

Domestic Veg. Oil Market Summary

Edible oil basket witnessed thin trading activities during the week under review. Most of the cash market was closed due to Hindu's festivals.

Refined soy oil was the top gainer among the edible oil pack followed by palm oil on festive demand and persistent weakness in the Indian rupee against US dollar makes import costlier. However, bearish cues from international market and good supplies at the domestic front limit upside. On the currency front, Indian rupee against USD closed at 55.15, down 0.71 percent as compared to the previous week due to gloomy economic conditions.

We expect edible oil complex to trade steady to slight firm tone in the days on seasonal demand and in expectation of good oil meals export demand. However, non-aggressive buying from wholesalers and higher palm oil ending stocks at South East Asian countries may limit upside.

International Veg. Oil Market Summary

CBOT soy oil is expected to stay in the range 46.70 cents/lb to 50.00 cents/lb. CPO at BMD is likely to trade sideways. Focus during the coming days will be on the Malaysian palm oil export figures, depreciation of INR against US dollar and South American weather over key soybean producing region.

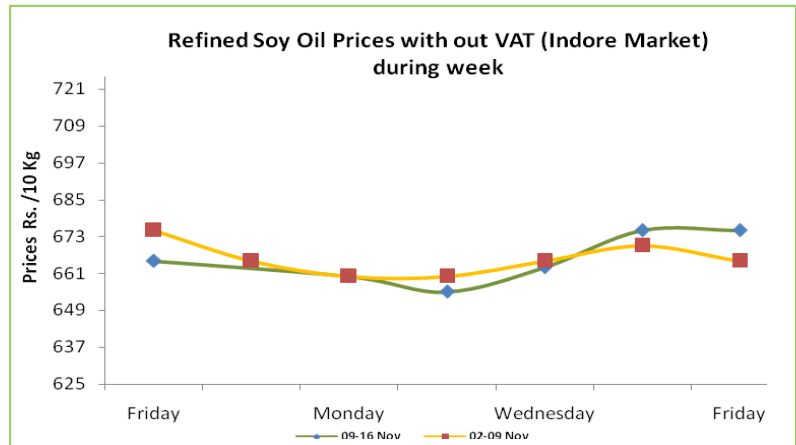
As per MPOB's report, Malaysian palm oil ending stocks rose by 1.1 percent to 2.50 million tons compared to the previous month. However, palm oil production fell by 3.3 percent from the month of September. Less than expected palm oil ending stocks support the international palm oil market in the bygone week. However, rising soybean supplies and higher palm oil stocks in the South East Asian countries may weigh on the market. However, seasonal demand from Asian countries may limit downside risk in the prices.

Malaysian palm oil product exports during 1-15 Nov fell 1.2 percent to 759,452 tons from 768,550 tons shipped during Oct. 1-15 – SGS. Palm oil products export figures for 1-15 Nov. for top major markets (Values in tons and 1-15 Oct. import figures in parenthesis): China 230,720 (138,075), EU 127,358 (232,048) and India 102,446 (140,220).

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady tone at major spot market due to thin trading activities during the week under review. Major spot market was inactive due to Hindu's festivals.
- As per sources, lackluster trade in refined soy oil and poor buying enquires for oil meals may hurt the oil complex demand in the coming days.
- 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 soy oil may trade with a steady to slightly firm tone in expectation of good demand for oil meals from overseas market and seasonal demand may support edible oils demand. However, lack of aggressive buying may limit excessive gains.



International Fundamentals:-

- According to the latest crop progress report released by USDA, US soybean harvest is 96 per cent complete as compared to 93 per cent last week and 93 per cent 5 year average.
- As per General Administration of Customs of China, China the world's largest soy buyer, imported 4.03 million tons of soybeans in October, down 18.9 percent from 4.97 million tons in September. Moreover, vegetable oils imports in October were nine lakh tons, up 4.7 percent from the previous month.
- Argentina sees 3.74 percent higher soybean acreage to 19.4 million hectares in 2012-13 as compared to the previous year - Argentina's Agriculture Ministry report.
- Poor demand for soybean from China and rising US soybean supplies may weigh on the international soybean oil and soybean prices in the near term.

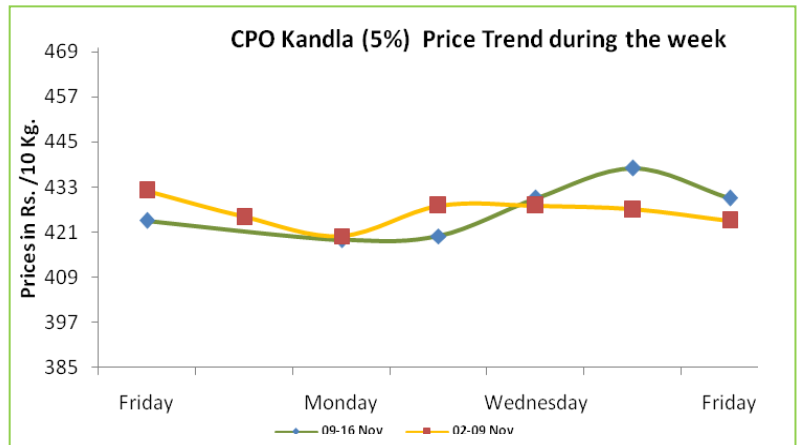
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 690-725 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed mixed tone during the week under review on festive demand and weakness of Indian rupee against US dollar support domestic CPO prices. However, bearish international palm oil fundamentals limit excessive gains.
- Government has cuts the base import price for RBD palmolein to US dollar 887 per tons due to decline in global edible oil prices. Government has sets US dollar 1,053 per tons base import price in the month of August.
- Sources revealed that 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.
- We expect domestic palm oil prices may trade with a steady to slight firm tone on seasonal demand. However, bearish international fundamentals may limit upside.



International Fundamentals:-

- Malaysian palm oil product exports during 1-15 Nov fell 1.2 percent to 759,452 tons from 768,550 tons shipped during Oct. 1-15 – SGS.

Breakdown of SGS palm export figures for 1-15 Nov. compared to a month ago (in tons):

Palm Products	1-15 Nov	1-15 Oct	% Change
Crude palm oil	206,971	294,724	-29.77
RBD palm oil	59,992	31,912	87.99
RBD palm olein	303,368	266,261	13.94
RBD palm stearin	80,155	62,071	29.13
Crude palm kernel oil	32,220	16,500	95.27
Oleochemicals	23,515	22,525	4.40

Top Palm Products Importers	1-15 Nov	1-15 Oct	% Change
European Union	127,358	232,048	-45.12
China	230,720	138,075	67.10
Pakistan	12,700	41,920	-69.70
United States	49,320	14,375	243.10
India	102,446	140,220	-26.94

- As per MPOB's report, Malaysian palm oil ending stocks rose by 1.1 percent to 2.50 million tons compared to the previous month. However, palm oil production fell by 3.3 percent from the month of September.
- We expect CPO prices are likely to stay range bound in the coming days on higher palm oil stocks in the South East Asian countries. However, seasonal demand from Asian countries may limit downside risk in the prices.

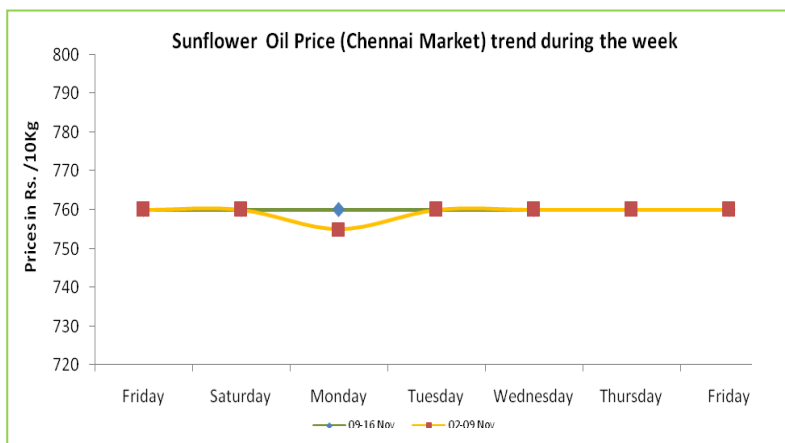
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 425-445 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.

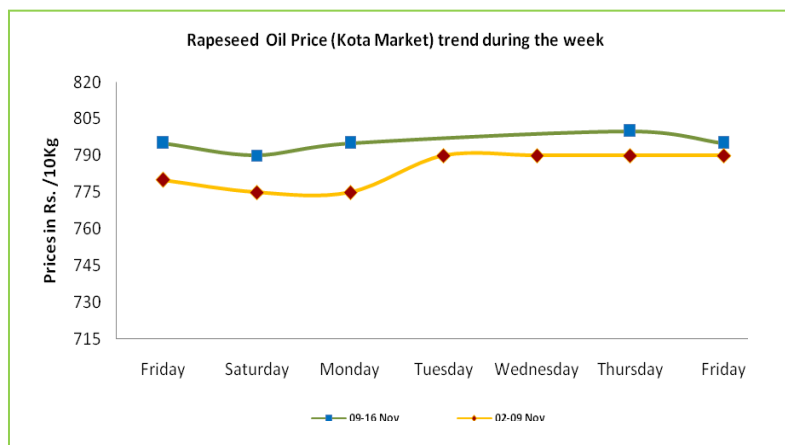
Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 755-775 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured firm tone at Kota market during the week under review on bullish rapeseed fundamentals and depleting rapeseed stocks. However, in anticipation of rise in the mustard acreage in the current Rabi season limit upside.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 39.83 lakh hectares as on 15 Nov. 2012 down 9.8 % compared to corresponding period last year.
- 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 in the coming days However; retail demand may shift to cheaper edible oils like palm oil and soy oil, which could temper the excessive gains.



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 785-810 per 10 Kg.

Indian rupee technical analysis – Weekly chart



Technical Summary for INR

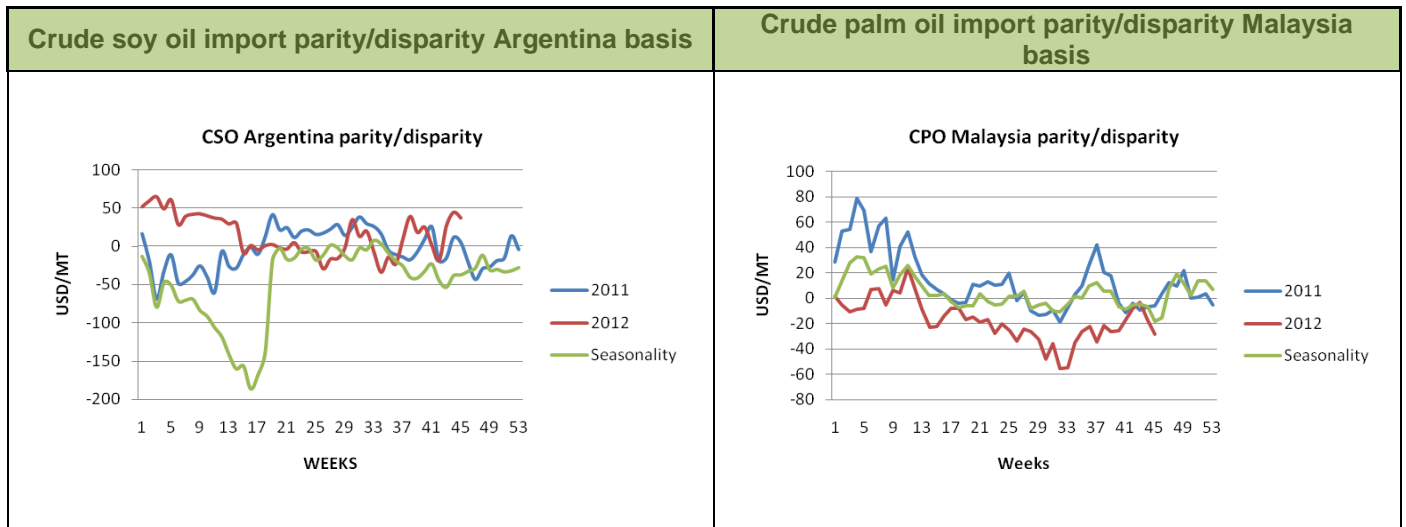
Support and Resistance				
S2	S1	PCP	R1	R2
53.60	54.20	55.15	56.20	56.90

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.
- ❖ We see a range of 55.80-55.90 on the higher side and lower level as 54.20 and below that, we may see selling pressure until 53.90. Breaching the immediate zone of 55.80-55.90, prices shall test 56.20-56.50 in the coming weeks.
- ❖ 54.75-55.80 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

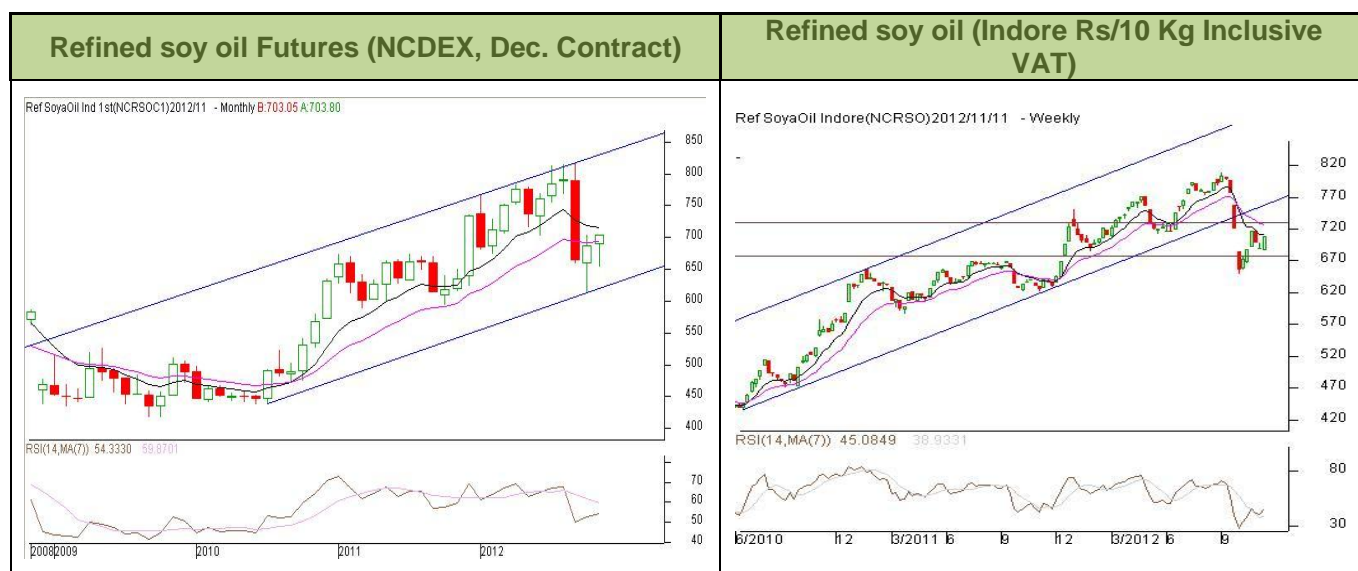
Landed Cost Calculation as on 09/11/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1043	1074	987
Freight (USD/MT)	65	55	50
C & F	1108.0	1129.1	1037.0
Weight loss (0.25% of FOB)	2.61	2.69	2.47
Finance charges (0.4% on CNF)	4.17	4.30	3.95
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1118	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 (Refined soy oil Weekly Charts)


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).

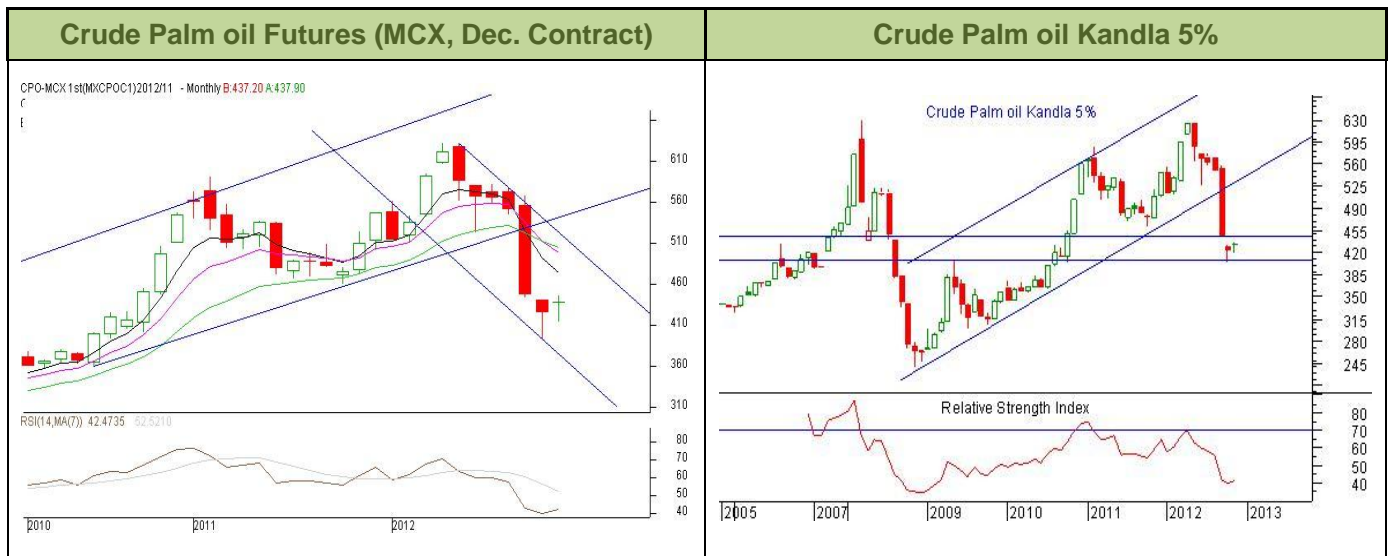
- ❖ Weekly chart of refined soy oil at NCDEX featured gains. We expect sideways to firm tone in the RSO Dec contract. Any dip in the prices may act as buying opportunity.
- ❖ Any close below 670 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 680-715 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 680-685 for a target of 705 and 710 with a stop loss at 670 on closing basis.

RSO NCDEX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
644.00	653.40	692.40	720.00	734.00

Spot Market outlook: Refined soy oil is likely to trade with a steady to firm tone in the coming week. The prices may witness 725-730 levels.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady to slight 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 sideways movement. We expect prices may trade with a steady to firm bias in near term.
- ❖ Any close below 423 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 432-458 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 432-435 for a target of 453 and 458 with a stop loss at 416.75 on closing basis.

CPO MCX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
414.00	421.00	444.00	467.00	477.00

Spot Market outlook: Crude palm oil 5% is likely to trade with a steady to firm tone in the coming week. The prices may witness 455-460 levels.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		11/16/2012	11/9/2012	
Refined Soybean Oil	Kota(Loose)	695	685	10
	Rajkot (Loose)	Closed	670	-
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	670	665	5
	Indore	675	665	10
	Soy Degum Mumbai+VAT	625	620	5
	SoyDegum Kandla/Mundra+VAT	640	635	5
	Haldiya Port (Loose)	-	701	-
	Akola (Loose)	701	691	10
	Amrawati (Loose)	701	691	10
	Jalna	697	687	10
	Nagpur	707	697	10
Palm Oil	Chennai.RBD.Palmolein.(Loose)	515	514	1
	Hyd. RBD Palmolein VAT	508	-	-
	Delhi RBD Palmolein (Loose)	-	-	-
	Kandla CPO (5%FFA)	430	424	6
	Kakinada.RBD.Palmolein(Loose)	501	501	Unch
	Mumbai RBD Pamolein+ VAT	518	520	-2
	Kandla RBD Palmolein +VAT	495	485	10
Refined Sunflower Oil	Mumbai + VAT	735	725	10
	Kandla/Mundra	680	675	5
	Erode (Exp. Oil)+VAT	765	750	15
	Hyderabad Exp +VAT	741	741	Unch
	Chennai (Loose)	760	760	Unch
	Bellary (Exp. Oil)+VAT	669	671	-2
	Latur (Exp. Oil)+VAT	-	691	-
	Chellakere (Exp. Oil)+VAT	686	691	-5
Groundnut Oil	Rajkot (Loose)	Closed	1170	-
	Chennai (Loose)	1070	1070	Unch
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1104	1051	53
	Mumbai + VAT	1175	1150	25

	Gondal+VAT	-	-	-
	Jamnagar +VAT	-	-	-
	Narsarropeth+VAT	951	971	-20
	Prodattour+VAT	1026	1021	5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	815	800	15
	Alwar (Expeller Oil)(Loose)	841	816	25
	Kota (Expeller Oil) (Loose)	795	795	Unch
	Jaipur (Expeller Oil) (Loose)	-	-	-
	Delhi (Exp. Oil) (Loose)	838	826	12
	SriGangaNagar(ExpOil-Loose)	806	801	5
	Hapur+VAT	860	860	Unch
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	885	885	Unch
Refined Cottonseed Oil	Mumbai +VAT	675	690	-15
	Rajkot (Loose)	Closed	700	-
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	900	915	-15
Coconut Oil	(Crude Rs/10kg) - Kangayan	590	595	-5
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	530	530	Unch
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia/Indonesia FOB		11/16/2012	11/9/2012	Change
Malaysia Palmolein USD/MT	FOB (Nov Shipment)	800	790	10
	CNF (Nov) India	840	830	10
Indonesia/Malaysia CPO USD/MT	FOB (Oct Shipment)	745	730	15
	CNF) (Oct) India	775	765	10
Argentina FOB (\$/MT)		11/15/2012	11/8/2012	Change
Crude Soybean Oil Ship (Oct)		1056	1063	-7
Refined Soy Oil (Bulk) Ship (Oct)		1092	1100	-8
Sunflower Oil Ship (Oct)		1140	-	-
Cottonseed Oil Ship (Oct)		1036	1043	-7
Refine Linseed Oil(Bulk) Ship (Oct)		-	-	-



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