

## Domestic Veg. Oil Market Summary

*Edible oil basket witnessed firm tone during the week under review on bullish cues from international market. However, non-aggressive buying at physical counters limit upside. Groundnut oil was the top gainer among the edible oil pack due to scanty rainfall over key groundnut producing areas of Gujarat and in anticipation of lower yield in the current season. However, palm and rapeseed oil featured sideways movement during the week.*

*As per Ministry of Agriculture, sown area for Kharif soybean stood at 10.67 million hectares up 3.89 % as on 23 Aug 2012 against the same period a year ago, which was 10.27 million hectares. However, sown area for Kharif Groundnut was lag behind and stood at 3.60 million hectares as on 23 Aug 2012 down 12.6 % compared to corresponding period last year.*

*On currency front, INR against USD ended at 55.49 and likely to trade sideways in the coming week. We expect edible oil complex may trade steady to slightly firm tone in the coming week on bullish oilseed fundamentals and supportive international market. However, lack of aggressive buying at domestic front may limit upside.*

## International Veg. Oil Market Summary

*Soy oil prices at the benchmark market of CBOT traded with a steady to firm tone during the week. CBOT soy oil closed at 56.24 cents/pound (Sept'12 contract) as on 24 Aug 2012. Moreover, Malaysian palm oil futures (Sept'12 contract) featured firm tone and rose 132 MYR to 2898 MYR /MT (24 Aug 2012).*

*Pro Farmers pegged soybean output estimate at 2.60 billion bushels on lower yield in the current season. Moreover, soybean yield estimate for 2012 seen at 34.8 bushels per acre lower by 1.3 bushels per acre compared to USDA projections for 2012.*

*As per MPOB's latest report, Malaysian palm oil ending stock for July rose by 17.6 percent to 1,998,870 tons from a revised 1,699,117 tons in June.*

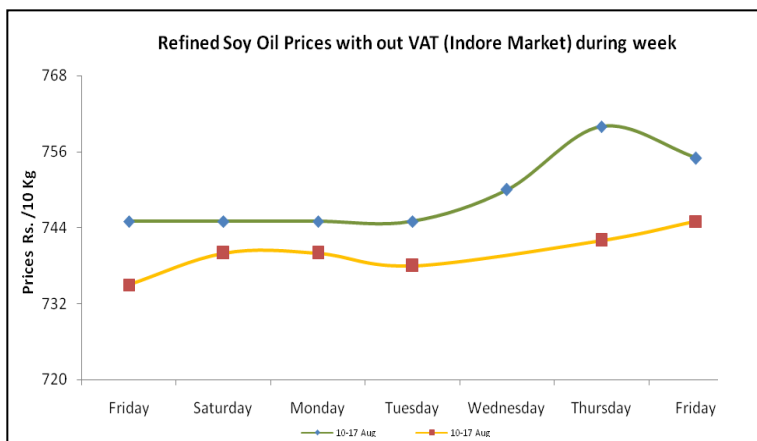
*Rising demand from China and EU and in anticipation of tight US soybean supplies may support international palm oil market. However, South East Asian countries entering into high palm oil output phase and rising Malaysian palm oil stocks could weigh on the market could limit excessive gains.*

*As per Intertek Testing Services, Malaysian palm oil products exports for 1-25 rose 5.7 percent to 1,084,343 compared to 1,026,153 tonnes shipped in July 1-25. Palm oil products export figures for 1-25 Aug for top major markets (Values in tons and 1-25 June import figures in parenthesis): China 129,900 (75,900), EU 112,760 (73,448) and India & Sub-continent 74907 (98500).*

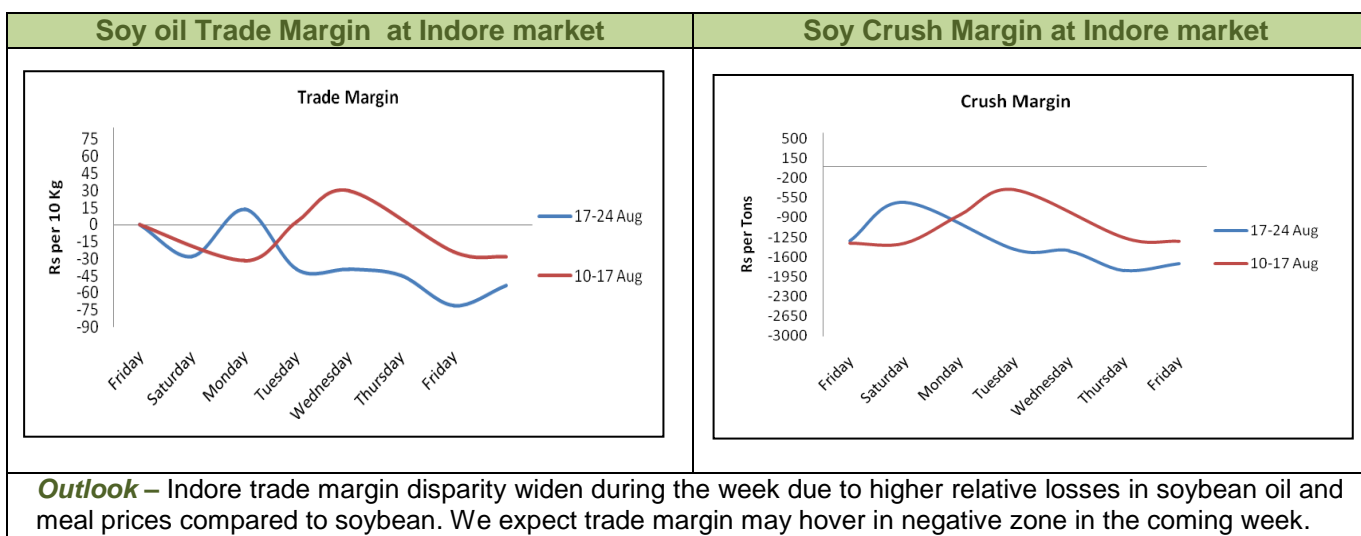
### Soy oil:

#### Domestic Fundamentals:-

- Soybean oil featured firm tone at its benchmark market Indore during the week on bullish international fundamentals and dried-up soybean supplies.
- As per Ministry of Agriculture, sown area for Kharif soybean stood at 10.67 million hectares up 3.89 % as on 23 Aug 2012 against the same period a year ago, which was 10.27 million hectares.
- As per SEA of India, India's veg. oil imports for the month of July 2012 is reported at 870,328 tons down 4.69 percent as compared to the corresponding period last year, comprising of 848,229 tons of edible oils and 22.099 tons of non-edible oils.
- We expect refined soy oil may trade steady to slightly firm bias in the coming day on bullish fundamentals. However, lack of aggressive buying in the cash market may curb excessive gains.



#### Soy crush margin and Soy oil trade margin analysis :-



#### International Fundamentals:-

- As per International Grain Council's report, World soybean output estimate for 2012/13 pegged at 255 million tons up 7% compared to last year due to rebound in South American crop. Moreover, world soybean trade is pegged at 94 MT, up 2 percent on Y-o-Y basis.
- As per latest release from Chinese Customs, China imported 202,956 tons of soy oil in July fell 21.72 % compared to corresponding period last year.
- Pro Farmers pegged soybean output estimate at 2.60 billion bushels on lower yield in the current season. Moreover, soybean yield estimate for 2012 seen at 34.8 bushels per acre lower by 1.3 bushels per acre compared to USDA projections for 2012.
- Lower US soybean yields in the current season US Midwest provide some relief to the standing soybean crop and rising Malaysian palm oil stocks could weigh on the international edible oil markets. However, tighten global soybean supply may limit excessive losses.

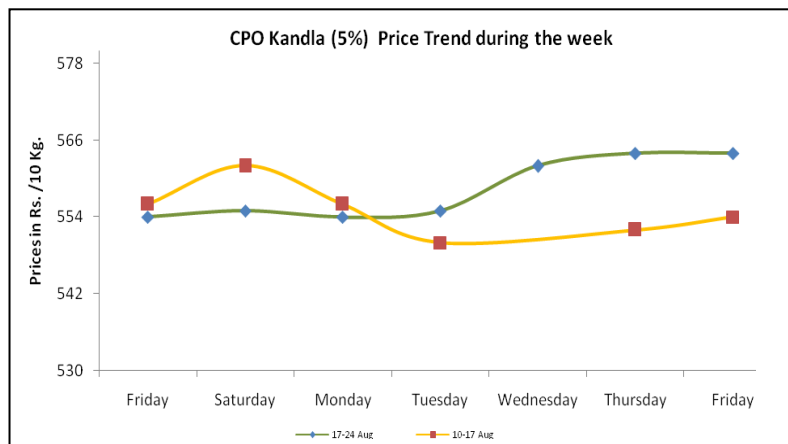
#### Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 750-775 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% featured steady to firm tone during the week on strong cues from international palm oil market. However, domestic demand was need based.
- India imported 5,289,017 tons of palm oil products in the current oil year (Nov.-Oct) up to July 2012. However, palm oil products imports were 4,588,474 tons in the corresponding period last year – SEA of India.
- As per trade source, good availability of palm oil products is at Indian ports. However, bullish cues from international market may support the palm oil prices in the coming days.
- Crude palm oil Kandla 5% price is at Rs 168 per 10 Kg discount against crude soybean oil Indore price on 25 Aug 2012. Discount rose by 5.88 per cent to Rs. 162 per 10 kg w-o-w basis (average prices of week).
- We expect CPO Kandla 5% may trade steady to slightly firm tone in the coming days as demand may shift to cheaper palm oil. Moreover, restricted oilseed arrivals could act as an encouraging factor for the markets.



#### International Fundamentals:-

- Malaysian palm oil product exports during Aug 1-25 rose 5.7 percent to 1,084,343 compared to 1,026,153 tonnes shipped in July 1-25 – Intertek Testing Services

#### **Breakdown of ITS palm export figures for 1-25 Aug compared to a month ago (in tons):**

Palm Products	1-25 Aug	1-25 July	% Change
Crude palm oil	333,861	248,975	+34.1
RBD palm oil	99,360	137,130	-27.5
RBD palm olein	347,859	406,758	-14.5
RBD palm stearin	126,120	88,120	+43.1
Crude palm kernel oil	19,220	10,000	+92.2
Palm fatty acid distillate	25,739	23,350	+10.2

Importers	1-25 Aug	1-25 July	% Change
EU	112,760	73,448	+53.5
China	129,900	75,900	+71.1
India & sub continent	74907	98500	-24.0

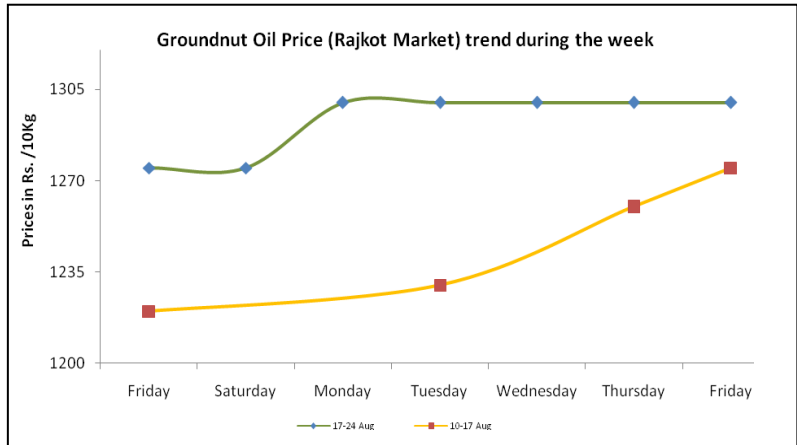
- As per MPOB's latest report, Malaysian palm oil ending stock for July rose by 17.6 percent to 1,998,870 tons from a revised 1,699,117 tons in June.
- The Indonesian Palm Oil Association (GAPKI) has lowered its palm oil exports to 17.59 million tons, down 0.41 million tons compared to previous target due to feeble buying from China and Europe. Besides, Indonesian palm oil output is expected to be between 23 million and 25 million tons for current year.
- Rising demand from China and EU and in anticipation of tight US soybean supplies may support international palm oil market. However, South East Asian countries entering into high palm oil output phase and rising Malaysian palm oil stocks could weigh on the market could limit excessive gains.

#### Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 557-570 per 10 Kg in the near term.

### Groundnut Oil: Domestic Fundamentals:-

- Groundnut oil featured firm tone at its benchmark Rajkot market during the week on improved buying by stockists and restricted arrivals from producing belts.
- As per Ministry of Agriculture, sown area for Kharif Groundnut stood at 3.60 million hectares as on 23 Aug 2012 down 12.6 % compared to corresponding period last year, which was 4.12 million hectares. Moreover, About 1.18 million hectares has sown under Groundnut in Gujarat against 1.39 million hectares as on 21 Aug 2012 in the same period last year.
- As per trade source, lower rains over key producing regions of Gujarat may affect yield in the current season, which may support G/N oil prices in medium term.
- We expect G/N oil may trade sideways to slightly firm tone in the days ahead due to bullish groundnut seed fundamentals. However, current higher quotes may shift the demand to cheaper substitutes, which could curb excessive gains.

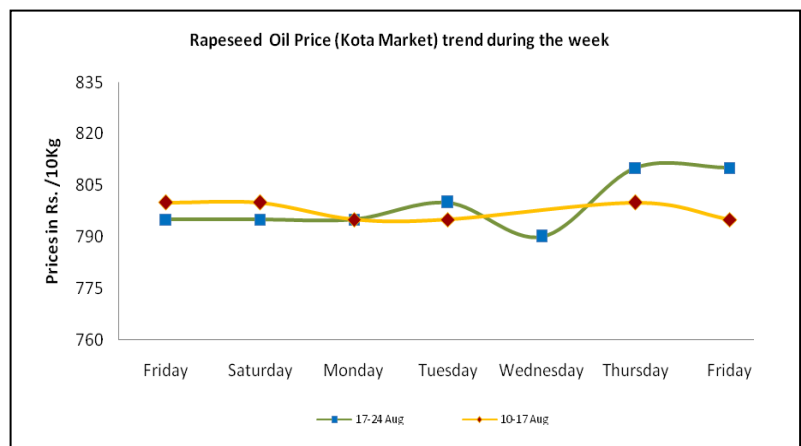


### Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1325-1290 per 10 Kg.

### Rapeseed oil: Domestic Market Fundamentals

- RM seed oil featured steady to firm tone at Kota market during the week under review due to bullish oilseed fundamentals. Domestic Kota mustard oil prices traded with a slightly firm during the week and prices rose by 0.22 per cent to Rs. 799 per 10 kg w-o-w (average prices of week).
- According to the latest fourth advance estimates, Rapeseed output is pegged at 6.78 million tons during 2011-12 compared to 7.67million tons in the previous year.
- As per trade sources, uptrend in RM oil would stay intact in the coming days on restricted RM seed arrivals by farmers in anticipation of good returns.
- We expect RM seed oil prices may trade sideways to slightly firm tone in the days ahead on bullish edible oil complex. However, non-aggressive buying at physical counters may limit upside.



### International Fundamentals:-

- Global canola output estimate for 2012/13 is projected at 60.6 MT. World canola trade is seen at 12.5 million tons, up 5% on Y-o-Y basis in anticipation of larger shipments to the EU and Asia – IGC.
- Toepfer International raised its EU's rapeseed production estimate by 0.84 million tons to 19.64 million tonnes from its earlier estimate in July on better crop prospects in France and Germany. In the previous year, EU's rapeseed output was 19.05 million tons.

### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 825-810 per 10 Kg.

### Currency Technical Analysis



### Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		55.43		54.81	
Technical Indicators		RSI (14)		SSTK/SSTD9,3,3)	
		6268		45.9/43.6	
Support and Resistance					
S2	S1	PCP		R1	R2
53.48	54.32	55.49		56.44	57.19

### Expected Price Band and Outlook

Indian Rupee	We observed consolidation in the weekly INR against USD technical chart. Any breakout would confirm new directional moves. Besides, we see a range of 54.44-57.19 on the higher side in the coming week and lower level at 54.44 and below that, we may see selling pressure until 53.48.
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**Edible oil Stocks at Indian Ports**
**Commodity Wise**

<i><b>Edible oil products</b></i>	<i><b>Veg. oil Vessel line up from 01/08/2012 to 23/08/2012</b></i>
Crude Soybean Oil	76388
Crude Palm Oil	226821.84
RBD Palm olein	7500
Palm Oil	319749
Crude Sunflower Oil	45400
Edible oil	-----
<i><b>Total edible oils</b></i>	675858.84
Source: Ben Line Agencies(India) Pvt. Ltd.	

**Port Wise**

<i><b>Veg. oil Vessel line up in Tons.</b></i>	<i><b>Veg. oil Vessel line up for Aug till 23/08/2012</b></i>	<i><b>Veg. oil Vessel line up for July</b></i>
Ennore	62754	47500
Chennai	68000	76290
Haldia	48979	100276
JNPT	.....	28250
Kakinada	.....	47080
Kandla	328357	46000
Karaikal	.....	.....
Kolkata	15898	37886
Krishnapatnam	48240	46450
Mangalore	42636	42436
Murmugoa	.....	.....
Mumbai	15995	.....
Paradip	9000	.....
Mundra	35999.84	817570
Tuticorin	.....	33938
Source: Ben Line Agencies(India) Pvt. Ltd.		



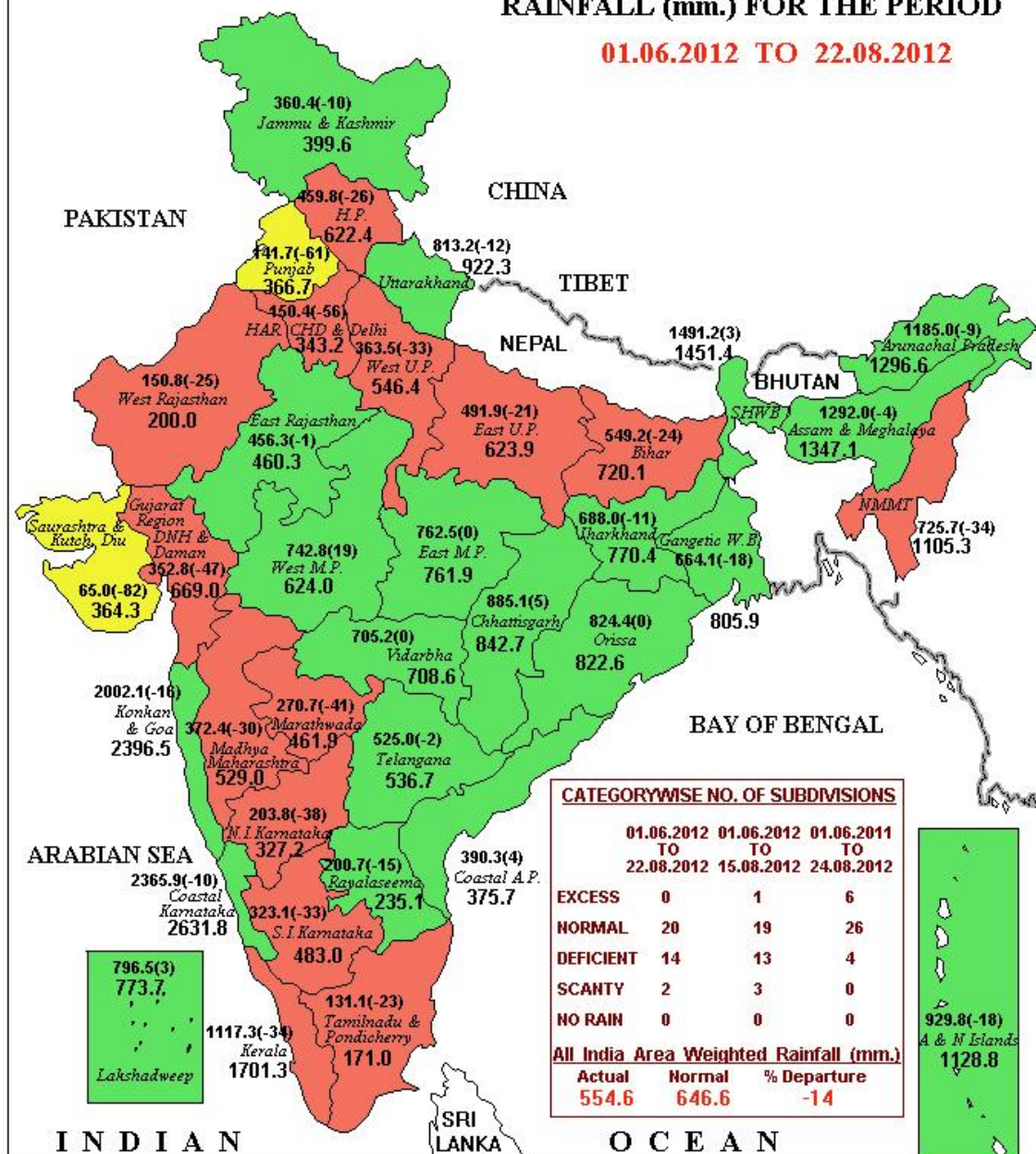
## Indian Weather Scenario

# भारत मौसम विज्ञान विभाग

## INDIA METEOROLOGICAL DEPARTMENT

RAINFALL (mm.) FOR THE PERIOD

01.06.2012 TO 22.08.2012



**LEGEND:** ■ EXCESS (+20% OR MORE) ■ NORMAL (+19% TO -19%) ■ DEFICIENT (-20% TO -59%)  
■ SCANTY (-60% TO -99%) ■ NO RAIN (-100%)  NO DATA

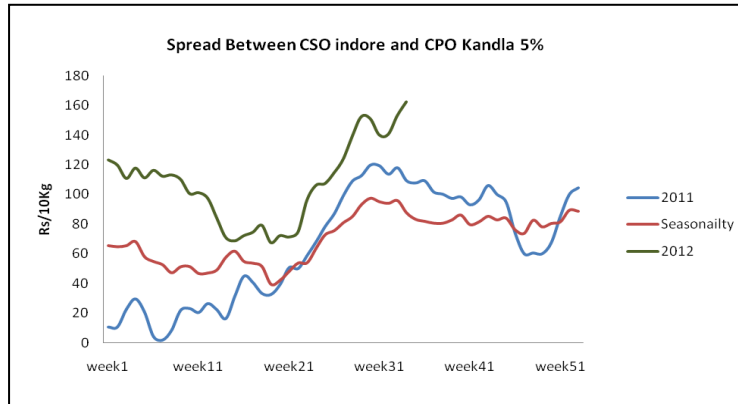
**NOTES:**

[a] Rainfall figures are based on operational data.

[b] Small figures indicate actual rainfall (mm.), while bold figures indicate Normal rainfall (mm.)  
 Percentage Departures of Rainfall are shown in Brackets.

### Spread Status between CSO Indore and CPO Kandla 5%: (Rs/10 Kg)

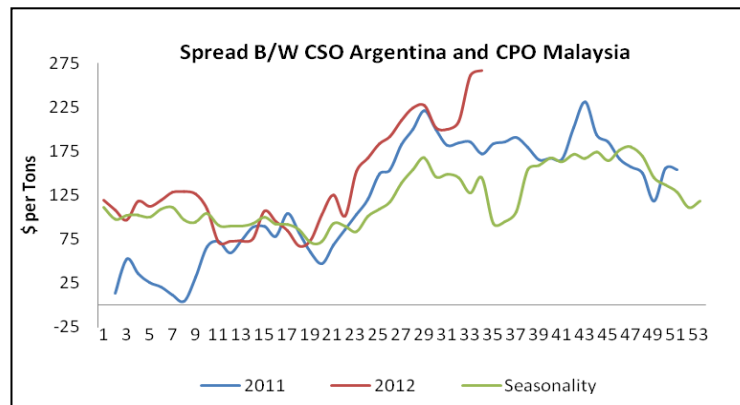
Average weekly spread between CSO Indore and CPO Kandla (5%) slightly widen during the week and stood at Rs 162.3 per 10 Kg compared to 152 Kg during the previous week. Crude soy oil Indore prices rose relatively higher compared to crude palm oil Kandla 5% on bullish domestic oilseed fundamentals.



### Outlook and Strategy :-

We expect spread to further narrow in near term. Spread b/w CSO Indore and CPO Kandla 5% may hover in between Rs 170-150/10 Kg.

### Spread Status between CSO Argentina and CPO Malaysia: (USD/Ton)



Average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 267 per MT compared to previous week average of US\$ 261 per MT. FOB quotes of CPO CSO Argentina prices rose relatively higher compared to CPO Malaysia. We expect spread to hover between USD 275-260/MT.



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

<b>Landed Cost Calculation as on 24/8/2012</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	1250	1278	1212
Freight (USD/MT)	65	55	50
C & F	1315.0	1333.0	1262.0
Weight loss (0.25% of FOB)	3.13	3.20	3.03
Finance charges (0.4% on CNF)	5.00	5.11	4.85
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1327	1345	1274
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	55.382	55.382	55.382
Landed cost without customs duty in INR per ton	73496	74506	70538
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	49.40	49.40	49.40
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	73932	74942	70974
Domestic Market price INR per ton Soy Degum Kandla	72500	72500	72500
Total landed cost USD per ton	1335	1353	1282
Domestic Market price USD per ton Soy Degum Kandla	1309	1309	1309
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-1432</b>	<b>-2442</b>	<b>1526</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-25.85</b>	<b>-44.09</b>	<b>27.55</b>
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

**Outlook:-**

Import parity for crude soy oil from Argentina is hovering in negative territory due to higher international prices as compared to domestic prices. We expect import parity to be in the negative side in the coming weeks.

**Technical Analysis (Spot Market Weekly Charts)**  
**SOYOIL REFINED (INDORE Rs/10 Kg Exclusive VAT)**



- ❖ Domestic soy oil prices traded with a steady to slightly firm note during the week. We expect RSO Indore prices may trade steady to firm tone in the coming days.
- ❖ Breaching the immediate zone of 730-732, prices shall test 725-722 zones in medium term. RSI is in between oversold and neutral zone and stayed in tune with the prices with no indication of any convergence/divergence.
- ❖ Expected price band for next week is 750-775 level in near to medium term.

**Strategy:** Market Participants can buy Ref. soy oil (INDORE Rs/10 Kg without VAT) in cash markets at 750-755 level with a target of 775-780.

Support and Resistance				
S2	S1	PCP	R1	R2
725.00	730.00	755.00	755.00	762.00

**Technical Analysis (Spot Market Weekly Charts)  
CPO (5%) KANDLA (Rs/10 Kg)**



- ❖ Candlesticks depict firmness in the CPO prices during the week. Prices may trade sideways to firm tone in the coming week.
- ❖ Rs 548 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 557-570 level in near term. However, breaching 548 levels prices may touch the 542-540 levels in the coming days.
- ❖ RSI is in neutral zone and stayed in tandem with the prices with no indication of any convergence/divergence.

**Strategy:** Market Participants can buy crude palm oil Kandla 5% in cash markets at 557-559 level with a target of 568-570.

Support and Resistance				
S2	S1	PCP	R1	R2
542.00	548.00	562.00	574.00	580.00

**Technical Analysis (Futures)**  
**RSO (Refined Soybean Oil Oct Contract)**



**Outlook –** Prices are likely to trade with a steady to slightly firm tone in the days ahead. Investors are advised to buy refined soy oil (Oct. contract) on dips.

- ❖ Weekly chart of refined soy oil at NCDEX showed recovery in the prices. We expect sideways to positive movement in the RSO Oct contract. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 796 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 802-820 level in near to medium term. RSI is in between neutral and oversold zone and shows no evidence of divergence with the ref. soy oil prices.

**Strategy:** Market participants are advised to go short in RSO in the range of 802-804 for a target of 815 and 820 with a stop loss at 796 on closing basis.

**RSO NCDEX (Oct)**

Support and Resistance				
S2	S1	PCP	R1	R2
780.00	792.00	812.00	824.00	837.00

**Technical Analysis (Futures)**  
**CPO (Crude Palm Oil Sept Contract)**



**Outlook - Prices may trade with a steady to firm tone in the coming days. Investors are advised to buy MCX CPO Sept contract.**

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows recovery in the prices. However, prices may trade steady to firm bias in near term.
- ❖ Any close below 558.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 562-575 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

**Strategy:** Market participants are advised to go long in CPO in the range of 562-565 for a target of 572 and 575 with a stop loss at 558.50 on closing basis.

**CPO MCX (Sept)**

Support and Resistance				
S2	S1	PCP	R1	R2
548.00	558.00	567.90	579.00	585.00



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

Commodity	Centre	Prices(Per 10 Kg)		Change
		24/8/2012	18/8/2012	
Refined Soybean Oil	Kota(Loose)	760	735	25
	Rajkot (Loose)	750	730	20
	Jaipur (Loose)	765	750	15
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	785	-
	Kakinada	-	-	-
	Mumbai +VAT	775	745	30
	Indore	755	745	10
	Soy Degum Mumbai+VAT	735	708	27
	SoyDegum Kandla/Mundra+VAT	725	708	17
	Haldiya Port (Loose)	786	755	31
	Akola (Loose)	803	788	15
	Amrawati (Loose)	803	788	15
	Jalna	799	784	15
	Nagpur	809	794	15
Palm Oil	Chennai.RBD.Palmolein.(Loose)	620	610	10
	Hyd. RBD Palmolein VAT	660	650	10
	Delhi RBD Palmolein (Loose)	-	655	-
	Kandla CPO (5%FFA)	564	555	9
	Kakinada.RBD.Palmolein(Loose)	616	601	15
	Mumbai RBD Pamolein+ VAT	625	612	13
	Kandla RBD Palmolein +VAT	620	620	Unch
Refined Sunflower Oil	Mumbai + VAT	780	770	10
	Kandla/Mundra	720	710	10
	Erode (Exp. Oil)+VAT	765	755	10
	Hyderabad Exp +VAT	820	780	40
	Chennai (Loose)	782	780	2
	Bellary (Exp. Oil)+VAT	666	661	5
	Latur (Exp. Oil)+VAT	731	706	25
	Chellakere (Exp. Oil)+VAT	736	711	25
Groundnut Oil	Rajkot (Loose)	1300	1275	25
	Chennai (Loose)	1130	1130	Unch
	Delhi (Loose)	-	1235	-
	Hyderabad Exp +VAT	1200	1210	-10
	Mumbai + VAT	1250	1240	10

	Gondal+VAT	1300	1300	Unch
	Jamnagar +VAT	1300	1300	Unch
	Narsarropeth+VAT	1071	1071	Unch
	Prodattour+VAT	1151	1111	40
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	870	855	15
	Alwar (Expeller Oil)(Loose)	833	836	-3
	Kota (Expeller Oil) (Loose)	810	795	15
	Jaipur (Expeller Oil) (Loose)	845	840	5
	Delhi (Exp. Oil) (Loose)	865	855	10
	SriGangaNagar(ExpOil-Loose)	841	841	Unch
	Hapur+VAT	887	880	7
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	900	895	5
Refined Cottonseed Oil	Mumbai +VAT	770	752	18
	Rajkot (Loose)	795	765	30
	Delhi (Loose)	-	730	-
	Hyderabad (Loose)	775	750	25
Sesame Oil	Delhi	-	900	-
	Mumbai	870	865	5
Coconut Oil	(Crude Rs/10kg) - Kangayan	587	595	-8
Kardi	Mumbai	655	650	5
Rice Bran Oil (40%)	Delhi	-	630	-
	Punjab	650	650	Unch
Rice Bran Oil (70%)	Delhi	-	535	-
Malaysia Palmolein USD/MT	FOB (March Shipment)	1000	945	55
	CNF(March) - India	1025	990	35
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	975	930	45
	CNF(March) - India	1000	965	35
Argentina FOB (\$/MT)		23/8/2012	17/8/2012	Change
Crude Soybean Oil Ship (June)		1250	1184	66
Refined Soy Oil (Bulk) Ship (June)		1294	1225	69
Sunflower Oil Ship (June)		1200	-	-
Cottonseed Oil Ship (June)		-	1164	-
Refine Linseed Oil(Bulk) Ship (June)		-	1204	-



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