

Domestic Veg. Oil Market Summary

Edible oil basket witnessed weak tone during the week under review on lackluster trade activities and pessimistic outlook by top palm oil analysts weigh on the sentiments.

Palm oil was the top loser among the imported edible oil pack due to higher selling pressure in cash market and bearish cues from overseas market. Meanwhile refined sunflower oil stood steady on supportive domestic as well as international fundamentals.

New soybean arrivals reported at major cash market of Madhya Pradesh and Maharashtra. However, Kharif oilseed arrivals are likely to pickup from the first week of October.

On the currency front, Indian rupee against USD ended at 54.30 and likely to trade with a weak tone in the coming week. We expect edible oil complex to trade steady to slightly weak tone in the coming week on upcoming oilseeds arrivals. However, festive demand in the coming week may limit downside risk in the prices.

International Veg. Oil Market Summary

CBOT soy oil is expected to stay in the range 54.00 cents/lb to 57.00 cents/lb. CPO at BMD is likely to trade sideways. Focus during the coming days will be on the Malaysian palm oil export figures, and depreciation INR against USD.

Rising palm oil inventories in South East countries and slow global commodities demand may weigh on the palm oil prices in the coming weeks. However, lower US soybean crop and higher discount between crude palm oil and crude soy oil prices may limit excessive losses in CPO prices.

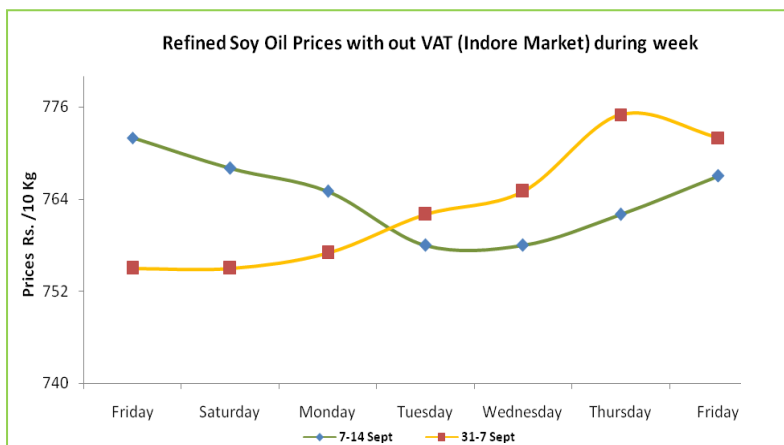
As per MPOB's latest report, Malaysian palm oil ending stocks for Aug. rose by 5.8 percent to 2.12 million tons from a revised 1.99 million tons in July.

Malaysian palm oil product exports during 1-15 September rose 12.1 percent to 680,112 tons from 606,449 tons shipped from 1-15 August – Intertek Testing Services. Palm oil products export figures for Aug for top major markets (Values in tons and July import figures in parenthesis): China 163,960 (134,200), EU 83,640 (85,970) and India & Sub-continent 238,280 (174,085).

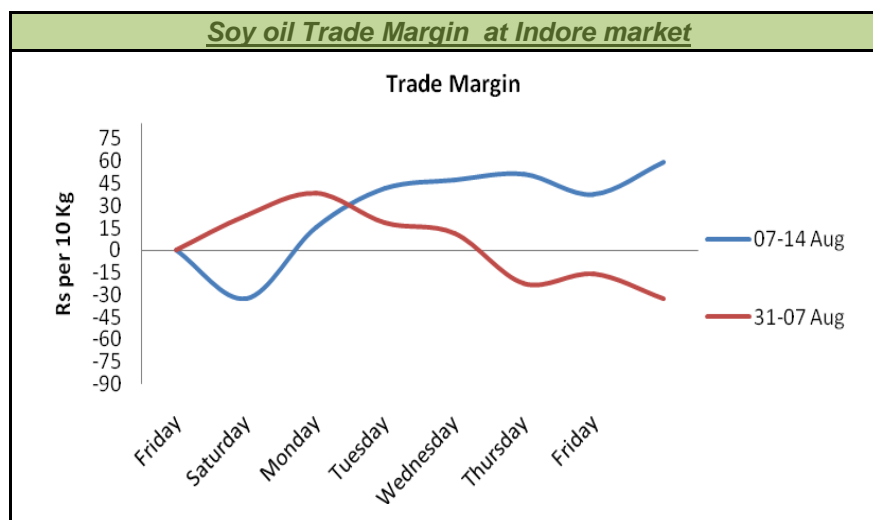
Soy oil:

Domestic Fundamentals:-

- Soybean oil featured sideways at Indore market during the week on lackluster trade activities and good soybean crop prospects.
- As per SEA of India, India's veg. oil imports for the month of August 2012 is reported at 897,018 tons up 9.7 percent as compared to the corresponding period last year, comprising of 882,269 tons of edible oils and 14,749 tons of non-edible oils.
- As per Ministry of Agriculture, sown area for Kharif soybean stood at 10.70 million hectares as on 13 Sept 2012 up 3.65 % compared to corresponding period last year.
- New soybean crop arrivals have commenced in various physical markets of Maharashtra and Madhya Pradesh. However, the supplies are insignificant but they are expected to rise gradually as the harvesting pace picks-up.
- We expect crude soy oil may trade with a steady to weak tone in the coming days on upcoming Kharif oilseed arrivals.



Trade margin analysis :-



Outlook:-

Indore trade margin disparity narrow during the week due to higher relative losses in soybean prices compared to soybean oil and meal prices. We expect trade margin may hover in positive zone in the coming week.

International Fundamentals:-

- USDA further reduces US soybean yield to 35.3 bushel per acre from 36.1 last month. This translates the US will soybean production at 2,634 Mln bushels from 2,692 in the last months WASDE report, which was estimated at 3,056 in 2011/12 and 3,329 Mln bu in 2010/11. Lower production will lead to tight supplies in soybean and further stronger soybean and soy oil prices in the medium term.
- US soybean oil prices may trade sideways to slightly weak tone in near term on upcoming US soybean supplies. However, diminishing South American soybean stocks and lower US soy crop could limit excessive losses.

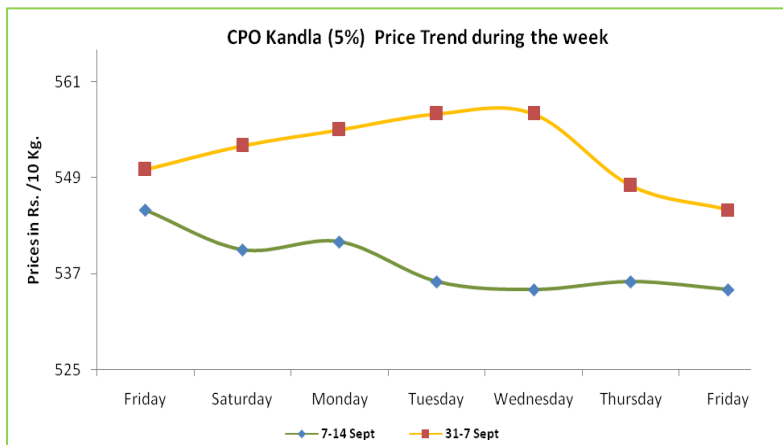
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 787-798 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured a weak tone during the week on bearish cues from international market and high selling pressure at domestic front.
- Adequate palm oil stocks at cash market and higher selling pressure may weigh on the CPO prices in the coming week. However, upcoming festive demand may limit downside.
- India imported 7,104,667 tons of edible oil in the current oil year (Nov.-Oct) up to July 2012. However, edible oil imports were 5,829,273 tons in the corresponding period last year – SEA of India.
- Crude palm oil Kandla 5% price is at Rs 202 per 10 Kg discount against crude soybean oil Indore price on 14 Sept 2012. Discount rose by 1.5 per cent to Rs. 191 per 10 kg w-o-w basis (average prices of week).
- We expect CPO Kandla 5% may trade steady to weak tone in the coming days tracking bearish cues from international market and adequate stocks.



International Fundamentals:-

- Exports of Malaysian palm oil products for Sept. 1-15 rose 12.1 percent to 680,112 tons from the 606,449 tons shipped during Aug. 1-15– Intertek Testing Services.

Breakdown of ITS palm export figures for 1-15 Sept compared to a month ago (in tons):

Palm Products	1-15 Sept	1-15 Aug	% Change
Crude palm oil	281,910	157,025	79.5
RBD palm oil	20,350	56,980	-64.29
RBD palm olein	207,230	206,154	0.5
RBD palm stearin	46,545	75,620	-38.4
Crude palm kernel oil	17,000	14,500	17.2
Palm fatty acid distillate	29,742	8,510	249.5

Importers	1-15 Sept	1-15 Aug	% Change
European Union	83,640	85,970	-2.7
China	163,960	134,200	22.2
India	238,280	174,085	36.9

- Crude palm oil prices may fall as low as MYR 2,450 per ton in the first quarter of 2013 due to the bearish fundamental outlook for Brent crude-oil prices which may fall to \$80 a barrel in a 'worst-case scenario'. Higher crude oil production and a worsening European debt crisis could weigh on the Brent crude prices; this may also pressurize the CPO prices in medium term – James Fry.
- CPO at BMD may trade slightly weak tone in the coming week on rising palm oil inventories. However, good demand from top Asian buyers and tighten US soybean supply may limit downside.

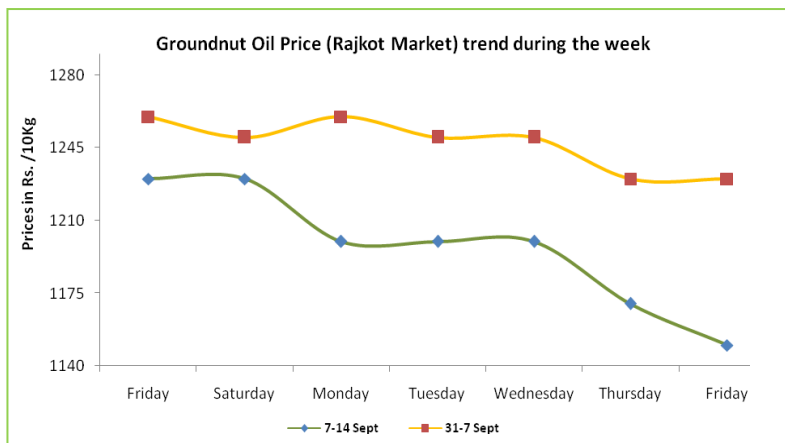
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 526-536 per 10 Kg in the near term.

Groundnut Oil:

Domestic Fundamentals:-

- Groundnut oil featured weak tone at its benchmark Rajkot market during the week due to non-aggressive buying and revival of monsoon weigh on the sentiments.
- As per Ministry of Agriculture, sown area for Kharif groundnut was lag behind and stood at 3.81 million hectares as on 13 Sept 2012 down 11.1 % compared to corresponding period last year.
- As per sources, groundnut arrivals commence in the southern India and likely to pick up in the days ahead. Adequate supply against lackluster trade activities weigh on the sentiments.
- We expect G/N oil may trade sideways to slightly weak tone in the days ahead due to subdued demand and imminent Kharif groundnut seed arrivals may weigh on the market.



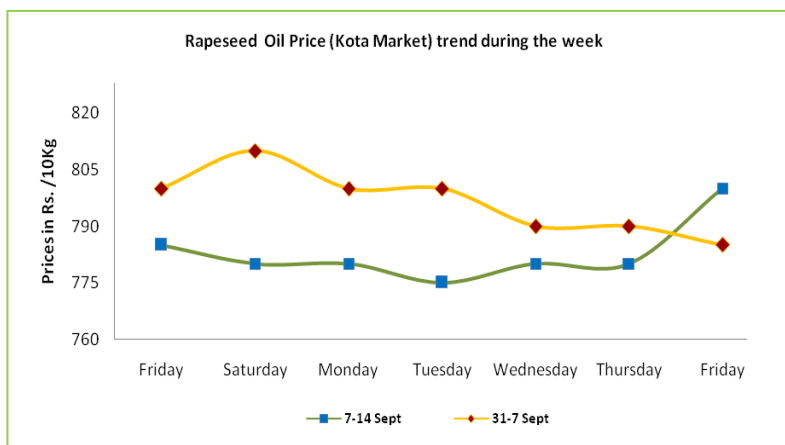
Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1120-1160 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured steady to weak tone at Kota market during the week under review on dull demand.
- As per B.V.Mehta, India's rapeseed production for the 2013/14 (Oct. /Sep.) seen at 6 million tons, up 9 percent compared to the current year output due to revival of monsoon in the August month.
- About 50 percent of the total RM production (6 million tons) in the current season has sold at major physical counters.
- We expect RM seed oil prices may trade steady to weak tone in the days ahead on the positive outlook for Rabi crops in key producing areas and upcoming Kharif oilseed crop might weigh on the market.



International Fundamentals:-

- As per China National Grain and Oils Information Center, Chinese rapeseed imports in the fourth quarter of the year will surge 86 percent from the year-ago period to 1.1 million tons to offset the lower US soybean crop in the current season. Lower US soybean crop in the current season may support Canadian canola prices in medium term.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 780-790 per 10 Kg.

Indian rupee technical analysis - daily chart

Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		54.98		55.23	
Technical Indicators		RSI (14)		RSI (21)	
		47.45		48.50	
Support and Resistance					
S2	S1	PCP		R1	R2
52.00	52.80	54.30		55.50	56.20

Expected Price Band and Outlook

Indian Rupee	<p>We observed breakout in the INR against USD technical chart. INR against US dollar is likely to touch 53.00-53.00 in the coming week. Besides, we see a range of 54.50-54.80 on the higher side in the coming week and lower level at 52.90 and below that, we may see selling pressure until 52.40.</p>
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Edible oil vessel line ups at Indian Ports
Commodity Wise

<i>Edible oil products</i>	<i>Veg. oil Vessel line up from 01/09/2012 to 06/09/2012</i>
Crude Soybean Oil	
Crude Palm Oil	152500
RBD Palm olein	7500
Palm Oil	71500
Crude Sunflower Oil	15000
Edible oil	-----
Total edible oils	246500

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

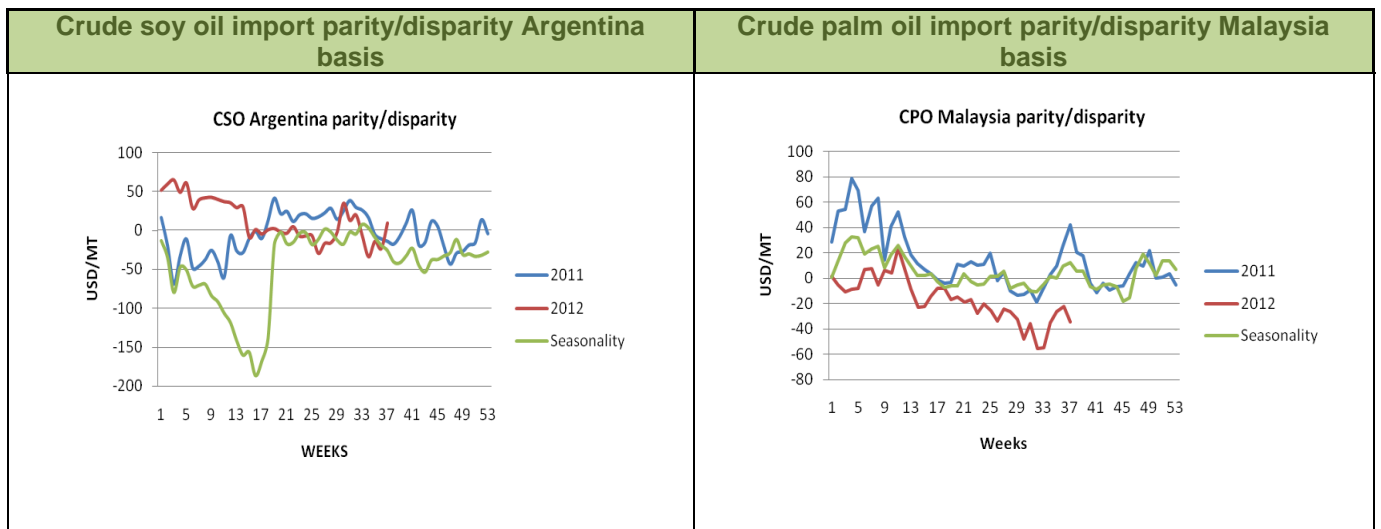
Port Wise

<i>Veg. oil Vessel line up in Tons.</i>	<i>Veg. oil Vessel line up for Sept from 01/09/2012 to 06/09/2012</i>	<i>Veg. oil Vessel line up for Aug</i>
Ennore	.....	78754
Chennai	25500	68000
Haldia	7500	98176.4
JNPT	.....	.....
Kakinada	.....	.....
Kandla	130500	328357
Karaikal	.....	.....
Kolkata	8000	27984
Krishnapatnam	43000	47340
Mangalore	25000	42636
Murmugoa	.....	.....
Mumbai	.....	15995
Paradip	.....	9000
Mundra	.....	54499.84
Tuticorin	7000	.....

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

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 14/9/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1237	1266	1220
Freight (USD/MT)	65	55	50
C & F	1302.0	1320.7	1270.2
Weight loss (0.25% of FOB)	3.09	3.16	3.05
Finance charges (0.4% on CNF)	4.95	5.06	4.88
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1314	1333	1282
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	55.44	55.44	55.44
Landed cost without customs duty in INR per ton	72845	73893	71073
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	73281	74329	71509
Domestic Market price INR per ton Soy Degum Kandla	72500	72500	72500
Total landed cost USD per ton	1322	1341	1290
Domestic Market price USD per ton Soy Degum Kandla	1308	1308	1308
Parity INR/MT (Domestic - Landed)	-781	-1829	991
Parity USD/MT (Domestic - Landed)	-14.09	-32.98	17.87
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			



* Seasonality based on 2009-2011 data averages for CPO Malaysia and 2010-11 data averages for CSO Argentina.

Outlook:-

Import parity for crude soy oil from Argentina is hovering in positive territory due to lower international prices as compared to domestic prices. We expect import parity to be in the positive side in the coming weeks. On the other side, disparity in CPO import may hover near to current levels.

Technical Analysis (Spot Market Weekly Charts)


- ❖ Domestic soy oil prices traded with a steady to slightly weak note during the week. We expect RSO Indore prices may trade with a weak tone in the coming days.
- ❖ Breaching the immediate zone of 780, prices shall test 775-770 zones in medium term. RSI is in between oversold and neutral zone and we observed a little divergence in the prices with oscillators.
- ❖ Expected price band for next week is 787-798 level in near to medium term.

Strategy: Market Participants can offload Ref. soy oil (INDORE Rs/10 Kg with VAT) in cash markets at 798-800 level.

Support and Resistance				
S2	S1	PCP	R1	R2
775.00	780.00	798.00	809.00	813.00

Technical Analysis (Spot Market Weekly Charts)


- ❖ Candlesticks depict weakness in the CPO prices during the week. Prices may trade sideways to weak tone in the coming week.
- ❖ Rs 524 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 526-536 level in near term. However, breaching 524 levels prices may touch the 515-518 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 wait to buy crude palm oil Kandla 5% in cash markets.

Support and Resistance				
S2	S1	PCP	R1	R2
505	512	534	548	552

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


Outlook – Prices are likely to trade with a steady to weak tone in the days ahead. Investors are advised to sell refined soy oil (Oct. contract) on rise.

- ❖ Weekly chart of refined soy oil at NCDEX showed sideways movement in the prices. We expect sideways to weak movement in the RSO Oct contract stay intact. Any rise in the prices may act as selling opportunity.
- ❖ Any close below 781.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 776-758 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 774-776 for a target of 762 and 758 with a stop loss at 781.50 on closing basis.

RSO NCDEX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
750.00	755.00	773.60	785.00	790.00

Technical Analysis (Futures)
CPO (Crude Palm Oil Oct. Contract)


Outlook - Prices may trade with a steady to weak tone in the coming days. Investors are advised to sell MCX CPO Oct contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows weakness in the prices. However, prices may trade steady to weak bias in near term.
- ❖ Any close above 542 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 538-525 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 short in CPO in the range of 536-538 for a target of 527 and 525 with a stop loss at 542 on closing basis.

CPO MCX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
515.00	520.00	536.50	548.00	552.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		14.9.2012	7/9/2012	
Refined Soybean Oil	Kota(Loose)	760	750	10
	Rajkot (Loose)	730	740	-10
	Jaipur (Loose)	760	750	10
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	805	805	Unch
	Kakinada	-	-	-
	Mumbai +VAT	765	780	-15
	Indore	767	772	-5
	Soy Degum Mumbai+VAT	730	740	-10
	SoyDegum Kandla/Mundra+VAT	725	735	-10
	Haldiya Port (Loose)	771	776	-5
	Akola (Loose)	796	811	-15
	Amrawati (Loose)	796	811	-15
	Jalna	792	807	-15
	Nagpur	802	812	-10
Palm Oil	Chennai.RBD.Palmolein.(Loose)	600	610	-10
	Hyd. RBD Palmolein VAT	640	655	-15
	Delhi RBD Palmolein (Loose)	645	645	Unch
	Kandla CPO (5%FFA)	535	545	-10
	Kakinada.RBD.Palmolein(Loose)	596	606	-10
	Mumbai RBD Pamolein+ VAT	595	609	-14
	Kandla RBD Palmolein +VAT	602	606	-4
Refined Sunflower Oil	Mumbai + VAT	785	790	-5
	Kandla/Mundra	730	735	-5
	Erode (Exp. Oil)+VAT	790	795	-5
	Hyderabad Exp +VAT	835	840	-5
	Chennai (Loose)	815	810	5
	Bellary (Exp. Oil)+VAT	661	671	-10
	Latur (Exp. Oil)+VAT	736	746	-10
	Chellakere (Exp. Oil)+VAT	741	746	-5
Groundnut Oil	Rajkot (Loose)	1150	1230	-80
	Chennai (Loose)	1120	1160	-40
	Delhi (Loose)	1150	1200	-50
	Hyderabad Exp +VAT	1200	1220	-20
	Mumbai + VAT	1190	1230	-40

	Gondal+VAT	1150	-	-
	Jamnagar +VAT	1150	-	-
	Narsarropeth+VAT	1081	1101	-20
	Prodattour+VAT	1101	1151	-50
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	815	848	-33
	Alwar (Expeller Oil)(Loose)	831	836	-5
	Kota (Expeller Oil) (Loose)	800	785	15
	Jaipur (Expeller Oil) (Loose)	820	830	-10
	Delhi (Exp. Oil) (Loose)	840	830	10
	SriGangaNagar(ExpOil-Loose)	801	806	-5
	Hapur+VAT	882	884	-2
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	880	880	Unch
Refined Cottonseed Oil	Mumbai +VAT	748	762	-14
	Rajkot (Loose)	755	755	Unch
	Delhi (Loose)	730	740	-10
	Hyderabad (Loose)	765	785	-20
Sesame Oil	Delhi	885	895	-10
	Mumbai	870	870	Unch
Coconut Oil	(Crude Rs/10kg) - Kangayan	600	585	15
Kardi	Mumbai	590	600	-10
Rice Bran Oil (40%)	Delhi	615	615	Unch
	Punjab	590	600	-10
Rice Bran Oil (70%)	Delhi	520	525	-5
Malaysia/Indonesia FOB		5/9/2012	7/9/2012	Change
Malaysia Palmolein USD/MT	FOB (March Shipment)	965	958	7
	CNF(March) - India	975	983	-8
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	925	925	Unch
	CNF(March) - India	945	955	-10
Argentina FOB (\$/MT)		13.9.2012	6/9/2012	Change
Crude Soybean Oil Ship (Sep)		1237	1252	-15
Refined Soy Oil (Bulk) Ship (Sep)		1280	1295	-15
Sunflower Oil Ship (Sep)		1240	-	-
Cottonseed Oil Ship (Sep)		1217	1232	-15
Refine Linseed Oil(Bulk) Ship (Sep)		-	-	-



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