

Domestic Veg. Oil Market Summary

Edible oil basket witnessed firm tone during the week under review on better buying interest at major physical market. However, mixed cues from international oil and fats market limit excessive gains.

Refined sunflower oil was the top gainer among the edible oil pack followed by soy oil on good demand. Moreover, ready to use palm oil featured slight gains on persistent weakness in the Indian rupee against US dollar, which makes import costlier.

On the currency front, Indian rupee against USD closed at 55.51, down 0.65 percent as compared to the previous week. We expect edible oil complex to trade steady to firm tone in the days on seasonal demand and in expectation of good oil meals export demand. However, higher palm oil stocks in the South Asian countries may limit upside.

International Veg. Oil Market Summary

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.

CBOT soy oil is expected to stay in the range 47.50 cents/lb to 51.00 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.

Malaysian palm oil products export figures for 1-25 Nov. fell 1.9 percent to 1,256,492 tons compared to 1,280,652 tons in the Oct. 1-25 period- Societe Generale de Surveillance. Higher imports witnessed from China, up 72.27 percent from month ago to 392,380 tons. Meanwhile, lower imports were registered in the account of India down 46.98 percent to 108,446 tons.

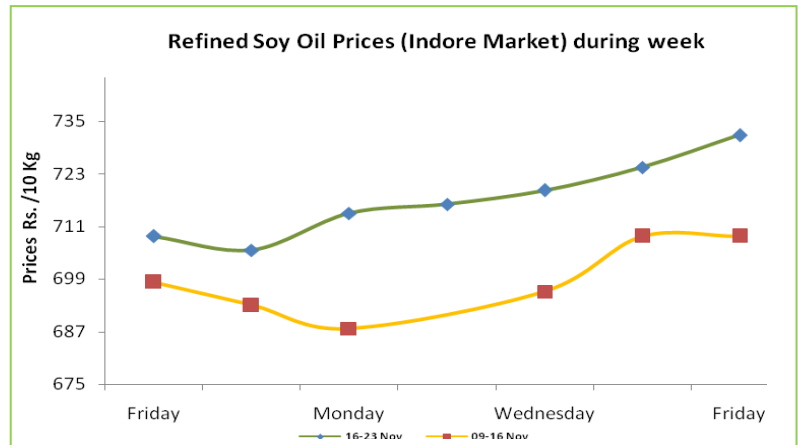
Higher palm oil stocks and bearish Malaysian palm oil export figures may weigh on the market sentiments. However, seasonal demand from Asian countries may limit downside risk in the prices. We expect CPO prices are likely to stay range bound in the coming days.

Rising soybean supplies from US may weigh on the international soybean oil and soybean prices in the near term. However, unfavorable weather over key soybean producing region of South American countries may act as an encouraging factor for the market.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone at major spot market on better buying interest during the bygone week.
- As per sources, meal export demand is expected to pick up in the coming months and winter seasonal demand for edible oils may support Ref. soy oil prices in the days ahead. However, ongoing soybean arrivals and bearish international fundamentals may limit upside.
- 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.



International Fundamentals:-

- As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 31 percent of the estimated acreage for soybean to 5.921 million hectares, down 13 percent from the previous year. The total soybean area is projected at 19.355 million hectares for 2012/13.
- Oil world slashed its soybean production estimates of combined Argentina and Brazil by 3 million tons due to unfavorable weather for sowing prospects. Argentina's soybean production is projected at 54 million tons for 2012/13. Meanwhile, Brazil is likely to harvest 81 million tons of soybeans, down 1 million tons from the previous estimates.
- Rising soybean supplies from US may weigh on the international soybean oil and soybean prices in the near term. However, unfavorable weather over key soybean producing region of South American countries may act as an encouraging factor for the market.

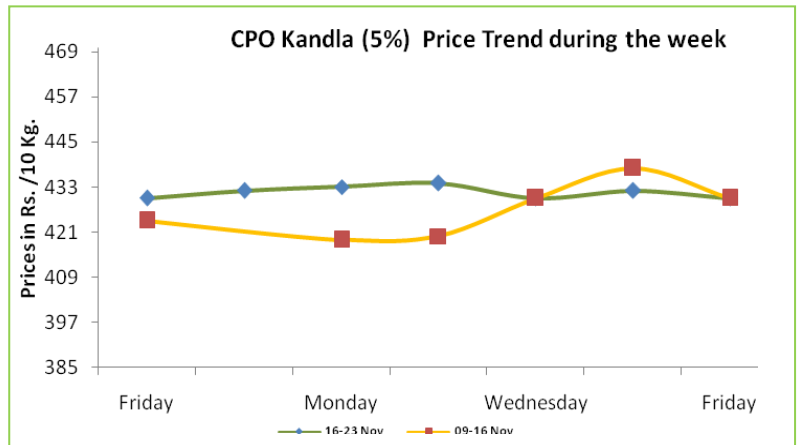
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 720-745 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed slight gains during the week under review on need based demand and weakness of Indian rupee against US dollar. However, bearish international palm oil fundamentals limit excessive gains.
- India's PEC has floated a tender to buy 15,000 tons of palm olein sourced from Indonesia or Malaysia. The Tender offer deadline is Nov. 27, 2012.
- As per sources, adequate stocks and subdued demand for ready to use palm oil witnessed in the major cash market of Southern India. However, gains in competitor edible oils may limit downside risk 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 products export figures for 1-25 Nov. fell 1.9 percent to 1,256,492 tons compared to 1,280,652 tons in the Oct. 1-25 period- Societe Generale de Surveillance.

Breakdown of SGS palm export figures for 1-25 Nov. compared to a month ago (in tons):

Palm Products	1-25 Nov	1-25 Oct	% Change
Crude palm oil	331,271	474,949	-30.25
RBD palm oil	104,042	96,707	7.58
RBD palm olein	556,084	429,919	29.35
RBD palm stearin	109,714	107,203	2.34
Crude palm kernel oil	40,070	20,000	100.35
Oleochemicals	27,395	33,545	-18.33

Top Palm Products Importers	1-25 Nov	1-25 Oct	% Change
European Union	219,508	334,663	-34.41
China	392,380	227,771	72.27
Pakistan	96,575	78,720	22.68
United States	89,200	64,331	38.66
India	108,446	204,520	-46.98

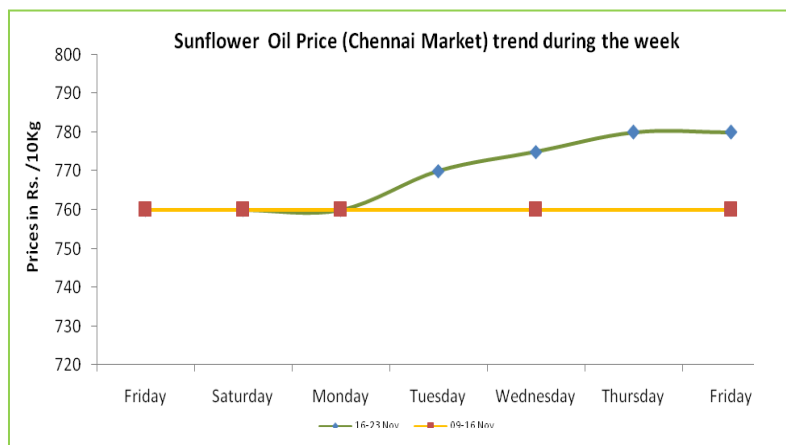
- Malaysian palm oil products export figures for 1-20 Nov. fell 3.3 percent to 1,023,517 tons compared to 1,058,844 tons in the Oct. 1-20 period- Intertek Testing Services. China had imported 346,100 tons of Malaysian palm oil products, up 106.68 percent from month ago. Meanwhile, lower imports were registered in the account of India & subcontinent down 27.6 percent to 184,625 tons.
- 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.
- Rising palm oil stocks and bearish Malaysian palm oil export figures may weigh on the market sentiments. However, seasonal demand from Asian countries may limit downside risk in the prices. We expect CPO prices are likely to stay range bound in the coming days.

Price Outlook:

4 We expect CPO Kandla 5% (without VAT) to stay in the range of 422-44 per 10 Kg in the near term.

Sunflower Oil: Domestic Fundamentals:-

- Sunflower oil featured steady to firm tone at its benchmark market Chennai during the week. Sources revealed that good demand for refined sunflower oil and lower availability of sunflower oil stocks in the southern India, which might support sunflower oil prices in the days ahead.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 3.22 lakh hectares as on 22 Nov. 2012 up 43.2 % compared to corresponding period last year.
- We expect depreciation of INR against US dollar and better buying may support sunflower oil prices in the near term.



International Fundamentals:-

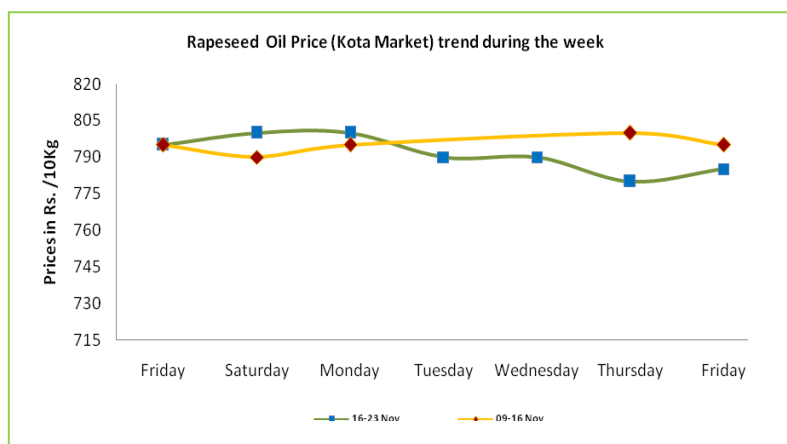
- As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 69 percent of the estimated acreage for sunflower to 1.297 million hectares, down 15 percent from the previous year. The total sunflower area is projected at 1.806 million hectares for 2012/13.

Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 765-795 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured slight losses at Kota market during the week under review in expectation of higher mustard acreage in the current Rabi season. However, depleting rapeseed stocks limit downside.
- 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.
- Diminishing mustard seed stocks and in anticipation of good demand for mustard oil in the winter season could support mustard oil prices in the coming months. On the other side, higher mustard acreage in the current Rabi season may limit excessive gains.
- 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 for short term.



International Fundamentals:-

- Germany's winter rapeseed sown area is likely to increase by 9.1 percent to 1.419 million hectares on favorable weather and higher RM seed prices - UFOP

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 772-808 per 10 Kg.

Indian rupee technical analysis – Weekly chart



Technical Summary for INR

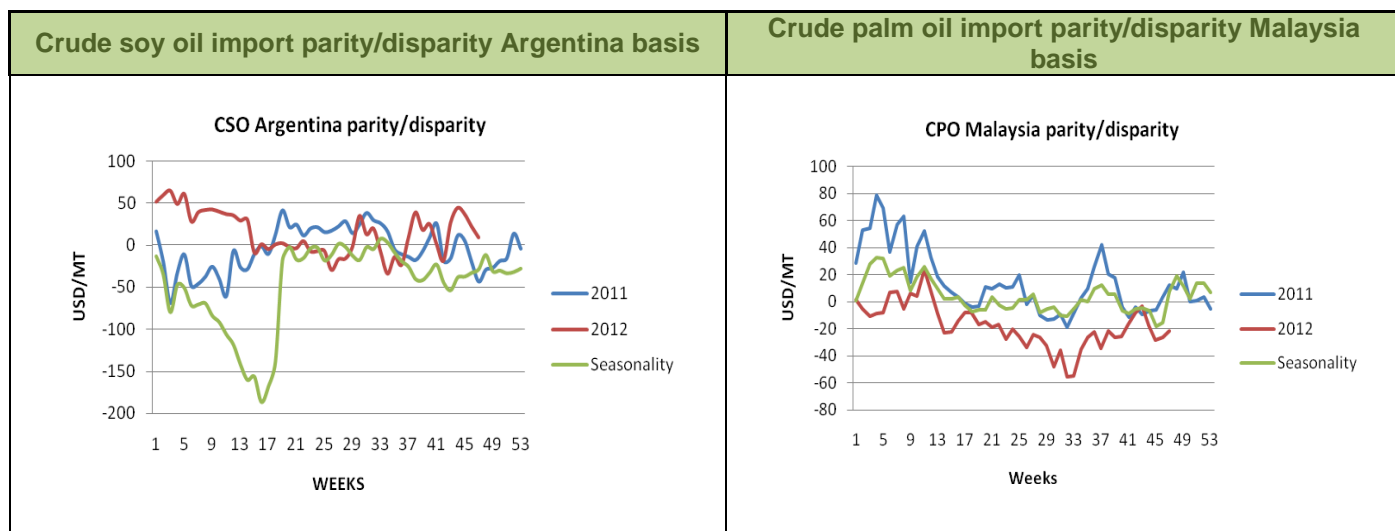
Support and Resistance				
S2	S1	PCP	R1	R2
53.60	54.20	55.51	56.20	56.90

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 55.90-56.10 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 56.10, prices shall test 56.50 in the coming weeks.
- ❖ 55.10-56.20 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

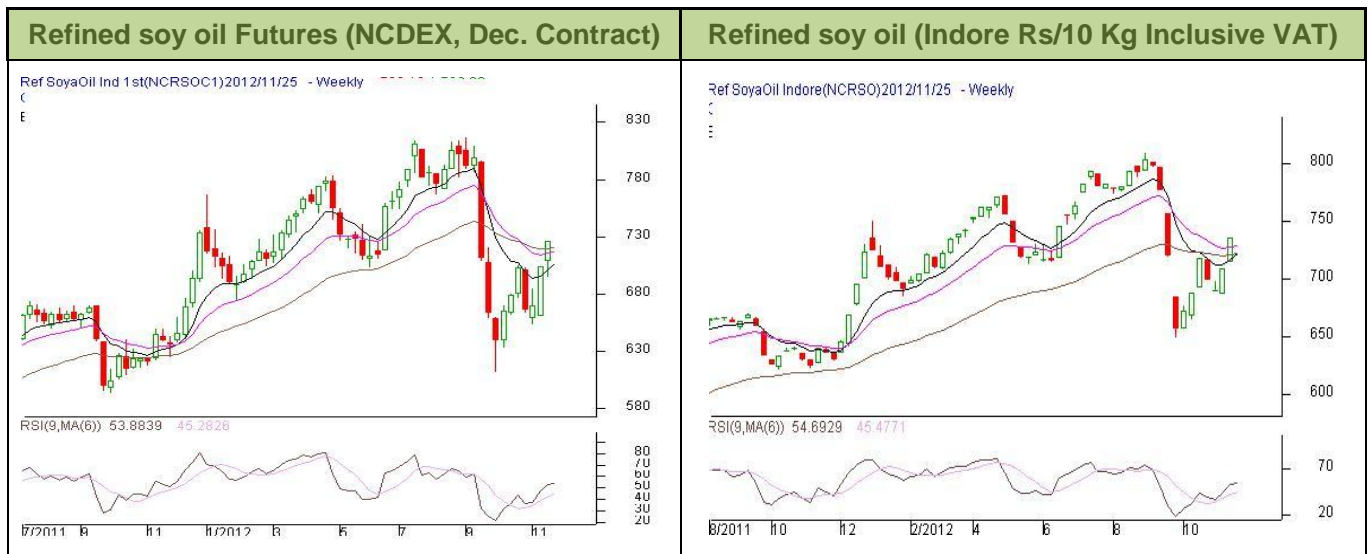
Landed Cost Calculation as on 22/11/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1103	1089	1004
Freight (USD/MT)	65	55	50
C & F	1168.0	1144.1	1053.8
Weight loss (0.25% of FOB)	2.76	2.72	2.51
Finance charges (0.4% on CNF)	4.41	4.36	4.02
Insurance (0.3% of C&F)	4	3	3
CIF (Indian Port - Kandla)	1179	1155	1063
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	55.15	55.15	55.15
Landed cost without customs duty in INR per ton	65003	63676	58648
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	65439	64112	59084
Domestic Market price INR per ton Soy Degum Kandla	65500	65500	65500
Total landed cost USD per ton	1187	1163	1071
Domestic Market price USD per ton Soy Degum Kandla	1188	1188	1188
Parity INR/MT (Domestic - Landed)	61	1388	6416
Parity USD/MT (Domestic - Landed)	1.11	25.16	116.33
Source: Agriwatch/ Reuters , Argentina prices - Reuters			



* 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 expects 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).

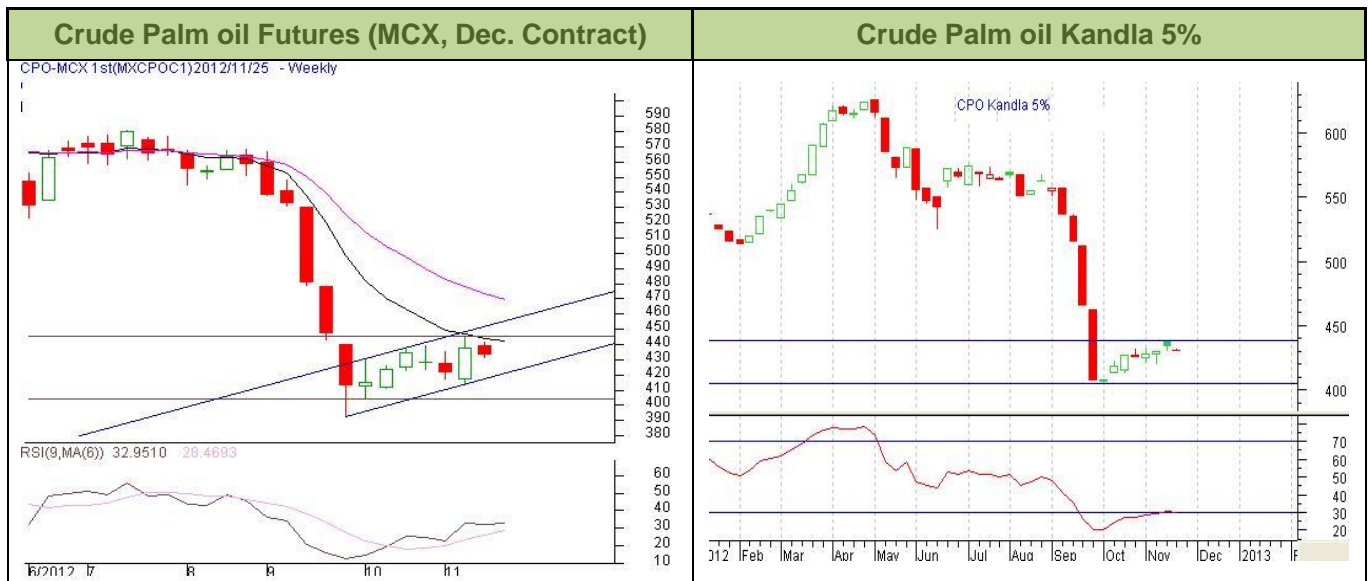
- ❖ Weekly chart of refined soy oil at NCDEX featured gains. We expect firm tone in the RSO Dec contract. Any dip in the prices may act as buying opportunity.
- ❖ Any close below 704 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 715-745 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 715-718 for a target of 740 and 745 with a stop loss at 704 on closing basis.

RSO NCDEX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
690.00	700.00	725.65	753.00	762.00

Spot Market outlook: Refined soy oil is likely to trade with a steady to firm tone in the coming week. The prices may witness 745-750 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 slight firm bias in near term.
- ❖ Any close below 426 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 432-453 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 447 and 453 with a stop loss at 426 on closing basis.

CPO MCX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
414.00	421.00	440.30	465.00	475.00

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming week. The prices may witness 440-445 levels.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		11/26/2012	11/19/2012	
Refined Soybean Oil	Kota(Loose)	715	695	20
	Rajkot (Loose)	680	Closed	-
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	695	670	25
	Indore	697	675	22
	Soy Degum Mumbai+VAT	655	625	30
	SoyDegum Kandla/Mundra+VAT	660	640	20
	Haldiya Port (Loose)	731	-	-
	Akola (Loose)	726	701	25
	Amrawati (Loose)	726	701	25
	Jalna	722	697	25
	Nagpur	732	707	25
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	515	-5
	Hyd. RBD Palmolein VAT	555	508	47
	Delhi RBD Palmolein (Loose)	-	-	-
	Kandla CPO (5%FFA)	430	430	Unch
	Kakinada.RBD.Palmolein(Loose)	506	501	5
	Mumbai RBD Pamolein+ VAT	515	518	-3
	Kandla RBD Palmolein +VAT	502	495	7
Refined Sunflower Oil	Mumbai + VAT	770	735	35
	Kandla/Mundra	705	680	25
	Erode (Exp. Oil)+VAT	780	765	15
	Hyderabad Exp +VAT	790	741	49
	Chennai (Loose)	780	760	20
	Bellary (Exp. Oil)+VAT	681	669	12
	Latur (Exp. Oil)+VAT	721	-	-
	Chellakere (Exp. Oil)+VAT	701	686	15
Groundnut Oil	Rajkot (Loose)	1275	Closed	-
	Chennai (Loose)	1090	1070	20
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1113	1104	9

	Mumbai + VAT	1240	1175	65
	Gondal+VAT	1275	-	-
	Jamnagar +VAT	1290	-	-
	Narsarropeth+VAT	991	951	40
	Prodattour+VAT	1101	1026	75
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	821	815	6
	Alwar (Expeller Oil)(Loose)	826	841	-15
	Kota (Expeller Oil) (Loose)	785	795	-10
	Jaipur (Expeller Oil) (Loose)	814	-	-
	Delhi (Exp. Oil) (Loose)	821	838	-17
	SriGangaNagar(ExpOil-Loose)	796	806	-10
	Hapur+VAT	865	860	5
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	872	885	-13
Refined Cottonseed Oil	Mumbai +VAT	675	675	Unch
	Rajkot (Loose)	685	Closed	-
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	930	900	30
Coconut Oil	(Crude Rs/10kg) - Kangayan	585	590	-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 Palmolein USD/MT	FOB (Nov Shipment)	800	800	Unch
	CNF (Nov) India	830	840	-10
Indonesia/Malaysia CPO USD/MT	FOB (Dec Shipment)	723	745	-22
	CNF) (Nov) India	765	775	-10
Argentina FOB (\$/MT)		11/25/2012	11/18/2012	Change
Crude Soybean Oil Ship (Nov)		-	1056	-
Refined Soy Oil (Bulk) Ship (Nov)		-	1092	-
Sunflower Oil Ship (Nov)		-	1140	-
Cottonseed Oil Ship (Nov)		-	1036	-
Refined Linseed Oil (Bulk) Ship (Nov)		-	-	-



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