

Outlook and Review:

Most of the edible oils witnessed steady to firm tone during the week under review on seasonal demand and bullish cues from international oil and fats market.

Rapeseed oil was the top loser among the edible oil pack in expectation of higher RM seed production. Moreover, good crop prospects weigh on the sentiments. CPO Kandla 5% rose by 2.05 percent on w-o-w comparison followed by refined soybean oil by 0.6 percent due to seasonal demand and firm trend in overseas market. Refined sunflower oil quoted higher on better buying and bullish international fundamentals.

Sown area for Rabi oilseed stood at 86.23 lakh hectares as on 31 Jan. 2013 up 1.90 % compared to corresponding period last year - Ministry of Agriculture.

On the currency front, Indian rupee against USD closed at 53.19, down 0.6 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 and slow soybean offloading by farmers in view if higher prices in the days ahead. However, subdued demand for oil meals may limit upside.

International Veg. Oil Market Summary

CBOT soy oil (Mar) is expected to stay in the range 51.50 cents/lb to 55.00 cents/lb. CPO at BMD (Mar) is likely to trade sideways and stay in the range of 2420-2620 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil inventories, South American soybean production estimates and weather over key soybean producing regions of South America.

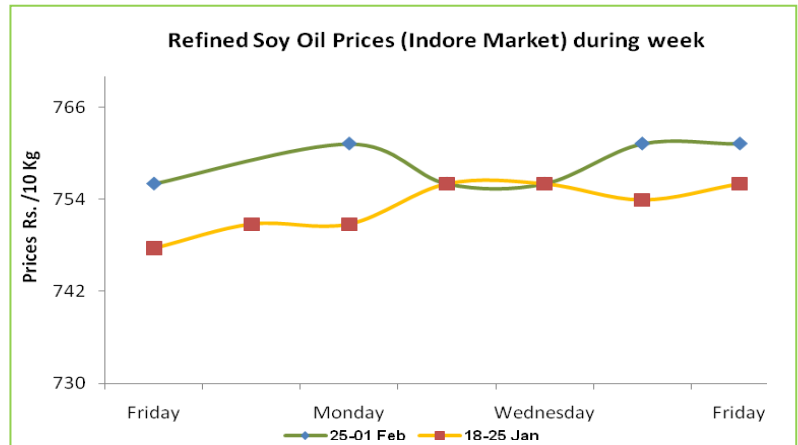
Palm oil is offered at more than \$300 per tons discount against soy oil and significant improvement witnessed in the Malaysian January's palm oil exports compared to early days of the Jan, which could support CPO prices in the near term. However, rising palm oil stocks in the South East Asian countries may limit excessive gains in the medium term.

Beneficial Rains witnessed over Argentina's key soybean producing regions, which may support soybean crop prospects. However, delay in Brazilian soybean harvest and lack of infrastructure could shift some of the shipments to the US border this may support CBOT soy oil. Medium term outlook - In expectation of higher South American soybean production in the current season favors the bears.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone on lower domestic crushing and seasonal demand for soy oil. However, subdued demand for soy meal in overseas market capped the upside.
- Sources revealed that soy oil demand at major physical counters is good and firmness is likely to persist in the coming days on seasonal demand. However, strong Indian rupee against US dollar led to cheaper edible oils imports and on the other side curb oil meals exports returns, which could limit excessive gains.
- Soybean oil parity weekly average narrows during the week and reported Rs -1 per 10 Kg against Rs -2 per 10 Kg in the bygone week due to better prices of soybean oil relative to soybean prices. Soybean oil parity is likely to narrow in the coming weeks in anticipation of range bound movement in oil and meals.
- We expect soy oil may trade range bound to slight firm tone in the coming week on slow soybean offloading by farmers and moderate demand for soy oil. However, lower soy meal demand from overseas market may cap excessive gains.



International Fundamentals:-

- Chinese soybean stocks may fall to 20 percent by the end of March on expectations of lower imports and high production by crushers. CNGOIC estimated China's soy imports in the first quarter of 2013 at about 116 lakh tons; down 13 percent from first quarter of 2012 to 132.6 lakh tons.
- The Buenos Aires Grains Exchange has reported that 99.4 per cent of Argentina's 2012-13 soy crops had been planted and dry weather is starting to affect soybean yields in parts of Argentina's main crop belt.
- U.S. would witness tight soybeans stocks for shipment after February until the next harvest and it has been estimated that 83 per cent of the total U.S. soybean export supply is going to be exported until the end of February, which is likely to pressurize South America to meet the strong demand from China – Oil World.
- Beneficial Rains witnessed over Argentina's key soybean producing regions, which may support soybean crop prospects. However, delay in Brazilian soybean harvest and lack of infrastructure could shift some of the shipments to the US border this may support CBOT soy oil. Medium term outlook - In expectation of higher South American soybean production in the current season favors the bears.

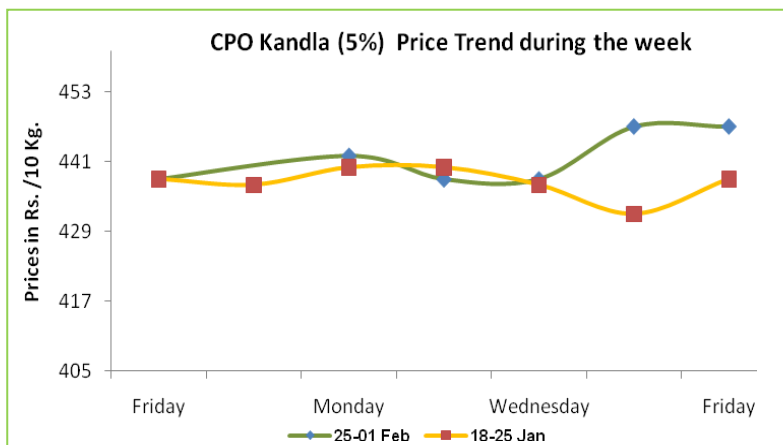
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 748-768 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% quoted higher on better buying and bullish cues from international palm oil market during the week under review.
- India may go for a second round of an import duty hike on edible oils to protect domestic oilseed farmers and expect the government would raise import duty on unrefined oils to 10 percent and 17.5 percent on refined oils by the end of March 2013 - Mistry.
- As per sources, improved buying could be witness from vansaspati millers due to upcoming marriage season in the February, which may support palm oil prices in the coming weeks. However, higher palm oil inventories in the South East Asian countries favors bear in the medium term.
- We expect domestic palm oil prices may trade range bound on upcoming wedding seasonal demand. However, higher palm oil inventories in the South East Asian countries and strengthens in Indian rupee against US dollar could limit upside.



International Fundamentals:-

- Malaysian palm oil products exports for Jan. 1-25 fell 14.6 percent to 1,104,890 tons compared with 1,293,765 tons shipped during Dec. 1-25 - cargo surveyor Societe Generale de Surveillance.

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

Palm Products	1-25 Jan	1-25 Dec	% Change
Crude palm oil	213,367	415,815	-48.69
RBD palm oil	116,498	105,040	10.91
RBD palm olein	481,688	492,492	-2.19
RBD palm stearin	114,705	90,867	26.23
Crude palm kernel oil	18,260	25,640	-28.78
Oleochemicals	40,390	46,077	-12.34

Top Palm Products Importers	1-25 Jan	1-25 Dec	% Change
European Union	91,107	224,877	-59.49
China	252,250	325,582	-22.52
Pakistan	115,750	94,650	22.29
United States	123,410	103,980	18.69
India	123,050	222,755	-44.76

- India imported 123,050 tons of palm oil products from Malaysia during 1-25 Jan, down 44.7 percent from same period previous month. Chinese strict quality norms for palm oil imports remain in action. However, Chinese authorities have allowed discharge of two palm oil cargos from Malaysia, these cargos are the first in the current year. China imported 252,250 tons of Malaysian palm oil products for the first twenty-five days of Jan.
- Palm oil exports from Indonesia fell 4 percent to 1.896 million tons in December compared to the previous month. Exports to India in Jan – Dec 2012 were 5.851 million tons, while China and EU received 2.960 and 4.167 million tons respectively. - Sources. On South East Asian palm oil stocks, current inventories in Indonesia are about 5 million tons and do not expect Malaysian stocks to decline below 2 million tons in the coming months – Mistry.
- Palm oil is offered at more than \$300 per tons discount against soy oil and significant improvement witnessed in the Malaysian January's palm oil exports compared to earlier days of the month, which could support CPO prices in the near term. However, rising palm oil stocks in the South East Asian countries may limit excessive gains in the medium term.

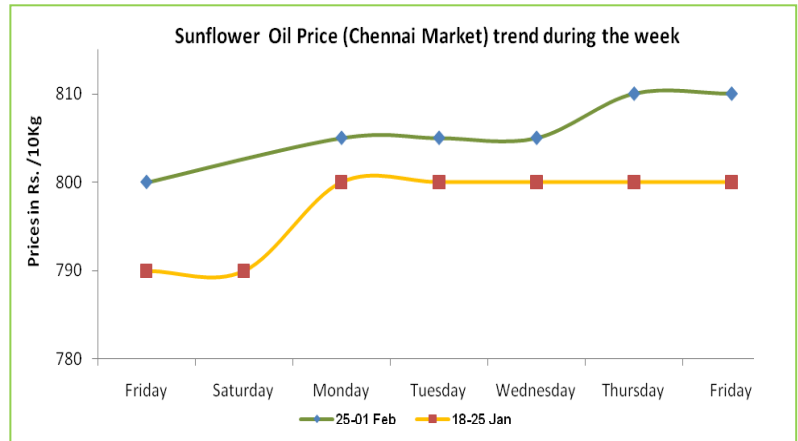
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 435-465 per 10 Kg in the near term.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady to firm tone at its benchmark market Chennai during the week on better buying.
- Indian government raised import duty to 2.5 percent on crude edible oils grade, which will make sunflower oil imports costlier from European Union. However, upcoming crop from Karnataka would limit upside. Indian buyers imported 66,000 tons of sunflower oil during the month of December, up 45 percent on M-o-M basis – Sea of India.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 4.89 lakh hectares as on 31 Jan. 2013 up 13.1 % compared to corresponding period last year. Higher planting witnessed in Karnataka. We expect sunflower oil prices may trade range bound to slightly firm tone in the near term.



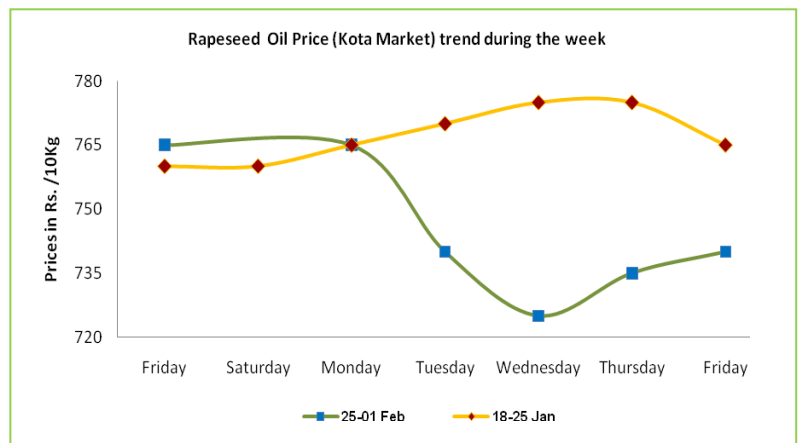
Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 790-815 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured weak tone at Kota market during the bygone week in anticipation of higher RM seed production in the current season.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 67.17 lakh hectares as on 31 Jan. 2013, up 2.78 percent compared to the corresponding period last year.
- Farm sources revealed that mustard seed harvesting have commence in key growing belt of Uttar Pradesh (Hapur and Agra) and is likely to pickup pace in the coming days. Moreover, no major crop loss witnessed over major RM seed producing regions of Rajasthan and harvesting may starts in coming 12-15 days.
- Indian government removes limits on edible oils export with a minimum export price of \$1500 per tons without any volume restrictions to cater small expatriate appetite for cooking oils. Branded small pack cooking oils has been allowed until 30 Sept 2013. India mainly exports groundnut, rapeseed, and coconut oil in consumer packs to the U.S., Middle East, and Europe.
- 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.



International Fundamentals:-

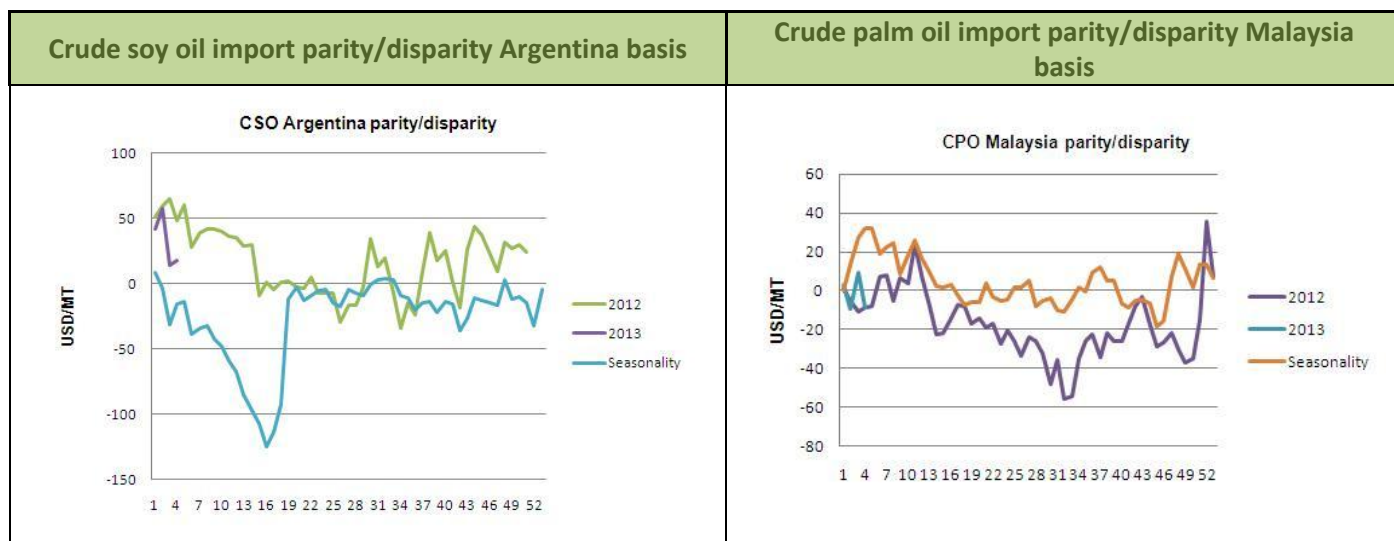
- Canadian farmers are expected to sown spring's canola crop in 7.7 Mln Ha, down 10 percent from last year due to disappointing canola yields last year, disease problems due to lack of crop rotation, higher wheat prices, increased soybean planting and may switch to wheat on relatively attractive than canola. Moreover, canola production seen at 14.5-15 Mln T. last year canola output was 13.9 Mln T- Oil World.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 725-765 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 1/2/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1164	1133	1124
Freight (USD/MT)	65	55	50
C & F	1229.0	1188.0	1174.0
Weight loss (0.25% of FOB)	2.91	2.83	2.81
Finance charges (0.4% on CNF)	4.66	4.53	4.50
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1240	1199	1185
CVD	0	0	0
Duty USD per ton	29.75	29.75	29.75
CVD value USD per ton	0	0	0
Cess (2% on duty) USD per ton	0.595	0.595	0.595
Exchange rate	53.3238	53.3238	53.3238
Landed cost without customs duty in INR per ton	66135	63931	63180
Customs duty %	2.5%	2.5%	2.5%
Base import price	1190	1190	1190
Fixed exchange rate by customs department	55.25	55.25	55.25
Duty component in INR per ton	1643.6875	1643.6875	1643.6875
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	68215	66011	65259
Domestic Market price INR per ton Soy Degum Kandla	70000	70000	70000
Total landed cost USD per ton	1279	1238	1224
Domestic Market price USD per ton Soy Degum Kandla	1313	1313	1313
Parity INR/MT (Domestic - Landed)	1785	3989	4741
Parity USD/MT (Domestic - Landed)	33.48	74.81	88.91
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

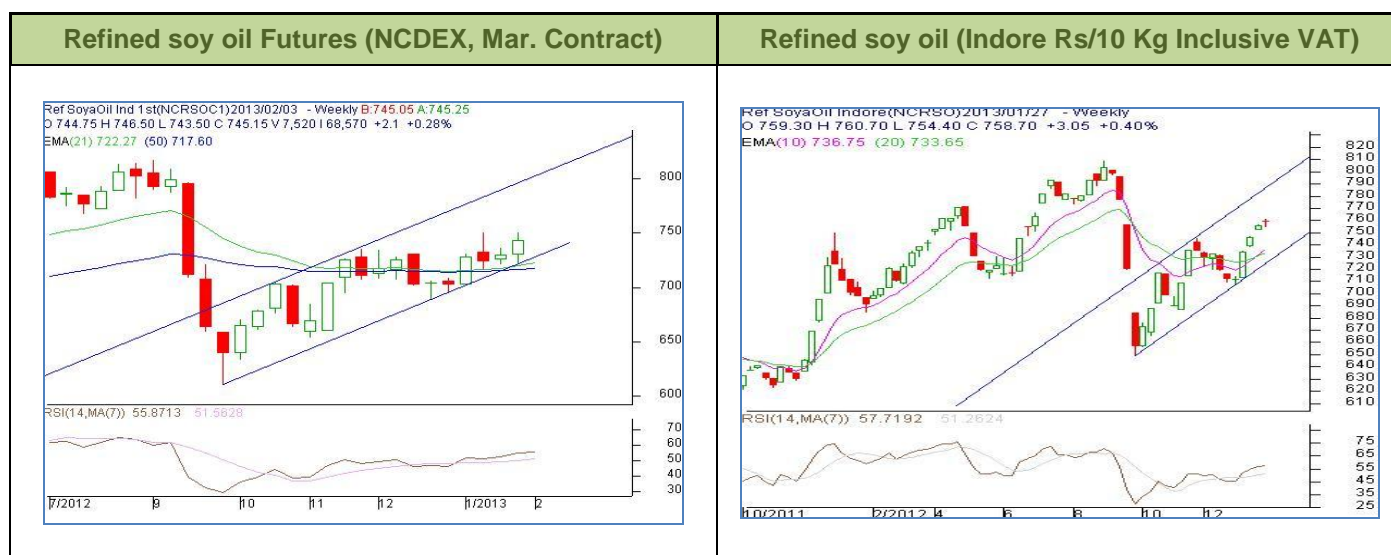


* Seasonality based on 2009-2012 data averages for CPO Malaysia and 2010-12 data averages for CSO Argentina.

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 may move towards positive 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 (Mar. contract).

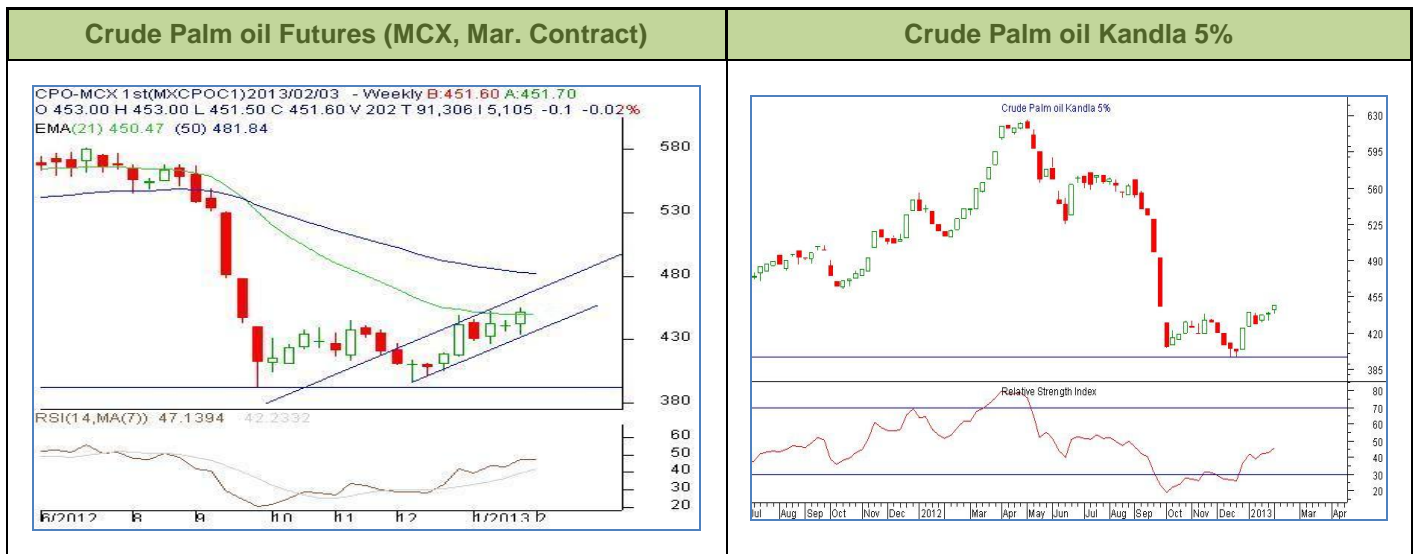
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways to firm movement. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 709.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 716-742 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 716-720 levels for a target of 735 and 742 with a stop loss at 709.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
691.00	699.00	723.80	748.00	756.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 748-768 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 Mar. contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts sideways to firm movement in the prices. We expect prices may trade with a firm note in the near term.
- ❖ Any close below 445.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 451-468 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 451-454 for a target of 465 and 468 with a stop loss at 445.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
425.00	430.00	445.70	457.00	465.00

Spot Market outlook: Crude palm oil 5% is likely to trade sideways to firm tone in the coming week. The prices are likely to stay in the range of 435-465 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		2/1/2013	1/25/2013	
Refined Soybean Oil	Kota(Loose)	735	735	Unch
	Rajkot (Loose)	725	Closed	-
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	770	-	-
	Kakinada	-	-	-
	Mumbai +VAT	730	720	10
	Indore	725	720	5
	Soy Degum Mumbai+VAT	695	690	5
	SoyDegum Kandla/Mundra+VAT	700	690	10
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	741	739	2
	Amrawati (Loose)	741	739	2
	Jalna	737	735	2
	Nagpur	741	739	2
Palm Oil	Chennai.RBD.Palmolein.(Loose)	508	505	3
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	555	560	-5
	Kandla CPO (5%FFA)	447	438	9
	Kakinada.RBD.Palmolein(Loose)	511	516	-5
	Mumbai RBD Pamolein+ VAT	515	515	Unch
	Kandla RBD Palmolein +VAT	508	515	-7
Refined Sunflower Oil	Mumbai + VAT	800	800	Unch
	Kandla/Mundra	730	720	10
	Erode (Exp. Oil)+VAT	795	790	5
	Hyderabad Exp +VAT	776	766	10
	Chennai (Loose)	810	800	10
	Bellary (Exp. Oil)+VAT	666	-	-
	Latur (Exp. Oil)+VAT	746	736	10
	Chellakere (Exp. Oil)+VAT	726	716	10
Groundnut Oil	Rajkot (Loose)	1250	Closed	-
	Chennai (Loose)	1180	1180	Unch
	Delhi (Loose)	1150	-	-
	Hyderabad Exp +VAT	1214	1219	-5



	Mumbai + VAT	1280	1290	-10
	Gondal+VAT	1260	1290	-30
	Jamnagar +VAT	1260	1290	-30
	Narsarropeth+VAT	1101	1101	Unch
	Prodattour+VAT	1141	-	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	777	790	-13
	Alwar (Expeller Oil)(Loose)	783	779	4
	Kota (Expeller Oil) (Loose)	740	765	-25
	Jaipur (Expeller Oil) (Loose)	763	789	-26
	Delhi (Exp. Oil) (Loose)	790	-	-
	SriGangaNagar(ExpOil-Loose)	771	786	-15
	Hapur+VAT	861	Closed	-
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	815	830	-15
Refined Cottonseed Oil	Mumbai +VAT	622	630	-8
	Rajkot (Loose)	620	Closed	-
	Delhi (Loose)	615	-	-
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	1450	-	-
	Mumbai	1450	1450	Unch
Coconut Oil	(Crude Rs/10kg) - Kangayan	700	690	10
Kardi	Mumbai	1225	1200	25
Rice Bran Oil (40%)	Delhi	570	-	-
Rice Bran Oil (4%)	Punjab	535	520	15
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Feb Shipment)	-	820	-
	CNF (Feb) India	870	855	15
Indonesia/Malaysia CPO USD/MT	FOB (Mar Shipment)	-	795	-
	CNF) (Feb) India	810	800	10
Argentina FOB (\$/MT)		1/31/2013	1/24/2013	Change
Crude Soybean Oil Ship (Feb/Mar)		-	-	-
Refined Soy Oil (Bulk) Ship (Feb/Mar)		-	-	-
Sunflower Oil Ship (Feb/Mar)		-	-	-
Cottonseed Oil Ship (Feb/Mar)		-	-	-
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.