

Domestic Veg. Oil Market Summary

Edible oil basket witnessed weak tone during the week under review on dull demand and higher selling pressure in the cash market.

Palm oil was the top loser among the edible oil pack due to adequate stocks against subdued demand and bearish cues from overseas market. Besides, refined sunflower oil featured sideways movement in Chennai market on lower acreage and supportive fundamentals.

On the currency front, Indian rupee against USD ended at 53.46 and likely to trade with a weak tone in the coming week. We expect edible oil complex to trade steady to weak tone in the coming week on imminent Kharif oilseeds arrivals and appreciating INR against US dollar weigh on the sentiments.

International Veg. Oil Market Summary

CBOT soy oil is expected to stay in the range 53.00 cents/lb to 55.80 cents/lb. CPO at BMD is likely to trade sideways to slightly weak tone. Focus during the coming days will be on the Malaysian palm oil export figures, correction in Indian rupee against US dollar and comments from top veg. oil analysts.

Rainfall over US Midwest in August bolster the soybean yield prospects and higher pace of US soybean harvesting might weigh on the international soybean oil in near term.

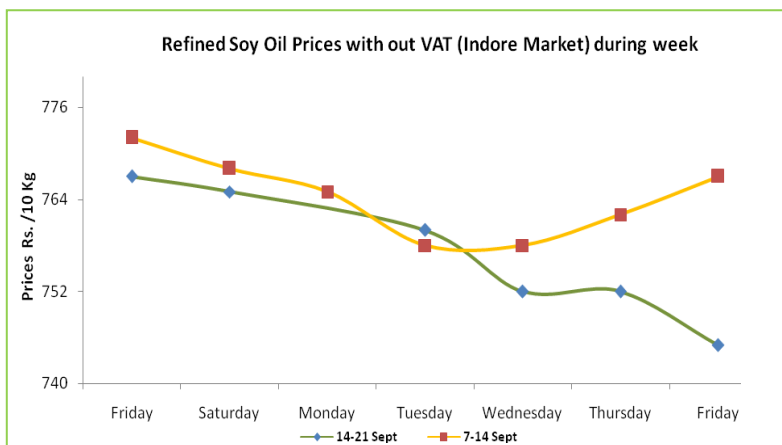
Rising palm oil inventories in South East countries and in anticipation of higher production of palm oil in the month of September may dampen the market sentiments. On the other side, good buying of tropical oil from Asian countries may limit downside risk in the CPO prices.

Malaysian palm oil product exports during 1-20 September rose 12.8 percent 900,450 tons from the 798,431 tons shipped during Aug. 1-20. Palm oil products export figures for Aug for top major markets (Values in tons and July import figures in parenthesis): China 214,070 (153,900), EU 141,600 (136,446) and India 298663 (103607).

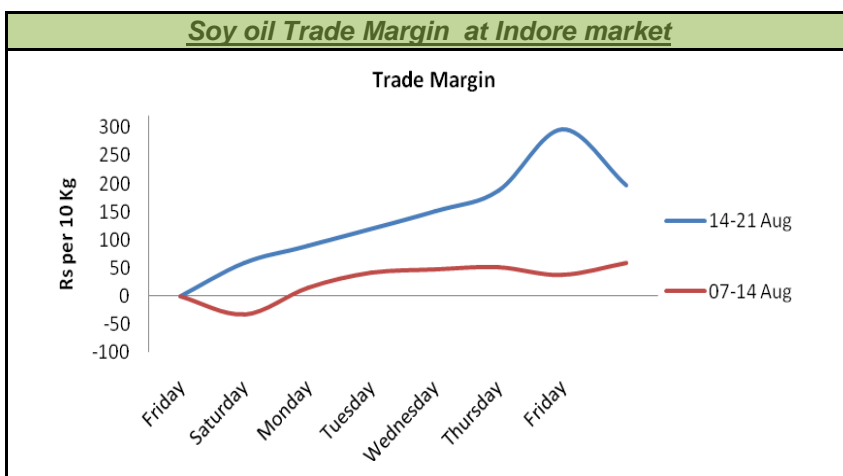
Soy oil:

Domestic Fundamentals:-

- Soybean oil featured weak tone at Indore market during the week on subdued demand and weak cues from overseas market.
- As per Agriwatch estimates, India's soybean yield is estimated at around 1401 kg/ha which translate into an outturn of little above 127 lakh tonnes in the key growing states of Madhya Pradesh, Maharashtra and Rajasthan. However, the other minor growing states will slightly add to the total India's production.
- 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.
- We expect crude soy oil may trade with a steady to weak tone in the coming days on upcoming Kharif oilseed arrivals and better soybean crop prospects.



Trade margin analysis :-



Outlook:-

Indore trade margin disparity significantly 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:-

- Reportedly, 10 per cent of the US soybean crop has been harvested compared to 4 percent last week. Harvesting could be over by first week of October in view of the rapid pace.
- US soybean oil prices may trade sideways to slightly weak tone in near term on better yield prospects and higher pace of US soybean harvesting. However, diminishing South American soybean stocks and lower US soy crop may support international soybean oil in the medium term.

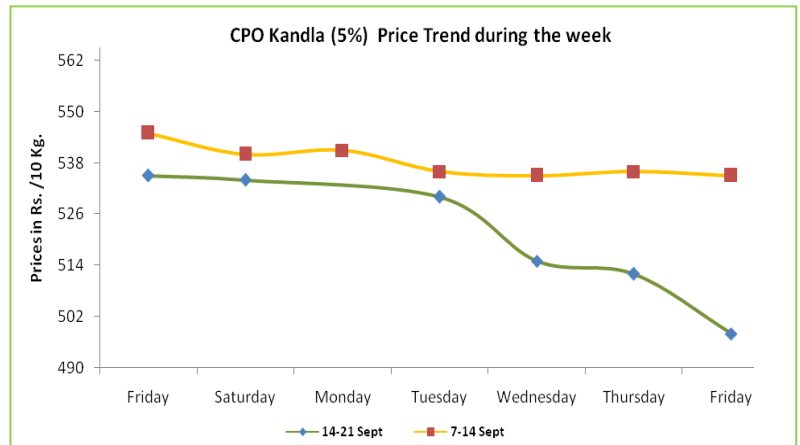
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 780-750 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured a weak tone during the week on tracking bearish cues from international palm oil market and lackluster buying interest.
- As per sources, poor demand and bearish international fundamentals may drag down palm oil prices in near term.
- Crude palm oil Kandla 5% price is at Rs 210 per 10 Kg discount against crude soybean oil Indore price on 21 Sept 2012. Discount rose by 7.7 per cent to Rs. 206 per 10 kg w-o-w basis (average prices of week). Spread between CSO Indore and CPO Kandla 5% hover at record high, we expect CSO Indore prices would fall relatively higher compared to CPO prices in the coming weeks.
- Good tropical oil supply from South East Asian countries and adequate palm oil stocks at cash market may weigh on the CPO prices in the coming weeks.



International Fundamentals:-

- Exports of Malaysian palm oil products for Sept. 1-20 rose 12.8 percent to 900,450 tons from the 798,431 tons shipped during Aug. 1-20– SGS.

Breakdown of SGS palm export figures for 1-20 Sept compared to a month ago (in tons):

Palm Products	1-20 Sept	1-20 Aug	% Change
Crude palm oil	352,603	200,186	76.1
RBD palm oil	35,864	81,408	-55.95
RBD palm olein	308,231	300,871	2.4
RBD palm stearin	61,309	91,878	-33.3
Crude palm kernel oil	18,000	13,000	38.5
Palm fatty acid distillate	18,560	32,717	-43.3

Top Palm Products Importers	1-20 Sept	1-20 Aug	% Change
European Union	141,600	136,446	3.8
China	214,070	153,900	39.1
Pakistan	0	33,800	-100.0
United States	29,295	106,880	-72.6
India	298663	103607	188.2

- As per Malaysian government official, there has been no sign of El Nino phenomenon in Malaysia that could affect palm oil output in the Malaysia, world's second-largest producer of the palm oil.
- Cargo surveyor SGS released its Malaysian palm oil export figures for 1-20 September rose 12.8 percent to 900,450 tons compared to same period last month. India imported 2.9 lakh tons of Malaysian palm oil products during the first twenty days of September. However, higher rate of palm oil production in South East Asian countries may limit excessive gains in near term.

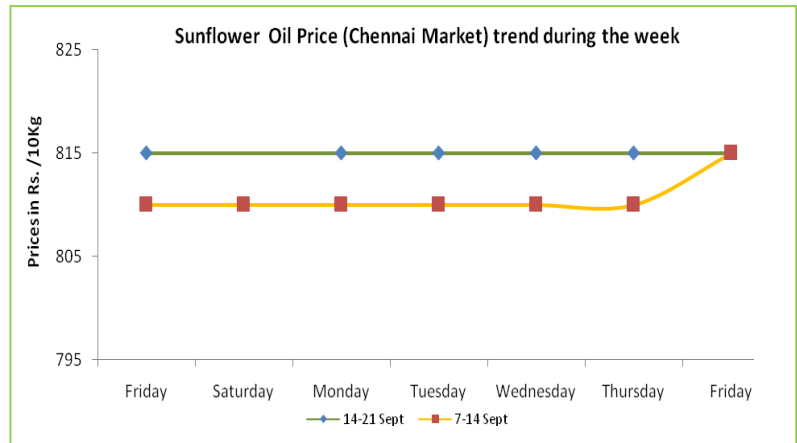
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 490-470 per 10 Kg in the near term.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured sideways movement at its benchmark market Chennai during the week on supportive domestic as well as international sunflower fundamentals.
- As per sources, sunflower crop in southern India would be late and new sunflower seed arrivals would be commence from the second week of October. Moreover, lower acreage in the current season would lead to higher dependence on the imported sunflower oil.
- Lower sunflower acreage in the current season and bullish global fundamentals may support sunflower oil in the medium term. However, upcoming Kharif oilseed crop and adequate tropical oil supply in cash market may weigh on the prices.



International Fundamentals:-

- As per USDA, global sunflower seed output seen at 35 million tons, down 10.9 percent compared to last year due to dry weather in eastern European countries. Ukraine's sunflower seed output for 2012/13 pegged at 8.5 million tons. Last year production was 9.5 million tons. However, Ukraine's sunflower oil exports are expected to reach 3.2 million tons, up 0.1 million tons higher compared to last year as Ukrainian government may provide differential export taxes to support domestic crushing industry on sunflower seed and oil.
- Lower EU's sunflower seed production could support the sunflower oil prices in medium term. Meanwhile, ongoing EU's sunflower crop may ease sunflower oil prices for the coming weeks.

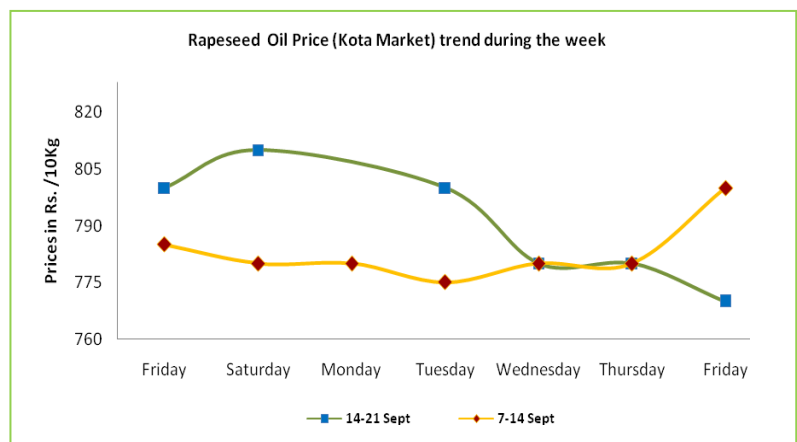
Price Outlook:

Sunflower oil prices in Rajkot may stay in the range of Rs 800-820 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.
- Revival of monsoon over key rapeseed producing areas bolster the RM seed crop prospects on improved soil moisture. 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.
- 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 sentiments.



Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 775-750 per 10 Kg.

Indian rupee technical analysis - daily chart

Technical Summary for INR

Support and Resistance				
S2	S1	PCP	R1	R2
51.80	52.20	53.48	54.30	54.80

Expected Price Band and Outlook

Indian Rupee	<p>We observed INR against USD touches its price first objective of 53.00. Moreover, if INR against US dollar breach 53.00 levels prices is likely to touch 52.00-52.20 in the coming week. Besides, we see a range of 54.30-54.80 on the higher side in the coming week and lower level at 52.20 and below that, we may see selling pressure until 51.80.</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.

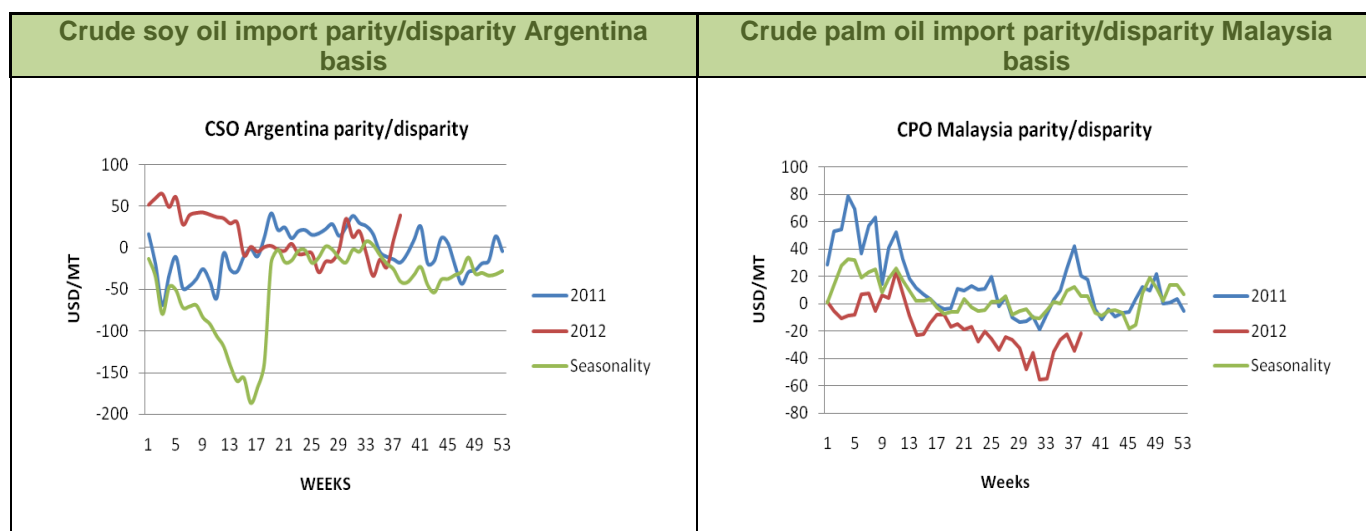
Port Wise

<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

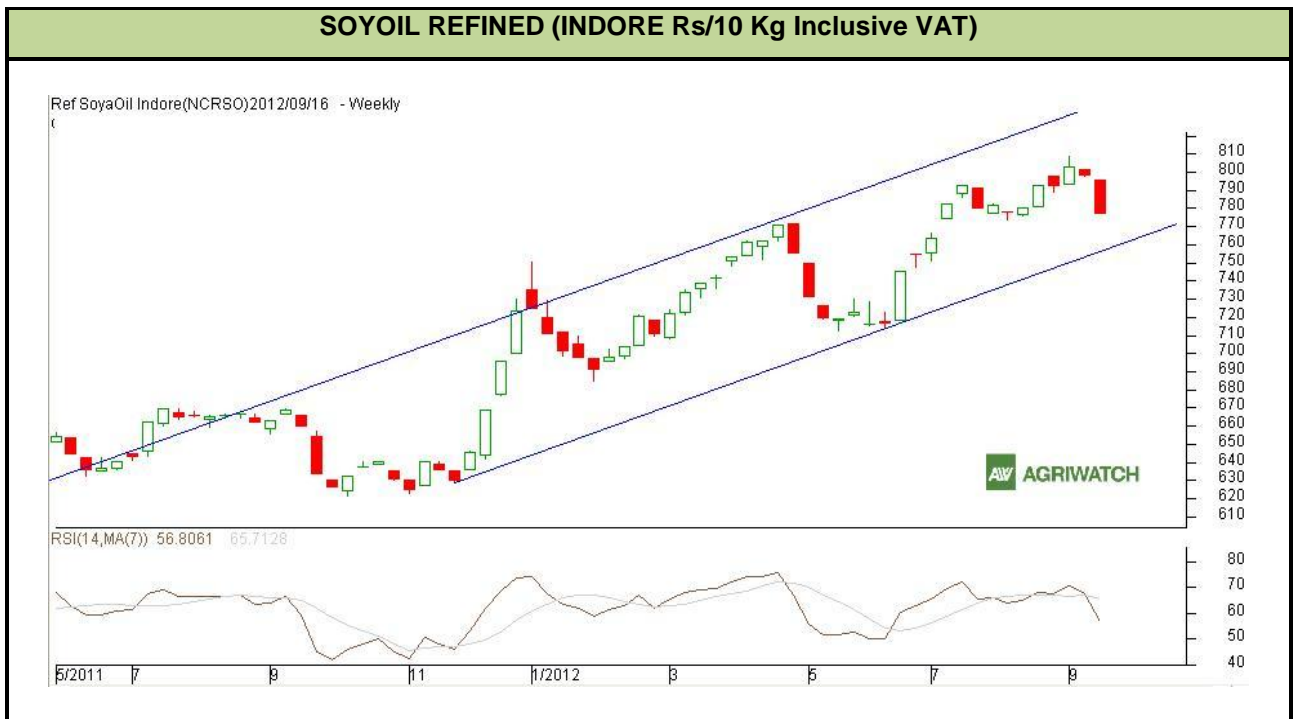
Landed Cost Calculation as on 20/9/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1190	1210	1171
Freight (USD/MT)	65	55	50
C & F	1255.0	1265.0	1221.0
Weight loss (0.25% of FOB)	2.98	3.03	2.93
Finance charges (0.4% on CNF)	4.76	4.84	4.68
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1267	1277	1232
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	54.33	54.33	54.33
Landed cost without customs duty in INR per ton	68809	69361	66949
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	69245	69797	67385
Domestic Market price INR per ton Soy Degum Kandla	71500	71500	71500
Total landed cost USD per ton	1275	1285	1240
Domestic Market price USD per ton Soy Degum Kandla	1316	1316	1316
Parity INR/MT (Domestic - Landed)	2255	1703	4115
Parity USD/MT (Domestic - Landed)	41.51	31.35	75.73
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 in the negative side.

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


- ❖ 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 760, prices shall test 755-750 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 780-750 level in near to medium term.

Strategy: Market Participants can wait to buy Ref. soy oil (INDORE Rs/10 Kg with VAT) in cash markets.

Support and Resistance				
S2	S1	PCP	R1	R2
750.00	760.00	776.35	785.00	793.00

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 460 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 493-460 level in near term. However, breaching 460 levels prices may touch the 440-445 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
440	460	493	518	525

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

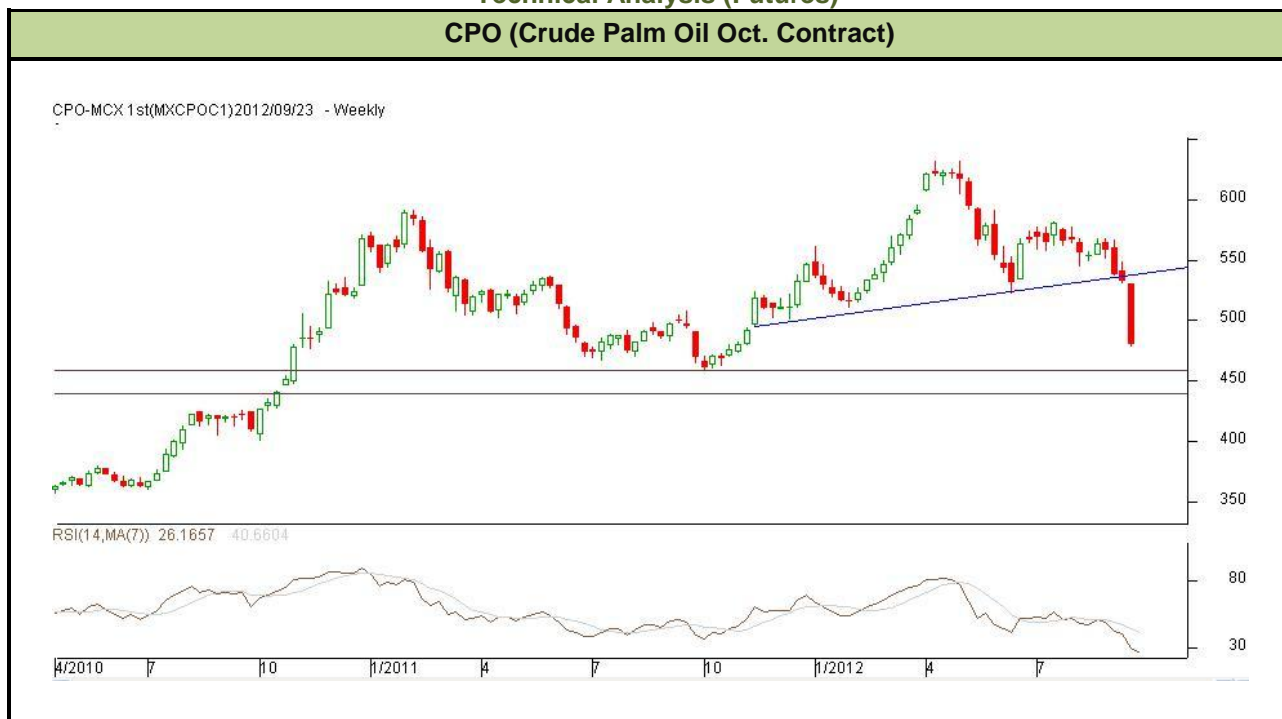

Outlook – Prices are likely to trade with a steady to weak tone in the days ahead. Investors are advised to sell refined soy oil (Nov. contract) on rise.

- ❖ Weekly chart of refined soy oil at NCDEX showed breakout in the channel. We expect sideways to weak movement in the RSO Nov contract stay intact. Any rise in the prices may act as selling opportunity.
- ❖ Any close above 708 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 700-675 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 696-700 for a target of 678 and 675 with a stop loss at 708 on closing basis.

RSO NCDEX (Nov)

Support and Resistance				
S2	S1	PCP	R1	R2
658.00	666.00	696.60	719.00	723.00

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


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

- ❖ Candlestick Weekly continues chart of crude palm oil at MCX depicts head and shoulder pattern. We expect prices may trade with a weak bias in near term.
- ❖ Any close above 483 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 478-458 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 474-478 for a target of 462 and 458 with a stop loss at 483 on closing basis.

CPO MCX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
452.00	458.00	478.40	490.00	496.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		21.9.2012	14.9.2012	
Refined Soybean Oil	Kota(Loose)	730	760	-30
	Rajkot (Loose)	710	730	-20
	Jaipur (Loose)	-	760	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	790	805	-15
	Kakinada	-	-	-
	Mumbai +VAT	740	765	-25
	Indore	745	767	-22
	Soy Degum Mumbai+VAT	715	730	-15
	SoyDegum Kandla/Mundra+VAT	710	725	-15
	Haldiya Port (Loose)	-	771	-
	Akola (Loose)	786	796	-10
	Amrawati (Loose)	786	796	-10
	Jalna	782	792	-10
	Nagpur	792	802	-10
Palm Oil	Chennai.RBD.Palmolein.(Loose)	587	600	-13
	Hyd. RBD Palmolein VAT	-	640	-
	Delhi RBD Palmolein (Loose)	620	645	-25
	Kandla CPO (5%FFA)	498	535	-37
	Kakinada.RBD.Palmolein(Loose)	576	596	-20
	Mumbai RBD Pamolein+ VAT	575	595	-20
	Kandla RBD Palmolein +VAT	565	602	-37
Refined Sunflower Oil	Mumbai + VAT	775	785	-10
	Kandla/Mundra	710	730	-20
	Erode (Exp. Oil)+VAT	785	790	-5
	Hyderabad Exp +VAT	-	835	-
	Chennai (Loose)	815	815	Unch
	Bellary (Exp. Oil)+VAT	751	761	-10
	Latur (Exp. Oil)+VAT	726	736	-10
	Chellakere (Exp. Oil)+VAT	731	741	-10
Groundnut Oil	Rajkot (Loose)	1050	1150	-100
	Chennai (Loose)	1020	1120	-100
	Delhi (Loose)	1075	1150	-75
	Hyderabad Exp +VAT	1161	1200	-39

	Mumbai + VAT	1130	1190	-60
	Gondal+VAT	1060	1150	-90
	Jamnagar +VAT	1060	1150	-90
	Narsarropeth+VAT	1041	1081	-40
	Prodattour+VAT	1026	1101	-75
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	820	815	5
	Alwar (Expeller Oil)(Loose)	826	831	-5
	Kota (Expeller Oil) (Loose)	770	800	-30
	Jaipur (Expeller Oil) (Loose)	-	820	-
	Delhi (Exp. Oil) (Loose)	830	840	-10
	SriGangaNagar(ExpOil-Loose)	791	801	-10
	Hapur+VAT	-	882	-
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	875	880	-5
Refined Cottonseed Oil	Mumbai +VAT	730	748	-18
	Rajkot (Loose)	720	755	-35
	Delhi (Loose)	715	730	-15
	Hyderabad (Loose)	-	765	-
Sesame Oil	Delhi	885	885	Unch
	Mumbai	850	870	-20
Coconut Oil	(Crude Rs/10kg) - Kangayan	580	600	-20
Kardi	Mumbai	1200	1110	90
Rice Bran Oil (40%)	Delhi	615	615	Unch
Rice Bran Oil (4%)	Punjab	585	590	-5
Rice Bran Oil (70%)	Delhi	520	520	Unch
Malaysia/Indonesia FOB		21/9/2012	14/9/2012	Change
Malaysia Palmolein USD/MT	FOB (Oct Shipment)	928	965	-37
	CNF(Oct) - India	930	975	-45
Indonesia/Malaysia CPO USD/MT	FOB (Oct Shipment)	868	925	-57
	CNF(Oct) - India	900	945	-45
Argentina FOB (\$/MT)		20.9.2012	13.9.2012	Change
Crude Soybean Oil Ship (Sep)		1190	1237	-47
Refined Soy Oil (Bulk) Ship (Sep)		1231	1280	-49
Sunflower Oil Ship (Sep)		1215	1240	-25
Cottonseed Oil Ship (Sep)		1170	1217	-47
Refine Linseed Oil(Bulk) Ship (Sep)		-	-	-



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