

Domestic Veg. Oil Market Summary

Edible oil basket witnessed weak tone during the week under review on bearish international palm oil market and subdued demand at domestic front.

Palm oil was the top loser among the edible oil pack followed by refined soy oil due to significant losses in the international market and rising soybean arrivals. Most of the edible oils featured losses on rising Kharif oilseed arrivals and higher rate of tropical oil supply.

On the currency front, Indian rupee against USD ended at 51.74 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 rising Kharif oilseeds arrivals and appreciating INR against US dollar. However, market may revive from lower levels due to upcoming festival seasons demand.

International Veg. Oil Market Summary

CBOT soy oil is expected to stay in the range 50.00 cents/lb to 53.80 cents/lb. CPO at BMD is likely to trade sideways. Focus during the coming days will be on the Malaysian palm oil export figures, MPOB's report on Malaysian ending stocks, and USDA report on US soybean production estimates.

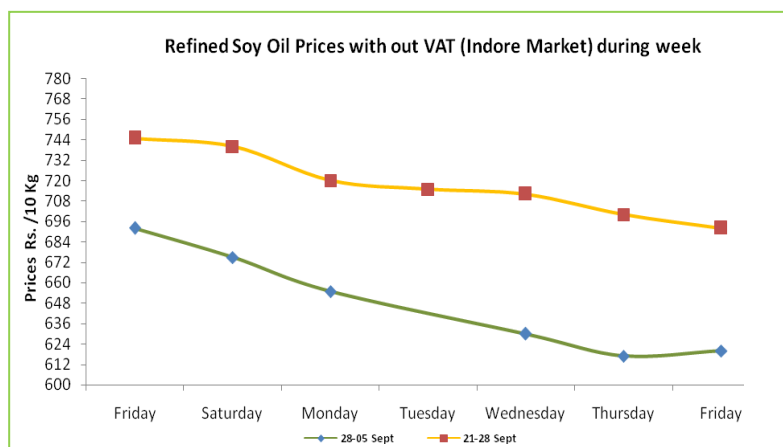
Higher rate of palm oil supply and ongoing US soybean harvesting may weigh on the sentiments. Moreover, market participants are expecting palm oil stockpiles may rose to 2.40-2.43 million tons for the month of September. However, lower US soybean crop in the current season and diminishing South American soybean stocks may support market in the medium term.

Malaysian palm oil product exports during September rose 0.5 percent 1.43 million metric tons from the 1.42 million metric tons shipped during Aug. Palm oil products export figures for Sept. for top major markets (Values in tons and Aug. import figures in parenthesis): China 298,170 (266,407), EU 213,006 (237,490) and India 405,106 (282,782).

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured significant losses at Indore market during the week on lackluster buying and rising soybean arrivals.
- As per the first estimate of soybean crop released by SOPA, the production of soybean is estimated at 126.775 lakh MT compared to 116.504 lakh MT in 2011. The soybean yield is estimated to be 1185 Kg/Ha, up from last year's yield of 1127 Kg/Ha.
- As per trade source, rising soybean arrivals and dull demand for soy oil in the spot market which may weigh on the markets. Moreover, big plants refrain from active soybean buying in anticipation of further fall in the prices.
- 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 crude soy oil may trade with a steady to weak tone in the coming days rising Kharif oilseed arrivals and weak international market.



International Fundamentals:-

- According to the latest crop progress report released by USDA, US soybean harvest is 41 per cent complete compared to 5 year average of 19 per cent. Besides, 35 per cent of the crop is reported in good to excellent condition, same as last week, but lower compared to 54 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.
- Ongoing US soybean harvesting and better yield prospects may weigh on the sentiments in the coming days.

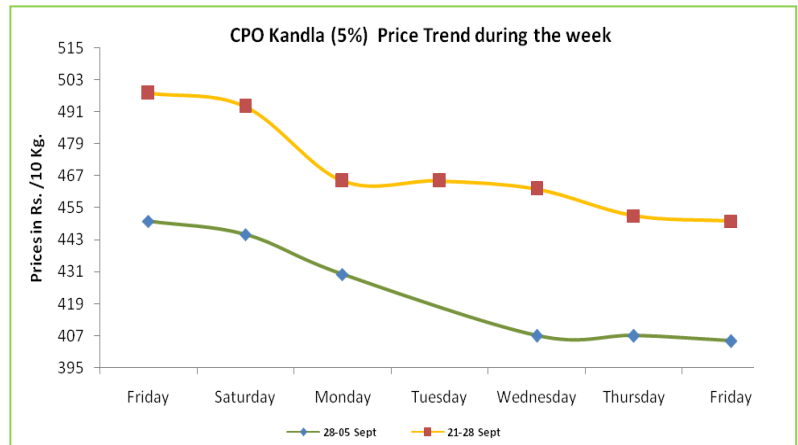
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 600-640 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed weak tone during the week under review on lackluster buying and bearish international palm oil fundamentals.
- India imported 4.05 lakh tons of Malaysian palm oil products during the month of September - SGS. Sufficient palm oil supply and weak demand may pressurize palm oil prices in near term. As per sources, market participants refrain from forward booking for palm oil due to significant fall in the prices.
- 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. However, market may revive from lower levels due to upcoming festival seasons demand.



International Fundamentals:-

- Exports of Malaysian palm oil products for Sept. rose 0.5 percent to 1,433,795 tons from the 1,427,052 tons shipped during Aug. – SGS.

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

Palm Products	Sept	Aug	% Change
Crude palm oil	553,446	459,122	20.54
RBD palm oil	98,747	154,247	-35.98
RBD palm olein	477,653	475,204	0.52
RBD palm stearin	109,676	149,002	-26.39
Crude palm kernel oil	27,000	23,500	14.89
Palm fatty acid distillate	42,135	47,384	-11.08

Top Palm Products Importers	Sept	Aug	% Change
European Union	213,006	237,490	-10.31
China	298,170	266,407	11.92
Pakistan	31,400	80,250	-60.87
United States	85,098	184,258	-53.82
India	405,106	282,782	43.26

- Malaysian palm oil futures hover at 3-year low on rising palm oil inventories and bearish cues from overseas market.
- As per Indonesian Ministry's, Indonesia will keep its crude palm oil export tax to 13.5 percent for October unchanged as compared to previous month. The government will also keep its export tax for RBD palm olein to 6 percent. Moreover, Malaysian government may cut its CPO export taxes to 8 to 10 percent from current 23 percent. Lowering export tax would help higher competition to Indonesia; boost Malaysian CPO exports, and cushioning CPO price from falling further.
- Higher rate of palm oil supply and weak demand from European countries weigh on the sentiments. Moreover, market participants are expecting palm oil stockpiles may rose to 2.40-2.43 million tons for the month of September.

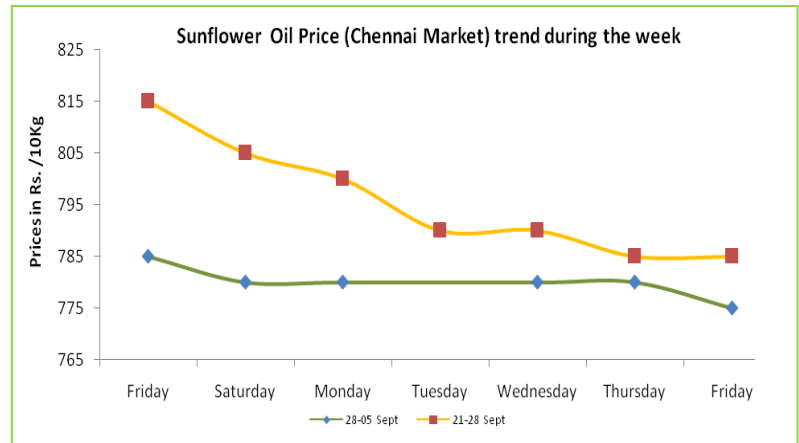
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 390-420 per 10 Kg in the near term.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured weak tone at its benchmark market Chennai during the week on bearish oil complex. Moreover, new supplies of sun oil from European countries add bearishness to the market.
- As per sources, no major crop loss witness in southern India. However, sunflower seed arrivals in the southern India would be delayed due to late harvesting. However, sunflower seed arrivals have started in Maharashtra.
- Lower sunflower acreage in the current season and bullish global fundamentals may support sunflower oil in the medium term. However, rising Kharif oilseed crop may weigh on the market in near term.



International Fundamentals:-

- As per Ukragroconsult Ukraine sunflowers seed was removed from the 3193 ha (67% of the plan), with an average yield of 1.52 t / ha as of September 25. Ongoing EU's sunflower crop arrivals and new soybean supply from US may ease sunflower oil prices in the coming weeks. However, lower global oilseed output may support prices in the medium term.

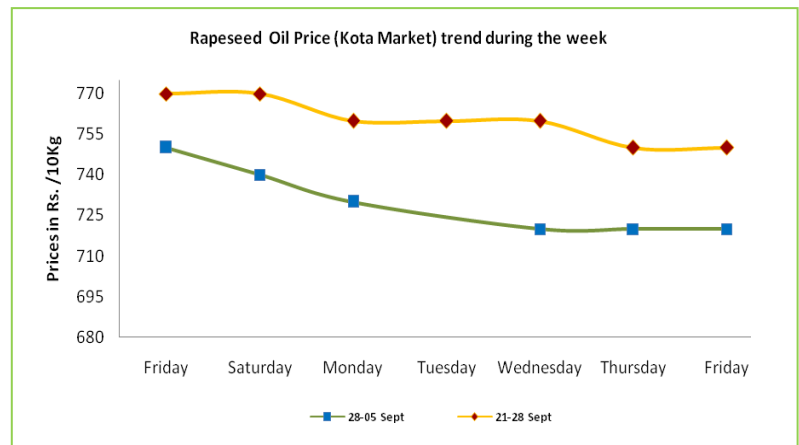
Price Outlook:

Sunflower oil prices in Rajkot may stay in the range of Rs 765-785 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured steady to weak tone at Kota market during the week under review tracking bearish cues from overseas market and dull demand at domestic front.
- As per source, bearishness in rapeseed and rapeseed oil would persist for the coming weeks on the hopes of better crop prospect and dull demand in edible oil pack.
- We expect RM seed oil prices may trade steady to weak tone on lackluster buying interest and rising Kharif oilseed arrivals.



Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 720-740 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 correction in INR against USD and likely to trade with a weak tone. Besides, we see a range of 52.50-52.90 on the higher side in the coming week and lower level at 51.00 and below that, we may see selling pressure until 50.50.
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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.

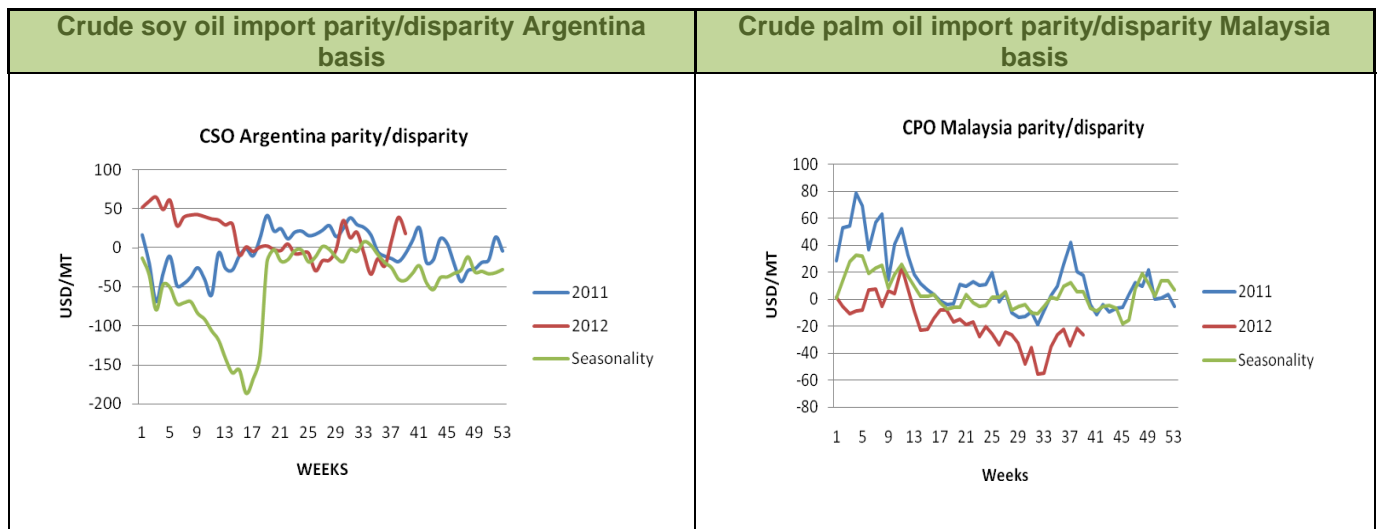
Port Wise

<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 04/10/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1076	1089	1101
Freight (USD/MT)	65	55	50
C & F	1141.0	1144.0	1151.0
Weight loss (0.25% of FOB)	2.69	2.72	2.75
Finance charges (0.4% on CNF)	4.30	4.36	4.40
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1151	1155	1162
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	51.835	51.835	51.835
Landed cost without customs duty in INR per ton	59684	59844	60212
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	60120	60280	60648
Domestic Market price INR per ton Soy Degum Kandla	60500	60500	60500
Total landed cost USD per ton	1160	1163	1170
Domestic Market price USD per ton Soy Degum Kandla	1167	1167	1167
Parity INR/MT (Domestic - Landed)	380	220	-148
Parity USD/MT (Domestic - Landed)	7.34	4.24	-2.86
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 621.00, prices shall test 615-618 zones in medium term. RSI is in between oversold zone and we observed no indication of divergence in the prices with oscillators.
- ❖ Expected price band for next week is 635-665 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.

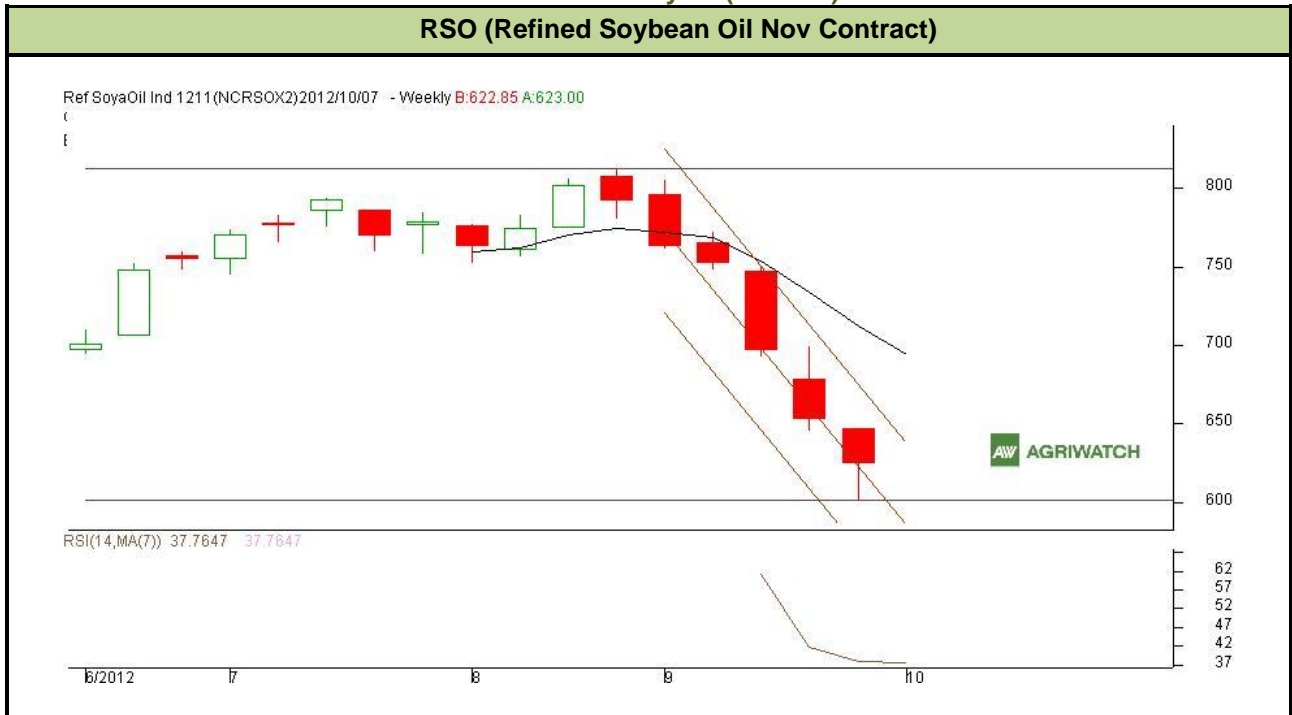
Support and Resistance				
S2	S1	PCP	R1	R2
618.00	621.00	656.25	684.00	690.00

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 385 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 390-420 level in near term. However, breaching 385 levels prices may touch the 350-360 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 385-390 level.

Support and Resistance				
S2	S1	PCP	R1	R2
370	390	407	422	425

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


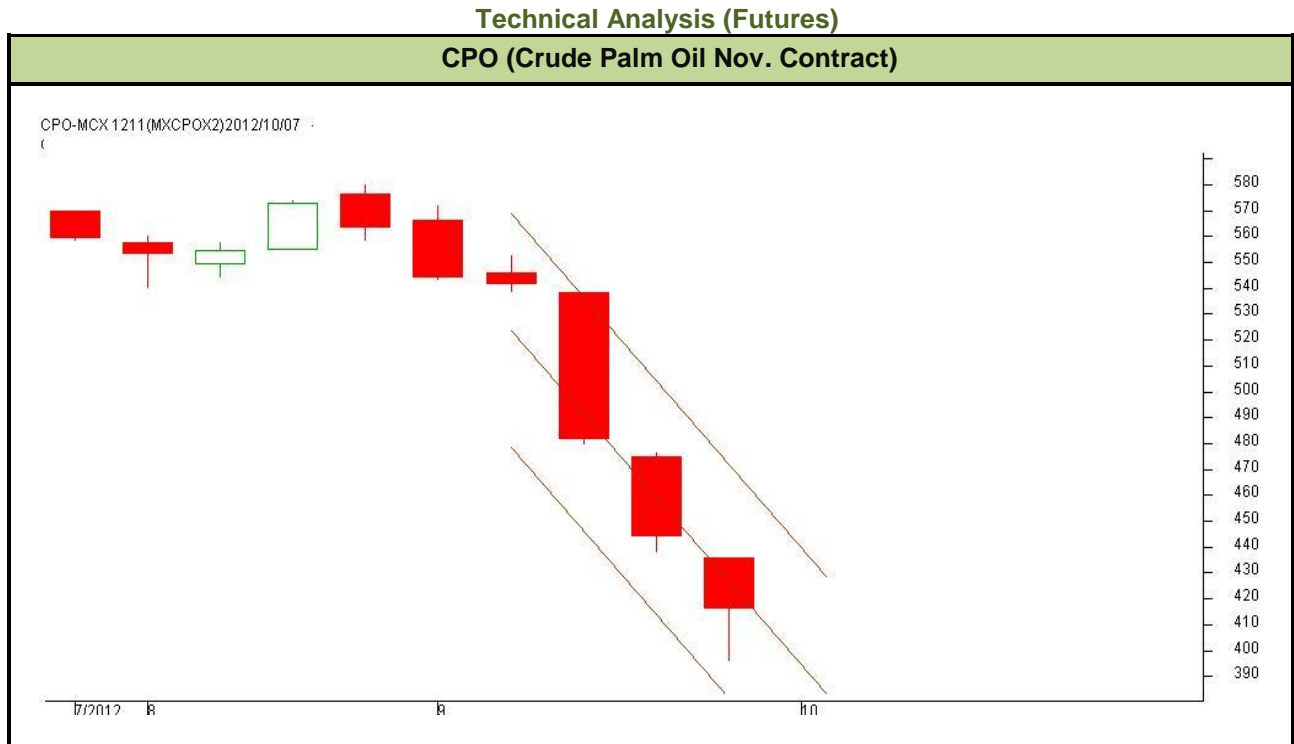
Outlook – Prices are likely to trade with a steady to weak tone in the days ahead. Investors are advised to sell refined soy oil (Nov. contract) on rise.

- ❖ Weekly chart of refined soy oil at NCDEX featured losses. 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 632.50 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 628-612 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 625-628 for a target of 615 and 612 with a stop loss at 632.25 on closing basis.

RSO NCDEX (Nov)

Support and Resistance				
S2	S1	PCP	R1	R2
600.00	608.00	622.05	635.00	640.00



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

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts losses. We expect prices may trade with a weak bias in near term.
- ❖ Any close above 424 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 420-408 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 418-420 for a target of 410 and 408 with a stop loss at 424 on closing basis.

CPO MCX (Nov)

Support and Resistance				
S2	S1	PCP	R1	R2
390.00	395.00	412.15	430.00	435.0

Commodity	Centre	Prices(Per 10 Kg)		Change
		5/10/2012	28/09/2012	
Refined Soybean Oil	Kota(Loose)	630	700	-70
	Rajkot (Loose)	630	690	-60
	Jaipur (Loose)	-	690	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	665	740	-75
	Kakinada	-	-	-
	Mumbai +VAT	640	690	-50
	Indore	620	692	-72
	Soy Degum Mumbai+VAT	605	650	-45
	SoyDegum Kandla/Mundra+VAT	600	645	-45
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	671	754	-83
	Amrawati (Loose)	671	754	-83
	Jalna	667	750	-83
	Nagpur	677	760	-83
Palm Oil	Chennai.RBD.Palmolein.(Loose)	505	535	-30
	Hyd. RBD Palmolein VAT	-	570	-
	Delhi RBD Palmolein (Loose)	530	580	-50
	Kandla CPO (5%FFA)	405	450	-45
	Kakinada.RBD.Palmolein(Loose)	501	531	-30
	Mumbai RBD Pamolein+ VAT	495	540	-45
	Kandla RBD Palmolein +VAT	495	530	-35
Refined Sunflower Oil	Mumbai + VAT	690	730	-40
	Kandla/Mundra	640	680	-40
	Erode (Exp. Oil)+VAT	740	755	-15
	Hyderabad Exp +VAT	-	770	-
	Chennai (Loose)	775	785	-10
	Bellary (Exp. Oil)+VAT	611	711	-100
	Latur (Exp. Oil)+VAT	641	696	-55
	Chellakere (Exp. Oil)+VAT	631	681	-50
Groundnut Oil	Rajkot (Loose)	1050	1000	50
	Chennai (Loose)	900	980	-80
	Delhi (Loose)	970	990	-20
	Hyderabad Exp +VAT	946	-	-
	Mumbai + VAT	1030	1060	-30
	Gondal+VAT	1050	1000	50

	Jamnagar +VAT	1050	1000	50
	Narsarropeth+VAT	-	891	-
	Prodattour+VAT	901	951	-50
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	760	794	-34
	Alwar (Expeller Oil)(Loose)	776	786	-10
	Kota (Expeller Oil) (Loose)	720	750	-30
	Jaipur (Expeller Oil) (Loose)	-	775	-
	Delhi (Exp. Oil) (Loose)	790	815	-25
	SriGangaNagar(ExpOil-Loose)	746	763	-17
	Hapur+VAT	863	866	-3
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	825	860	-35
Refined Cottonseed Oil	Mumbai +VAT	620	675	-55
	Rajkot (Loose)	645	685	-40
	Delhi (Loose)	625	660	-35
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	820	850	-30
	Mumbai	830	850	-20
Coconut Oil	(Crude Rs/10kg) - Kangayan	520	-	-
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	510	580	-70
Rice Bran Oil (4%)	Punjab	570	590	-20
Rice Bran Oil (70%)	Delhi	460	500	-40
Malaysia/Indonesia FOB		5/10/2012	28/09/2012	Change
Malaysia Palmolein USD/MT	FOB (Oct Shipment)	800	878	-78
	CNF(Oct) - India	825	895	-70
Indonesia/Malaysia CPO USD/MT	FOB (Oct Shipment)	745	810	-65
	CNF(Oct) - India	775	835	-60
Argentina FOB (\$/MT)		5/10/2012	28/09/2012	Change
Crude Soybean Oil Ship (Oct)		1073	1127	-54
Refined Soy Oil (Bulk) Ship (Oct)		1110	1166	-56
Sunflower Oil Ship (Oct)		-	-	-
Cottonseed Oil Ship (Oct)		1053	-	-
Refine Linseed Oil(Bulk) Ship (Oct)		-	-	-



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