

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

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

*India imported 0.98 million tons of crude soy degummed oil in the current oil year (Nov. - Oct) up to Sept 2012. However, crude soy degummed oil imports were 0.81 million tons in the corresponding period last year – SEA of India.*

*Mustard oil was the top gainer among the edible oil pack followed by soy oil due to festive demand. However, refined sun oil and palm featured lackluster trade activities.*

*On the currency front, Indian rupee against USD ended at 53.89 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 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, US soybean-harvesting pace, 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.*

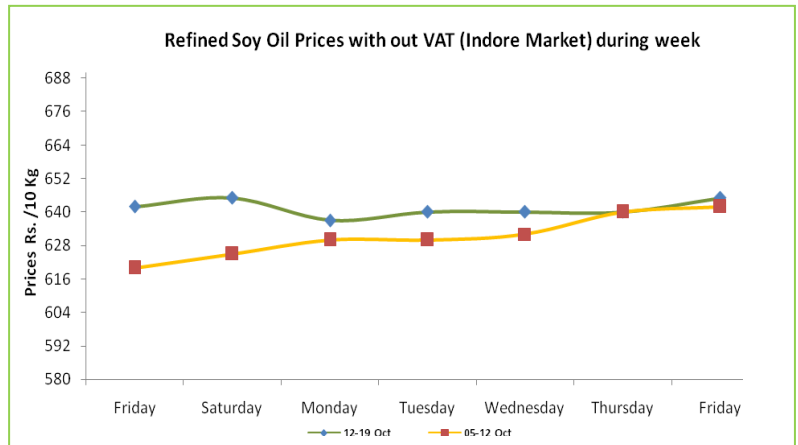
*Good palm oil supply from South East Asian countries and higher Malaysian palm oil inventories may weigh on the international palm oil market. Meanwhile, upcoming festivals in India and higher spread between soy and palm oil may underpin international palm oil prices in the medium term.*

*Global output of sunflower oil in the 2012/13 year starting from Oct. 1 is likely to fall by 1.2 million tons and it would be give it a price premium over soyoil in the second half of the year - Mielke.*

### Soy oil:

#### Domestic Fundamentals:-

- Soybean oil featured steady to firm tone at Indore market during the week on festive demand and slow soybean offloading by farmers
- India imported 0.98 million tons of crude soy degummed oil in the current oil year (Nov. - Oct) up to Sept 2012. However, crude soy degummed oil imports were 0.81 million tons in the corresponding period last year – SEA of India.
- Sources revealed, big solvent extractors showed buying interest. However, subdued demand limit excessive gains in refined soy oil prices.
- 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 USDA, the US soybean crop harvesting is 71 per cent complete which is in line with the expectations. This figure is higher than the five-year average of 58 per cent.
- As per General Administration of Customs of China, China imported 4.97 million tons of soybeans in September, up 12.4 percent from 4.42 million tons in August. Moreover, Chinese vegetable oils imports in September were 860,000 tons, up 34.4 percent compared to the previous month.
- According to Safras & Mercado, soybean crop in Brazil has been planted in 9 per cent of the expected soybean growing area, which is lower than the figure of 13 per cent in the same period last year.
- Ongoing soybean harvesting in US may weigh on the market. However, lower US soybean output may support international edible oil prices in medium term.

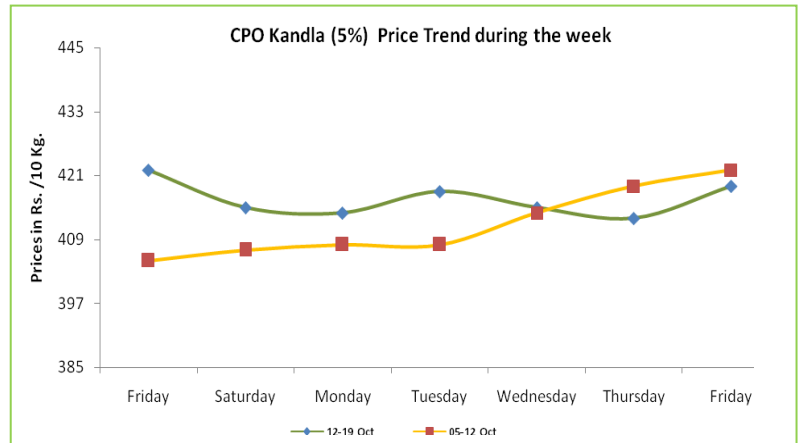
#### Price Outlook:

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 tone during the week under review tracking mild recovery in the international palm oil market and depreciating INR against US dollar.
- Total stock, both at port and in pipelines is decreased by one lakh tons to 14.5 lakh tons on Oct 1. Moreover, India imported 111,163 tons of refined palm oil in the month of September, up 39.9 percent from previous month - SEA of India. Sources revealed that buyers afraid from aggressive booking for the coming weeks on significant losses in the international CPO prices.
- Thin trading activities featured at cash market. However, market may revive from lower levels due to upcoming festival demand.
- 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

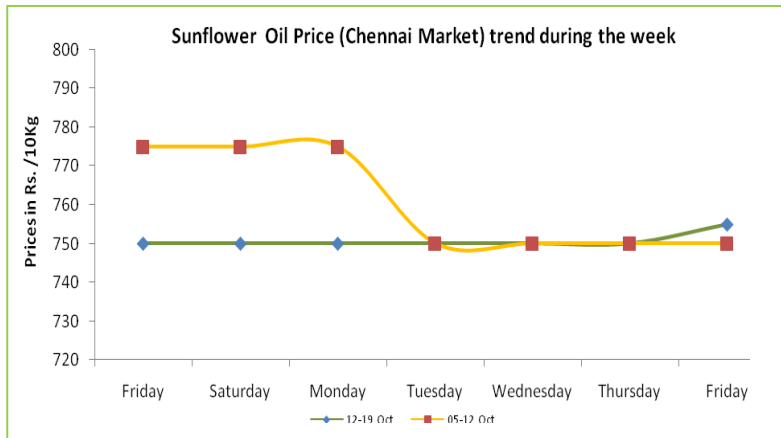
- As per MPOB's latest report, Malaysia's September palm oil stocks rose 5.8 percent to record high 2.48 million tons compared to previous month.
- As per Dorab Mistry, crude palm oil prices at BMD seen at 2,200 ringgit in the coming third month or in the next four to six weeks. Moreover, Malaysian palm oil stocks will reach or exceed 3 million tons on January 1 2013. If prices are held artificially high, it will be counter-productive and stocks on 1 January could be much higher and could remain at 3 million tonnes until March 1 2013.
- As per IPOA, Indonesia's 2012 palm oil exports will likely total 17 million metric tons, an increase of 3% from the previous year but lower than the 17.6 million tons forecast last month due to slowdown in the global economy. Moreover, palm oil output to reach 25 million-26 million tons this year, up 6%-10% on year.
- Good palm oil supply from South East Asian countries and higher Malaysian palm oil inventories may weigh on the international palm oil market. However, upcoming festivals in India and expecting good buying from China may underpin international palm oil 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 slight losses tone at its benchmark market Chennai during the week on rising sunflower seed arrivals and dull demand.
- As per Sources, rising sunflower seed and higher imported sun oil stocks might weigh on the sentiments in the days ahead. However, festive demand could limit downside.
- Lower sunflower crop 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:-

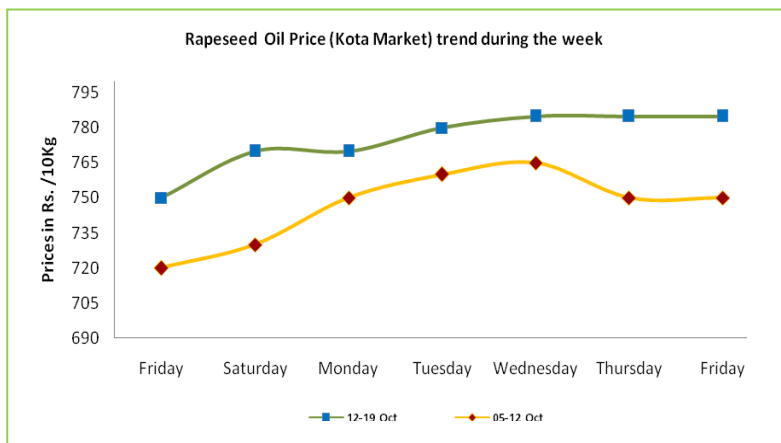
- Global output of sunflower oil in the 2012/13 year starting from Oct. 1 is likely to fall by 1.2 million tons and it would be give it a price premium over soyoil in the second half of the year - Mielke.
- Lower sunflower crop in the European Union may underpin sunflower oil prices in the medium term. However, ongoing EU's sunflower crop arrivals and new soybean supply from US may ease sunflower oil prices in the coming weeks.

### 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 firm tone at Kota market during the week under review on bullish mustard seed fundamentals and depleting mustard seed stocks.
- As per source, dried up rapeseed pipeline supply in the domestic cash market and good demand from oil millers support mustard oil prices 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. However, rising Kharif oilseed arrivals may limit excessive gains.



### International Fundamentals:-

- Lower Canadian canola crop along with lower supply of US soybean would support international edible oil prices in the medium term. However, ongoing crop arrivals may limit upside.

### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 775-795 per 10 Kg.

Indian rupee technical analysis - daily chart

Technical Summary for INR

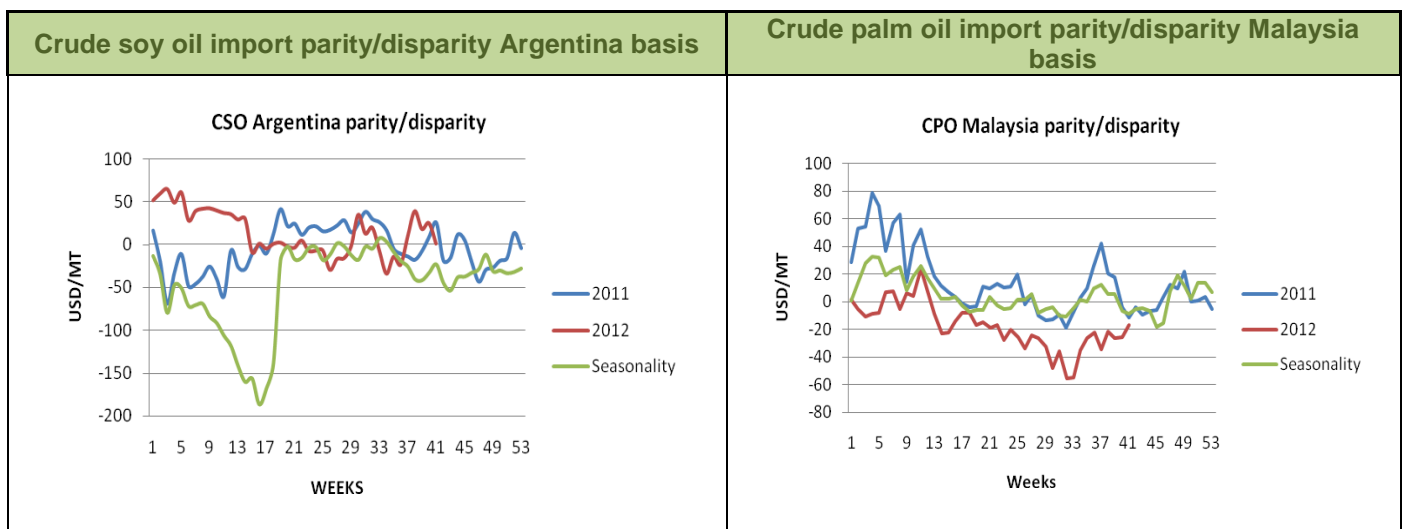
Support and Resistance				
S2	S1	PCP	R1	R2
51.10	52.30	53.88	54.90	55.40

Expected Price Band and Outlook

Indian Rupee	We observed bearishness in INR against USD and likely to trade with a weak tone. Besides, we see a range of 54.70-54.90 on the higher side in the coming week and lower level at 52.50 and below that, we may see selling pressure until 52.10.
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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 firm note 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 650-655, prices shall test 640-645 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 663-705 level in near to medium term.

**Strategy: Market Participants can buy Ref. soy oil (INDORE Rs/10 Kg with VAT) in cash markets at 663-668 for a target of 700-705.**

Support and Resistance				
S2	S1	PCP	R1	R2
640.00	648.00	687.75	720.00	730.00

**Technical Analysis (Spot Market Weekly Charts)**


- ❖ Candlesticks depict range bound movement with slight gains in the CPO prices during the week. Prices may trade sideways to 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 410-414 level for the target of 425-428.

Support and Resistance				
S2	S1	PCP	R1	R2
395	408	419	434	442

**Technical Analysis (Futures)**


**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 gains. We expect sideways to firm movement in the RSO Nov contract in the coming week.
- ❖ Any close below 654 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 662-690 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 662-666 for a target of 685 and 690 with a stop loss at 654 on closing basis.

**RSO NCDEX (Nov)**

Support and Resistance				
S2	S1	PCP	R1	R2
635.00	646.00	678.75	705.00	715.00

**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 417.50 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 422-425 for a target of 434 and 436 with a stop loss at 417.50 on closing basis.

**CPO MCX (Nov)**

Support and Resistance				
S2	S1	PCP	R1	R2
408.00	415.00	433.20	448.00	454.00

Commodity	Centre	Prices(Per 10 Kg)		Change
		19.10.2012	12.10.2012	
Refined Soybean Oil	Kota(Loose)	680	655	25
	Rajkot (Loose)	640	625	15
	Jaipur (Loose)	670	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	671	655	16
	Indore	645	642	3
	Soy Degum Mumbai+VAT	630	620	10
	SoyDegum Kandla/Mundra+VAT	630	615	15
	Haldiya Port (Loose)	696	661	35
	Akola (Loose)	694	701	-7
	Amrawati (Loose)	694	701	-7
	Jalna	690	697	-7
	Nagpur	700	707	-7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	515	510	5
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	-	-	-
	Kandla CPO (5%FFA)	419	422	-3
	Kakinada.RBD.Palmolein(Loose)	501	496	5
	Mumbai RBD Pamolein+ VAT	518	522	-4
	Kandla RBD Palmolein +VAT	505	500	5
Refined Sunflower Oil	Mumbai + VAT	715	700	15
	Kandla/Mundra	645	645	Unch
	Erode (Exp. Oil)+VAT	740	720	20
	Hyderabad Exp +VAT	721	-	-
	Chennai (Loose)	755	750	5
	Bellary (Exp. Oil)+VAT	621	611	10
	Latur (Exp. Oil)+VAT	681	656	25
	Chellakere (Exp. Oil)+VAT	671	656	15
Groundnut Oil	Rajkot (Loose)	1150	1150	Unch
	Chennai (Loose)	1080	1000	80
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1104	1051	53
	Mumbai + VAT	1140	1140	Unch
	Gondal+VAT	1150	1150	Unch

	Jamnagar +VAT	1160	1150	10
	Narsarropeth+VAT	941	981	-40
	Prodattour+VAT	1001	1001	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	810	805	5
	Alwar (Expeller Oil)(Loose)	811	801	10
	Kota (Expeller Oil) (Loose)	790	750	40
	Jaipur (Expeller Oil) (Loose)	810	-	-
	Delhi (Exp. Oil) (Loose)	829	-	-
	SriGangaNagar(ExpOil-Loose)	793	781	12
	Hapur+VAT	856	862	-6
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	855	850	5
Refined Cottonseed Oil	Mumbai +VAT	670	672	-2
	Rajkot (Loose)	675	670	5
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	825	830	-5
Coconut Oil	(Crude Rs/10kg) - Kangayan	620	543	77
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	580	580	Unch
Rice Bran Oil (70%)	Delhi	-	-	-
		19.10.2012	12.10.2012	
Malaysia Palmolein USD/MT	FOB (Nov Shipment)	830	820	10
	CNF (Nov) India	840	850	-10
Indonesia/Malaysia CPO USD/MT	FOB (Oct Shipment)	755	765	-10
	CNF (Oct) India	785	795	-10
Argentina FOB (\$/MT)		19.10.2012	12.10.2012	Change
Crude Soybean Oil Ship (Oct)		1116	1078	38
Refined Soy Oil (Bulk) Ship (Oct)		1155	1115	40
Sunflower Oil Ship (Oct)		-	-	-
Cottonseed Oil Ship (Oct)		1096	1058	38
Refined Linseed Oil (Bulk) Ship (Oct)		-	-	-



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