

### **Domestic Veg. Oil Market Summary**

*Edible oil basket witnessed mixed trend during the week under review on rising oilseed Kharif arrivals and mild recovery in the international palm oil market.*

*Refined sunflower oil was the top loser among the edible oil pack due to increased oilseed arrivals in the cash market and lackluster trade activities. However, mustard oil featured firm tone on bullish domestic fundamentals and diminishing mustard seed stocks.*

*Palm oil witnessed slight gains during the week tracking gains in the Malaysian CPO prices and wholesalers covered need based position for upcoming festivities in the month of October.*

*On the currency front, Indian rupee against USD ended at 52.80 and likely to trade with a weak tone in the coming week. We expect edible oil complex to trade steady to slightly firm tone in the days ahead in anticipation of good buying ahead of festivities. However, rising Kharif oilseeds arrivals may limit upside.*

### **International Veg. Oil Market Summary**

*CBOT soy oil is expected to stay in the range 48.80 cents/lb to 51.50 cents/lb. CPO at BMD is likely to trade sideways. Focus during the coming days will be on the Malaysian palm oil export figures, views by Top veg. oil Analyst in the Malaysian conference, and appreciation of INR against US dollar.*

*Ongoing soybean harvesting in US may weigh on the market. However, lower US soybean output may support international edible oil prices in medium term.*

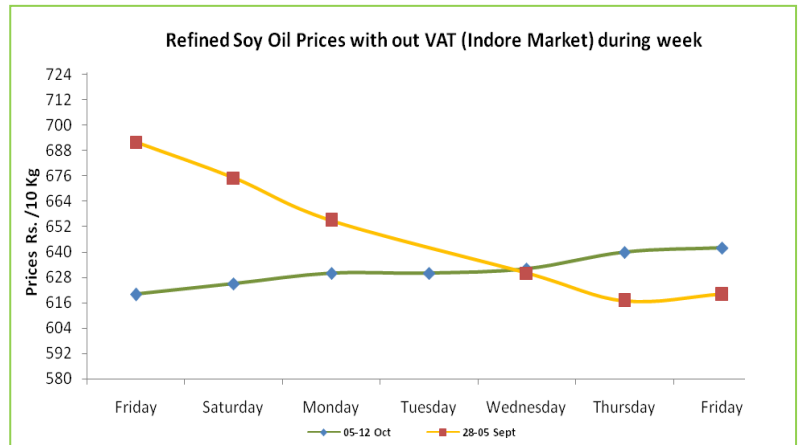
*Record high Malaysian palm oil stocks and higher rate of palm oil production in South East Asian countries may weigh on the international palm oil market. However, seasonal demand from top Asian buyers may support prices in the medium term.*

*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 sideways movement at Indore market during the week on rising soybean arrivals and lackluster buying.
- As per trade sources, soybean arrivals may go up to 5.5-6.5 lakh bags in MP as harvesting peaks in the coming weeks. Moreover, big plants showed active soybean buying during the week and soy oil prices may also see support ahead of festivities.
- We expect crude soy oil may trade with a steady to slightly firm tone in the coming days on festive demand. However, rising Kharif oilseed arrivals limit upside.



#### International Fundamentals:-

- According to the latest crop progress report released by USDA, US soybean harvest is 58 per cent complete as compared to 41 per cent last week and 40 per cent 5 year average. 37 per cent of the crop is reported in Good to Excellent condition against 56 per cent during the same period last year. Further, soybean Drooping Leaves is reported to be at 93 per cent compared to 5-year average of 88 per cent.
- According to the latest USDA report, the US soybean production is raised to 77.84 million tons from 71.69 million tons compared to the last month estimate on higher harvested area and better yield prospects. Harvested area is estimated at 75.7 million acres, an increase of 1.1 million acres from previous month estimate and soybean yield is revised to 37.8 bushels per acre, up by 2.5 bushels from previous estimate.
- Ongoing soybean harvesting in US may weigh on the market. However, lower US soybean output may support international edible oil prices in medium term.

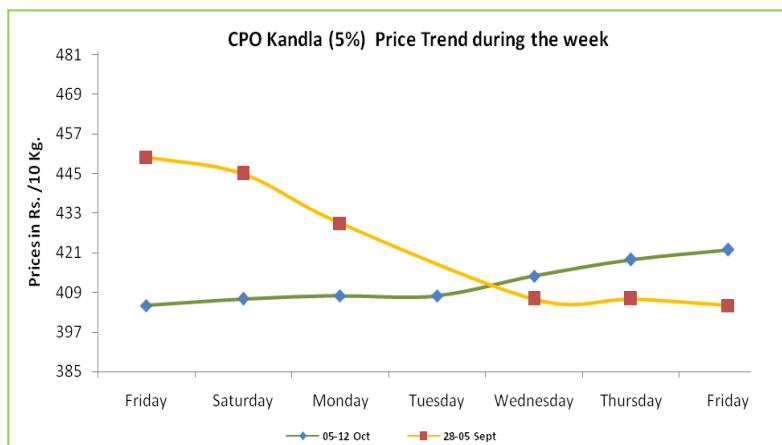
#### Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 625-655 per 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% witnessed steady to slightly firm tone during the week under review tracking recovery in the international palm oil market and market participants covered need based buying ahead of festivities.
- As per SEA of India, India imported 111,163 tons of refined palm oil in the month of September, up 39.9 percent from previous month.
- Sources revealed that sufficient palm oil supply and need based demand may pressurize palm oil prices in near term. However, upcoming festivities could curb excessive losses.
- Lackluster buying at cash market and ongoing Kharif oilseeds arrivals 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

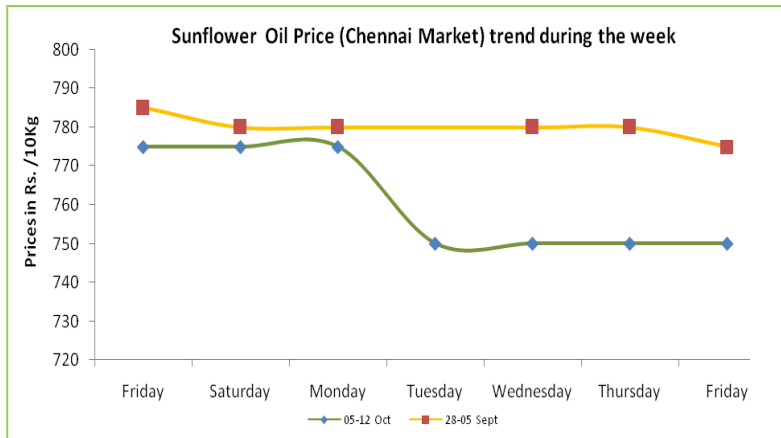
- As per MPOB's latest report, Malaysia's September palm oil stocks rose 5.8 percent to record high 2.48 million tons compared to previous month.
- Malaysia will set export taxes on crude palm oil on a monthly basis from Jan. 1. Currently, export duty sets at 23% on CPO shipments and zero duty on refined palm products. The following are details of the new export tax structure on CPO from Jan. 1 (CPO prices in ringgit/tons and tax rate figures in parenthesis): 2,250-2,440 (4.5), 2,400-2,550 (5.0), 2,550-2,700 (5.5), 2,700-2,850 (6.0), 2,850-3,000 (6.5), 3,000-3,150 (7.0), 3,150-3,300 (7.5), 3,300-3,450 (8.0), 3,400-3,600 (8.5).
- Record high Malaysian palm oil stocks and higher rate of palm oil production in South East Asian countries may weigh on the international palm oil market. However, seasonal demand from top Asian buyers may support prices in the medium term.

#### Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 405-425 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 rising sunflower seed arrivals and bearish oil complex.
- New sunflower seed arrivals have started in southern India. As per trade sources, refined sunflower oil prices may further drop in the coming days on dull demand and ongoing arrivals.
- 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:-

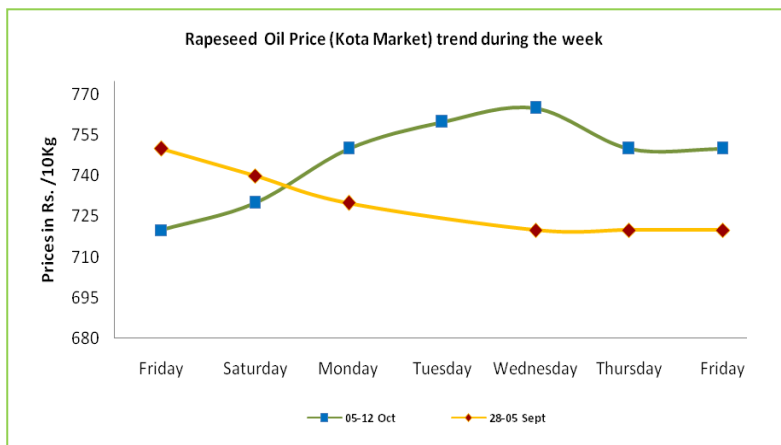
- As per UkrAgroConsult, Ukraine's sunflower production seen at 3.6 million tons against 3.83 million tons in 2011/12. However, sun oil exports are likely to reduce to 3.09 million tons in the 2012/13 season from 3.23 million tons in 2011/12 due to lower production. Ongoing EU's sunflower crop arrivals 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 738-760 per 10 Kg.

### Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured steady to firm tone at Kota market during the week under review on bullish mustard seed fundamentals and diminishing mustard seed stocks.
- As per source, mustard oil 65-70 percent of mustard seed has been crushed of the total mustard production in the current year. Moreover, good demand may witness ahead of festivities in the month of October and November, which may support RM seed oil prices in the near term.
- We expect RM seed oil prices may trade steady to slightly firm tone due to festival demand in the coming days ahead. However, rising Kharif oilseed arrivals may limit excessive gains.



### International Fundamentals:-

- Canada's canola output seen at 13.36 million tonnes in 2012/13, down 2 million tonnes from the government agency's Aug. 22 estimate of 15.4 million tonnes and below last year's harvest of 14.5 million tonnes. Midsummer heat during canola's vulnerable flowering period, disease and a windstorm all reduced the potential of Canada's crop. Lower canola crop along with lower supply of US soybean would support international edible oil prices in the medium term.

### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 742-762 per 10 Kg.

### Indian rupee technical analysis - daily chart



### Technical Summary for INR

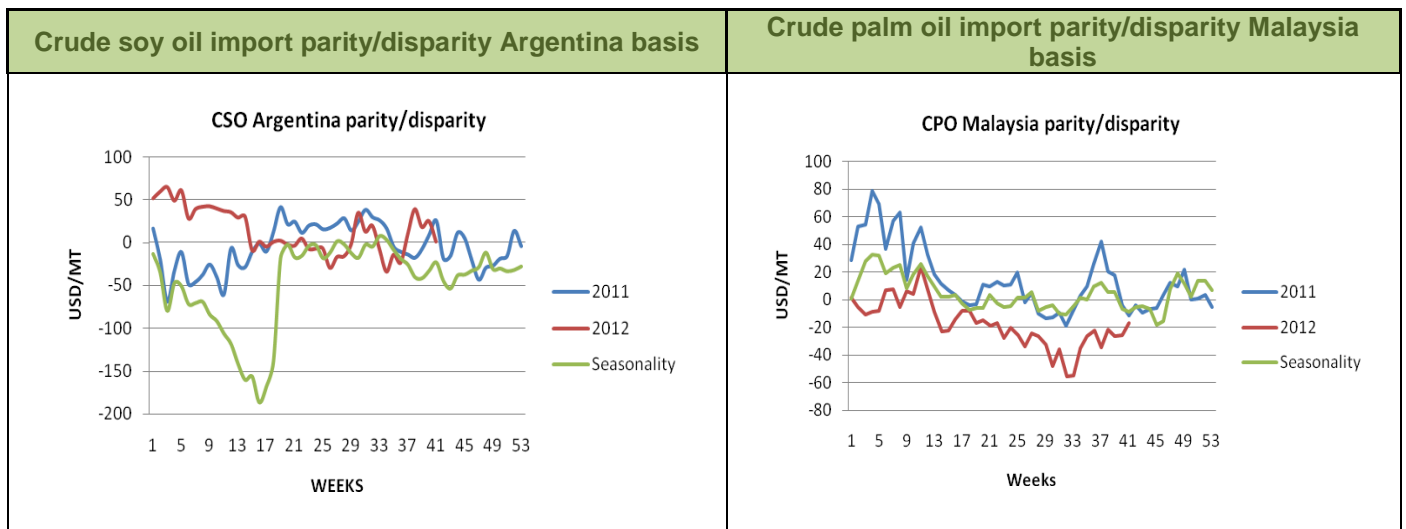
Support and Resistance				
S2	S1	PCP	R1	R2
51.00	51.37	52.79	53.66	54.36

### 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 53.65-53.80 on the higher side in the coming week and lower level at 51.30 and below that, we may see selling pressure until 51.00.
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**Landed Cost at the Indian Ports - Crude soy oil**

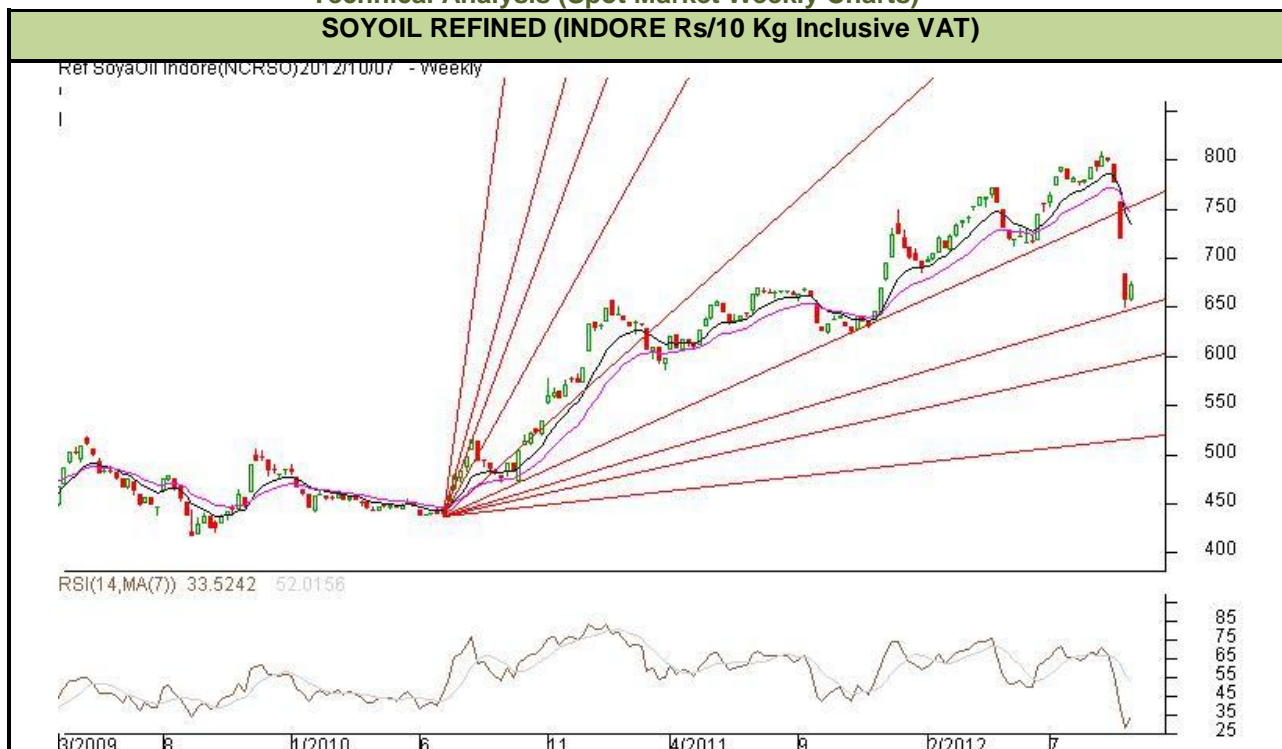
<b>Landed Cost Calculation as on 12/10/2012</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	1078	NA	1084
Freight (USD/MT)	65	55	50
C & F	1143.0	55.0	1134.0
Weight loss (0.25% of FOB)	2.70	-	2.71
Finance charges (0.4% on CNF)	4.31	-	4.34
Insurance (0.3% of C&F)	3	0	3
CIF (Indian Port - Kandla)	1153	-	1144
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	52.7	52.7	52.7
Landed cost without customs duty in INR per ton	60786	-	60312
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	61222	-	60748
Domestic Market price INR per ton Soy Degum Kandla	61500	61500	61500
Total landed cost USD per ton	1162	-	1153
Domestic Market price USD per ton Soy Degum Kandla	1167	1167	1167
<b>Parity INR/MT (Domestic - Landed)</b>	<b>278</b>	<b>-</b>	<b>752</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>5.27</b>	<b>-</b>	<b>14.26</b>
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 negative 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 slight gains during the week. We expect RSO Indore prices likely to trade with a steady to firm in the coming days.
- ❖ Breaching the immediate zone of 647.00, prices shall test 605-610 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 658-680 level in near to medium term.

**Strategy:** Market Participants can buy Ref. soy oil (INDORE Rs/10 Kg with VAT) in cash markets at 655-662.

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 range bound movement in the CPO prices during the week. Prices may trade sideways to slightly firm tone in the coming week.
- ❖ Rs 405 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 405-425 level in near term. However, breaching 405 levels prices may touch the 395-400 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 400-405 level.**

Support and Resistance				
S2	S1	PCP	R1	R2
370	390	415	422	425



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


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

- ❖ Weekly chart of refined soy oil at NCDEX featured slight gains. We expect sideways movement in the RSO Nov contract.
- ❖ Any close below 615.80 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 623-642 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 long in RSO in the range of 623-627 for a target of 638 and 642 with a stop loss at 618.50 on closing basis.

**RSO NCDEX (Nov)**

Support and Resistance				
S2	S1	PCP	R1	R2
585.00	600.00	640.55	658.00	673.00

**Technical Analysis (Futures)**
**CPO (Crude Palm Oil Nov. Contract)**


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

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts losses. We expect prices may trade with a steady to firm bias in near term.
- ❖ Any close below 402 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 406-424 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 406-410 for a target of 420 and 424 with a stop loss at 402 on closing basis.

**CPO MCX (Nov)**

Support and Resistance				
S2	S1	PCP	R1	R2
380.00	390.00	419.90	438.00	445.00

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/10/2012	5/10/2012	
Refined Soybean Oil	Kota(Loose)	655	630	25
	Rajkot (Loose)	625	630	-5
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	665	-
	Kakinada	-	-	-
	Mumbai +VAT	655	640	15
	Indore	642	620	22
	Soy Degum Mumbai+VAT	620	605	15
	SoyDegum Kandla/Mundra+VAT	615	600	15
	Haldiya Port (Loose)	661	-	-
	Akola (Loose)	701	671	30
	Amrawati (Loose)	701	671	30
	Jalna	697	667	30
	Nagpur	707	677	30
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	505	5
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	-	530	-
	Kandla CPO (5%FFA)	422	405	17
	Kakinada.RBD.Palmolein(Loose)	496	501	-5
	Mumbai RBD Pamolein+ VAT	522	495	27
	Kandla RBD Palmolein +VAT	500	495	5
Refined Sunflower Oil	Mumbai + VAT	700	690	10
	Kandla/Mundra	645	640	5
	Erode (Exp. Oil)+VAT	720	740	-20
	Hyderabad Exp +VAT	-	-	-
	Chennai (Loose)	750	775	-25
	Bellary (Exp. Oil)+VAT	611	611	Unch
	Latur (Exp. Oil)+VAT	656	641	15
	Chellakere (Exp. Oil)+VAT	656	631	25
Groundnut Oil	Rajkot (Loose)	1150	1050	100
	Chennai (Loose)	1000	900	100
	Delhi (Loose)	-	970	-
	Hyderabad Exp +VAT	1051	946	105
	Mumbai + VAT	1140	1030	110
	Gondal+VAT	1150	1050	100

	Jamnagar +VAT	1150	1050	100
	Narsarropeth+VAT	981	-	-
	Prodattour+VAT	1001	901	100
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	805	760	45
	Alwar (Expeller Oil)(Loose)	801	776	25
	Kota (Expeller Oil) (Loose)	750	720	30
	Jaipur (Expeller Oil) (Loose)	-	-	-
	Delhi (Exp. Oil) (Loose)	-	790	-
	SriGangaNagar(ExpOil-Loose)	781	746	35
	Hapur+VAT	862	863	-1
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	850	825	25
Refined Cottonseed Oil	Mumbai +VAT	672	620	52
	Rajkot (Loose)	670	645	25
	Delhi (Loose)	-	625	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	820	-
	Mumbai	830	830	Unch
Coconut Oil	(Crude Rs/10kg) - Kangayan	543	520	23
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	510	-
Rice Bran Oil (4%)	Punjab	580	570	10
Rice Bran Oil (70%)	Delhi	-	460	-
Malaysia/Indonesia FOB		12/10/2012	5/10/2012	Change
Malaysia Palmolein USD/MT	FOB (Oct Shipment)	820	800	20
	CNF(Oct) - India	850	825	25
Indonesia/Malaysia CPO USD/MT	FOB (Oct Shipment)	765	745	20
	CNF(Oct) - India	795	775	20
Argentina FOB (\$/MT)		10/12/2012	5/10/2012	Change
Crude Soybean Oil Ship (Oct)		1078	1073	5
Refined Soy Oil (Bulk) Ship (Oct)		1115	1110	5
Sunflower Oil Ship (Oct)		-	-	-
Cottonseed Oil Ship (Oct)		1058	1053	5
Refined Linseed Oil (Bulk) Ship (Oct)		-	-	-



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