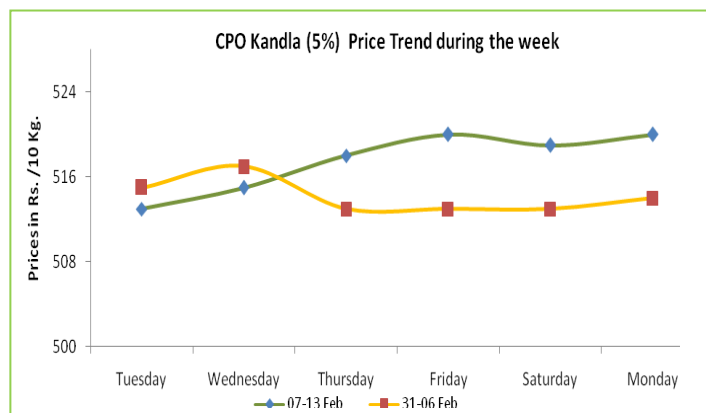
Soy oil Trade Margin analysis:-

Values in Rs per 10Kg	Soy oil Trade Margin on 07 January 2012	Soy oil Trade Margin on 07 December 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.

Palm Oil:
Domestic Fundamentals:-

- Domestic palm oil prices traded with a steady to firm bias during the week in tandem with bullish international markets.
- Wholesalers raised the palm oil prices tracking firm cues from international markets however, demand from retail side remain dull.
- India's palm oil products imports during the first ten days of February from Malaysia rose by 2.40 per cent to 21,000 MT compared to previous month's first ten days imports.
- Looking forward, palm oils are likely to trade range bound in days ahead. Meanwhile, wet weather concern in Malaysia may support the domestic markets.


International Fundamentals:-

- Malaysian Jan palm oil ending stock down 2.5 percent to 2 million tones as compared to Dec which was 2.05 million tons due to low palm output in Jan. Malaysia's January exports fell 13.2 per cent to 1.38 million tons on account of delay in issuing a tax free export quota for crude palm oil which affect on Malaysian palm oil exports.

(Quantity in tons)	Jan	Dec	% Change
Production	1,287,194	1,494,374	-13.86%
Import	167,487	126,778	+32.11%
Export	1,381,315	1,590,863	-13.17%
Ending Stock	2,007,967	2,058,400	-2.45%

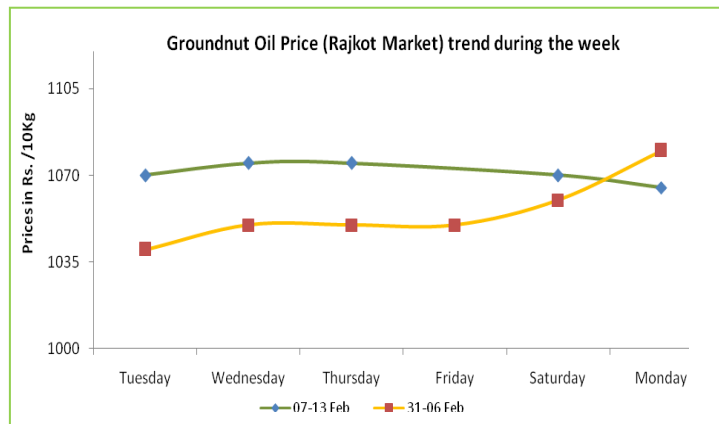
- Malaysian palm oil products exports for the period of 1-10 Feb. fell by 4.3 per cent and stood at 337,618 million tonnes from 352,800 tonnes shipped during Dec - SGS.
- Malaysian palm oil products export figures for Feb. month of top major markets (Values in tons and 1-10 Jan. import figures in parenthesis) are: China 113,950 (77,119), EU 22,280 (42,059), Pakistan NIL (27,240) and US 34,744 (13,875) - SGS.
- 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 previous year.

Price Outlook:

We expect CPO Kandla 5% to trade in the price band of Rs 515-525 per 10 Kg.

Groundnut Oil:
Domestic Fundamentals:-

- Domestic groundnut trade with a steady tone during the week due to lackluster buying in domestic markets.
- As per the latest report from Sea of India, Sown area for Rabi Groundnut stood at 7.85 lakh hectares as on February 9, 2012 which is up by 6.8% as compared to last year's 7.35 lakh hectares during the same period.
- As per trade sources, good demand witnessed for G/N seed in major markets of Gujarat. However farmers are holding their stocks this may support the G/N oil and G/N seed prices in near to medium term. Meanwhile, dull demand from retail may curb excessive gains.

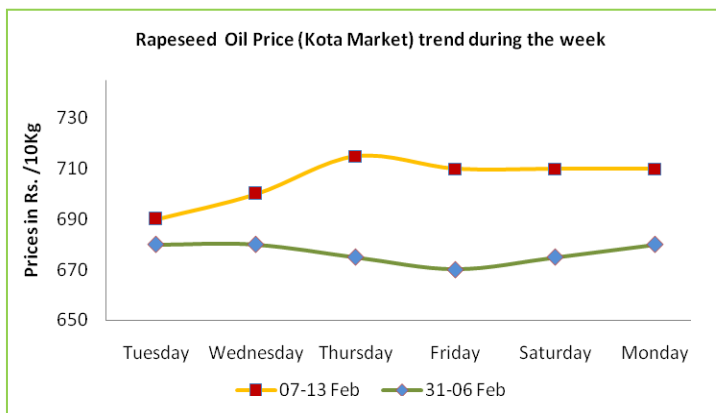


Price Outlook:

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

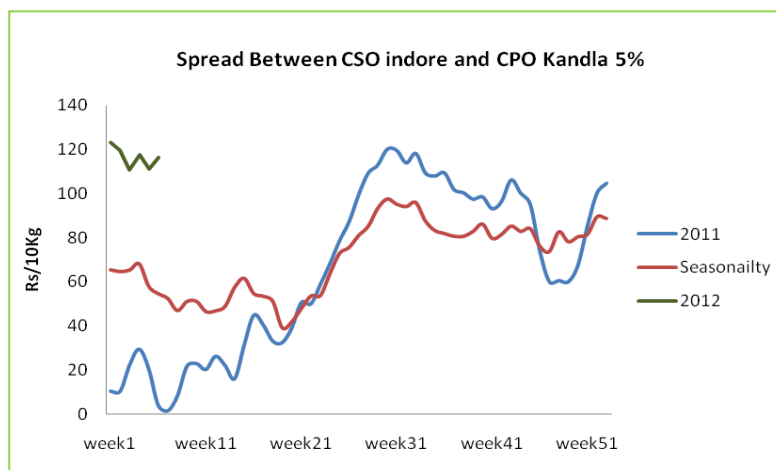
Rapeseed oil:
Domestic Market Fundamentals

- Rapeseed oil prices gained during the week on account of better buying in cash market. As per trade sources, recent incidence of frost witnessed in RM Seed at Ganganagar which might affect the yield to some extent.
- As per the latest report from Sea of India, Sown area for Rabi Rapeseed stood at 65.83 lakh hectares as on February 9, 2012 which fell by 7.1% as compared to last year's 70.92 lakh hectares during the same period.
- Low acreage this year amid low yield is expected from North West Rajasthan may support the prices in near to medium term. However, Commencement of fresh RM seed crop is noticed in major domestic markets of Rajasthan this would likely to restrict excessive gains in the coming month.



Price Outlook:

Rapeseed oil in kota market is likely to trade in the price band of Rs 680-700 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 116/10 Kg, a rise of Rs 5 per 10 Kg w-o-w. crude soy oil prices trade firm during the week. Looking forward, we expect spread would narrow and may hover in between Rs 109-112/10Kg in the coming week. We expect CSO is likely to trade with a steady to weak bias in near term. Market participants can liquidate CSO Indore at higher levels of 645 per 10Kg in a coming week, if needed.

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

Landed Cost Calculation as on 13/02/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1156.00	1169.50	1153.00
Freight (USD/MT)	65	55	50
C & F	1221.0	1224.5	1203.0
Weight loss (0.25% of FOB)	2.89	2.92	2.88
Finance charges (0.4% on CNF)	4.62	4.68	4.61
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1232	1236	1214
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	49.31	49.31	49.31
Landed cost without customs duty in INR per ton	60759	60936	59867
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	61195	61372	60303
Domestic Market price INR per ton Soy Degum Kandla	64000	64000	64000
Total landed cost USD per ton	1241	1245	1223
Domestic Market price USD per ton Soy Degum Kandla	1298	1298	1298
Parity INR/MT (Domestic - Landed)	2805	2628	3697
Parity USD/MT (Domestic - Landed)	56.89	53.29	74.97

Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture

WASDA USDA Report Analysis -:

Parameters	2010-11			% Change
	Est.	Jan'12	Feb'12	
US				
Soybean planted acreage m.a.	77.4	75	75	0.00%
Soybean Harvested acreage m.a.	76.6	73.6	73.6	0.00%
Soybean yield, in b / a	43.5	41.5	41.5	0.00%
Beginning Stocks, in m.b.	151	215	215	0.00%
Soybean production, in m.b.	3329	3056.00	3056.00	0.00%
Soybean imports, in m.b	15	15	15	0.00%
Soybean crush, in m.b.	1650	1615	1615	0.00%
Soybean exports, in m.b.	1520	1275	1275	0.00%
Residual, in m.b	38	32	32	0.00%
Soybean ending stocks, in m.b.	200	275	275	0.00%
Soy meal production, in '000 short tons	39683	38685	38685	0.00%
Soy meal ending stocks, in '000 short tons	300	300	300	0.00%
Soy oil production, in million lbs	19090	18605	18605	0.00%
Soy oil for Bio-diesel, in million lbs	2300	3600	3600	0.00%
Soy oil ending stocks, in million lbs	2871	2315	2315	0.00%
At other origins				
Soybean production in Argentina, in m.t.	49.5	50.5	48	-4.95%
Argentina soybean beginning stock m.t.	22.28	22.85	22.85	0.00%
Soybean production in Brazil, in m.t.	74.5	74	72	-2.70%
Brazil soybean beginning stock m.t.	15.84	22.19	22.19	0.00%
Soybean import in China, in m.t.	52	56.5	55.5	-1.77%
Chinese soybean ending stock, in m.t.	14.21	13.26	12.76	-3.77%
Global soybean ending stocks in m.t.	65.88	63.43	60.28	-4.97%
Global soy oil ending stocks, in m.t.	3.07	2.65	2.68	1.13%
Global veg oil ending stocks in m.t.	11.23	12.24	12.32	0.65%
Global soy meal ending stocks in m.t.	6.57	8.29	8.31	0.24%
b / a - Bushels per acre; m.b. - Million bushels; m. t. - Million tons ; m.a. - Million acres				

Outlook-:

USDA lowers Argentina soybean crop estimates pegged at 48 million tons, down from its January estimate of 50.5 million tons and Brazil's soybean crop estimates stood at 72 million tons, down by 2 million tons. However, more or less Wasde report seems to be bearish due to dull demand for soybean from top importers (EU and China) and high ending soy oil would not support the price rally in days ahead.

Edible oil Shipments at Indian Ports during Feb. month (till 13st Feb. 2012)

Product	February Shipments (tonnes)
Crude Soybean Oil	----
Crude Palm Oil	54400
RBD Palm olein	13100
Palm Oil	54800
Crude Sunflower Oil	22286.86
PALM FATTY ACID	----
Total edible oils	144,587
Source: Ben Line Agencies(India) Pvt. Ltd.	

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 tone for a coming week.
- ❖ Breaching the immediate support zone of 655-675, prices shall test 680.00 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
650.00	655.00	668.00	675.00	680.00

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


- ❖ Candlesticks depict firm bias movement in CPO prices during the week. Prices are likely to be range bound in the coming week.
- ❖ 510.00 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 529-533 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
507.00	510.00	520.00	529.00	533.00

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 705.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 700-685 level in near to medium term. Prices are likely to trade with a steady to weak bias in near term.

Strategy: We recommend investors to go short in NCDEX (March contract) at 698-700 for a target of 688.00 and then 685.00 with a stop loss at 705.50 on closing basis.

RSO NCDEX (March)

Support & Resistance				
S2	S1	PCP	R1	R2
673.00	680.00	694.35	710.00	716.00

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



Outlook - We expect prices to move with a steady to weak bias for 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 (Mar. contract) at 542.00-544.00 for a target of 530.00 and second target of 528.00 with a stop loss at 549.50 on closing basis.

Support & Resistance				
S2	S1	PCP	R1	R2
520.00	524.00	534.10	546.00	551.30

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		13.2.2012	7.2.2012	
Refined Soybean Oil	Kota(Loose)	675	670	+5
	Rajkot (Loose)	660	665	-5
	Jaipur (Loose)	685	678	+7
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	710	715	-5
	Kakinada	-	-	-
	Mumbai +VAT	663	655	+8
	Indore	668	665	+3
	Soy Degum Mumbai+VAT	640	628	+12
	SoyDegum Kandla/Mundra+VAT	640	625	+15
	Haldiya Port (Loose)	671	-	-
	Akola (Loose)	696	689	+7
	Amrawati (Loose)	696	689	+7
	Jalna	696	691	+5
	Nagpur	701	693	+8
Palm Oil	Chennai.RBD.Palmolein.(Loose)	565	555	+10
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	610	605	+5
	Kandla CPO (5%FFA)	520	513	+7
	Kakinada.RBD.Palmolein(Loose)	566	551	+15
	Mumbai RBD Pamolein+ VAT	565	558	+7
	Kandla RBD Palmolein +VAT	562	555	+7
Refined Sunflower Oil	Mumbai + VAT	675	-	-
	Kandla/Mundra	615	-	-
	Erode (Exp. Oil)+VAT	660	650	+5
	Hyderabad Exp +VAT	646	-	-
	Chennai (Loose)	680	680	Unch
	Bellary (Exp. Oil)+VAT	611	621	-10
	Latur (Exp. Oil)+VAT	621	616	+5
	Chellakere (Exp. Oil)+VAT	616	601	+15
Groundnut Oil	Rajkot (Loose)	1065	1080	-15
	Chennai (Loose)	980	980	Unch
	Delhi (Loose)	1075	1060	+15
	Hyderabad Exp +VAT	971	-	-
	Mumbai + VAT	1060	-	-
	Gondal+VAT	1075	1075	Unch
	Jamnagar +VAT	1080	1080	Unch

	Narsarropeth+VAT	911	876	+35
	Prodattour+VAT	951	926	+25
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	752	-	-
	Alwar (Expeller Oil)(Loose)	746	736	+10
	Kota (Expeller Oil) (Loose)	710	680	+30
	Jaipur (Expeller Oil) (Loose)	720	710	+10
	Delhi (Exp. Oil) (Loose)	760	745	+15
	SriGangaNagar(ExpOil-Loose)	731	711	+20
	Hapur+VAT	750	720	+30
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	760	740	+20
Refined Cottonseed Oil	Mumbai +VAT	620	-	-
	Rajkot (Loose)	610	610	Unch
	Delhi (Loose)	610	610	Unch
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	775	760	+15
	Mumbai	780	-	-
Rice Bran Oil (40%)	Delhi	545	540	+5
	Punjab	510	-	-
Rice Bran Oil (70%)	Delhi	430	430	Unch
Malaysia Palmolein USD/MT	FOB (Feb Shipment)	1080	-	-
	CNF(Feb) - India	1040	-	-
Indonesia/Malaysia CPO USD/MT	FOB (Feb Shipment)	1095	-	-
	CNF(Feb) - India	1065	-	-
Argentina FOB (\$/MT)		11.2.2012	6.2.2012	Change
Crude Soybean Oil Ship (Feb)		-	1152	-
Refined Soy Oil (Bulk) Ship (Feb)		-	1192	-
Sunflower Oil Ship (Feb)		-	1080	-
Cottonseed Oil Ship (Feb)		-	1132	-
Refine Linseed Oil(Bulk) Ship (Feb)		-	1172	-

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