

### **Outlook and Review:**

*Edible oil basket witnessed steady to weak tone during the week under review on lackluster trade activities and bearish cues from international palm oil market. Market participants await MPOB's report on the Malaysian palm oil statistics, which could give new directional moves to the market.*

*Most of the edible oils featured losses. CPO Kandla 5% was the top loser among the edible oil pack and prices fell 2.98 percent due to bearish international palm oil fundamentals and choppy trade sessions in the Indian rupee against US dollar. However, refined sunflower oil witnessed slight gains at Chennai market on lower availability of stocks.*

*On the currency front, Indian rupee against USD closed at 54.47, down 0.38 percent as compared to the previous week. We expect edible oil complex to trade sideways to weak tone in the days ahead on higher palm oil stocks in the South East Asian countries. However, seasonal demand for the edible oils may limit downside risk in the prices.*

### **International Veg. Oil Market Summary**

*CBOT soy oil is expected to stay in the range 49.75 cents/lb to 53.20 cents/lb. CPO at BMD is likely to trade sideways and stay in the range of 2145-2300 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 exports for November rose 5.2 percent to 1,648,162 tons compared with 1,567,112 tons shipped during October - Societe Generale de Surveillance. Higher Malaysian palm oil products imports witnessed from China, up 91.33 percent from month ago to 516,760 tons. Meanwhile, lower imports were registered in the account of India down 44.20 percent to 168,146 tons.*

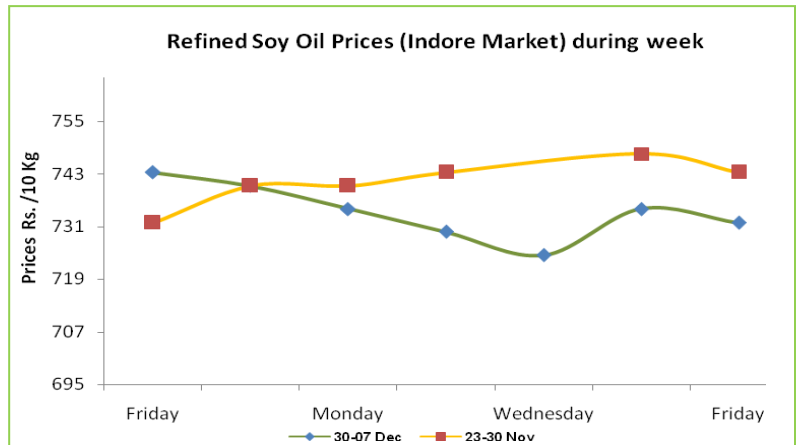
*Unfavorable weather condition over South American key soybean producing regions and in expectation of good buying from China may support CBOT soybean and soy oil prices in the days ahead. Meanwhile, improved soybean crop prospects in US may cap gains.*

*Rising palm oil stocks and bearish Malaysian palm oil export figures may weigh on the market sentiments. However, in expectation of good demand from China and India in the coming Months could ease palm oil stocks.*

### Soy oil:

#### Domestic Fundamentals:-

- Soybean oil featured steady to weak tone at major spot market on bearish cues from international palm oil market and lackluster trade activities.
- As per sources, poor buying enquiries for soy meal at domestic front and weak demand from international counters limit gains in the refined soybean oil prices. Moreover, higher palm oil stocks weigh on the sentiments.
- Average soybean crush margin disparity narrow during the week and reported Rs -494 per tons against Rs -541 per tons in the bygone week due to better prices of crude soybean oil relative to soybean prices.
- We expect soy oil may trade range bound to slight weak tone in the coming week on bearish international palm oil fundamentals and lower demand for oil meals from overseas market. However, seasonal demand for edible oils may limit excessive losses.



#### International Fundamentals:-

- Brazil's soybean crop seen at 826 lakh tons in 2012/13 compared to its previous estimate range of 801 lakh to 830 lakh tons - Brazilian government. Meanwhile, Informa cuts its forecast of Argentina's 2012/13 soybean production to 584 lakh tons, from 595 lakh tons previous estimates.
- According to China National Grain and Oils Information Center (CNGOIC), China is likely to produce 12.8 million tons of soybeans in 2012, down 11.6 per cent from the previous year. The total soybean plantation area has declined by 9 per cent this year to 7.177 million hectares.
- Unfavorable weather condition over South American key soybean producing regions and in expectation of good buying from China may support CBOT soybean and soy oil prices in the days ahead. Meanwhile, improved soybean crop prospects in US may cap gains.

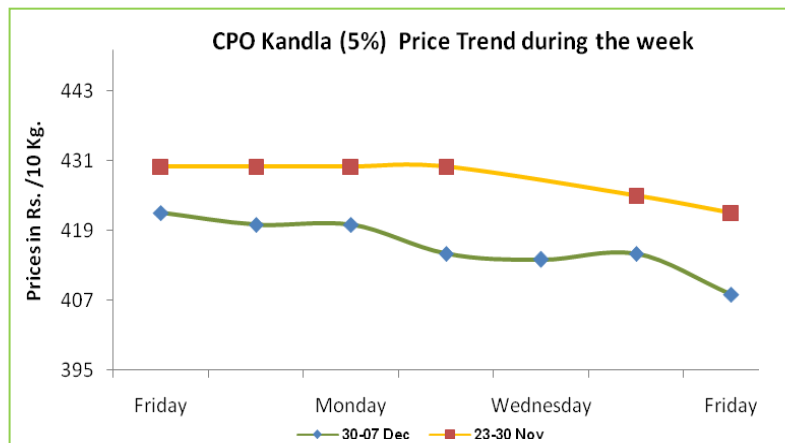
#### Price Outlook:

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 losses during the week under review on bearish cues from international palm oil market and ample palm oil supplies in the South East Asian Countries.
- Buyers refrain from active buying in anticipation of further fall in the prices. However, retail demand was needed. Market participants await Malaysian Palm Oil Board report on November palm oil inventories, which may give new directional moves in the CPO prices next week.
- MMTTC has bought 22,500 tons of RBD palmolein at \$821 per tons (CIF price). The cargo will be delivered on the east coast by 21 December.
- Crude palm oil Kandla 5% price is at Rs 247 per 10 Kg discount against crude soybean oil Indore price on 07 Dec 2012.
- 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 exports for November rose 5.2 percent to 1,648,162 tons compared with 1,567,112 tons shipped during October - Societe Generale de Surveillance.

#### **Breakdown of SGS palm export figures for Nov. compared to a month ago (in tons):**

Palm Products	Nov	Oct	% Change
Crude palm oil	449,621	590,989	-23.92
RBD palm oil	126,364	123,107	2.65
RBD palm olein	719,574	533,239	34.94
RBD palm stearin	153,694	122,923	25.03
Crude palm kernel oil	42,070	24,000	75.29
Oleochemicals	40,245	33,545	19.97

Top Palm Products Importers	Nov	Oct	% Change
European Union	280,948	370,243	-24.12
China	516,760	270,091	91.33
Pakistan	96,575	110,370	-12.50
United States	120,528	76,711	57.12
India	168,146	301,360	-44.20

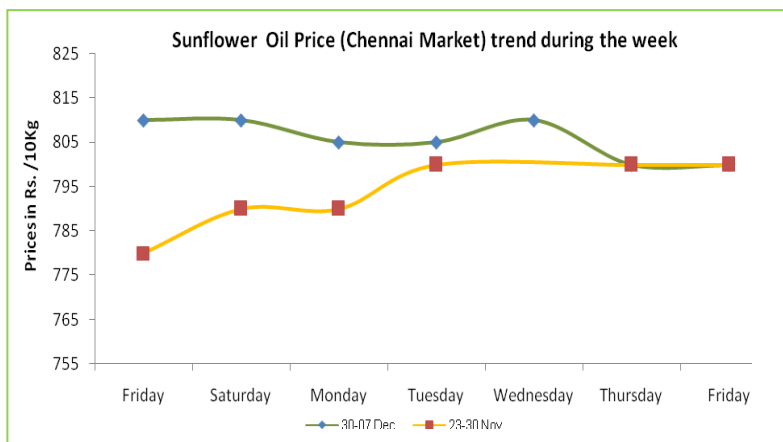
- Malaysian palm oil ending stocks is likely to rise by 2.8 percent to 25.8 lakh tons from October. However, Malaysia's palm oil output in November may fall by 5 percent to 18.4 lakh tons from a month ago on seasonally lower palm oil production – Reuters Poll.
- Rising palm oil stocks and bearish Malaysian palm oil export figures may weigh on the market sentiments. However, in expectation of good demand from China and India in the coming Months could ease palm oil stocks.

#### **Price Outlook:**

We expect CPO Kandla 5% (without VAT) to stay in the range of 400-423 per 10 Kg in the near term.

### Sunflower Oil: Domestic Fundamentals:-

- Sunflower oil featured slight firm tone at its benchmark market Chennai during the week on better buying interest from stockists.
- As per Sources, new imported sunflower oil stocks have added to the lower sun oil stocks, which could weigh on the market in the near term. However, bullish international sun oil fundamentals may limit losses.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 3.66 lakh hectares as on 06 Dec. 2012 up 20.7 % compared to corresponding period last year.
- We expect better buying from wholesalers and lower sunflower oil stocks may support sunflower oil prices in the medium term. However, new imported sun oil stocks at major spot markets may cap excessive gains.



### International Fundamentals:-

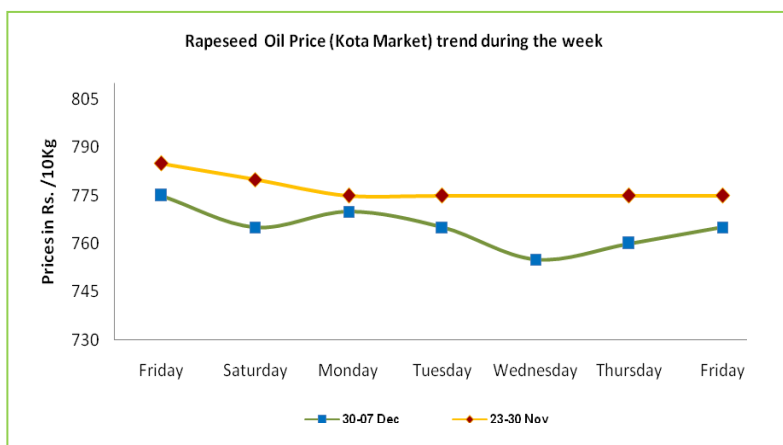
- As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 87 percent of the estimated acreage for soybean to 1.570 million hectares, down 11 percent from the previous year as on 30 Nov. The total sun seed area is projected at 1.750 million hectares for 2012/13.

### Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 785-810 per 10 Kg.

### Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured losses at Kota market during the week under review in expectation of higher mustard acreage in the current Rabi season. Moreover, sufficient edible oil stocks against subdued demand weigh on the market.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 60.55 lakh hectares as on 06 Dec. 2012 up 1.59 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.
- 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 and depleting RM seed stocks may limit downside risk in the prices.



### International Fundamentals:-

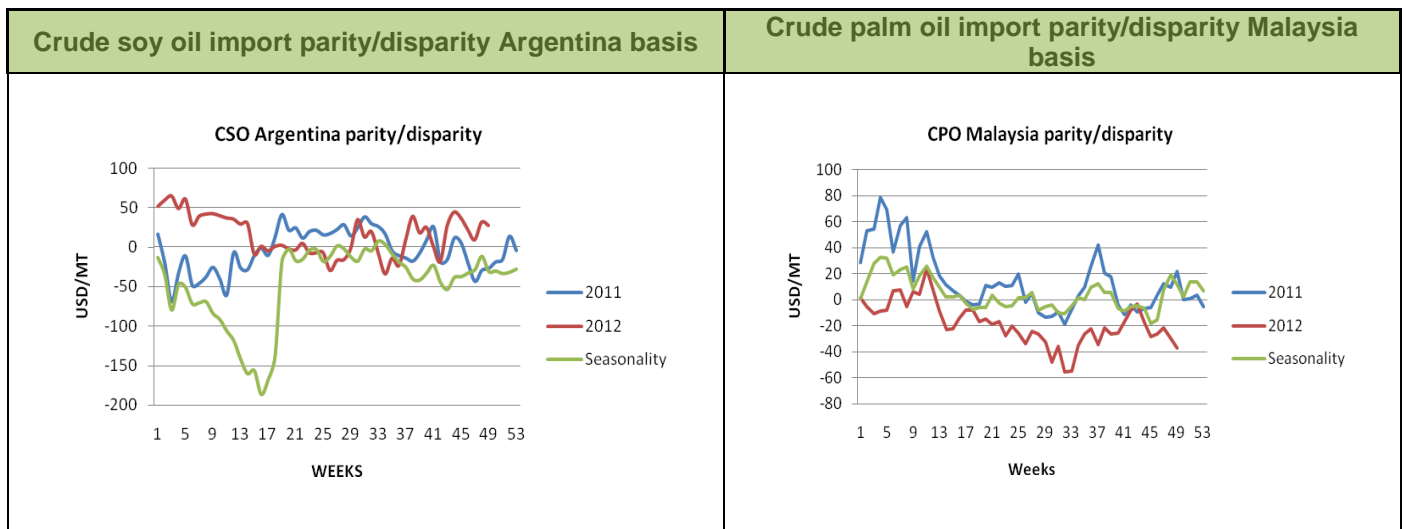
- Statistics Canada has reported that the Canadian production of canola, a competing oilseed, is likely to be 13.3 million tons, below an average of trade estimates for 13.7 million tons.

### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 760-795 per 10 Kg.

**Landed Cost at the Indian Ports - Crude soy oil**

Landed Cost Calculation as on 06/12/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1142	1149	1055
Freight (USD/MT)	65	55	50
C & F	1207.0	1204.0	1105.0
Weight loss (0.25% of FOB)	2.86	2.87	2.64
Finance charges (0.4% on CNF)	4.57	4.60	4.22
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1218	1215	1115
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	54.465	54.465	54.465
Landed cost without customs duty in INR per ton	66341	66179	60738
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	66777	66615	61174
Domestic Market price INR per ton Soy Degum Kandla	67500	67500	67500
Total landed cost USD per ton	1226	1223	1123
Domestic Market price USD per ton Soy Degum Kandla	1239	1239	1239
<b>Parity INR/MT (Domestic - Landed)</b>	<b>723</b>	<b>885</b>	<b>6326</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>13.28</b>	<b>16.24</b>	<b>116.15</b>
Source: Agriwatch/ Reuters , Argentina prices - Reuters			

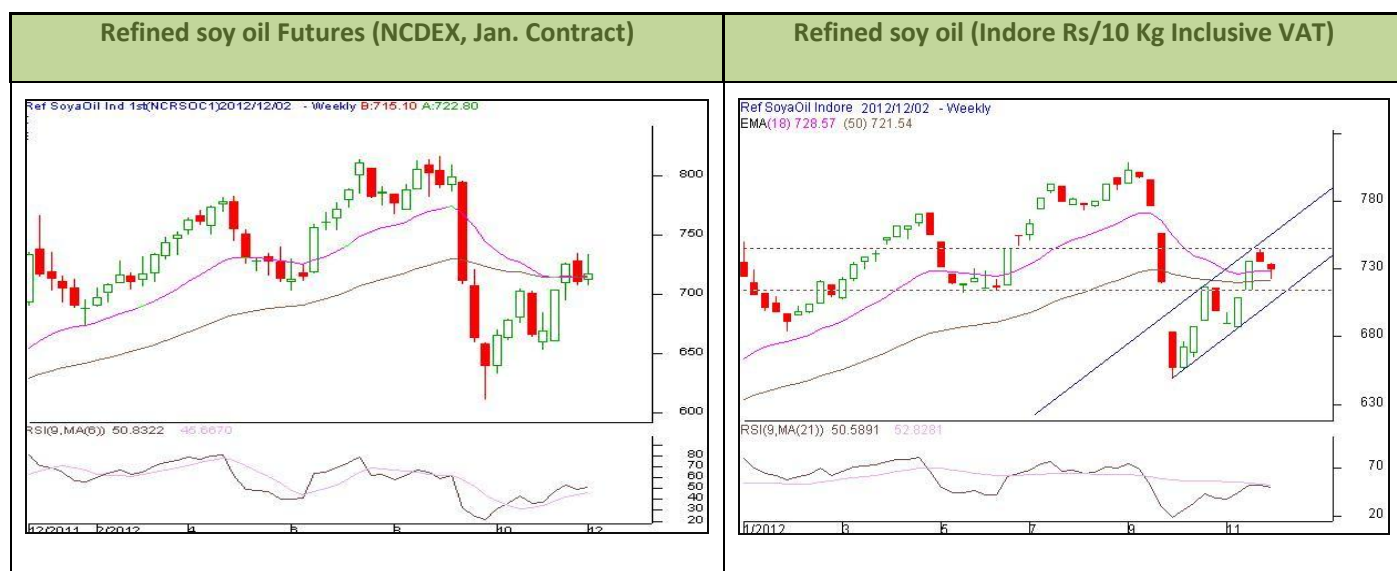


\* Seasonality based on 2009-2011 data averages for CPO Malaysia and 2010-11 data averages for CSO Argentina.

**Outlook:-**

Import parity for crude soy oil from Argentina is hovering in positive territory due to higher domestic prices as compared to international prices. However, import parity has slightly narrowed in the bygone week. We expect import parity to be in the positive side in the coming weeks. On the 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 weak tone in the days ahead. Investors are advised to sell refined soy oil (Jan. contract).**

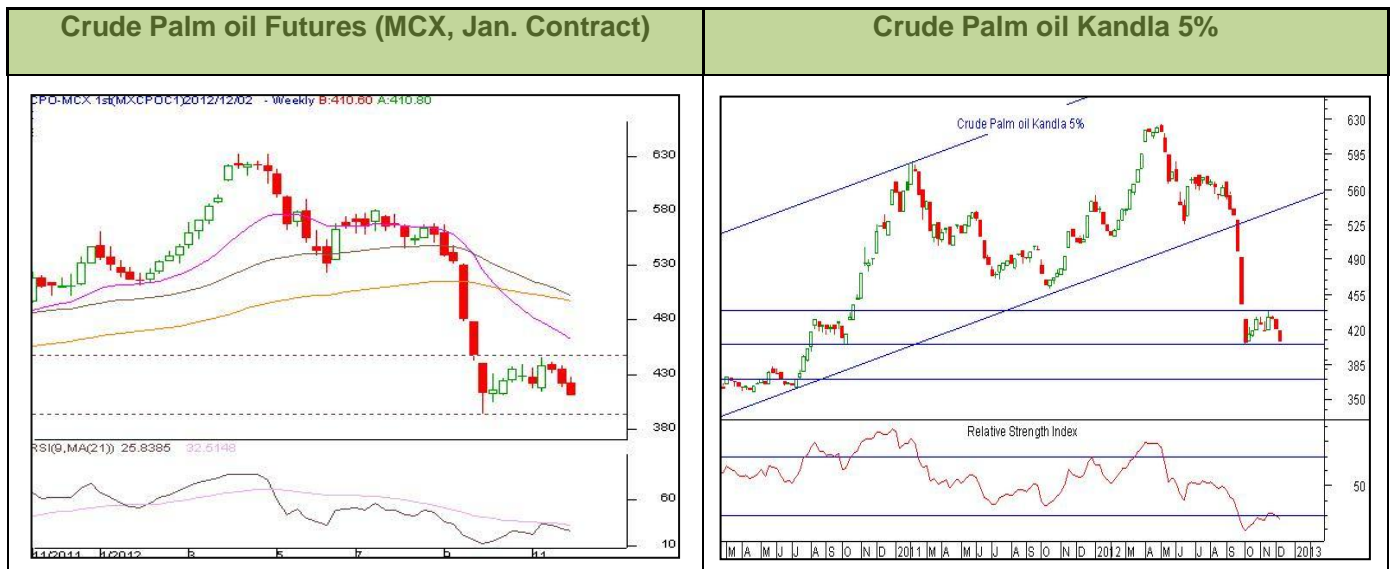
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways movement. Any rise in the prices may act as selling opportunity.
- ❖ Any close above 719.50 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 712-685 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

**Strategy:** Market participants are advised to go short in RSO in the range of 709-712 for a target of 691 and 687 with a stop loss at 719.50 on closing basis.

#### RSO NCDEX (Jan)

Support and Resistance				
S2	S1	PCP	R1	R2
670.00	678.00	706.65	724.00	730.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 714-742 per 10 Kg.

**Technical Analysis (Crude Palm oil Weekly Charts)**


**Outlook - Prices may trade with a steady to weak tone in the coming days. Investors are advised to sell MCX CPO Jan contract.**

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts sideways to weak tone. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close below 424.5 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 420-400 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 short in CPO in the range of 417-420 for a target of 408 and 405 with a stop loss at 424.5 on closing basis.

**CPO MCX (Jan)**

Support and Resistance				
S2	S1	PCP	R1	R2
390.00	396.00	414.20	434.00	440.00

**Spot Market outlook:** Crude palm oil 5% is likely to trade sideways to weak tone in the coming week. The prices are likely to stay in the range of 400-422 per 10 Kg.



**Veg. Oil Prices at Key Spot Markets**

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/7/2012	11/30/2012	
Refined Soybean Oil	Kota(Loose)	715	720	-5
	Rajkot (Loose)	680	680	Unch
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	700	708	-8
	Indore	697	708	-11
	Soy Degum Mumbai+VAT	670	682	-12
	SoyDegum Kandla/Mundra+VAT	675	685	-10
	Haldiya Port (Loose)	761	-	-
	Akola (Loose)	719	731	-12
	Amrawati (Loose)	719	731	-12
	Jalna	715	727	-12
	Nagpur	-	-	-
Palm Oil	Chennai.RBD.Palmolein.(Loose)	498	510	-12
	Hyd. RBD Palmolein VAT	-	540	-
	Delhi RBD Palmolein (Loose)	490	-	-
	Kandla CPO (5%FFA)	408	422	-14
	Kakinada.RBD.Palmolein(Loose)	476	-	-
	Mumbai RBD Pamolein+ VAT	490	500	-10
	Kandla RBD Palmolein +VAT	480	490	-10
Refined Sunflower Oil	Mumbai + VAT	781	780	1
	Kandla/Mundra	720	720	Unch
	Erode (Exp. Oil)+VAT	800	810	-10
	Hyderabad Exp +VAT	-	830	-
	Chennai (Loose)	800	800	Unch
	Bellary (Exp. Oil)+VAT	679	688	-9
	Latur (Exp. Oil)+VAT	736	736	Unch
	Chellakere (Exp. Oil)+VAT	721	731	-10
Groundnut Oil	Rajkot (Loose)	1280	1280	Unch
	Chennai (Loose)	1140	1120	20
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1214	1135	79





	Mumbai + VAT	1260	1260	Unch
	Gondal+VAT	1290	-	-
	Jamnagar +VAT	1290	-	-
	Narsarropeth+VAT	1051	1021	30
	Prodattour+VAT	1126	1126	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	785	805	-20
	Alwar (Expeller Oil)(Loose)	813	826	-13
	Kota (Expeller Oil) (Loose)	765	775	-10
	Jaipur (Expeller Oil) (Loose)	-	811	-
	Delhi (Exp. Oil) (Loose)	814	825	-11
	SriGangaNagar(ExpOil-Loose)	791	801	-10
	Hapur+VAT	850	862	-12
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	870	875	-5
Refined Cottonseed Oil	Mumbai +VAT	642	675	-33
	Rajkot (Loose)	650	690	-40
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	1070	990	80
Coconut Oil	(Crude Rs/10kg) - Kangayan	-	615	-
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	520	535	-15
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Nov Shipment)	770	790	-20
	CNF (Nov) India	805	820	-15
Indonesia/Malaysia CPO USD/MT	FOB (Dec Shipment)	690	735	-45
	CNF) (Nov) India	730	753	-23
<b>Argentina FOB (\$/MT)</b>		<b>12/6/2012</b>	<b>11/29/2012</b>	<b>Change</b>
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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