

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to firm tone during the week under review on import duty hike by government and bullish cues from CBOT soybean.

Sesame oil was the top gainer among the edible oil pack on bullish fundamentals. Prices rose by 3.8 percent on w-o-w comparison followed by crude palm oil 5% by 1.8 percent on Crude edible oil import duty hike by Indian government. Refined soybean oil featured sideways to firm tone on lower crushing and slow soybean offloading by farmers. However, dull demand for soy meal limit upside.

Sown area for Rabi oilseed stood at 85.37 lakh hectares as on 17 Jan. 2013 up 2.22 % compared to corresponding period last year - Ministry of Agriculture.

On the currency front, Indian rupee against USD closed at 53.73, up 1.88 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 712-716 levels for a target of 732 and 735 with a stop loss at 705 on closing basis and to go long in CPO in the range of 441-444 for a target of 454 and 458 with a stop loss at 436.00 on closing basis.

International Veg. Oil Market Summary

CBOT soy oil (Mar) is expected to stay in the range 50 cents/lb to 53.50 cents/lb. CPO at BMD (Mar) is likely to trade sideways and stay in the range of 2290-2420 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures and USDA South American soybean production estimates.

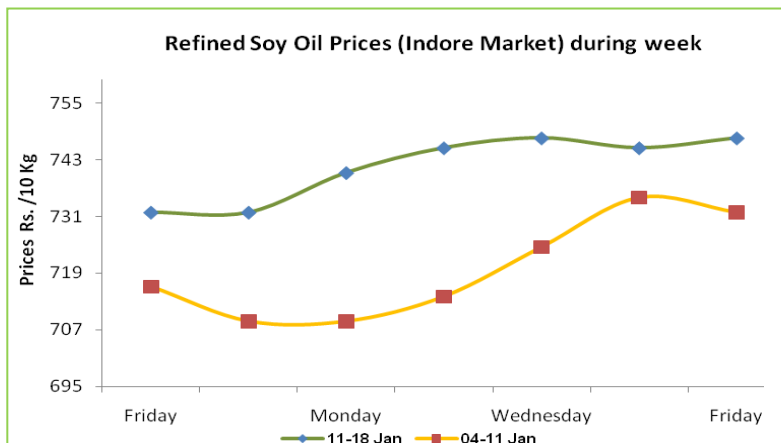
Currently higher palm oil stocks in the South East Asian countries and strict norms and quality checks by China weigh on the palm oil prices. However, traders are still bullish on palm oil due to higher discount against other competing edible oils and in expectation of higher demand from Indian and European buyers.

Higher South American soybean production estimates by top analysts and soybean harvesting in some parts of Brazil may weigh on the sentiments. However, good demand from Chinese soybean importers and light showers over Brazil's key soybean producing region may limit downside risk in the CBOT soy oil prices in the near term.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone on renewed demand for soy oil and lower domestic crushing. However, weak export demand for soy meal limits excessive gains.
- As per Solvent Extractors' Association (SEA), India's vegetable oil imports in December were 901,092 tons, up from 700,371 tons in the previous month. Moreover, Indian buyers imported 21,960 tons of crude soy degummed oil in Dec., up 55 percent from November.
- Soy oil demand is moderate at major cash market on slow soybean offloading by farmers and winter season demand. However, weak export demand for soy meal may limit excessive gains.
- Soybean oil parity weekly average narrow during the week and reported Rs 3 per 10 Kg against Rs 15 per 10 Kg in the bygone week due to better prices of soybean relative to soybean meal prices. Soybean oil parity is likely to narrow in the coming weeks in anticipation of higher relative gains in soybean prices compared to soybean oil and meals.
- We expect soy oil may trade range bound to slight firm tone in the coming week on on slow soybean offloading by farmers and lower domestic crushing. Bearish international fundamentals could limit gains.



International Fundamentals:-

- Brazil's local analyst, Celeres has raised its estimated for the 2012-13 soybean crop harvest to 80.43 million tons from its previous estimate of 79.02 million tons. Area planted with soybean is likely to rise to 27.50 million hectares, up 9.5 per cent from a year earlier.
- Local Brazilian crop analyst Agroconsult has increased its estimate for soybean crop by 0.9 million tons to 84 million tons. Production figures for Brazil's soybean crop for this season vary from 80.43 to 84.00 million tons.
- IGC raise global soybean output estimate by 1.49 percent to 270.7 Mln. T for 2012/13 from previous month estimate due to heavy rise in South American countries. Moreover, ending stocks is likely to rise by 24.2 percent to 28.7 Mln T on Y-o-Y basis.
- Higher South American soybean production estimates by top analysts and soybean harvesting in some parts of Brazil may weigh on the sentiments. However, good demand from Chinese soybean importers and light showers over Brazil's key soybean producing region may limit downside risk in the CBOT soy oil prices in the near term.

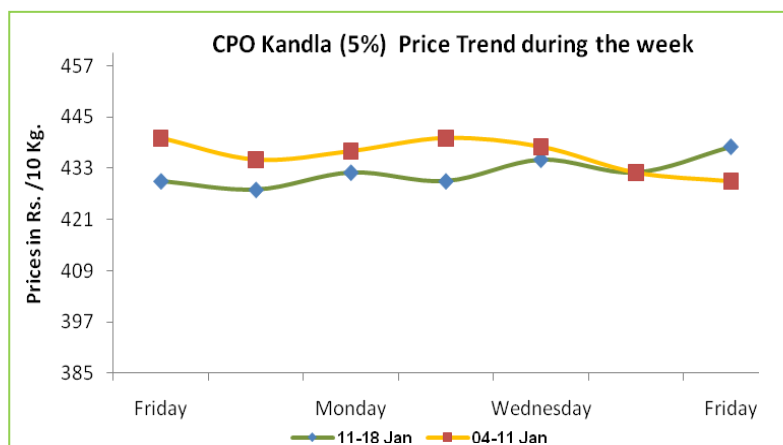
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 721-755 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 import duty hike on crude edible oils and need based demand.
- The government has imposed an import duty of 2.5 per cent on crude edible oils. However, the import duty on refined edible oils has been kept unchanged at 7.5 per cent. The decision was taken to protect the farmer's interests as Malaysia, world's no.2 palm oil producer removed export duty on its crude palm oil from 1 Jan 2013.
- Edible oils stocks at various ports as on Jan 1, 2013 is reported at 0.7 Mln.T and about 0.76 Mln.T at pipeline – Sea of India.
- We expect domestic palm oil prices may trade with a steady tone on upcoming wedding season. However, in expectation of higher palm oil imports and strengthens in Indian rupee against US dollar, which could limit upside.



International Fundamentals:-

- Malaysian palm oil products exports for 1-15 January fell 22 percent to 571,481 tons compared to the previous month - Societe Generale de Surveillance.

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

Palm Products	1-15 Jan	1-15 Dec	% Change
Crude palm oil	103,610	234,410	-55.80
RBD palm oil	73,818	45,285	63.01
RBD palm olein	215,513	293,057	-26.46
RBD palm stearin	56,705	44,120	28.52
Crude palm kernel oil	17,500	4,030	334.24
Oleochemicals	29,410	31,837	-7.62

Top Palm Products Importers	1-15 Jan	1-15 Dec	% Change
European Union	33,385	158,950	-79.00
China	126,450	222,107	-43.07
Pakistan	48,500	51,350	-5.55
United States	75,230	36,775	104.57
India	72,610	87,750	-17.25

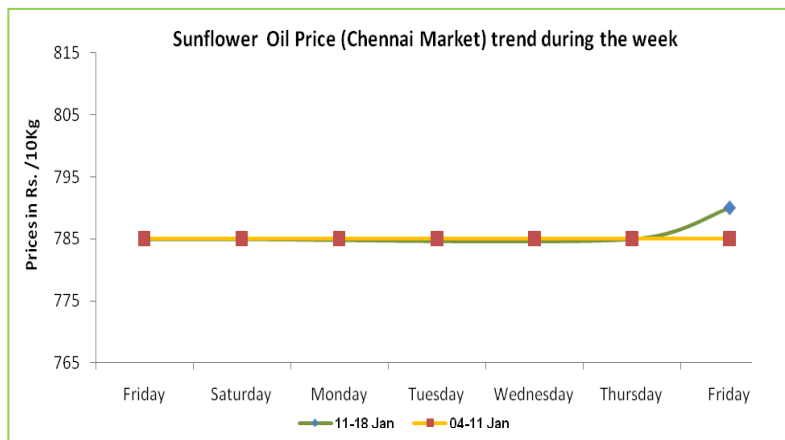
- India imported 72,610 tons of palm oil products from Malaysia during 1-15 Jan, down 17.25 percent from previous month. Moreover, weak buying witnessed from Chinese and European buyers during the first fifteen days of January.
- Malaysia has kept export duty on CPO for February at zero percent, unchanged from January –Malaysian Government.
- As per MPOB's report, Malaysian palm oil ending stocks for December rose by 2.4 percent to 2.63 million tons compared to the previous month. Moreover, market participants are expecting Indonesia palm oil ending stocks are near to 3-4 Mln.T, which is quiet higher as compared to the previous year averages.
- Higher palm oil stocks in the South East Asian countries and stringent palm oil quality norms of China may weigh on the market sentiments. However, cheaper palm oil products compared to other edible oils and lower CPO export duty of South East Asian countries could limit excessive losses.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 425-452 per 10 Kg in the near term.

Sunflower Oil:
Domestic Fundamentals:-

- Sunflower oil featured steady tone at its benchmark market Chennai during the week. Moreover, volumes were thin in the major cash market.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 4.73 lakh hectares as on 17 Jan. 2013 up 14.8 % compared to corresponding period last year. Higher planting witnessed in Karnataka and Tamil Nadu.
- 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.

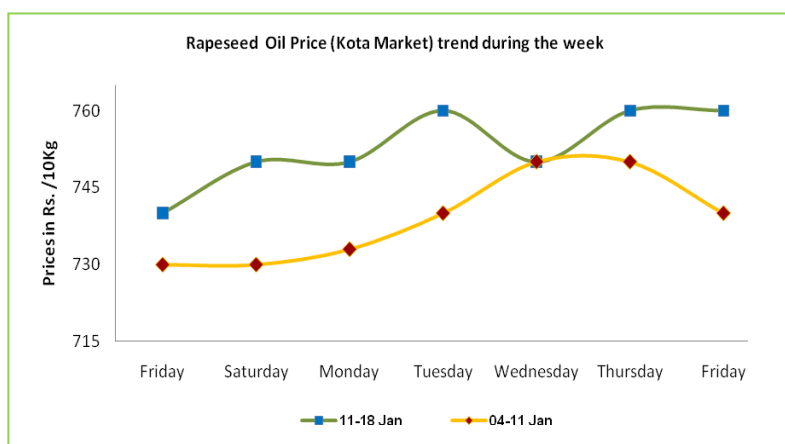


Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 775-800 per 10 Kg.

Rapeseed oil:
Domestic Market Fundamentals

- Rapeseed oil featured steady to firm tone at Kota market during the bygone week due to good demand for mustard oil. However, higher RM seed acreage in the current season limit upside risk in the prices.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 67.04 lakh hectares as on 17 Jan. 2013, up 2.77 percent compared to the corresponding period last year.
- Sources have reported that the new mustard seed crop is in good condition and no disease or higher damage witnessed so far. Arrivals are expected to start in the mandis of Rajasthan by the second week of February.
- 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.

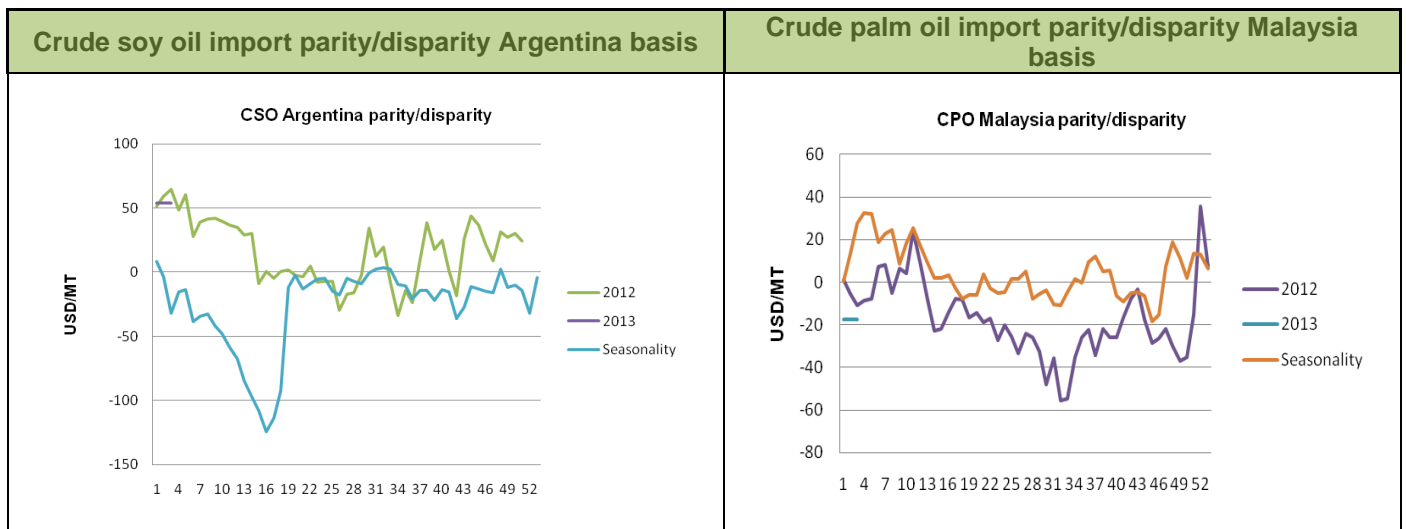


Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 735-770 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 18/01/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1139	1166	1084
Freight (USD/MT)	65	55	50
C & F	1204.0	1221.0	1134.0
Weight loss (0.25% of FOB)	2.85	2.92	2.71
Finance charges (0.4% on CNF)	4.56	4.66	4.34
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1215	1232	1144
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	53.9465	53.9465	53.9465
Landed cost without customs duty in INR per ton	65546	66475	61739
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	65982	66911	62175
Domestic Market price INR per ton Soy Degum Kandla	69000	69000	69000
Total landed cost USD per ton	1223	1240	1153
Domestic Market price USD per ton Soy Degum Kandla	1279	1279	1279
Parity INR/MT (Domestic - Landed)	3018	2089	6825
Parity USD/MT (Domestic - Landed)	55.95	38.72	126.51
Source: Agriwatch/ Reuters , Argentina prices - Reuters			

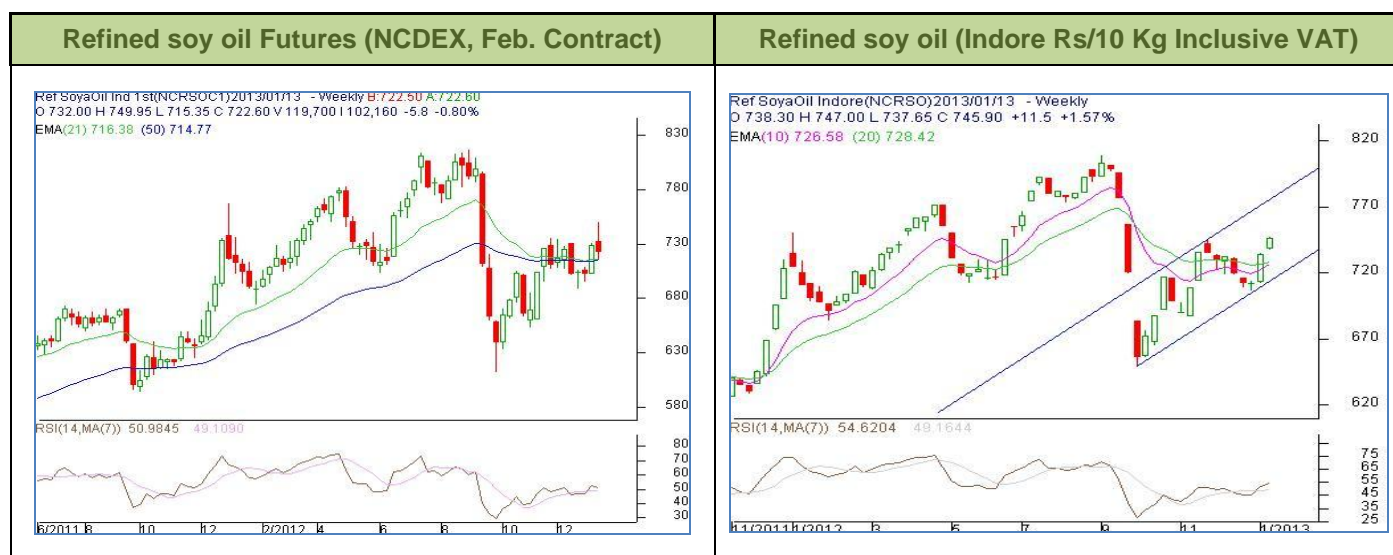


* Seasonality based on 2009-2011 data averages for CPO Malaysia and 2010-11 data averages for CSO Argentina.

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. 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).

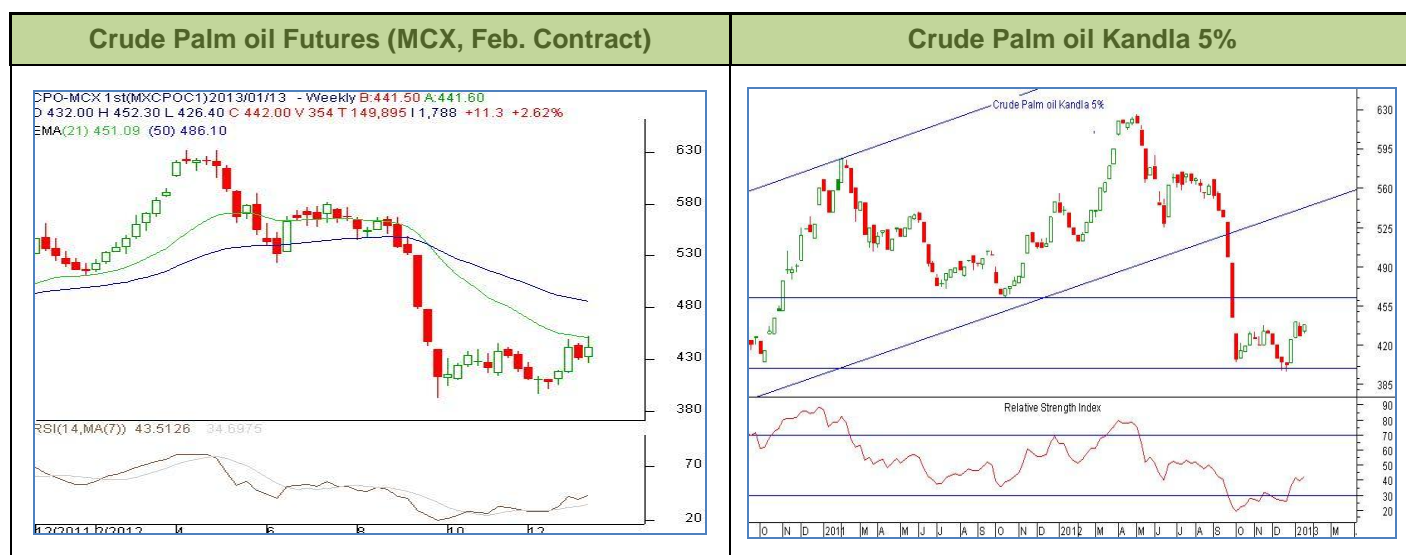
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways to firm movement. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 705 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 712-740 level 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 712-716 levels for a target of 732 and 735 with a stop loss at 705 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
690.00	698.00	722.50	747.00	756.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 725-755 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 sideways movement 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 441-444 for a target of 454 and 458 with a stop loss at 436.00 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
428.00	434.00	450.20	463.00	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 425-452 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		1/18/2013	1/11/2013	
Refined Soybean Oil	Kota(Loose)	725	715	10
	Rajkot (Loose)	700	677	23
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	760	-	-
	Kakinada	-	-	-
	Mumbai +VAT	700	690	10
	Indore	712	697	15
	Soy Degum Mumbai+VAT	685	680	5
	SoyDegum Kandla/Mundra+VAT	690	680	10
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	736	716	20
	Amrawati (Loose)	736	716	20
	Jalna	732	712	20
	Nagpur	736	716	20
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	505	5
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	560	545	15
	Kandla CPO (5%FFA)	438	430	8
	Kakinada.RBD.Palmolein(Loose)	511	506	5
	Mumbai RBD Pamolein+ VAT	512	502	10
	Kandla RBD Palmolein +VAT	512	505	7
Refined Sunflower Oil	Mumbai + VAT	795	790	5
	Kandla/Mundra	720	710	10
	Erode (Exp. Oil)+VAT	780	775	5
	Hyderabad Exp +VAT	766	751	15
	Chennai (Loose)	790	785	5
	Bellary (Exp. Oil)+VAT	661	661	Unch
	Latur (Exp. Oil)+VAT	726	726	Unch
	Chellakere (Exp. Oil)+VAT	716	711	5
Groundnut Oil	Rajkot (Loose)	1310	1280	30
	Chennai (Loose)	1170	1150	20
	Delhi (Loose)	1150	-	-
	Hyderabad Exp +VAT	1219	1219	Unch



	Mumbai + VAT	1280	1270	10
	Gondal+VAT	1310	1280	30
	Jamnagar +VAT	1310	1280	30
	Narsarropeth+VAT	1111	1151	-40
	Prodattour+VAT	1151	1171	-20
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	783	780	3
	Alwar (Expeller Oil)(Loose)	786	796	-10
	Kota (Expeller Oil) (Loose)	760	740	20
	Jaipur (Expeller Oil) (Loose)	783	788	-5
	Delhi (Exp. Oil) (Loose)	822	821	1
	SriGangaNagar(ExpOil-Loose)	791	791	Unch
	Hapur+VAT	861	852	9
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	840	835	5
Refined Cottonseed Oil	Mumbai +VAT	630	620	10
	Rajkot (Loose)	630	625	5
	Delhi (Loose)	615	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	1350	-	-
	Mumbai	1380	1350	30
Coconut Oil	(Crude Rs/10kg) - Kangayan	715	710	5
Kardi	Mumbai	1200	1200	Unch
Rice Bran Oil (40%)	Delhi	560	-	-
Rice Bran Oil (4%)	Punjab	520	525	-5
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Feb Shipment)	818	798	20
	CNF (Feb) India	855	840	15
Indonesia/Malaysia CPO USD/MT	FOB (Feb Shipment)	765	760	5
	CNF (Feb) India	800	775	25
Argentina FOB (\$/MT)		1/20/2013	1/10/2013	Change
Crude Soybean Oil Ship (Feb/Mar)		1133	1111	22
Refined Soy Oil (Bulk) Ship (Feb/Mar)		1172	1149	23
Sunflower Oil Ship (Feb/Mar)		-	1140	-
Cottonseed Oil Ship (Feb/Mar)		1113	1091	22
Refined Linseed Oil (Bulk) Ship		-	-	-



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2005 Indian Agribusiness Systems Pvt Ltd.