

Domestic veg. Oil Market Summary

Edible oil basket witnessed weak tone during the week under review on bearish cues from international market and weak demand in cash market.

Palm oil was the top loser among the edible oil pack due to bearish international fundamentals and high selling pressure at physical market. Most of the edible oils featured losses on imminent Kharif oilseed arrivals and higher rate of tropical oil supply weigh on the sentiments.

On the currency front, Indian rupee against USD ended at 52.57 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 impending Kharif oilseeds arrivals and appreciating INR against US dollar.

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

International Veg. Oil Market Summary

CBOT soy oil is expected to stay in the range 50.00 cents/lb to 54.00 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 US soybean stocks report.

Higher rate of palm oil production offset the bullish Malaysian palm oil export figures. Moreover, pessimistic views by top veg. oil analyst on Malaysian CPO futures for the last quarter of 2012 weigh on the prices.

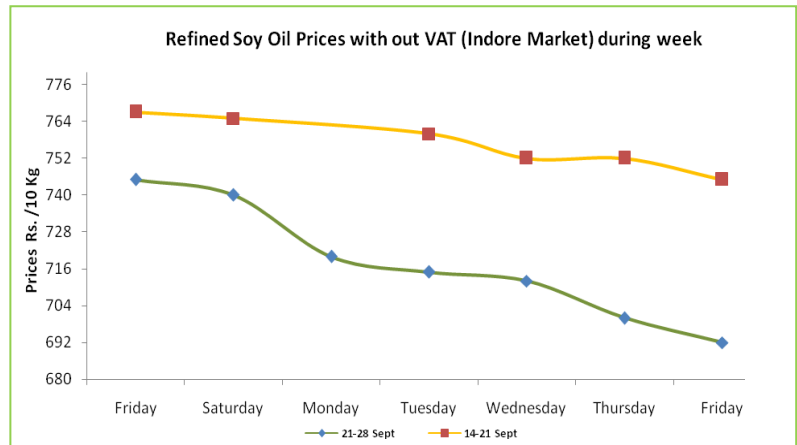
Higher pace of US soybean harvesting and good tropical oil supply from South East countries might weigh on the international edible oil prices. However, lower US soybean crop in the current season and diminishing South American soybean stocks may limit excessive losses in the coming weeks.

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 significant losses at Indore market during the week on lackluster buying and bearish cues from international market.
- New soybean supplies have started to arrive at Baran, Rajasthan during the week. Moreover, new soybean arrivals would likely to pick up pace in the coming weeks which might weigh on the soy oil prices. As per Prestige Group, soybean production for 2012/13 seen at 11.5 million tons compared to last year, which was 10.5 million tons.
- As per Ministry of Agriculture, sown area for Kharif soybean stood at 10.70 million hectares as on 27 Sept 2012 up 3.59 % compared to corresponding period last year.
- We expect soy oil may trade with a steady to weak tone in the coming days on upcoming Kharif oilseed arrivals and better soybean crop prospects.



International Fundamentals:-

- US soybean harvest is 22% complete as compared to 10% last week and 8% 5-year average. 35 percent of the crop is reported in good to excellent condition against 53 per cent during the same period last year.
- USDA has reported the soybean old crop stocks in all positions at 169 million bushels on Sep 1, 2012, down 21% from a year earlier. Soybean stocks stored on farms are 38.3 million bushels and off-farm stocks are 131 million bushels, both down 21% from last year. Indicated disappearance for June-August 2012 stands up 23% at 498 million bushels.
- Abiove forecast Brazil's soybean crop output at 81.3 million tons for 2012/13. Meanwhile, soybean oil output seen at 7.48 million tons, up 10 percent compared to the previous season. In addition to this, soy oil exports are likely to pass 1.4-1.5 million tons in 2012/13.

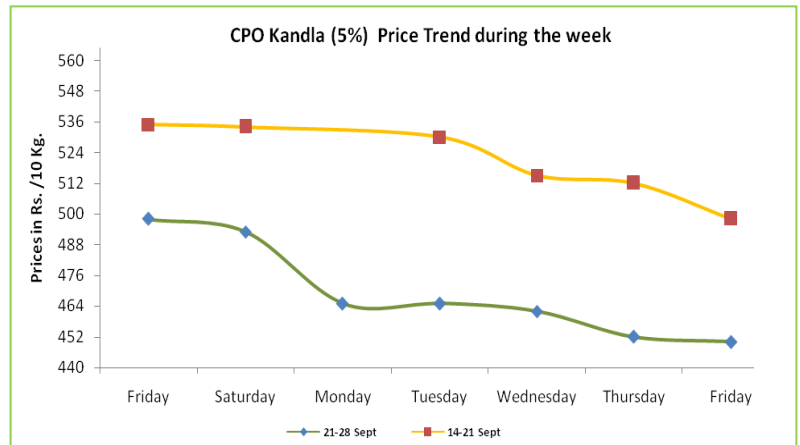
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 728-740 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed weak tone during the week under review on subdued demand and bearish international palm oil fundamentals.
- India imported 3.4 lakh tons of Malaysian palm oil products during the first twenty-five days of September - SGS.
- India's edible oil imports are likely to rise more than 4 percent to 10 million tons in the 2012/13 marketing year due to rising demand. Moreover, India's palm oil imports in 2012/13 will rise to 7.5 million tons, up 7.9 percent from a projected 6.95 million tons in the current year – SEA of India.
- Good tropical oil supply from South East Asian countries and lackluster buying 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

- Malaysian palm oil futures hovers at 2-year low on higher rate of palm oil production outweigh the bullish export figures.
- As per Ministry of Finance (Malaysia), crude palm oil production may rise in the next year on maturing trees and increased acreage. Malaysian palm oil output could rise to 18.9 million tons, up 2.7% in 2013 compared to last year production, which was projected at 18.4 million tons.
- According to Indonesian Palm Oil Association, palm oil exports from Indonesia fell to 6 percent to 1.411 million tons in August compared to the previous month. Exports to India in Jan – Aug 2012 were 3.635 million tons, while China and EU received 1.958 and 2.510 million tons respectively.
- According to Dorab Mistry, palm oil stocks in Malaysia may rise to 3 million tons at the start of next year from early September levels around 2.1 million tons. Moreover, prices could even drop a 50 percent chance CPO futures to 2,300 ringgit in the last quarter. Dinesh Shahra seen Indonesian and Malaysian combined palm oil stocks could total 4.5 million tons by the end of 2012 due to higher production.

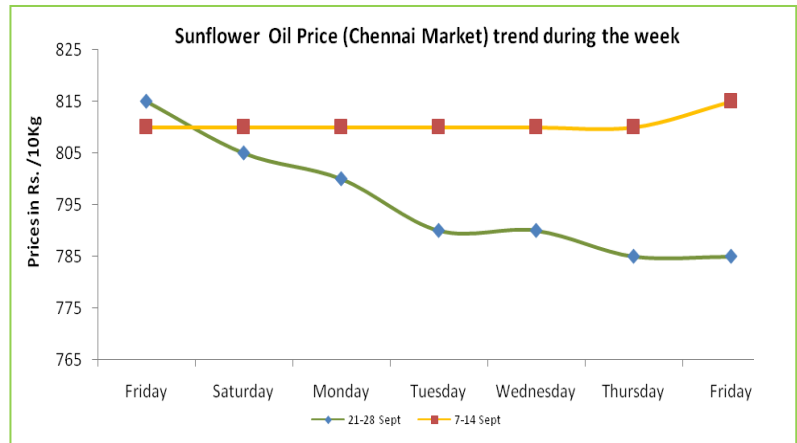
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 425-450 per 10 Kg in the near term.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured sideways to slightly weak tone at its benchmark market Chennai during the week on bearish oil complex. However, bullish domestic as well as international sunflower fundamentals may support sun oil in the medium term.
- As per sources, sunflower crop in southern India would likely to commence from second week of October. Lower sunflower acreage in the current season and bullish global fundamentals may support sunflower oil in the medium term. However, upcoming Kharif oilseed crop would improve the supply, which may weigh on the prices.



International Fundamentals:-

- 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.

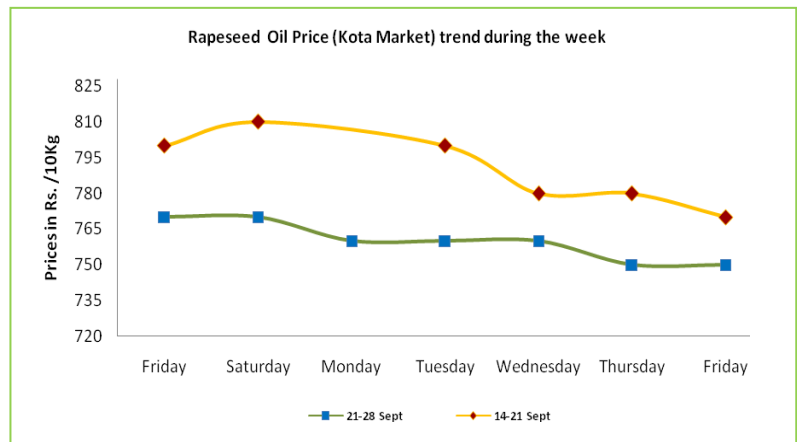
Price Outlook:

Sunflower oil prices in Rajkot may stay in the range of Rs 775-790 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured steady to weak tone at Kota market during the week under review on bearish oil complex.
- Mustard seed area is likely to rise 5% to around 7.2 million ha. Last year RM seed acreage was 6.8 million ha – Dorab Mistry. Market participants are expecting higher rapeseed production in the 2012/13 in anticipation of higher acreage due to lucrative RM seed prices in the current season and revival of monsoon over key rapeseed producing region.
- We expect RM seed oil prices may trade steady to weak tone on subdued demand.



Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 735-755 per 10 Kg.

Indian rupee technical analysis - daily chart



Technical Summary for INR

Support and Resistance				
S2	S1	PCP	R1	R2
51.90	52.50	53.02	54.20	54.80

Expected Price Band and Outlook

Indian Rupee	We observed INR against USD breach the horizontal channel and likely to trade with a weak tone. Besides, we see a range of 54.20-54.60 on the higher side in the coming week and lower level at 52.50 and below that, we may see selling pressure until 51.90.
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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.

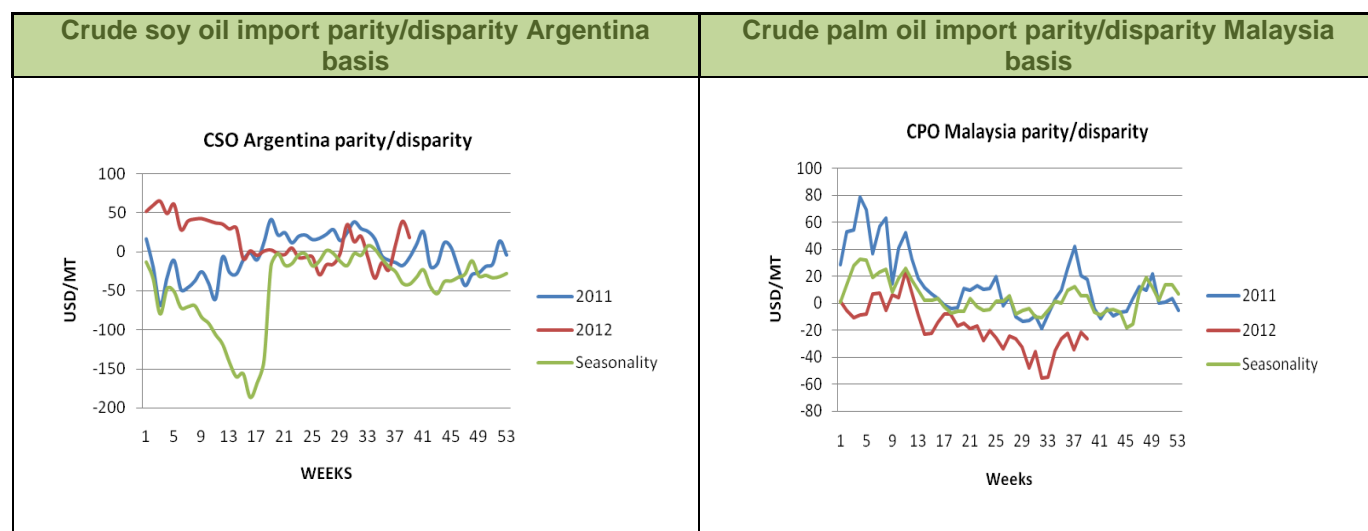
Port Wise

<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 27/9/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1127	1132	1116
Freight (USD/MT)	65	55	50
C & F	1192.0	1187.0	1166.0
Weight loss (0.25% of FOB)	2.82	2.83	2.79
Finance charges (0.4% on CNF)	4.51	4.53	4.46
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1203	1198	1177
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	53.255	53.255	53.255
Landed cost without customs duty in INR per ton	64061	63795	62668
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	64497	64231	63104
Domestic Market price INR per ton Soy Degum Kandla	64500	64500	64500
Total landed cost USD per ton	1211	1206	1185
Domestic Market price USD per ton Soy Degum Kandla	1211	1211	1211
Parity INR/MT (Domestic - Landed)	3	269	1396
Parity USD/MT (Domestic - Landed)	0.07	5.05	26.21
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 weak note during the week. We expect RSO Indore prices likely to trade with a weak tone in the coming days.
- ❖ Breaching the immediate zone of 728, prices shall test 717-715 zones in medium term. RSI is in between oversold and neutral zone and we observed no indication of divergence in the prices with oscillators.
- ❖ Expected price band for next week is 728-740 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
717.00	728.00	735.00	744.00	750.00

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 415 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 425-450 level in near term. However, breaching 425 levels prices may touch the 400-415 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 420-425 level.

Support and Resistance				
S2	S1	PCP	R1	R2
400	415	445	480	492

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

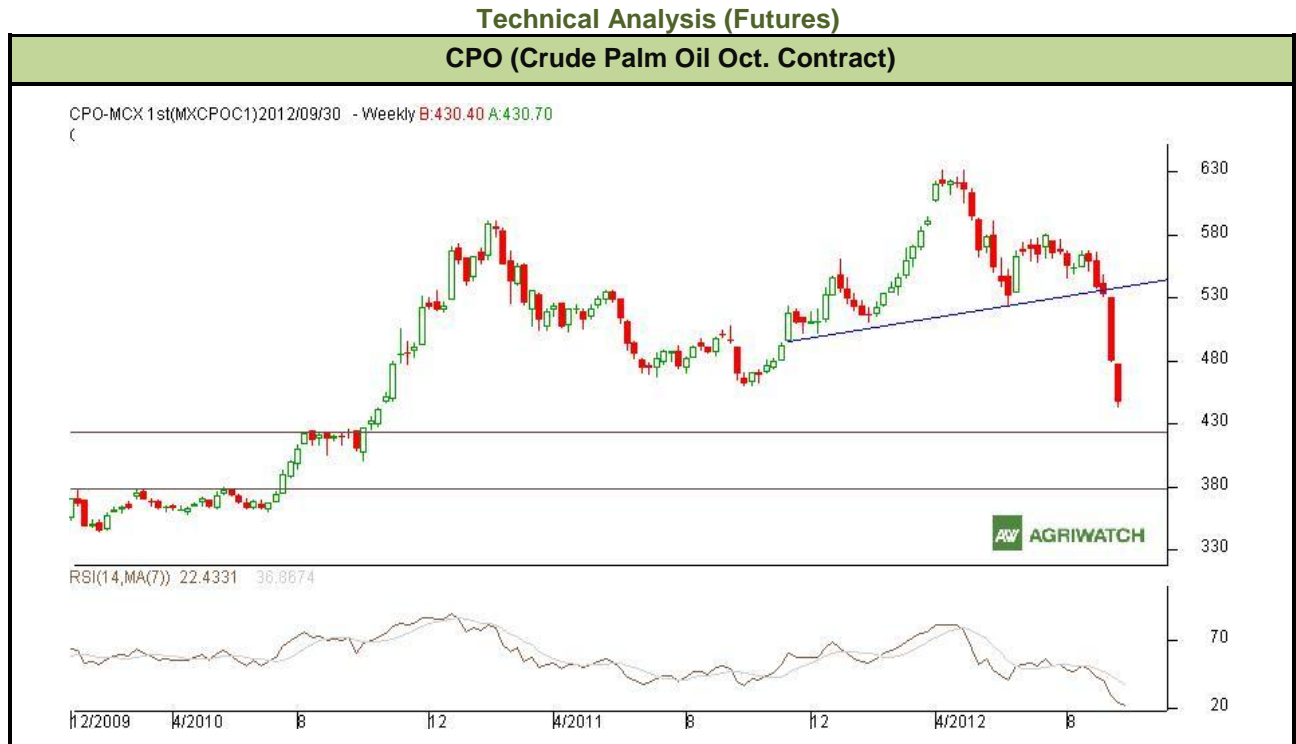

Outlook – Prices are likely to trade with a steady to weak tone in the days ahead. Investors are advised to sell refined soy oil (Nov. contract) on rise.

- ❖ 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 662.50 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 657-640 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 653-657 for a target of 640 and 635 with a stop loss at 662.50 on closing basis.

RSO NCDEX (Nov)

Support and Resistance				
S2	S1	PCP	R1	R2
620.00	630.00	653.05	676.00	690.00



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 and likely to test its first objective in near term.
- ❖ Any close above 455.50 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 448-425 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 445-448 for a target of 430 and 425 with a stop loss at 455.50 on closing basis.

CPO MCX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
419.00	424.00	441.90	462.00	468.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-09-2012	21.9.2012	
Refined Soybean Oil	Kota(Loose)	700	730	-30
	Rajkot (Loose)	690	710	-20
	Jaipur (Loose)	690	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	740	790	-50
	Kakinada	-	-	-
	Mumbai +VAT	690	740	-50
	Indore	692	745	-53
	Soy Degum Mumbai+VAT	650	715	-65
	SoyDegum Kandla/Mundra+VAT	645	710	-65
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	754	786	-32
	Amrawati (Loose)	754	786	-32
	Jalna	750	782	-32
	Nagpur	760	792	-32
Palm Oil	Chennai.RBD.Palmolein.(Loose)	535	587	-52
	Hyd. RBD Palmolein VAT	570	-	-
	Delhi RBD Palmolein (Loose)	580	620	-40
	Kandla CPO (5%FFA)	450	498	-48
	Kakinada.RBD.Palmolein(Loose)	531	576	-45
	Mumbai RBD Pamolein+ VAT	540	575	-35
	Kandla RBD Palmolein +VAT	530	565	-35
Refined Sunflower Oil	Mumbai + VAT	730	775	-45
	Kandla/Mundra	680	710	-30
	Erode (Exp. Oil)+VAT	755	785	-30
	Hyderabad Exp +VAT	770	-	-
	Chennai (Loose)	785	815	-30
	Bellary (Exp. Oil)+VAT	711	751	-40
	Latur (Exp. Oil)+VAT	696	726	-30
	Chellakere (Exp. Oil)+VAT	681	731	-50
Groundnut Oil	Rajkot (Loose)	1000	1050	-50
	Chennai (Loose)	980	1020	-40
	Delhi (Loose)	990	1075	-85
	Hyderabad Exp +VAT	-	1161	-
	Mumbai + VAT	1060	1130	-70

	Gondal+VAT	1000	1060	-60
	Jamnagar +VAT	1000	1060	-60
	Narsarropeth+VAT	891	1041	-150
	Prodattour+VAT	951	1026	-75
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	794	820	-26
	Alwar (Expeller Oil)(Loose)	786	826	-40
	Kota (Expeller Oil) (Loose)	750	770	-20
	Jaipur (Expeller Oil) (Loose)	775	-	-
	Delhi (Exp. Oil) (Loose)	815	830	-15
	SriGangaNagar(ExpOil-Loose)	763	791	-28
	Hapur+VAT	866	-	-
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	860	875	-15
Refined Cottonseed Oil	Mumbai +VAT	675	730	-55
	Rajkot (Loose)	685	720	-35
	Delhi (Loose)	660	715	-55
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	850	885	-35
	Mumbai	850	850	Unch
Coconut Oil	(Crude Rs/10kg) - Kangayan	-	580	-
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	580	615	-35
Rice Bran Oil (4%)	Punjab	590	585	5
Rice Bran Oil (70%)	Delhi	500	520	-20
Malaysia/Indonesia FOB		28-09-2012	21/9/2012	Change
Malaysia Palmolein USD/MT	FOB (Oct Shipment)	878	928	-50
	CNF(Oct) - India	895	930	-35
Indonesia/Malaysia CPO USD/MT	FOB (Oct Shipment)	810	868	-58
	CNF(Oct) - India	835	900	-65
Argentina FOB (\$/MT)		28-09-2012	20.9.2012	Change
Crude Soybean Oil Ship (Sep)		1127	1190	-63
Refined Soy Oil (Bulk) Ship (Sep)		1166	1231	-65
Sunflower Oil Ship (Sep)		-	1215	-
Cottonseed Oil Ship (Sep)		-	1170	-
Refine Linseed Oil(Bulk) Ship (Sep)		-	-	-



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