

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to weak tone during the week under review on expectation of higher Rabi oilseed production along with moderate demand.

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. However, CPO Kandla 5% prices remain unchanged due to thin trading activities. Refined sunflower oil quoted lower on weak buying at cash markets.

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 weak tone in the days on new Rabi crop arrivals and harvest pressure from South American soybean crop. However, seasonal demand for edible oils and slow soybean offloading by farmers may limit downside risk in the prices.

International Veg. Oil Market Summary

CBOT soy oil (Mar) is expected to stay in the range 49.50 cents/lb to 53.50 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.

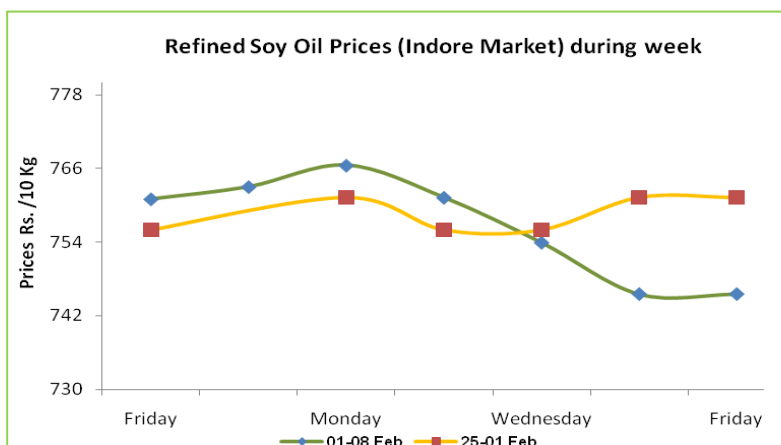
Higher palm oil stocks at South East Asian countries and non-aggressive buying from top buyers may impede bulls rally in the palm oil prices. Market participants eyeing on the palm oil export figures and MPOB's report on Malaysian palm oil statistics in the next week, which may confirm fresh directional moves.

The market expects Argentina soybean production near to 530 lakh tons vs. the current USDA estimate of 540 lakh tons. Brazilian estimates near 826 lakh tons vs. the current USDA forecast of 825 lakh tons. Medium term outlook – higher South American soybean production favors the bears. However, talks of dry weather concern over Argentina may limit excessive losses.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to weak tone on lackluster buying interest and lull demand for soy meal in overseas market. Moreover, higher soybean production in South American countries weighs on the sentiments.
- As per Sources, soy oil demand at major physical counters is moderate. However, wholesalers and stockists refrain from active buying ahead of key edible oils reports and in expectation of higher soybean, production in South American countries.
- India's total vegetable oil imports are likely to rise by 15% to around 115 lakh tons in the current marketing year ending October 2013 due to cheaper availability of imported edible oils - SEA of India
- Soybean oil parity weekly average narrows during the week and reported Rs -4 per 10 Kg against Rs -1 per 10 Kg in the bygone week. 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 slightly weak tone in the coming week on lower soy meal demand from overseas market and average demand. However, slow soybean offloading by farmers may cap excessive losses.



International Fundamentals:-

- China imported 47.8 lakh tons of soybean in January, up 3.8 percent Y-o-Y, but down 18.8 percent compared to December – Chinese Customs Department.
- 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.
- AgRural has lowered its December forecast by 1 million tons to 81.20 million tons. Meanwhile, Celeres has projected that the crop would likely reach 80.10 million tons, down from its previous forecast of 80.84 million tons. Both analysts reported that the Brazilian harvest is 6 per cent complete.
- The market expects Argentina soybean production near to 530 lakh tons vs. the current USDA estimate of 540 lakh tons. Brazilian estimates near 826 lakh tons vs. the current USDA forecast of 825 lakh tons. Medium term outlook – higher South American soybean production favors the bears. However, talks of dry weather concern over Argentina may limit excessive losses.

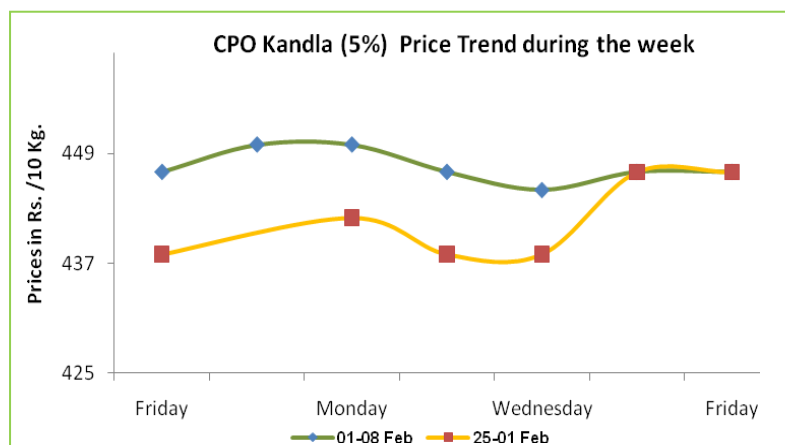
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 710-740 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, vansaspati millers covered need based position during the last week of January for the marriage season demand. However, firmness in Indian rupee against US dollar led to cheaper edible oils import on the other hand curb oil meals export returns.
- 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 January fell 6.4 percent to 1,421,865 tons compared with 1,518,750 tons shipped during December - Societe Generale de Surveillance.

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

| Palm Products | Jan | Dec | % Change |
|-----------------------|---------|---------|----------|
| Crude palm oil | 324,187 | 448,815 | -27.77 |
| RBD palm oil | 140,849 | 114,390 | 23.13 |
| RBD palm olein | 572,227 | 630,262 | -9.21 |
| RBD palm stearin | 137,405 | 98,698 | 39.22 |
| Crude palm kernel oil | 18,260 | 25,640 | -28.78 |
| Oleochemicals | 56,990 | 46,977 | 21.31 |

| Top Palm Products Importers | Jan | Dec | % Change |
|-----------------------------|---------|---------|----------|
| European Union | 162,917 | 258,260 | -36.92 |
| China | 288,250 | 349,582 | -17.54 |
| Pakistan | 142,830 | 134,150 | 6.47 |
| United States | 173,045 | 107,007 | 61.71 |
| India | 157,550 | 262,461 | -39.97 |

- India imported 157,550 tons of palm oil products from Malaysia during January, down 39.97 percent from previous month. Moreover, weak buying witnessed from Chinese and European palm oil buyers and imports were lag by 17.54 and 36.92 percent respectively on M-o-M basis.
- Malaysian palm oil ending stocks is likely to ease by 2.9 percent to 25.5 lakh tons from December. However, Malaysia's palm oil output in December may fell by 15 percent to 15.1 lakh tons from a month ago on seasonally lower palm oil production – Reuters Poll. However, we expect Malaysian palm oil stocks for January seen around at 25.9-26.1 lakh tons.
- Higher palm oil stocks at South East Asian countries and non-aggressive buying from top buyers may impede bulls rally in the palm oil prices. Market participants eyeing on the palm oil export figures and MPOB's report on Malaysian palm oil statistics in the next week, which may confirm fresh directional moves.

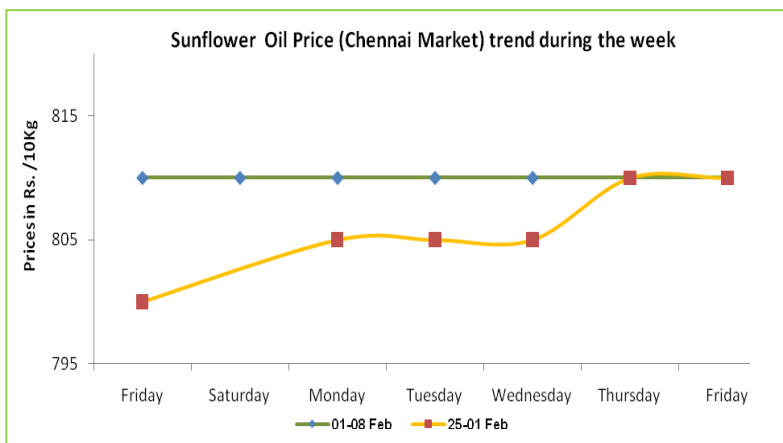
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 430-462 per 10 Kg in the near term.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady tone at its benchmark market Chennai during the week on need based 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.



International Fundamentals:-

- According to the Ukraine's Ministry of Food and Agriculture, sunflower oil exports reached 3.6 million tons, up by 33% in 2012.

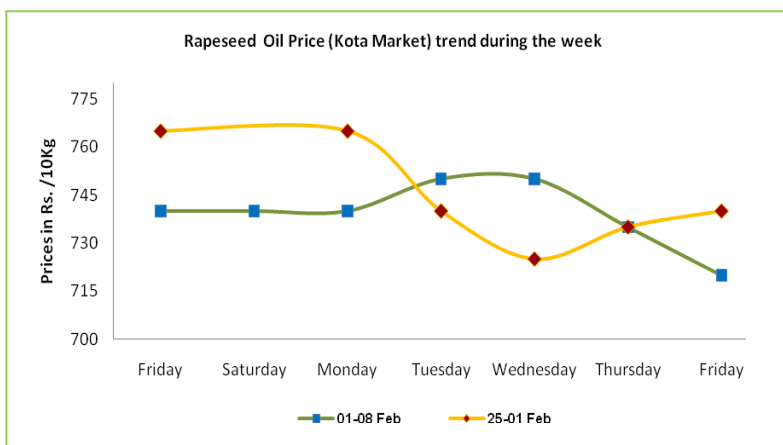
Price Outlook:

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 8-10 days.
- We expect RM seed oil prices may trade range bound to slightly weak tone in the coming days. Prices are likely to be stable and may fall followed by new crop arrivals in the coming days.



International Fundamentals:-

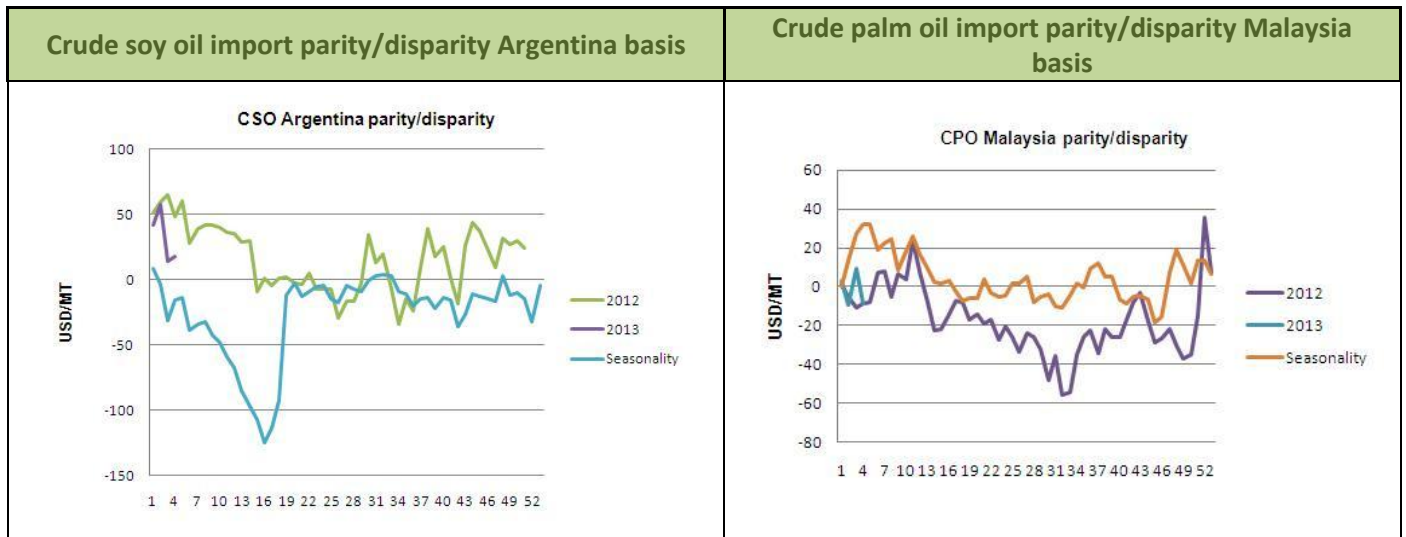
- Informa Economics trims its global 2013/14 (Jun/May) rapeseed production estimate to 65.2 Mln. T (previous forecast: 65.3) comprise of EU-27 at 20.7 (20.8) Mln. T, in Canada at 16.5 (16.5) Mln. T, in China at 12.8 (12.8) Mln. T and in India at 6.9 (6.9) Mln. T.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 710-740 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

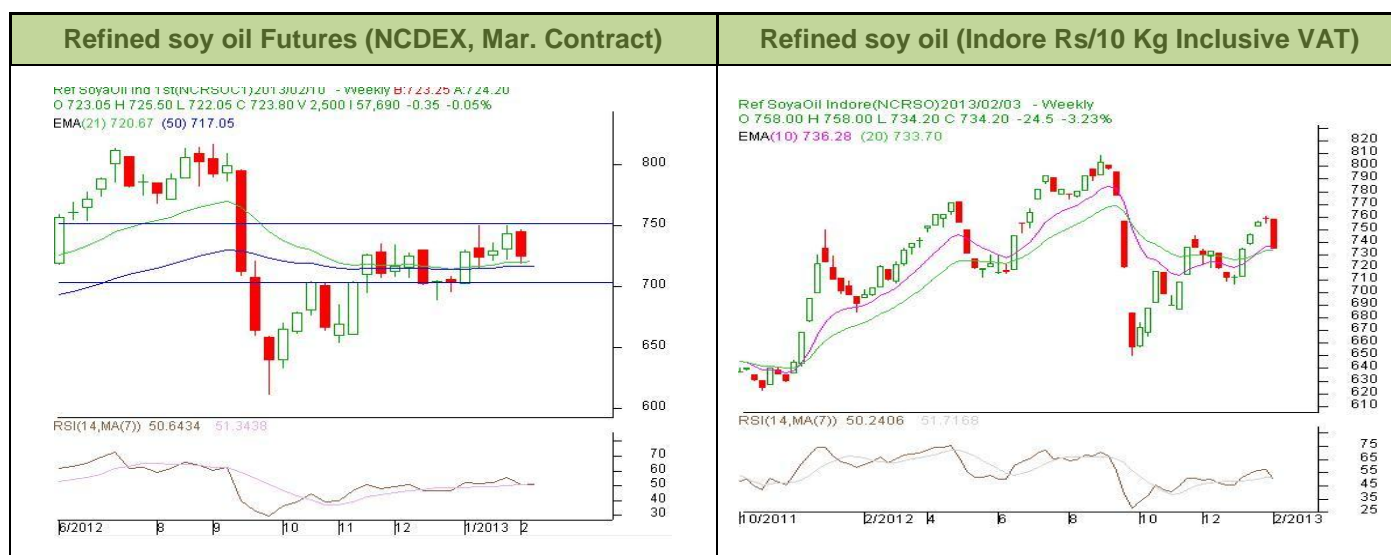
| Landed Cost Calculation as on 07/2/2013 | CSO Argentina | CSO Brazil | CSO US |
|---|----------------------|-------------------|---------------|
| FOB USD per ton | 1124 | 1118 | 1077 |
| Freight (USD/MT) | 65 | 55 | 50 |
| C & F | 1189.0 | 1173.0 | 1127.0 |
| Weight loss (0.25% of FOB) | 2.81 | 2.80 | 2.69 |
| Finance charges (0.4% on CNF) | 4.50 | 4.47 | 4.31 |
| Insurance (0.3% of C&F) | 4 | 4 | 3 |
| CIF (Indian Port - Kandla) | 1200 | 1184 | 1137 |
| CVD | 0 | 0 | 0 |
| Duty USD per ton | 30.475 | 30.475 | 30.475 |
| CVD value USD per ton | 0 | 0 | 0 |
| Cess (2% on duty) USD per ton | 0.6095 | 0.6095 | 0.6095 |
| Exchange rate | 53.1445 | 53.1445 | 53.1445 |
| Landed cost without customs duty in INR per ton | 63767 | 62912 | 60446 |
| Customs duty % | 2.5% | 2.5% | 2.5% |
| Base import price | 1219 | 1219 | 1219 |
| Fixed exchange rate by customs department | 55.25 | 55.25 | 55.25 |
| Duty component in INR per ton | 1683.74375 | 1683.74375 | 1683.74375 |
| Clearing charges INR per ton | 353 | 353 | 353 |
| Brokerage INR per ton | 83 | 83 | 83 |
| Total landed cost INR per ton | 65886 | 65031 | 62565 |
| Domestic Market price INR per ton Soy Degum Kandla | 70000 | 70000 | 70000 |
| Total landed cost USD per ton | 1240 | 1224 | 1177 |
| Domestic Market price USD per ton Soy Degum Kandla | 1317 | 1317 | 1317 |
| Parity INR/MT (Domestic - Landed) | 4114 | 4969 | 7435 |
| Parity USD/MT (Domestic - Landed) | 77.40 | 93.49 | 139.90 |
| 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 week. 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 sell refined soy oil (Mar. contract).

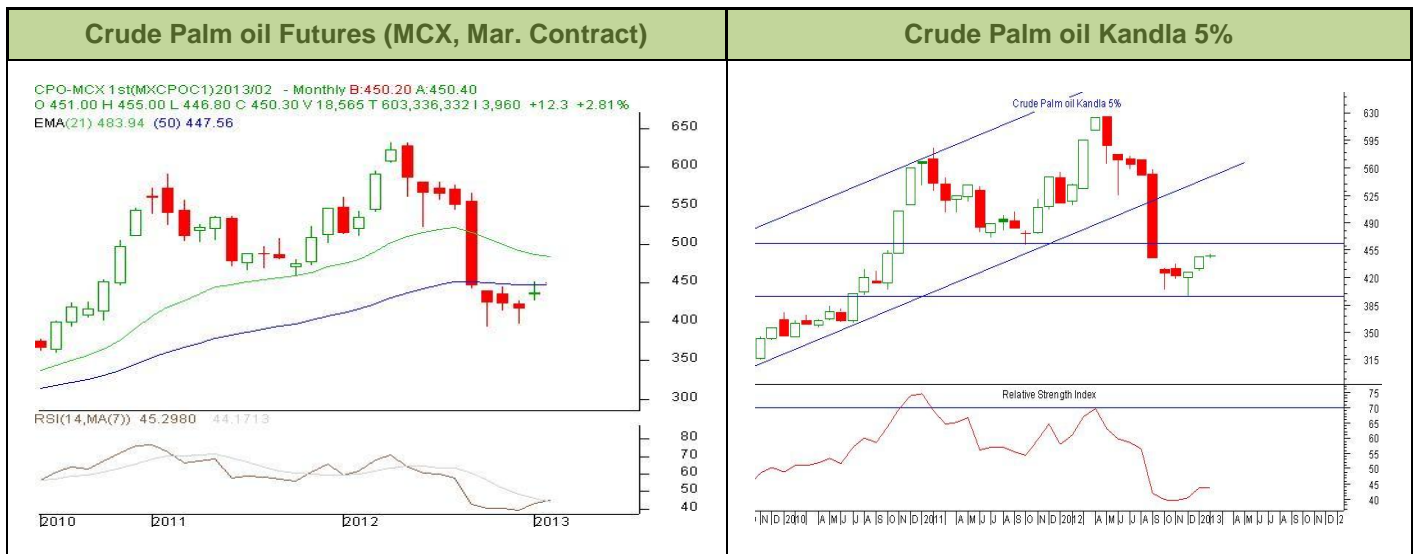
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways to firm movement. Any rise in the prices may act as selling opportunity.
- ❖ Any close above 712 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 706-686 level 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 704-706 levels for a target of 691 and 686 with a stop loss at 712 on closing basis.

RSO NCDEX

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 681.00 | 684.00 | 700.60 | 715.00 | 721.00 |

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 710-740 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady tone in the coming days. Investors are advised to sell MCX CPO Mar. 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 weak note in the near term.
- ❖ Any close below 470.50 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 464-445 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 462-464 for a target of 448 and 445 with a stop loss at 470.50 on closing basis.

CPO MCX

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 438.00 | 443.00 | 460.80 | 475.00 | 481.00 |

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 430-462 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

| Commodity | Centre | Prices(Per 10 Kg) | | Change |
|-----------------------|-------------------------------|-------------------|----------|--------|
| | | 2/8/2013 | 2/1/2013 | |
| Refined Soybean Oil | Kota(Loose) | 715 | 735 | -20 |
| | Rajkot (Loose) | 720 | 725 | -5 |
| | Jaipur (Loose) | - | - | - |
| | Hyderabad+ VAT | - | - | - |
| | Delhi (Loose) | 750 | 770 | -20 |
| | Kakinada | - | - | - |
| | Mumbai +VAT | 715 | 730 | -15 |
| | Indore | 710 | 725 | -15 |
| | Soy Degum Mumbai+VAT | 695 | 695 | Unch |
| | SoyDegum Kandla/Mundra+VAT | 700 | 700 | Unch |
| | Haldiya Port (Loose) | - | - | - |
| | Akola (Loose) | 734 | 741 | -7 |
| | Amrawati (Loose) | 734 | 741 | -7 |
| | Jalna | 730 | 737 | -7 |
| | Nagpur | 736 | 741 | -5 |
| Palm Oil | Chennai.RBD.Palmolein.(Loose) | 510 | 508 | 2 |
| | Hyd. RBD Palmolein VAT | - | - | - |
| | Delhi RBD Palmolein (Loose) | 550 | 555 | -5 |
| | Kandla CPO (5%FFA) | 447 | 447 | Unch |
| | Kakinada.RBD.Palmolein(Loose) | 511 | 511 | Unch |
| | Mumbai RBD Pamolein+ VAT | 510 | 515 | -5 |
| | Kandla RBD Palmolein +VAT | 508 | 508 | Unch |
| Refined Sunflower Oil | Mumbai + VAT | 790 | 800 | -10 |
| | Kandla/Mundra | 715 | 730 | -15 |
| | Erode (Exp. Oil)+VAT | 795 | 795 | Unch |
| | Hyderabad Exp +VAT | 776 | 776 | Unch |
| | Chennai (Loose) | 810 | 810 | Unch |
| | Bellary (Exp. Oil)+VAT | 659 | 666 | -7 |
| | Latur (Exp. Oil)+VAT | 736 | 746 | -10 |
| | Chellakere (Exp. Oil)+VAT | 716 | 726 | -10 |
| Groundnut Oil | Rajkot (Loose) | 1220 | 1250 | -30 |
| | Chennai (Loose) | 1180 | 1180 | Unch |
| | Delhi (Loose) | 1125 | 1150 | -25 |
| | Hyderabad Exp +VAT | 1198 | 1214 | -16 |



| | | | | |
|---------------------------------------|-------------------------------|-----------------|------------------|---------------|
| | Mumbai + VAT | 1250 | 1280 | -30 |
| | Gondal+VAT | - | 1260 | - |
| | Jamnagar +VAT | - | 1260 | - |
| | Narsarropeth+VAT | 1091 | 1101 | -10 |
| | Prodattour+VAT | 1151 | 1141 | 10 |
| | | | | |
| Rapeseed Oil | Mumbai (Exp. Oil) +VAT | 770 | 777 | -7 |
| | Alwar (Expeller Oil)(Loose) | 776 | 783 | -7 |
| | Kota (Expeller Oil) (Loose) | 720 | 740 | -20 |
| | Jaipur (Expeller Oil) (Loose) | 766 | 763 | 3 |
| | Delhi (Exp. Oil) (Loose) | 775 | 790 | -15 |
| | SriGangaNagar(ExpOil-Loose) | 756 | 771 | -15 |
| | Hapur+VAT | 851 | 861 | -10 |
| | Kolkata | - | - | - |
| | Agra (Kacchi Ghani Oil) +VAT | 800 | 815 | -15 |
| | | | | |
| Refined Cottonseed Oil | Mumbai +VAT | 612 | 622 | -10 |
| | Rajkot (Loose) | 600 | 620 | -20 |
| | Delhi (Loose) | 605 | 615 | -10 |
| | Hyderabad (Loose) | - | - | - |
| Sesame Oil | Delhi | 1450 | 1450 | Unch |
| | Mumbai | 1430 | 1450 | -20 |
| Coconut Oil | (Crude Rs/10kg) - Kangayan | 660 | 700 | -40 |
| Kardi | Mumbai | 1250 | 1225 | 25 |
| Rice Bran Oil (40%) | Delhi | 525 | 570 | -45 |
| Rice Bran Oil (4%) | Punjab | 535 | 535 | Unch |
| Rice Bran Oil (70%) | Delhi | - | - | - |
| | | | | |
| Malaysia Palmolein USD/MT | FOB (Mar Shipment) | 858 | - | - |
| | CNF (Feb) India | 875 | 870 | 5 |
| Indonesia/Malaysia CPO USD/MT | FOB (Feb Shipment) | 785 | - | - |
| | CNF) (Feb) India | 820 | 810 | 10 |
| | | | | |
| Argentina FOB (\$/MT) | | 2/7/2013 | 1/31/2013 | Change |
| Crude Soybean Oil Ship (Feb/Mar) | | 1124 | - | - |
| Refined Soy Oil (Bulk) Ship (Feb/Mar) | | 1163 | - | - |
| Sunflower Oil Ship (Feb/Mar) | | - | - | - |
| Cottonseed Oil Ship (Feb/Mar) | | 1104 | - | - |
| Refined Linseed Oil (Bulk) Ship | | - | - | - |



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