

Domestic Veg. Oil Market Summary

Edible oil basket witnessed steady to weak tone during the week under review on rising global veg. oil supplies and ongoing domestic oilseed arrivals.

Refined soy oil was the top loser among the edible oil pack followed by palm oil tracking bearish cues from international market and good supplies in the spot market. However, losses were capped in the case of imported edible oils due to persistence weakness in the Indian rupee against US dollar, which made imports costlier.

On the currency front, Indian rupee against USD closed at 54.76/54.77, down 1.78 percent as compared to the previous week due to gloomy economic conditions. We expect edible oil complex to trade steady tone in the days ahead on rising supplies from US and South East Asian countries. However, upcoming festivities could limit downside risk in the prices.

International Veg. Oil Market Summary

CBOT soy oil is expected to stay in the range 47.00 cents/lb to 50.00 cents/lb. CPO at BMD is likely to trade sideways to weak tone. Focus during the coming days will be on the Malaysian palm oil export figures, US soybean production estimates, depreciation of INR against US dollar and Malaysian palm oil ending stocks.

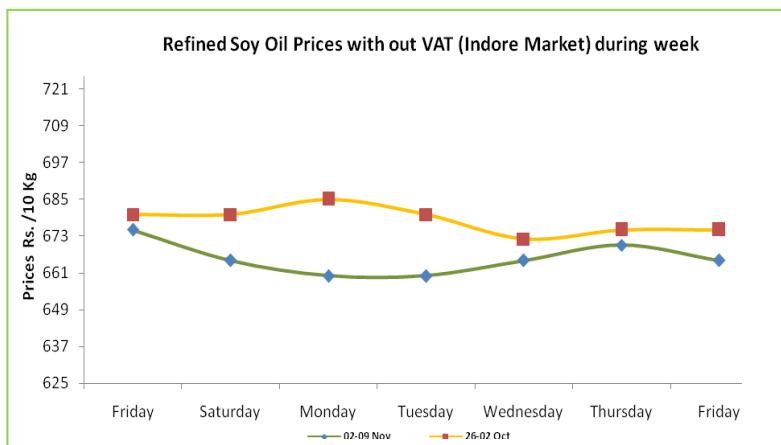
Ongoing soybean harvesting in US and rising veg. oil supplies may weigh on the market. However, upcoming Asian festivities and in anticipation of good buying from European countries may cushion excessive losses in the international palm oil prices.

Malaysian palm oil product exports during 1-10 Nov. rose 22.4 percent to 514,798 tons from the 420,758 tons shipped during 1-10 Oct. Palm oil products export figures for 1-10 Nov. for top major markets (Values in tons and 1-10 Oct. import figures in parenthesis): China 180,090 (92,600), EU 75,680 (106,144) and India 53,000 (69,495).

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to slightly weak tone at Mumbai market during the week tracking bearish cues from international market. However, slow soybean offload by farmers and need based demand limit downside.
- Higher tropical stocks in South East Asian countries tempered the gains in refined soy oil prices. Moreover, poor buying enquires for oil meals hurt the oil complex demand during the bygone week.
- As per Agriwatch estimates, India's soybean production is estimated at around 125 lakh tons, down seven lakh tons from the previous estimate due to some minor crop losses in the key growing areas of Madhya Pradesh.
- We expect crude soy oil may trade with a steady to slightly firm tone in the coming days on upcoming Hindus festival demand. However, bearish international palm oil fundamentals may limit upside.



International Fundamentals:-

- According to USDA, the US farmers harvested 93 percent of soybean crop. This figure is higher than the five-year average of 86 per cent. Moreover, 88 percent of sunflower crop has been harvested higher compared to 5-year average, which was 60 percent.
- In Argentina, planting is severely impeded. About 13-16 Mn ha are either flooded or excessively wet, preventing plantings. Severe soybean planting delays are likely until mid-Nov.
- The Brazilian Association of Vegetable Oils Industries (Abiove) projects the Brazilian soybean crop at 81.3 Mn T for the 2012/13 season. Ongoing soybean harvesting in US and rising veg. oil supplies may weigh on the market.

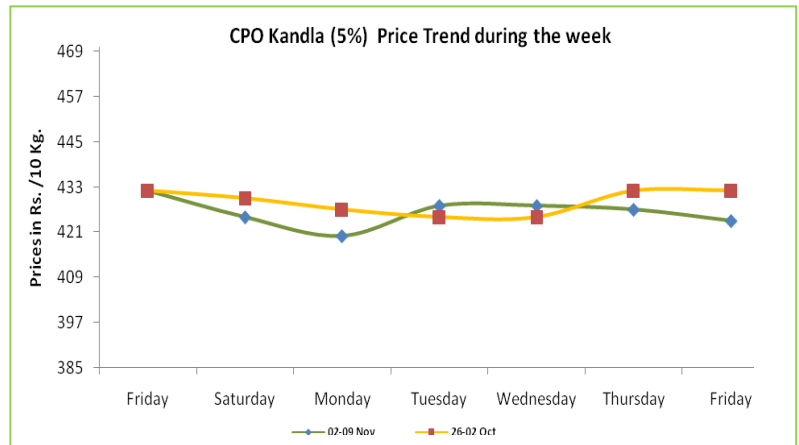
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 675-700 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed mixed tone during the week under review on bearish cues from international market. However, need based demand and depreciation of Indian rupee against US dollar curb downside risk in the palm oil prices.
- Sources revealed edible oil stocks at ports are low due to port congestions and buyers refrain from aggressive booking in anticipation of further fall in the palm oil prices.
- As per Dorab Mistry, India should impose a 10 percent tax on crude palm oil imports to protect the industry from cheaper imports and to protect its farmers. At Present India allows tax-free imports of crude vegetable oils and imposes 7.5 percent duty on refined varieties
- We expect domestic palm oil prices may trade with a steady tone. However, upcoming festivities may support palm oil prices in the near term.



International Fundamentals:-

- Malaysian palm oil product exports during 1-10 Nov. rose 22.4 percent to 514,798 tons from the 420,758 tons shipped during 1-10 Oct. – SGS.

Breakdown of SGS palm export figures for 1-10 Nov. compared to a month ago (in tons):

Palm Products	1-10 Nov	1-10 Oct	% Change
Crude palm oil	137,500	154,753	-11.15
RBD palm oil	25,241	8,250	205.95
RBD palm olein	210,227	158,690	32.48
RBD palm stearin	65,230	41,370	57.67
Crude palm kernel oil	25,120	11,000	128.36
Oleochemicals	12,470	9,620	29.63

Top Palm Products Importers	1-10 Nov	1-10 Oct	% Change
European Union	75,680	106,144	-28.70
China	180,090	92,600	94.48
Pakistan	8,000	41,920	-80.92
United States	22,500	0	-
India	53,000	69,495	-23.74

- Malaysian Crude palm oil prices must stay around 2,220 ringgits per tons (\$720) for 2 months to attract the palm oil imports and this would help to ease record high palm oil inventories. Moreover, Malaysian palm oil stocks are likely to increase further in November and December and CPO production in Malaysia and Indonesia would be 18.4 million tons and 27.5 million tons respectively – Dorab Mistry.
- As per Reuters survey of five plantation firms, Malaysian palm oil stocks seen at 2.67 million tons, up 7.5 percent compared to previous month on the back of prevailing higher palm oil production phase in South East Asian countries. However, Malaysian palm oil exports for the month of October are projected higher by 12 percent to 1.69 million tons.
- We expect upcoming Asian festivities and in anticipation of good buying from European countries may cushion excessive losses in the international palm oil prices.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 418-428 per 10 Kg in the near term.

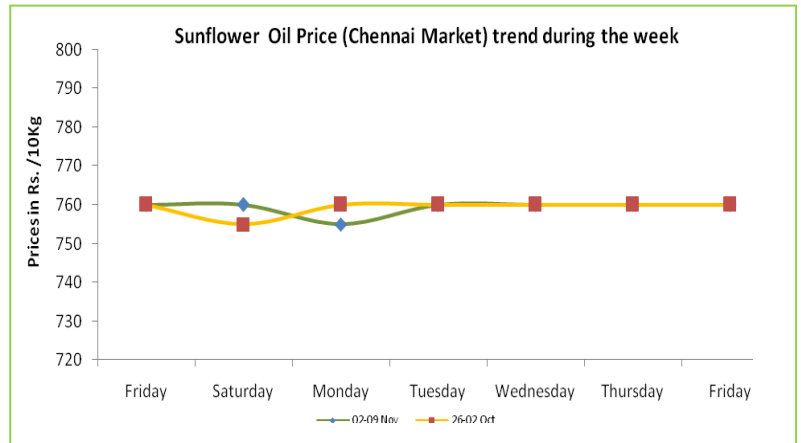
Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady tone at its benchmark market Chennai during the week. Rising Kharif sunflower arrivals from key producing regions and lull demand for premium oils segments limit gains.
- We expect depreciation of INR against US dollar and upcoming festivities may support sunflower oil prices in the near term. However, rising veg. oil supplies may limit excessive gains.

International Fundamentals:-

- According to USDA, the US farmers harvested 88 percent of sunflower crop higher compared to 5-year average, which was 60 percent.



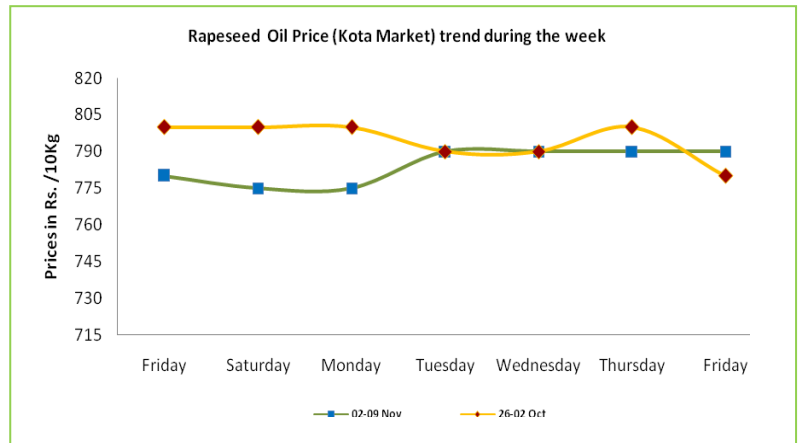
Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 750-765 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured slightly weak tone at Kota market during the week under review on bearish edible oil complex and in anticipation of rise in the mustard acreage in the current Rabi season. However, diminishing RM seed stocks limit excessive losses.
- As per farm source, mustard area is likely to increase in the Neemuch, Mandsaur and Kota division as coriander area may shift to mustard during the current Rabi season owing to attractive mustard prices and good soil moisture.
- We expect RM seed oil prices may trade steady to slightly firm tone due to festival demand in the coming days and depleting RM seed stocks in the cash market. However, retail demand may shift to cheaper edible oils.



International Fundamentals:-

- Higher rapeseed prices and improved sowing condition could lead to larger rapeseed planting in the European countries in 2013. European Union farmers are likely to sow about 6.55 million Ha of rapeseed, up 6.8 percent compared to previous season – Oil World. Higher EU's rapeseed production may weigh on the rapeseed prices in the medium to long term.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 775-790 per 10 Kg.

Indian rupee technical analysis – Weekly chart



Technical Summary for INR

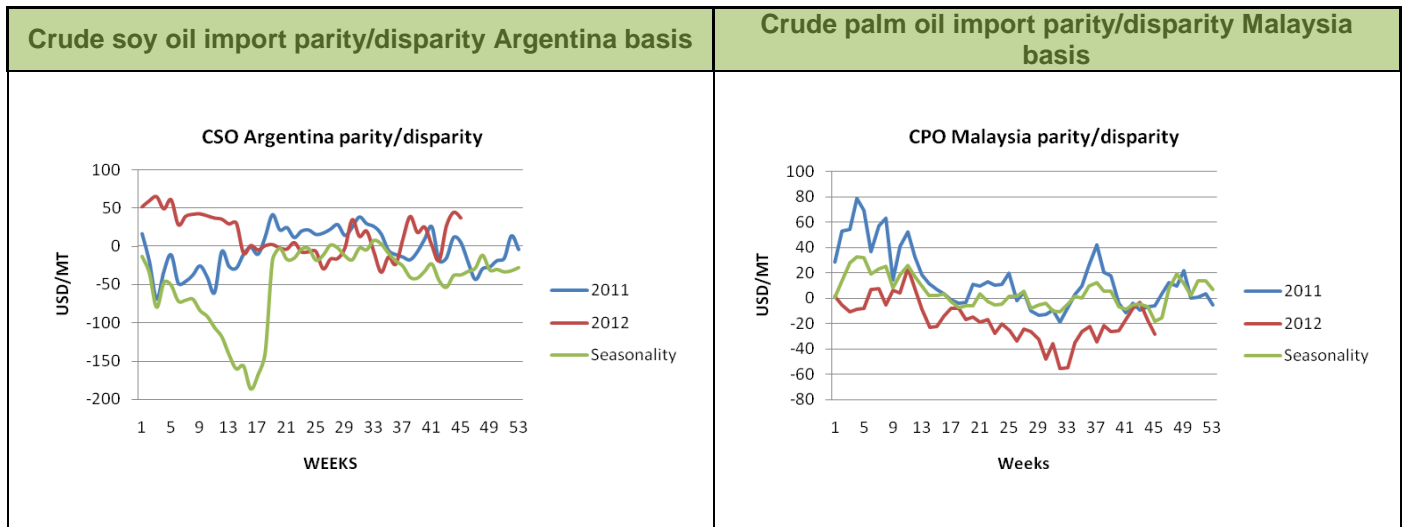
Support and Resistance				
S2	S1	PCP	R1	R2
53.60	53.90	54.76	55.25	55.60

Expected Price Band and Outlook

- ❖ Candlestick chart pattern reveals weakness in the Indian rupee against US dollar. RSI is heading towards overbought region indicate firmness in the prices and bullish crossover in the stochastic oscillator has triggered a buy signal.
- ❖ We see a range of 55.25-55.35 on the higher side and lower level as 54.10 and below that, we may see selling pressure until 53.90. Breaching the immediate zone of 55.25-55.35, prices shall test 55.65-55.80 in the coming weeks.
- ❖ 54.25-55.35 range likely to be the price band for the coming week, any breakout on either side will confirm fresh directional moves.

Landed Cost at the Indian Ports - Crude soy oil

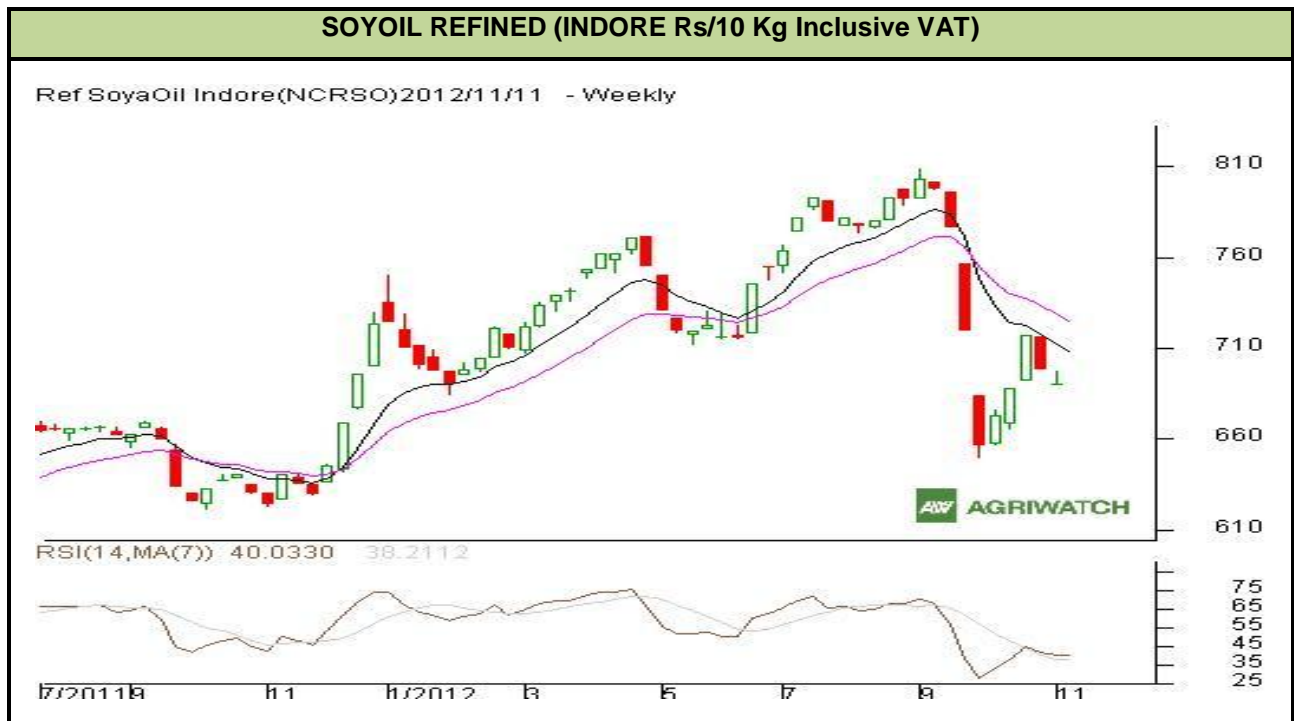
Landed Cost Calculation as on 09/11/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1043	1074	987
Freight (USD/MT)	65	55	50
C & F	1108.0	1129.1	1037.0
Weight loss (0.25% of FOB)	2.61	2.69	2.47
Finance charges (0.4% on CNF)	4.17	4.30	3.95
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1118	1139	1047
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	54.34	54.34	54.34
Landed cost without customs duty in INR per ton	60758	61919	56868
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	61194	62355	57304
Domestic Market price INR per ton Soy Degum Kandla	63500	63500	63500
Total landed cost USD per ton	1126	1147	1055
Domestic Market price USD per ton Soy Degum Kandla	1169	1169	1169
Parity INR/MT (Domestic - Landed)	2306	1145	6196
Parity USD/MT (Domestic - Landed)	42.44	21.08	114.02
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 higher domestic prices as compared to international prices. We expect import parity to be in the positive side in the coming weeks. On the other side, disparity in CPO import has widened and likely to recover in the coming weeks.

Technical Analysis (Spot Market Weekly Charts)


- ❖ Domestic soy oil prices traded with a weak note during the week. We expect RSO Indore prices likely to trade with a steady tone in the coming days.
- ❖ Breaching the immediate zone of 675-678, prices shall test 665-668 zones in the 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 675-700 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.

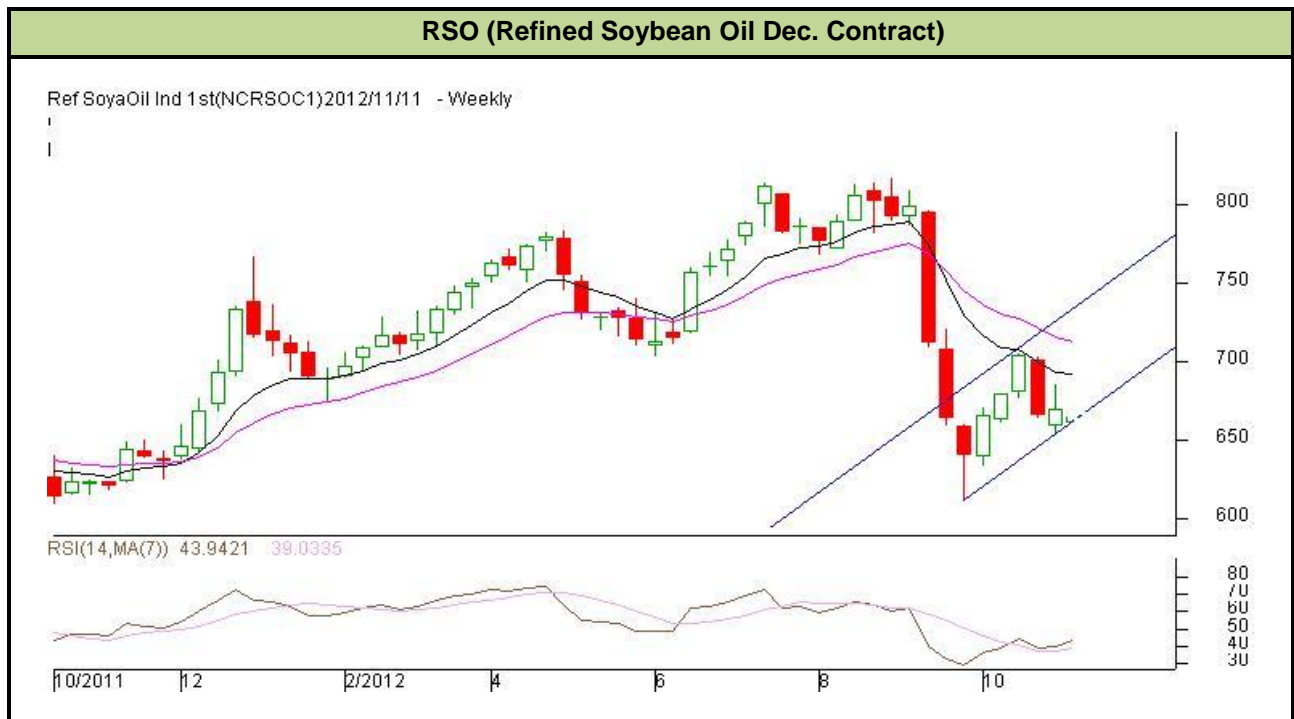
Support and Resistance				
S2	S1	PCP	R1	R2
668.00	675.00	690.00	708.00	716.00

Technical Analysis (Spot Market Weekly Charts)


- ❖ Candlesticks depict sideways movement in the CPO prices during the week. Prices may trade sideways to firm tone in the coming week.
- ❖ Rs 412 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 415-430 level in near term. However, breaching 430 levels prices may touch the 442-445 levels in the coming days.
- ❖ RSI is in oversold 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 418 for the target of 425-428 level.

Support and Resistance				
S2	S1	PCP	R1	R2
406.00	412.00	424.00	432.00	442.00

Technical Analysis (Futures)


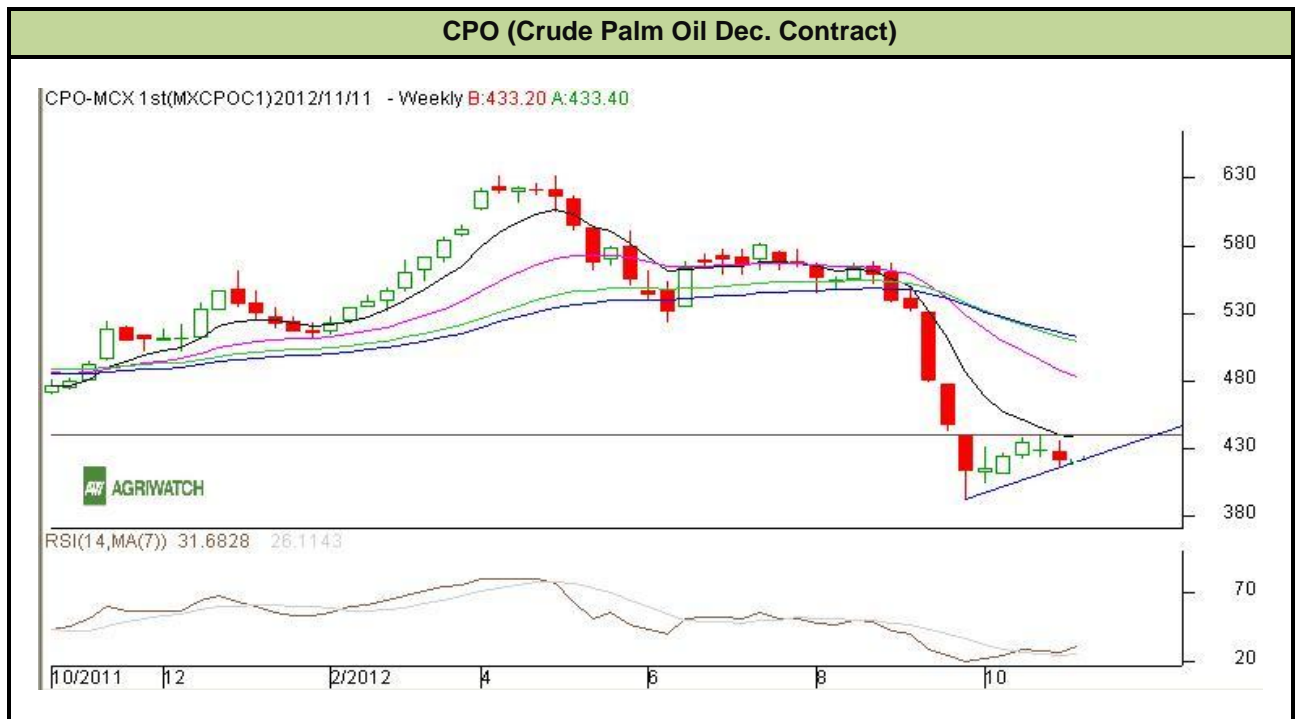
Outlook – Prices are likely to trade with a steady to firm tone in the days ahead. Investors are advised to buy refined soy oil (Dec. contract).

- ❖ Weekly chart of refined soy oil at NCDEX featured slight gains. We expect sideways to firm movement in the RSO Dec contract. Any dip in the prices may act as buying opportunity.
- ❖ Any close below 640.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 650-680 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 650-655 for a target of 675 and 680 with a stop loss at 640.50 on closing basis.

RSO NCDEX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
620.00	630.00	653.85	686.00	693.00

Technical Analysis (Futures)


Outlook - Prices may trade with a steady to firm tone in the coming days. Investors are advised to buy MCX CPO Dec 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 416.75 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 424-442 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 424-425 for a target of 438 and 442 with a stop loss at 416.75 on closing basis.

CPO MCX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
404.00	412.00	424.10	445.00	451.00

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		11/9/2012	11/2/2012	
Refined Soybean Oil	Kota(Loose)	685	690	-5
	Rajkot (Loose)	670	680	-10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	665	675	-10
	Indore	665	675	-10
	Soy Degum Mumbai+VAT	620	652	-32
	SoyDegum Kandla/Mundra+VAT	635	655	-20
	Haldiya Port (Loose)	701	709	-8
	Akola (Loose)	691	703	-12
	Amrawati (Loose)	691	703	-12
	Jalna	687	699	-12
	Nagpur	697	709	-12
Palm Oil	Chennai.RBD.Palmolein.(Loose)	514	520	-6
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	-	-	-
	Kandla CPO (5%FFA)	424	432	-8
	Kakinada.RBD.Palmolein(Loose)	501	506	-5
	Mumbai RBD Pamolein+ VAT	520	520	Unch
	Kandla RBD Palmolein +VAT	485	495	-10
Refined Sunflower Oil	Mumbai + VAT	725	730	-5
	Kandla/Mundra	675	675	Unch
	Erode (Exp. Oil)+VAT	750	750	Unch
	Hyderabad Exp +VAT	741	731	10
	Chennai (Loose)	760	760	Unch
	Bellary (Exp. Oil)+VAT	671	674	-3
	Latur (Exp. Oil)+VAT	691	686	5
	Chellakere (Exp. Oil)+VAT	691	686	5
Groundnut Oil	Rajkot (Loose)	1170	1200	-30
	Chennai (Loose)	1070	1100	-30
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1051	1061	-10

	Mumbai + VAT	1150	1180	-30
	Gondal+VAT	-	1200	-
	Jamnagar +VAT	-	1200	-
	Narsarropeth+VAT	971	951	20
	Prodattour+VAT	1021	1031	-10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	800	815	-15
	Alwar (Expeller Oil)(Loose)	816	826	-10
	Kota (Expeller Oil) (Loose)	795	780	15
	Jaipur (Expeller Oil) (Loose)	-	810	-
	Delhi (Exp. Oil) (Loose)	826	816	10
	SriGangaNagar(ExpOil-Loose)	801	796	5
	Hapur+VAT	860	855	5
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	885	870	15
Refined Cottonseed Oil	Mumbai +VAT	690	700	-10
	Rajkot (Loose)	700	725	-25
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	915	910	5
Coconut Oil	(Crude Rs/10kg) - Kangayan	595	605	-10
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	530	540	-10
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia/Indonesia FOB		11/9/2012	11/2/2012	Change
Malaysia Palmolein USD/MT	FOB (Nov Shipment)	790	830	-40
	CNF (Nov) India	830	865	-35
Indonesia/Malaysia CPO USD/MT	FOB (Oct Shipment)	730	760	-30
	CNF) (Oct) India	765	795	-30
Argentina FOB (\$/MT)		11/8/2012	11/1/2012	Change
Crude Soybean Oil Ship (Oct)		1063	1096	-33
Refined Soy Oil (Bulk) Ship (Oct)		1100	1134	-34
Sunflower Oil Ship (Oct)		-	-	-
Cottonseed Oil Ship (Oct)		1043	1076	-33
Refine Linseed Oil(Bulk) Ship (Oct)		-	-	-



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