

Domestic Veg. Oil Market Summary

Edible oil basket witnessed mixed tone during the week under review on bearish cues from international palm oil market. However, Coconut and Sesame oil quoted higher on lower arrivals.

Palm oil was the top loser among the edible oil pack on bearish MPOB's report on Malaysian palm oil statistics. CPO Kandla 5% fell by 2.2 percent on w-o-w comparison followed by groundnut oil. However, refined soybean oil featured sideways to firm movement on lower crushing and slow soybean offloading by farmers.

Sown area for Rabi oilseed stood at 80.99 lakh hectares as on 03 Jan. 2013 up 1.98 % compared to corresponding period last year - Ministry of Agriculture. On the currency front, Indian rupee against USD closed at 54.76, up 0.54 percent as compared to the previous week.

We expect edible oil complex to trade sideways in the days ahead on seasonal demand and lower soybean crushing. However, weak international edible oil fundamentals may limit upside.

Recommendation

Market participants are advised to go long in RSO in the range of 696-699 for a target of 713 and 718 with a stop loss at 689 on closing basis and go long in CPO in the range of 436-438 for a target of 452 and 455 with a stop loss at 429.50 on closing basis.

International Veg. Oil Market Summary

CBOT soy oil (Jan) is expected to stay in the range 48.50 cents/lb to 50.75 cents/lb. CPO at BMD (Feb) is likely to trade sideways and stay in the range of 2285-2400 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, USDA Wasde Report and USDA South American soybean production estimates.

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.

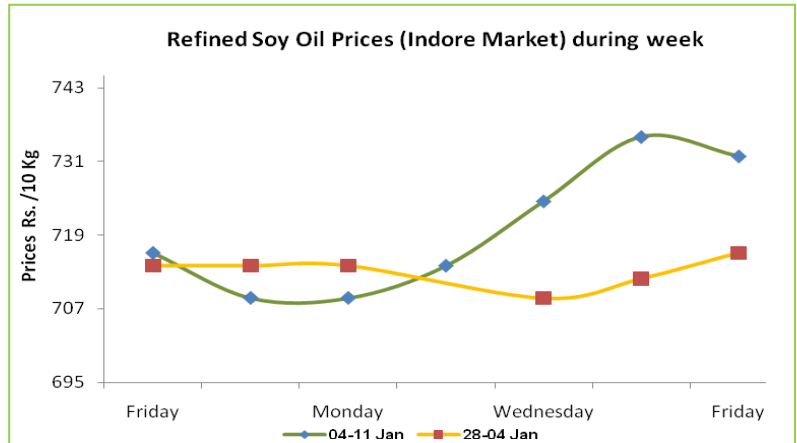
Stringent palm oil quality norms of China and record high palm oil inventories may add pressure to the market sentiment. However, revised palm oil export duty, and higher discount against other edible oils may limit excessive losses.

Favorable weather condition over key South American soybean producing areas and top soy meal buyers may import from South American countries this may weigh on the CBOT soy oil prices. Moreover, Brazil's soybean arrivals are likely to hit the market in the first week of February.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone on lower domestic crushing and need based demand for soy oil. However, persistent weakness in the CBOT soy oil curbs excessive gains.
- Soy oil prices to remain range bound in the coming weeks on lower soy meal forward bookings as China exports oil meals to traditional Indian buyers. However, soy oil demand at domestic front is average and slow soybean selling by farmers may limit excessive losses.
- Soybean oil parity weekly average widen during the week and reported Rs 15 per 10 Kg against Rs -12 per 10 Kg in the bygone week due to better prices of soybean oil prices relative to soybean prices. Soybean oil parity is likely to widen in the coming weeks in anticipation of higher relative gains in meals and oil prices compared to soybean.
- We expect soy oil may trade range bound to slight firm tone in the coming week on seasonal demand and lower soybean crushing. However, weak cues from international palm oil market may limit upside.



International Fundamentals:-

- China imported 58.9 lakh tons of soybeans in December, up 41.6 percent compared to previous month. Moreover, Veg. oil imports in December were 1,120,000 tonnes, up 21.7 percent from the previous month - General Administration of Customs of China
- Conab raised Brazil's soybean crop estimate by 0.12 percent from the 826 lakh tons it forecast in December. Brazil is likely to 827 lakh tons of soybeans in the current season.
- According to Buenos Aires Grains Exchange, Argentina's soybean planting has advanced to 90.8 per cent of the estimated acreage of 19.7 million hectares, progressing 5.9 per cent points during the past week.
- Favorable weather condition over key South American soybean producing areas and top soy meal buyers may import from South American countries this may weigh on the CBOT soy oil prices. Moreover, Brazil's soybean arrivals are likely to hit the market in the first week of February.

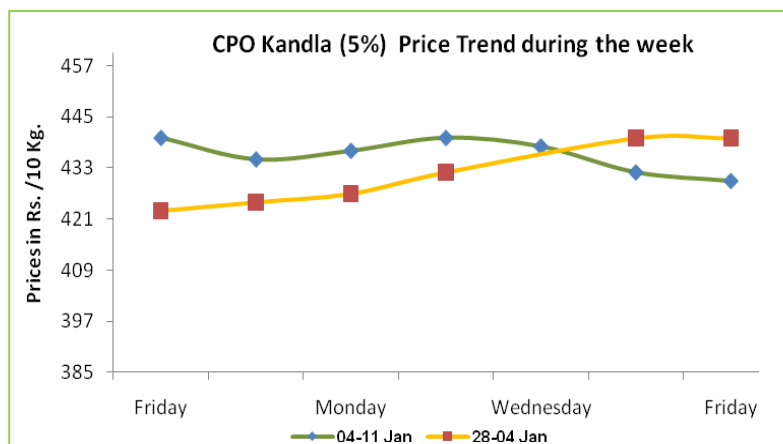
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 715-745 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed sideways movement during the week under review on thin trading activities and weakness in the Indian rupee against US dollar limit downside risk in the prices.
- India's edible oil imports may rise 10 percent on year in the first two months of 2013 due to lower domestic supplies as farmers holding soybean crop in expectation of higher prices this led to lower soybean crushing in the current season - Industry executives.
- Palm oil volumes were thin during the week under review on limited buying as buyers covered positions at lower quotes.
- We expect domestic palm oil prices may trade with a steady tone on upcoming wedding season. However, in expectation of higher palm oil imports could curb gains.



International Fundamentals:-

- Malaysian palm oil products exports for December fell 7.9 percent to 1,518,750 tons compared with 1,648,162 tons shipped during November - Societe Generale de Surveillance.

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

Palm Products	Dec	Nov	% Change
Crude palm oil	448,815	449,621	-0.18
RBD palm oil	114,390	126,364	-9.48
RBD palm olein	630,262	719,574	-12.41
RBD palm stearin	98,698	153,694	-35.78
Crude palm kernel oil	25,640	42,070	-39.05
Oleochemicals	46,977	40,245	16.73

Top Palm Products Importers	Dec	Nov	% Change
European Union	258,260	280,948	-8.08
China	349,582	516,760	-32.35
Pakistan	134,150	96,575	38.91
United States	107,007	120,528	-11.22
India	262,461	168,146	56.09

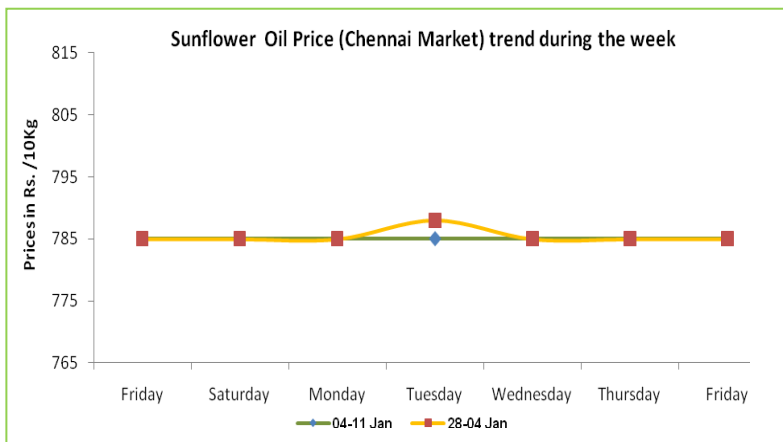
- As per MPOB's report, Malaysian palm oil ending stocks rose by 2.4 percent to 2.63 million tons compared to the previous month. However, palm oil production fell by 5.8 percent to 17.8 Lakh tons from the month of November.
- Palm oil prices are likely to rise in the first three months of 2013 and still have the upward potential as South East Asian countries entering into seasonally lower palm oil production phase. However, current higher palm oil stocks dampen additional upward potential for palm oil prices in the near term – Oil World.
- Stringent palm oil quality norms of China record high palm oil inventories may add pressure to the market sentiment. However, revised palm oil export duty, and higher discount against other edible oils may limit excessive losses.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 428-455 per 10 Kg in the near term.

Sunflower Oil:
Domestic Fundamentals:-

- Sunflower oil featured steady tone at its benchmark market Chennai during the week. However, weakness in Indian rupee against US dollar limits downside.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 4.38 lakh hectares as on 04 Jan. 2013 up 16.18 % compared to corresponding period last year. Higher planting witnessed in Karnataka and Tamil Nadu.
- Thin trading witnessed at Chennai market during the week under review and buyers remained cautious, as new sunflower crop is likely to hit the market in the fourth week of Jan.
- 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.

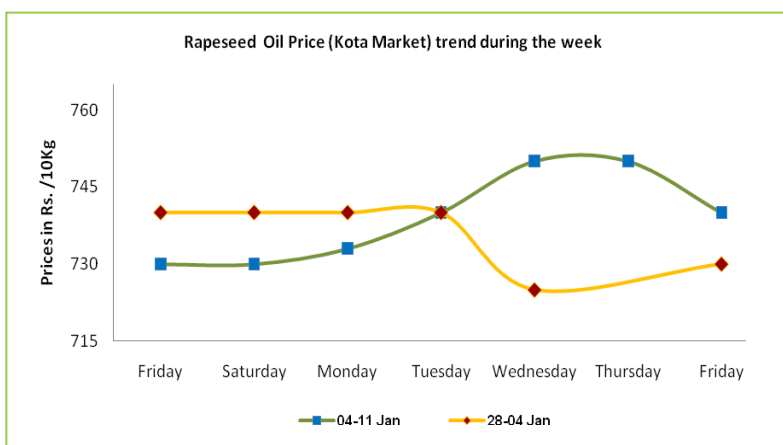


Price Outlook:

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 steady to firm tone at Kota market during the week under review on better buying. However, in anticipation of higher RM seed production in the coming month may limit upside.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 66.18 lakh hectares as on 03 Jan. 2013, up 2.84 percent compared to the corresponding period last year.
- As per sources, new mustard crop from west Bengal is likely to hit the market in the fourth week of January and the crop is in good shape.
- 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 risk in the prices.

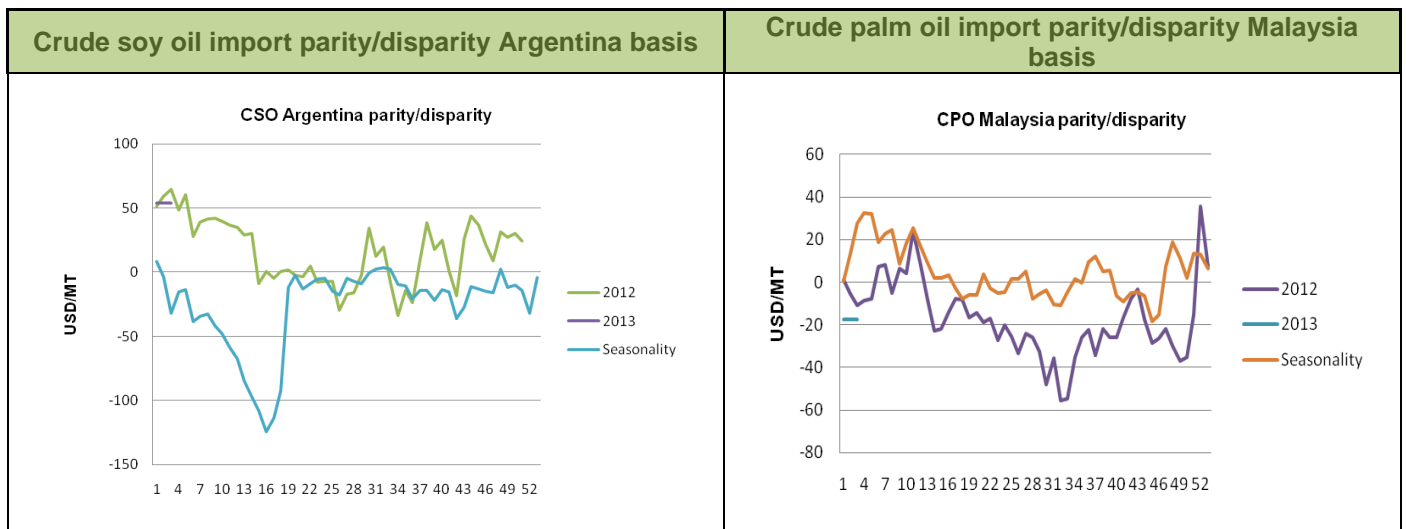


Price Outlook:

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

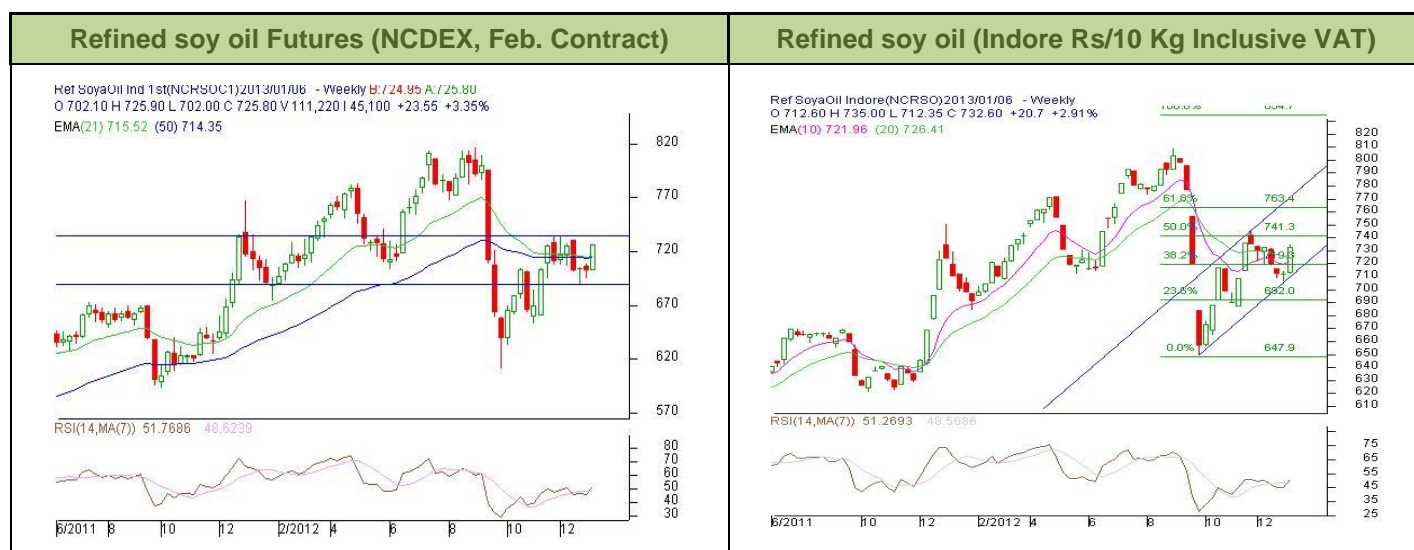
Landed Cost Calculation as on 10/01/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1111	1087	1031
Freight (USD/MT)	65	55	50
C & F	1176.0	1142.0	1081.0
Weight loss (0.25% of FOB)	2.78	2.72	2.58
Finance charges (0.4% on CNF)	4.44	4.35	4.12
Insurance (0.3% of C&F)	4	3	3
CIF (Indian Port - Kandla)	1187	1152	1091
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	54.6305	54.6305	54.6305
Landed cost without customs duty in INR per ton	64833	62961	59599
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	65269	63397	60035
Domestic Market price INR per ton Soy Degum Kandla	68500	68500	68500
Total landed cost USD per ton	1195	1160	1099
Domestic Market price USD per ton Soy Degum Kandla	1254	1254	1254
Parity INR/MT (Domestic - Landed)	3231	5103	8465
Parity USD/MT (Domestic - Landed)	59.15	93.41	154.95
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. However, palm oil import parity might stay in the negative territory.

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).

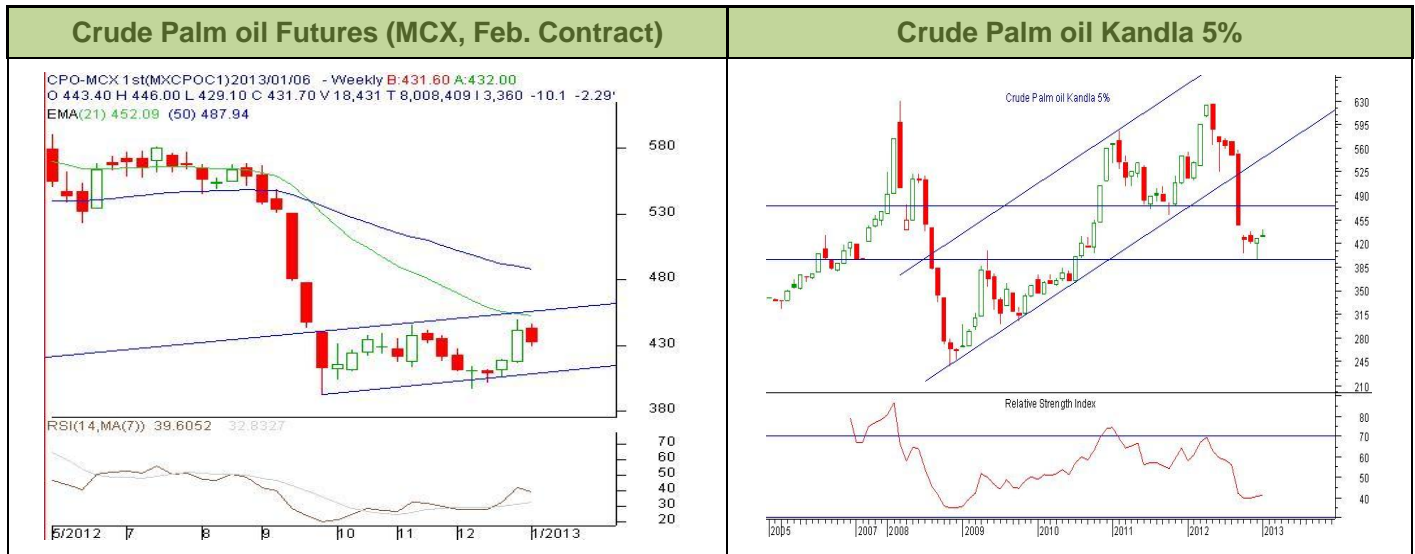
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways to firm movement. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 689.00 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 696-718 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 696-699 for a target of 713 and 718 with a stop loss at 689 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
677.00	684.00	700.90	733.00	740.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 715-745 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 Feb 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 429.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 436-455 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 436-438 for a target of 452 and 455 with a stop loss at 429.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
421.00	427.00	438.90	461.00	467.00

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 428-455 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		1/11/2013	1/4/2013	
Refined Soybean Oil	Kota(Loose)	715	705	10
	Rajkot (Loose)	677	-	-
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	690	692	-2
	Indore	697	682	15
	Soy Degum Mumbai+VAT	680	680	Unch
	SoyDegum Kandla/Mundra+VAT	680	685	-5
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	716	706	10
	Amrawati (Loose)	716	706	10
	Jalna	712	702	10
	Nagpur	716	706	10
Palm Oil	Chennai.RBD.Palmolein.(Loose)	505	515	-10
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	545	550	-5
	Kandla CPO (5%FFA)	430	440	-10
	Kakinada.RBD.Palmolein(Loose)	506	513	-7
	Mumbai RBD Pamolein+ VAT	502	515	-13
	Kandla RBD Palmolein +VAT	505	510	-5
Refined Sunflower Oil	Mumbai + VAT	790	795	-5
	Kandla/Mundra	710	720	-10
	Erode (Exp. Oil)+VAT	775	780	-5
	Hyderabad Exp +VAT	751	761	-10
	Chennai (Loose)	785	785	Unch
	Bellary (Exp. Oil)+VAT	661	661	Unch
	Latur (Exp. Oil)+VAT	726	726	Unch
	Chellakere (Exp. Oil)+VAT	711	706	5
Groundnut Oil	Rajkot (Loose)	1280	-	-
	Chennai (Loose)	1150	1170	-20
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	1219	1198	21
	Mumbai + VAT	1270	1290	-20



	Gondal+VAT	1280	1310	-30
	Jamnagar +VAT	1280	1310	-30
	Narsarropeth+VAT	1151	1161	-10
	Prodattour+VAT	1171	1171	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	780	790	-10
	Alwar (Expeller Oil)(Loose)	796	811	-15
	Kota (Expeller Oil) (Loose)	740	730	10
	Jaipur (Expeller Oil) (Loose)	788	782	6
	Delhi (Exp. Oil) (Loose)	821	812	9
	SriGangaNagar(ExpOil-Loose)	791	791	Unch
	Hapur+VAT	852	852	Unch
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	835	845	-10
Refined Cottonseed Oil	Mumbai +VAT	620	625	-5
	Rajkot (Loose)	625	-	-
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	-	-	-
	Mumbai	1350	1285	65
Coconut Oil	(Crude Rs/10kg) - Kangayan	710	690	20
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	525	515	10
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Jan Shipment)	798	815	-17
	CNF (Jan) India	840	860	-20
Indonesia/Malaysia CPO USD/MT	FOB (Feb Shipment)	760	785	-25
	CNF (Jan) India	775	700	75
Argentina FOB (\$/MT)		1/13/2013	1/3/2013	Change
Crude Soybean Oil Ship (Feb/Mar)		1111	1130	-19
Refined Soy Oil (Bulk) Ship (Feb/Mar)		1149	1169	-20
Sunflower Oil Ship (Feb/Mar)		1140	-	-
Cottonseed Oil Ship (Feb/Mar)		1091	1110	-19
Refined Linseed Oil (Bulk) Ship		-	-	-



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