

Domestic Veg. Oil Market Summary

Edible oil basket witnessed mixed tone during the week under review on better buying interest at major physical market. However, bearish comments by top palm oil analysts in the Indonesian palm oil conference limit excessive gains.

Refined soybean oil was the top gainer among the edible oil pack followed by sun oil on better buying interest and good demand from stockists. However, slight correction in the market and firmness in the Indian rupee against US dollar in the last days of bygone week curb excessive gains. Ready to use palm oil featured slight losses on subdued demand and bearish international palm oil fundamentals.

On the currency front, Indian rupee against USD closed at 54.26, up 2.25 percent as compared to the previous week. We expect edible oil complex to trade sideways to slight firm tone in the days ahead on seasonal demand. However, higher palm oil stocks in the South East Asian countries may limit gains.

International Veg. Oil Market Summary

CBOT soy oil is expected to stay in the range 48.50 cents/lb to 51.90 cents/lb. CPO at BMD is likely to trade sideways and stay in the range of 2265-2460 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, MPOB's report on Malaysian palm oil ending stocks, 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 Malaysian palm oil products 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.

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.

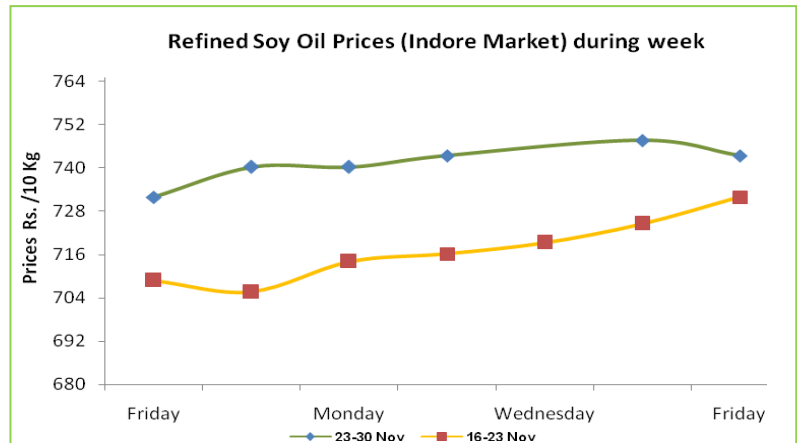
Rising soybean supplies and improved soybean crop prospects in US may weigh on the international soybean oil prices. However, delay in South American soybean planting and improved buying from China may curb excessive losses.

Higher palm oil stocks in South East Asian countries may weigh on the market sentiments. However, seasonal demand from Asian buyers may limit downside risk in the prices.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone at major spot market on better buying interest during the bygone week.
- Farmers are holding their soybean stocks due to lower soybean prices. Seasonal demand for edible oil may support Ref. soy oil prices in the days ahead. However, bearish international palm oil fundamentals may curb excessive gains.
- We expect soy oil may trade range bound in the coming week on seasonal demand. However, lower demand for oil meals from overseas market and bearish international palm oil fundamental may limit upside.



International Fundamentals:-

- As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 58 percent of the estimated acreage for soybean to 11.295 million hectares, down 8 percent from the previous year as on 30 Nov. The total soybean area is projected at 19.355 million hectares for 2012/13.
- As per the latest IGC report, the 2012-13 world soybean production figures is estimated to be at 266.7 million tons, higher from the previous estimate of Oct 2012 which was 263.6 million tons. Moreover, world soybean imports are likely to expand 5% Y-o-Y basis mainly due to larger shipments to China.
- Rising soybean supplies and improved soybean crop prospects in US may weigh on the international soybean oil prices. However, delay in South American soybean planting and improved buying from China may limit excessive losses.

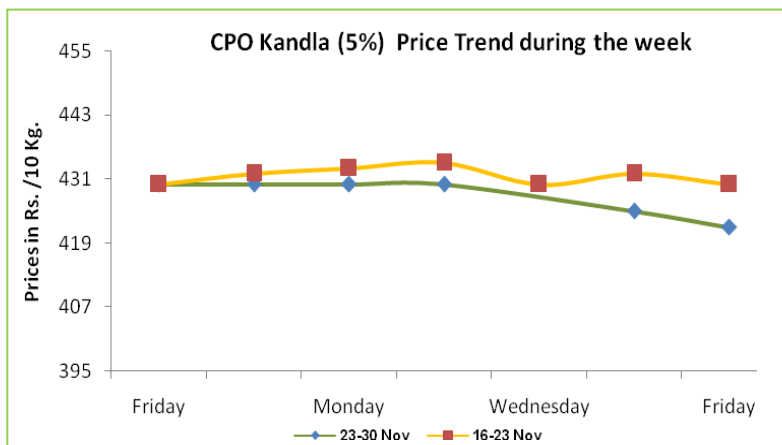
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 725-745 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed slight losses during the week under review on bearish cues from international palm oil market and subdued demand in the cash market.
- India's oilseed industry has submitted a proposal to the government to raise import duty on edible oils to save Indian oilseed industry and farmers. Industry group asked for hike in import taxes on refined and crude edible oils to 20 percent and 10 percent respectively
- Higher palm oil stocks in the South East Asian Countries weigh on the market sentiments. Moreover, bearish cues from overseas market dampen the commodity demand prospects. However, wholesalers covered need-based positions in ready to use palm oil.
- We expect domestic palm oil prices may trade with a steady to slight weak tone on bearish international palm oil fundamentals.



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

- CPO at BMD is expected to trade in a range between 2300-2600 levels from now until February 2013. Malaysia will produce at least 190 lakh tons in 2013 and Indonesian production will be between 295-300 lakh tons - Dorab Mistry
- Malaysian palm oil futures trading may trade 2,530 ringgit per ton if the crude oil drops to \$90 a barrel. However, if Brent remains at \$110, palm oil futures could hit 2,950 ringgit - James Fry.
- As per source, Indonesian palm oil stocks are currently around 25-28 lakh tons and 25 lakh tons palm oil ending stocks is reported in Malaysia until October.
- Rising palm oil stocks and bearish Malaysian palm oil export figures may weigh on the market sentiments. However, seasonal demand from Asian buyers may limit downside risk in the prices.

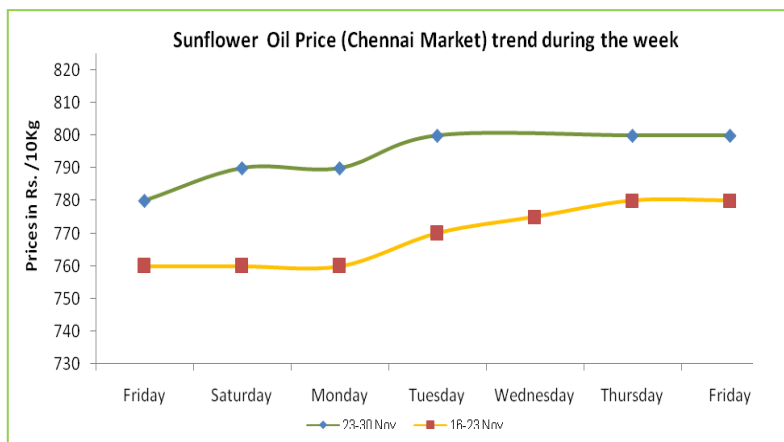
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 410-425 per 10 Kg in the near term.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured firm tone at its benchmark market Chennai during the week. Firm cues from international sun oil market and better buying from wholesalers at domestic front lifts sunflower oil prices,
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 3.39 lakh hectares as on 29 Nov. 2012 up 0.53 % compared to corresponding period last year.
- We expect better buying from wholesalers and lower sunflower oil stocks may support sunflower oil prices in the near term.



International Fundamentals:-

- As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 87 percent of the estimated acreage for soybean to 1.570 million hectares, down 11 percent from the previous year as on 30 Nov. The total sun seed area is projected at 1.750 million hectares for 2012/13.

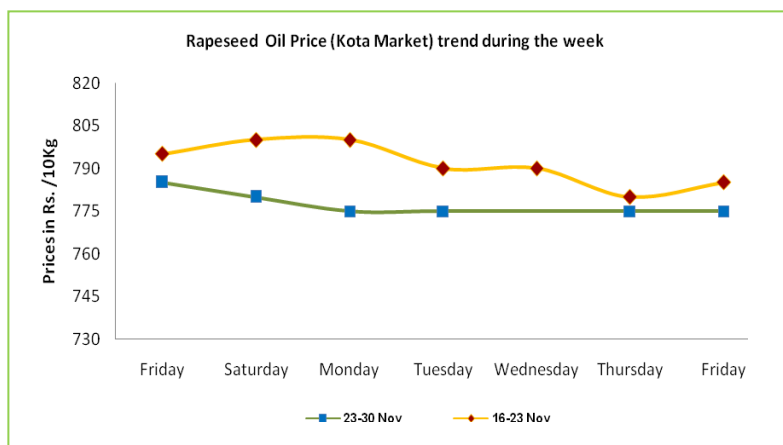
Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 788-805 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 57.10 lakh hectares as on 29 Nov. 2012 up 1.18 percent compared to the corresponding period last year. Focus during the coming days will be on weather conditions in the next two months over Key RM seed producing regions.
- As per Dorab Mistry, rapeseed production in India is likely to be around 65 lakh tons in the current Rabi season, if the weather conditions are good.
- We expect RM seed oil prices may trade steady to slightly weak tone in the coming days on bearish international palm oil fundamentals and higher mustard acreage in the current Rabi season for short term. However, seasonal demand for edible oils in the winter season may limit downside risk in the prices.



International Fundamentals:-

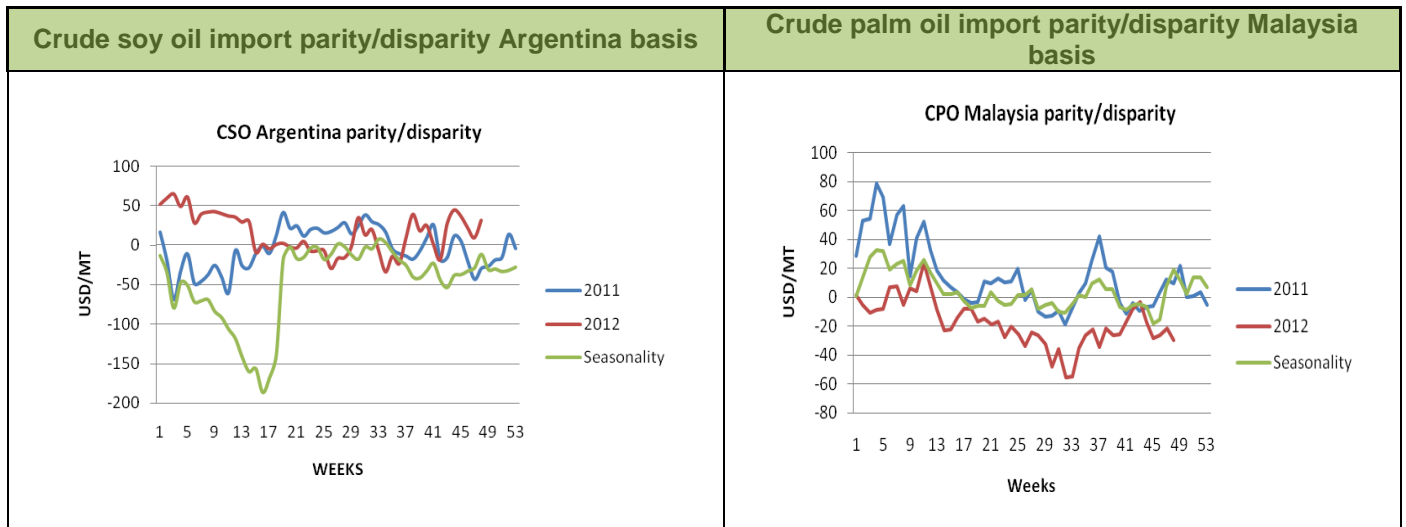
- The trade estimates for Statistics Canada's report on 2012 Rapeseed production is projected around 13.7 million tons, up 2.6 percent from October's estimate. However, Canadian RM seed production was 14.49 million tons in the previous year.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 775-808 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

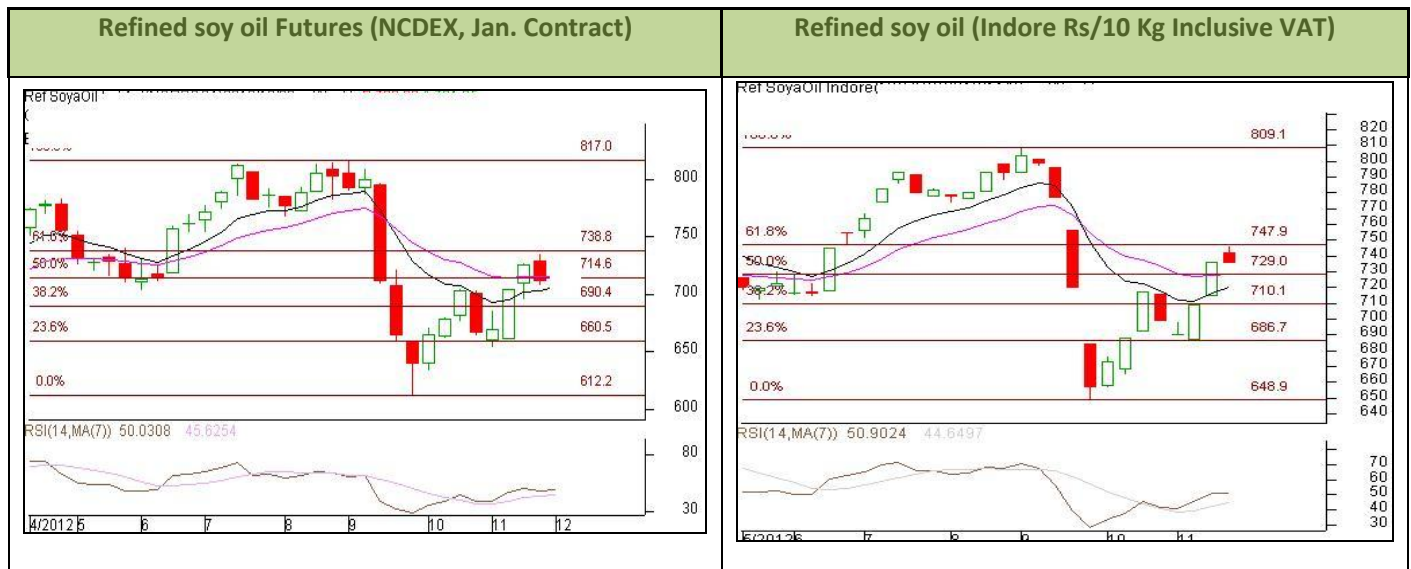
Landed Cost Calculation as on 30/11/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1118	1118	1023
Freight (USD/MT)	65	55	50
C & F	1183.0	1172.8	1073.2
Weight loss (0.25% of FOB)	2.80	2.79	2.56
Finance charges (0.4% on CNF)	4.47	4.47	4.09
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1194	1184	1083
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	54.52	54.52	54.52
Landed cost without customs duty in INR per ton	65087	64526	59046
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	55.50	55.50	55.50
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	65523	64962	59482
Domestic Market price INR per ton Soy Degum Kandla	68500	68500	68500
Total landed cost USD per ton	1202	1192	1091
Domestic Market price USD per ton Soy Degum Kandla	1256	1256	1256
Parity INR/MT (Domestic - Landed)	2977	3538	9018
Parity USD/MT (Domestic - Landed)	54.61	64.89	165.40
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 expects to recover in the coming weeks.

Technical Analysis (Refined soy oil Weekly Charts)


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

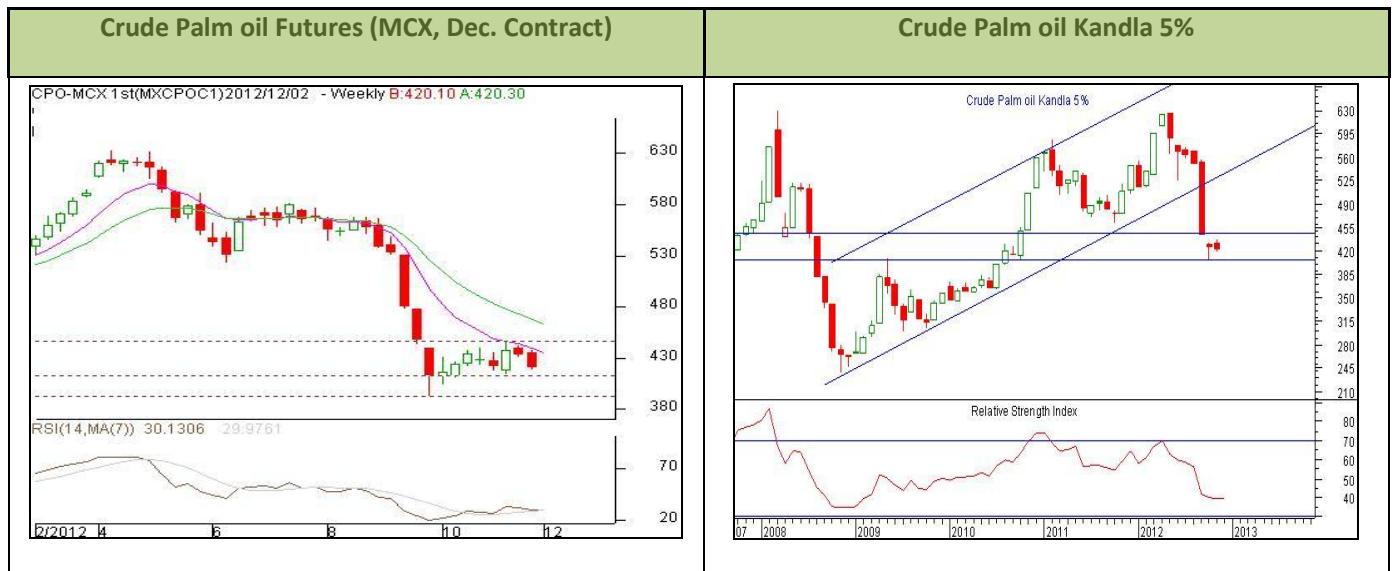
- ❖ Weekly chart of refined soy oil at NCDEX featured losses. We expect firm tone in the RSO Jan contract. Any dip in the prices may act as buying opportunity.
- ❖ Any close below 674.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 686-720 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 686-690 for a target of 715 and 720 with a stop loss at 674.50 on closing basis.

RSO NCDEX (Jan)

Support and Resistance				
S2	S1	PCP	R1	R2
663.00	673.00	692.85	726.00	738.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 720-745 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady 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 to weak tone. We expect prices may trade with a steady tone in near term.
- ❖ Any close below 406 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 410-430 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 410-413 for a target of 425 and 430 with a stop loss at 406 on closing basis.

CPO MCX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
399.00	405.00	420.80	435.00	444.00

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming week. The prices are likely to stay in the range of 405-435 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/3/2012	11/26/2012	
Refined Soybean Oil	Kota(Loose)	720	715	5
	Rajkot (Loose)	680	680	Unch
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	708	695	13
	Indore	708	697	11
	Soy Degum Mumbai+VAT	682	655	27
	SoyDegum Kandla/Mundra+VAT	685	660	25
	Haldiya Port (Loose)	-	731	-
	Akola (Loose)	731	726	5
	Amrawati (Loose)	731	726	5
	Jalna	727	722	5
	Nagpur	-	732	-
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	510	Unch
	Hyd. RBD Palmolein VAT	540	555	-15
	Delhi RBD Palmolein (Loose)	-	-	-
	Kandla CPO (5%FFA)	422	430	-8
	Kakinada.RBD.Palmolein(Loose)	-	506	-
	Mumbai RBD Pamolein+ VAT	500	515	-15
	Kandla RBD Palmolein +VAT	490	502	-12
Refined Sunflower Oil	Mumbai + VAT	780	770	10
	Kandla/Mundra	720	705	15
	Erode (Exp. Oil)+VAT	810	780	30
	Hyderabad Exp +VAT	830	790	40
	Chennai (Loose)	800	780	20
	Bellary (Exp. Oil)+VAT	688	681	7
	Latur (Exp. Oil)+VAT	736	721	15
	Chellakere (Exp. Oil)+VAT	731	701	30
Groundnut Oil	Rajkot (Loose)	1280	1275	5
	Chennai (Loose)	1120	1090	30
	Delhi (Loose)	-	-	-



	Hyderabad Exp +VAT	1135	1113	22
	Mumbai + VAT	1260	1240	20
	Gondal+VAT	-	1275	-
	Jamnagar +VAT	-	1290	-
	Narsarropeth+VAT	1021	991	30
	Prodattour+VAT	1126	1101	25
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	805	821	-16
	Alwar (Expeller Oil)(Loose)	826	826	Unch
	Kota (Expeller Oil) (Loose)	775	785	-10
	Jaipur (Expeller Oil) (Loose)	811	814	-3
	Delhi (Exp. Oil) (Loose)	825	821	4
	SriGangaNagar(ExpOil-Loose)	801	796	5
	Hapur+VAT	862	865	-3
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	875	872	3
Refined Cottonseed Oil	Mumbai +VAT	675	675	Unch
	Rajkot (Loose)	690	685	5
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	990	930	60
Coconut Oil	(Crude Rs/10kg) - Kangayan	615	585	30
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	535	530	5
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Nov Shipment)	790	800	-10
	CNF (Nov) India	820	830	-10
Indonesia/Malaysia CPO USD/MT	FOB (Dec Shipment)	735	723	12
	CNF) (Nov) India	753	765	-12
Argentina FOB (\$/MT)		12/2/2012	11/25/2012	Change
Crude Soybean Oil Ship (Nov)		1128	-	-
Refined Soy Oil (Bulk) Ship (Nov)		1167	-	-
Sunflower Oil Ship (Nov)		1130	-	-
Cottonseed Oil Ship (Nov)		1108	-	-
Refined Linseed Oil (Bulk) Ship (Nov)		-	-	-



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