

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed mixed tone during the week under review on bullish cues from international oil and fats market. However, need based buying at domestic front limit upside.

Palm oil was the top gainer among the edible oil pack on bullish cues from international palm oil market. CPO Kandla 5% rose more than 5.2 percent on w-o-w comparison. However, refined soybean oil featured sideways movement on average demand.

Sown area for Rabi oilseed stood at 78.97 lakh hectares as on 27 Dec. 2012 up 1.20 % compared to corresponding period last year - Ministry of Agriculture.

On the currency front, Indian rupee against USD closed at 54.76, up 0.53 percent as compared to the previous week. We expect edible oil complex to trade sideways to firm tone in the days ahead on seasonal demand and in expectation of good meal exports.

International Veg. Oil Market Summary

CBOT soy oil (Jan) is expected to stay in the range 48.00 cents/lb to 51.00 cents/lb. CPO at BMD (Feb) is likely to trade firm and stay in the range of 2375-2510 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, weather over South America, and US soybean weekly export figures.

As per cargo surveyor Societe Generale de Surveillance Malaysian palm oil export figures rose 3 percent to 1,293,765 tons from 1,256,492 tons shipped during Nov. 1-25.

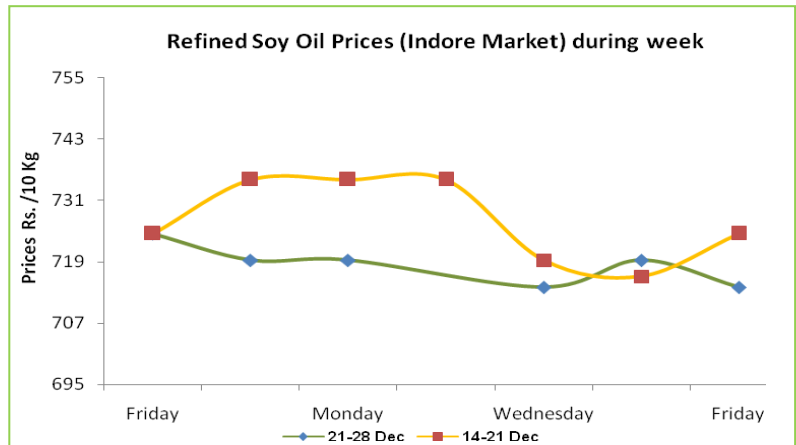
Chinese demand for soybean is likely to remain strong in the coming days, which could support CBOT soy oil prices in the near term. However, favorable weather condition in the key soybean producing regions of South America and in expectation of higher soy production in Brazil and Argentina could weigh on the markets sentiments.

Lowering palm oil export tax by South East Asian countries and in expectation of rains over key palm oil producing regions in the Southeast Asian countries could disrupt palm oil supplies in the days ahead. Moreover, higher shipments to Asian countries may stabilize the market.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured sideways movement at major spot market on average demand and weakness in the CBOT soy oil. However, recovery in palm oil prices limits downside risk in the soy oil prices.
- At the imports development, PEC has tendered to import 6,000 tons of Argentine origin soyoil for immediate shipment or latest by Jan. 31 at Kandla port in western India. The bids submission deadline is Jan. 3. As per Solvent Extractors' Association of India, Indian buyers bought 14,160 tons of crude soy oil (degummed) in November.
- Soybean oil parity weekly average narrows during the week and reported Rs -16 per 10 Kg against Rs -7 per 10 Kg in the bygone week due to better prices of soybean prices relative to soybean oil and meal prices. Soybean oil parity is likely to widen in the coming weeks in anticipation of higher relative gains in meal prices compared to soybean.
- We expect soy oil may trade range bound to slight firm tone in the coming week on seasonal demand and recovery in the international palm oil prices.



International Fundamentals:-

- As per Buenos Aires Grains Exchange, farmers have planted 80.1 percent of the estimated acreage for soybean to 19.355 million hectares as on 20 Dec, down 0.5 percent from the previous year. The total soybean area is projected at 19.7 million hectares for 2012/13. Early Argentina soybean acreage lagging would offset by higher planting in the distant part of the country due to the beneficial moisture.
- According to Oil World, China's soybean imports are likely to climb 4.2 per cent in the year through September. China is predicted to import 19.8 million tons of soybeans from the U.S. in the six months through March compared with 16.6 million tons in the year-earlier October to March period.
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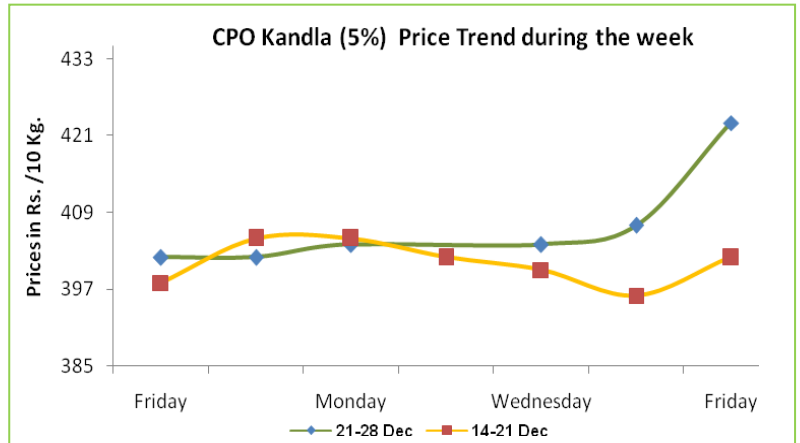
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 700-735 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed steady to firm tone during the week under review on bullish cues from international palm oil market. Stockists covered need based position at domestic front.
- Ready to use palm oil witnessed gains in the bygone week tracking bullish international palm oil market. Market participants expect good palm oil demand in the upcoming wedding season may support ready to use palmploein prices in the medium term.
- At import development, PEC has floated a tender to buy 21,300 tons of RBD palmolein from Indonesia or Malaysia to be delivered at the Chennai and Tuticorin. Tender due date is Jan. 2 and shipment is to be delivered in between Jan10 to Jan30.
- We expect domestic palm oil prices may trade with a steady to slight firm tone on seasonal demand and persistent weakness in Indian rupee against US dollar makes edible oils import costly.



International Fundamentals:-

- As per cargo surveyor Societe Generale de Surveillance Malaysian palm oil export figures rose 3 percent to 1,293,765 tons from 1,256,492 tons shipped during Nov. 1-25.

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

Palm Products	1-25 Dec	1-25 Nov	% Change
Crude palm oil	415,815	331,271	25.52
RBD palm oil	105,040	104,042	0.96
RBD palm olein	492,492	556,084	-11.44
RBD palm stearin	90,867	109,714	-17.18
Crude palm kernel oil	25,640	40,070	-36.01
Oleochemicals	46,077	27,395	68.19

Top Palm Products Importers	1-25 Dec	1-25 Nov	% Change
European Union	224,877	219,508	2.45
China	325,582	392,380	-17.02
Pakistan	94,650	96,575	-1.99
United States	103,980	89,200	16.57
India	222,755	108,446	105.41

- Higher imports witnessed from India, Indian buyers imported 222,755 tons, up 105.41 percent for the first twenty-five days of December compared to the corresponding period last month. However, Chinese palm oil imports were lag by 17.02 percent to 325,582 tons.
- Indonesia cuts its crude palm oil export tax by 1.5 percent to 7.5 percent for January. Moreover, Indonesian government also reduces RBD palmolein export tax to 2 percent for January - Trade Ministry.
- Lowering palm oil export tax by South East Asian countries and in expectation of rains in the key oil palm, producing regions in the Southeast Asian countries could disrupt supplies in the days ahead. Moreover, higher shipments to Asian countries may stabilize the market.

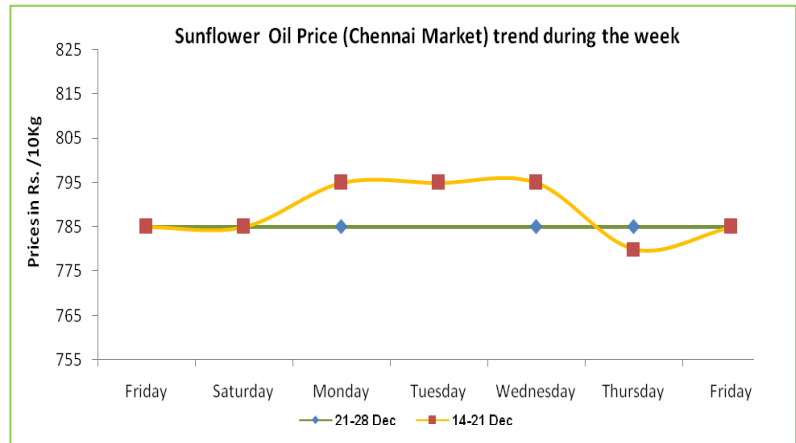
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 417-445 per 10 Kg in the near term.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured slight weak tone at its benchmark market Chennai during the week on higher planting in the current Rabi season.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 4.82 lakh hectares as on 27 Dec. 2012 up 39.71 % compared to corresponding period last year. Higher planting witnessed in Karnataka. As per sources, new sunflower oil crop in Andhra Pradesh is likely to hit the market in the second week of January, which could weigh on the market.
- We expect sunflower oil prices may trade range bound in the near term. However, new crop may weigh on the markets in the medium term.



International Fundamentals:-

- As per Argentina's Agriculture Ministry weekly crop progress report, farmers have planted 99 percent of the estimated acreage for sunflower to 1.630 million hectares as on 20 Dec, down 1 percent from the previous year. The total sunflower area is projected at 1.635 million hectares for 2012/13.

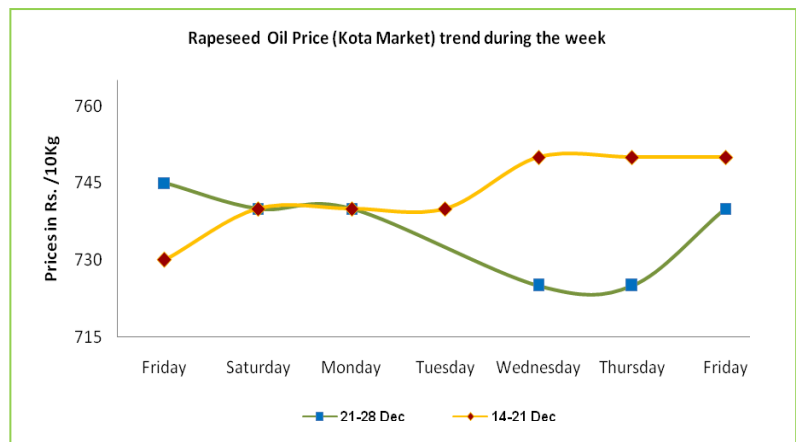
Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 770-795 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured losses at Kota market during the week under review on adequate supply. As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 65.01 lakh hectares as on 27 Dec. 2012, up 1.81percent compared to the corresponding period last year.
- As per market sources, good RM seed buying witnessed by oil millers. However, in expectation of higher production weigh on the sentiments. Market participants eyed on weather conditions over Key RM seed producing regions, which could give fresh directional moves in the near term.
- We expect RM seed oil prices may trade range bound in the coming days. However, seasonal demand for edible oils in the winter season may curb downside.

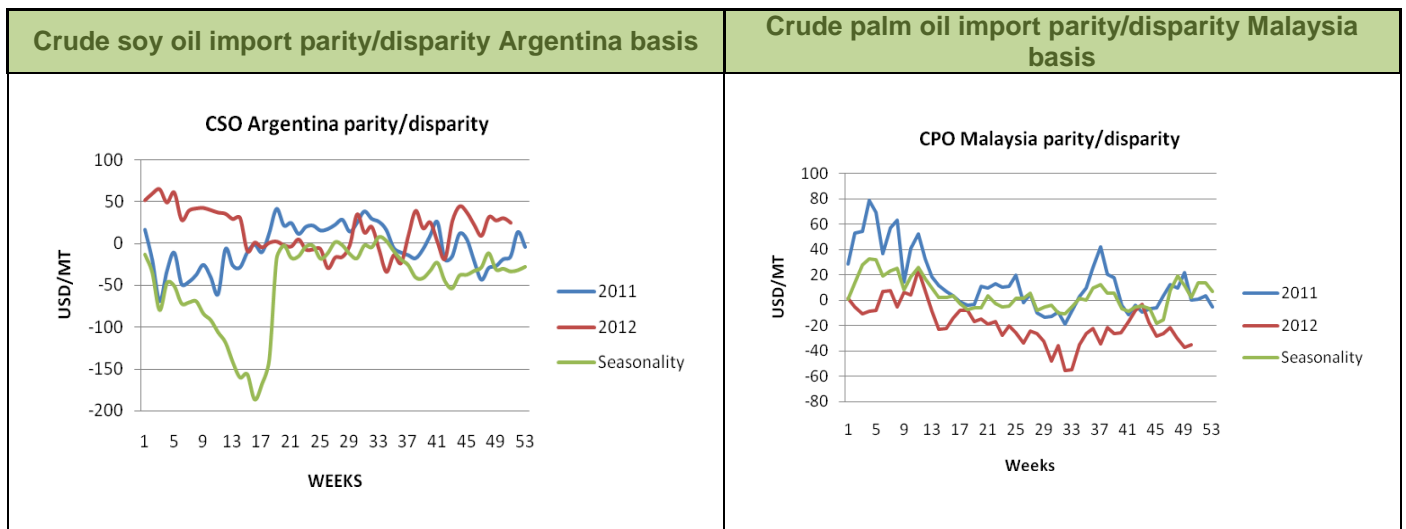


Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 727-762 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

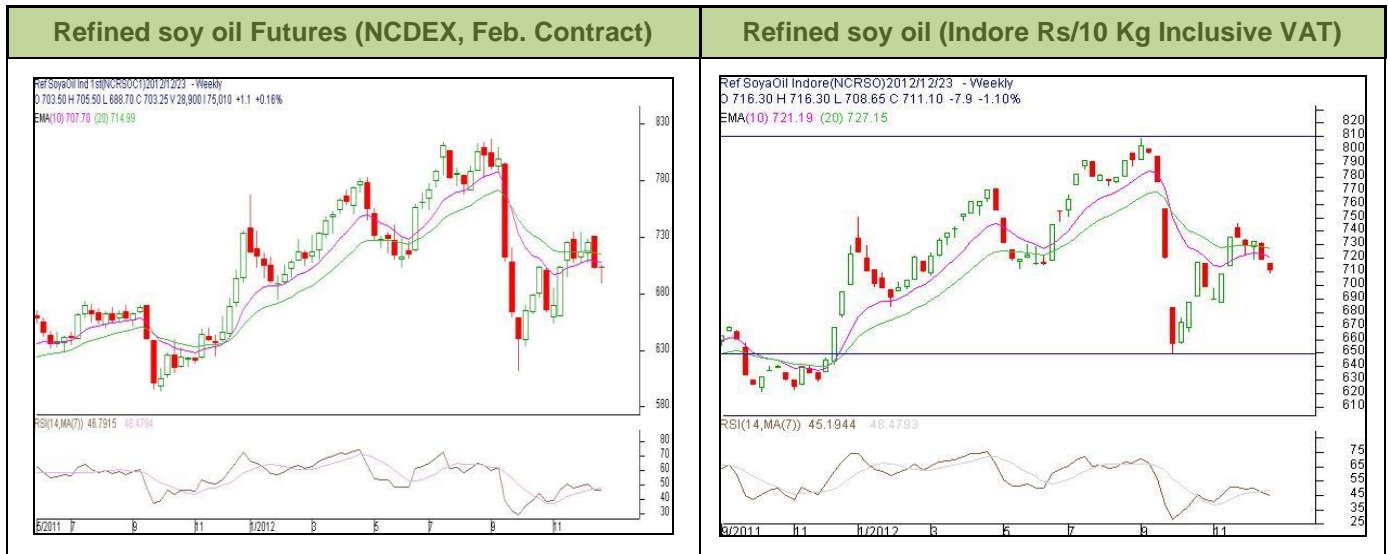
Landed Cost Calculation as on 27/12/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1087	1092	995
Freight (USD/MT)	65	55	50
C & F	1152.0	1147.0	1045.0
Weight loss (0.25% of FOB)	2.72	2.73	2.49
Finance charges (0.4% on CNF)	4.35	4.37	3.98
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1163	1158	1055
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	54.8465	54.8465	54.8465
Landed cost without customs duty in INR per ton	63760	63487	57841
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	64196	63923	58277
Domestic Market price INR per ton Soy Degum Kandla	66500	66500	66500
Total landed cost USD per ton	1170	1165	1063
Domestic Market price USD per ton Soy Degum Kandla	1212	1212	1212
Parity INR/MT (Domestic - Landed)	2304	2577	8223
Parity USD/MT (Domestic - Landed)	42.00	46.99	149.92
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. Import parity has slightly narrowed in the bygone week. We expect import parity to be in the positive side 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 (Feb. contract).

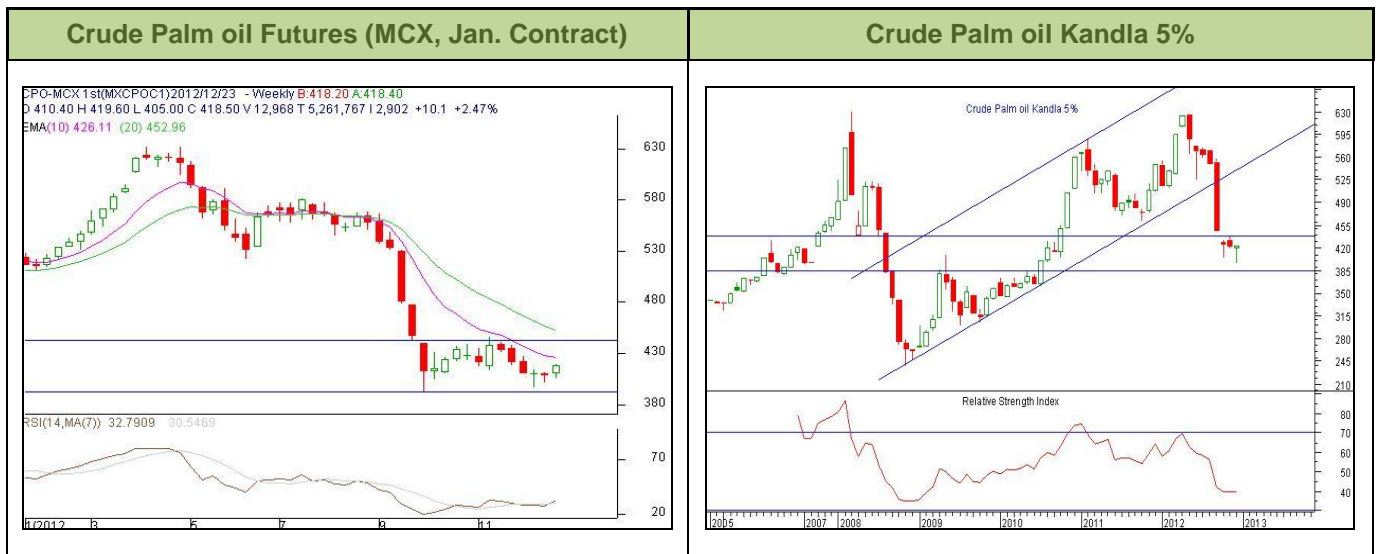
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways movement. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 681 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 687-712 level in near 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 long in RSO in the range of 687-691 for a target of 705 and 712 with a stop loss at 681 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
670.00	676.00	696.20	717	725.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 700-735 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


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

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts recovery in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 408.75 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 430-456 level in near to medium term. RSI is in between oversold 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 430-434 for a target of 447 and 453 with a stop loss at 423 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
415.00	422.00	441.50	459.00	470.00

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 417-445 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/28/2012	12/21/2012	
Refined Soybean Oil	Kota(Loose)	700	700	Unch
	Rajkot (Loose)	680	680	Unch
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	736	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	673	675	-2
	Indore	680	690	-10
	Soy Degum Mumbai+VAT	650	648	2
	SoyDegum Kandla/Mundra+VAT	670	662	8
	Haldiya Port (Loose)	-	736	-
	Akola (Loose)	701	704	-3
	Amrawati (Loose)	701	704	-3
	Jalna	697	700	-3
	Nagpur	701	710	-9
Palm Oil	Chennai.RBD.Palmolein.(Loose)	495	483	12
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	530	500	30
	Kandla CPO (5%FFA)	423	402	21
	Kakinada.RBD.Palmolein(Loose)	501	476	25
	Mumbai RBD Pamolein+ VAT	498	475	23
	Kandla RBD Palmolein +VAT	495	477	18
Refined Sunflower Oil	Mumbai + VAT	780	780	Unch
	Kandla/Mundra	705	710	-5
	Erode (Exp. Oil)+VAT	785	780	5
	Hyderabad Exp +VAT	766	751	15
	Chennai (Loose)	785	785	Unch
	Bellary (Exp. Oil)+VAT	661	661	Unch
	Latur (Exp. Oil)+VAT	721	716	5
	Chellakere (Exp. Oil)+VAT	701	701	Unch
Groundnut Oil	Rajkot (Loose)	1290	1325	-35
	Chennai (Loose)	1120	1120	Unch
	Delhi (Loose)	-	-	-



	Hyderabad Exp +VAT	1198	1198	Unch
	Mumbai + VAT	1280	1275	5
	Gondal+VAT	1300	1325	-25
	Jamnagar +VAT	1300	1340	-40
	Narsarropeth+VAT	1151	1131	20
	Prodattour+VAT	1151	1126	25
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	785	780	5
	Alwar (Expeller Oil)(Loose)	803	812	-9
	Kota (Expeller Oil) (Loose)	740	745	-5
	Jaipur (Expeller Oil) (Loose)	786	799	-13
	Delhi (Exp. Oil) (Loose)	806	809	-3
	SriGangaNagar(ExpOil-Loose)	773	783	-10
	Hapur+VAT	858	860	-2
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	835	852	-17
Refined Cottonseed Oil	Mumbai +VAT	620	625	-5
	Rajkot (Loose)	645	655	-10
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	1260	1210	50
Coconut Oil	(Crude Rs/10kg) - Kangayan	670	670	Unch
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	515	490	25
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Jan Shipment)	800	770	30
	CNF (Jan) India	845	815	30
Indonesia/Malaysia CPO USD/MT	FOB (Feb Shipment)	775	740	35
	CNF (Jan) India	775	740	35
Argentina FOB (\$/MT)		12/28/2012	12/20/2012	Change
Crude Soybean Oil Ship (Dec)		1087	1079	8
Refined Soy Oil (Bulk) Ship (Dec)		1125	1116	9
Sunflower Oil Ship (Dec)		-	-	-
Cottonseed Oil Ship (Dec)		1067	1059	8
Refined Linseed Oil (Bulk) Ship (Dec)		-	-	-



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