



Veg. Oil Monthly Research Report

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Domestic Veg. Oil Market Summary:

Edible oil basket traded with a firm tone during the month of April tracking bullish cues from international markets. However, trading volumes were thin at physical counters.

MMTC issued a tender to buy RBD Palmolein (Edible Grade) in Bulk) sourced from Indonesia and/or Malaysia. Quantity, Shipment Schedule & Discharge Ports details as follows - 6,000 MT (+/-2%) on or before 17th May, 2012 for the port of Kakinada, 6,000 MT to 12,000 MT (+/-2%) on or before 25th May, 2012 for the port of Kakinada and 5,000 MT to 8,000 MT (+/- 2%) on or before 17th May, 2012 for the port of Krishnapatnam, bidding closed on 11 May, 2012.

As per the third advanced crop estimate for 2011/12 by government of India, RM seed production is estimated to be 6.96 million tons during 2011-12 compared to 8.18 million tons in the previous year on lower yield. Significant decline in RM seed output estimate will affect domestic RM oil supply in current season.

As per Solvent Extractors Association of India, Vegetable oils (edible & non-edible) imports during March 2012 is reported at 727,706 tons compared to 876,669 tons in February 2012, down 16.9 percent comprising of 702,335 tons of edible oils and 25,371 tons on non-edible oils.

We expect edible oil complex to trade range bound with a downside bias in the coming month on lower demand at physical markets and lean season. However, depreciating INR against USD and tight global oilseed supply would limit the downside risk in the prices.

International Veg. Oil Market Summary:

Edible oil prices at the benchmark market of CBOT stayed range bound during the month. CBOT closed at 54.66 cents/pound (May'12 contract) on 30 April 2012. Moreover, Malaysian palm oil futures traded sideways to positive bias and rose by MYR 5 from MYR 3360/MT (01 April 2012) to MYR 3365/MT (29 April 2012).

IGC cuts world soybean production estimate by 11 percent to 238.40 million tons due to lower South American soybean crop. Malaysian palm oil ending stock reached to 7 month low to 1.96 million tons during the month of March. Moreover, market participants are expecting further reduction in Malaysian palm oil ending stock to 1.83 - 1.90 million tons.

As per Strategie Grains, European Union's rapeseed crop for 2011/12 is pegged at 17.6 million tons due to deep winter frosts. Moreover, temperature swings in April added risks for standing crop. If unfavourable weather continues, the EU crop may further decline to 17.0 million tons.

Oil world cuts European Union's rapeseed crop output estimate to 18.21 million tons from 19.1 million tons due to frost. Lower than expected RM seed crop may crunch canola oil supply in the coming days which may support EU's canola oil prices in medium term.

Soy oil:

Domestic Market Fundamentals

- Ref. soy oil prices traded with a firm bias at physical counters during the month tracking tight global oil seed supply and thin soy arrivals in domestic markets.
- As per Solvent Extractors Association of India, Vegetable oils (edible & non-edible) imports during March 2012 is reported at 727,706 tons compared to 876,669 tons in February 2012, down 16.9 percent comprising of 702,335 tons of edible oils and 25,371 tons on non-edible oils.
- Soy oil (degummed) imports rose 28.1% to 100,615 MT compared to February due to positive import parity from South American countries in the initial days of the month.
- Upcoming South American soy crop and decline in usage in line with the consumption pattern in domestic market might weigh on the bullish sentiments in the coming days. However, lower than expected South American crop may limit excessive losses.

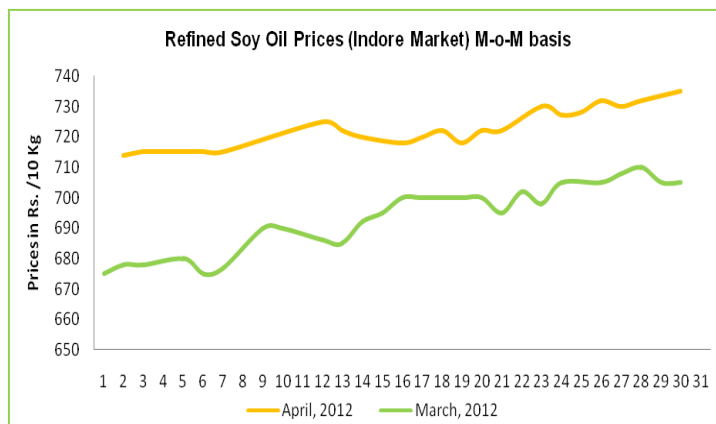
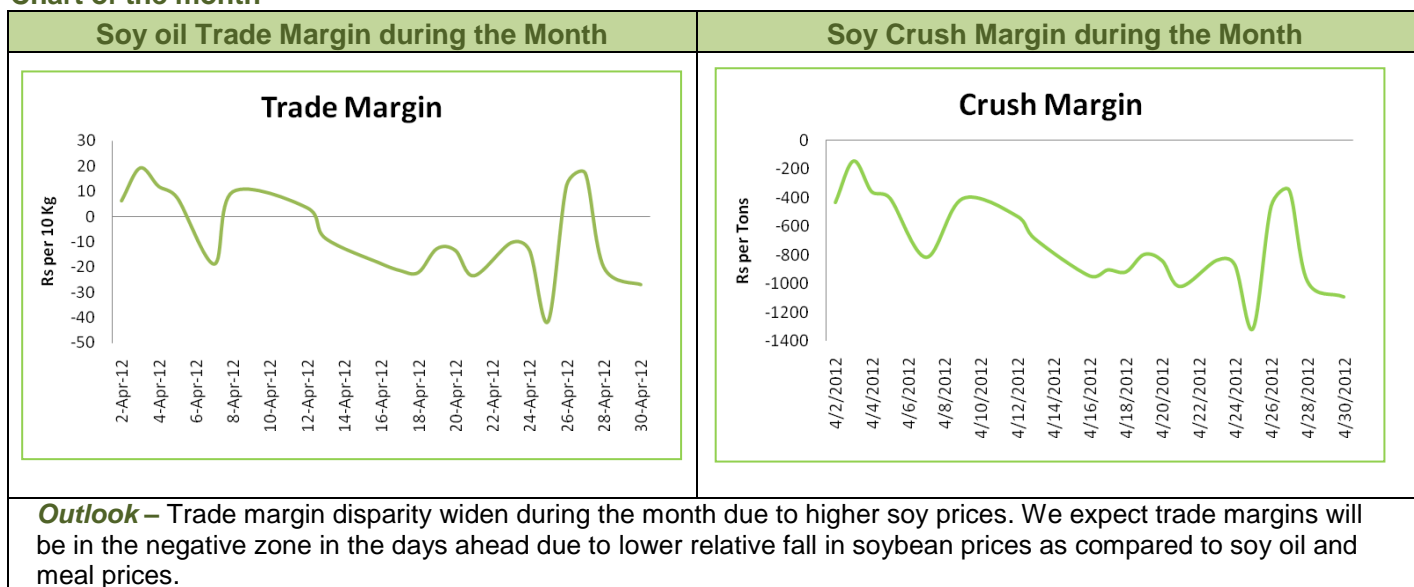


Chart of the month



*Trade and Crush margin are calculated on prices at Indore based plants.

International Market Fundamentals

- As per International Grain Council, World soybean output estimate for 2011/12 pegged at 238.4 million tons fell by 11% from the previous year's record due to lower South American soybean crop. World soybean trade is likely to fall in 2011/12 to 88.6 Mln T.
- Buenos Aires Grains Exchange cuts Argentina's soy crop estimate for 2011/12 to 41 million tons due to poor yields. Previous Argentina's soy crop output estimate was 43 million tons.
- As per Chinese report, soy acreage is likely to fall 11.2 percent this year as many farmers in the northeast provinces of Heilongjiang and Inner Mongolia have shifted to growing corn.

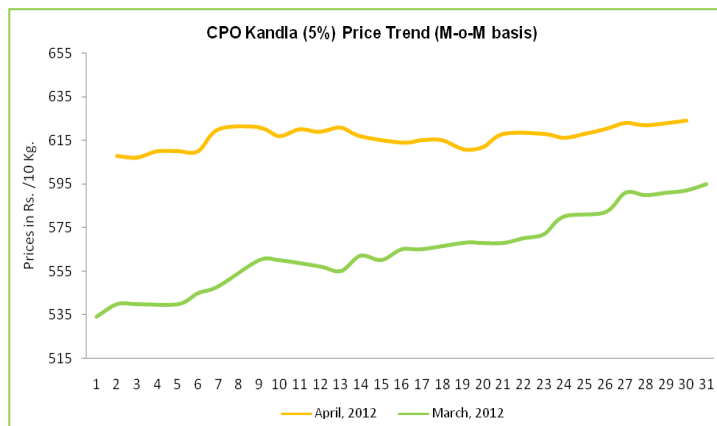
Price Outlook:

We expect Ref. soy oil to trade in the price band of Rs 688.00-740.00 per 10 Kg.

Palm oil:

Domestic Market Fundamentals

- CPO kandra 5% prices rose significantly during the month on account of bullish Malaysian palm export figures and good buying witnessed from vanaspati miller to meet the ongoing marriage season demand.
- MMTC issued a tender to buy RBD Palmolein (Edible Grade) in Bulk) sourced from Indonesia and/or Malaysia. Quantity, Shipment Schedule & Discharge Ports details as follows - 6,000 MT (+/-2%) on or before 17th May, 2012 for the port of Kakinada, 6,000 MT to 12,000 MT (+/-2%) on or before 25th May, 2012 for the port of Kakinada and 5,000 MT to 8,000 MT (+/- 2%) on or before 17th May, 2012 for the port of Krishnapatnam, bidding closed on 11 May, 2012.
- As per latest USDA attaché report, India's vegetable oils imports are likely to grow by 2 percent to 9.7 million tons in the 2012-13 MY (Oct-Sept) consisting of 7.6 million tons of palm oil, 1.1 million tons of soybean oil, 1 million tons of sunflower oil and 10,000 tons.
- Palm oil in cash market is likely to trade with a mixed tone in the coming month. Market participants await upcoming MPOB's report on Malaysian ending stock in the second week of May which might confirms new directional moves.



International Market Fundamentals

- Palm oil products exports from Malaysia for the month of April rose by 10.4 per cent to 1,337,150 tons from 1,211,211 tons shipped during March - SGS.

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

Palm Products	April	March	%Change
Crude palm oil	421060	316134	+33.2
RBD palm oil	79622	89559	-11.1
RBD palm olein	562687	463034	+21.5
RBD palm stearin	73075	138821	-47.4
Crude palm kernel oil	14400	16500	-12.7
Processed palm kernel oil	42611	38998	+9.3
Oleochemicals	44110	44200	-0.2

Importers	April	March	%Change
EU	267949	243375	+10.1
China	300910	259730	+15.9
Pakistan	77200	60500	+27.6
US	83430	114640	-27.2
India	247200	127580	+93.8

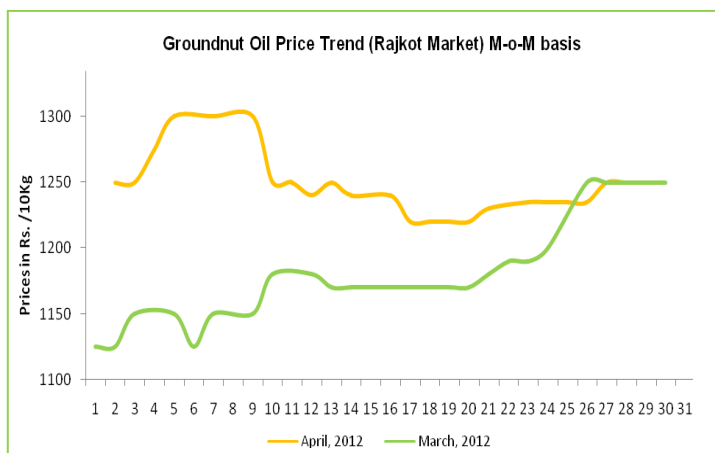
- As per Trade ministry official, Indonesia will increase its crude palm oil export tax by 1.5 percent to 19.5 percent for May as compared to previous month due to higher international palm oil products prices. The government will also raise its export tax for RBD palm olein to 10 percent versus 9 percent in April. By this step Indonesian government wants to encourage downstream industries, secure domestic supplies and reduce volatility in cooking oil prices.
- As per MPOB's latest report, Malaysian palm oil ending stock for March dropped 5 percent to 1,959,240 tons from the 2,062,065 tons in February.

Price Outlook: We expect CPO Kandra 5% to trade in the price band of Rs 580-608 per 10 Kg.

Domestic Market Fundamentals

Groundnut oil:

- Groundnut oil traded with a firm bias in the initial days of the month on low availability of G/N seed. However, G/N oil correct from higher levels due to stock limit imposed by Gujarat government during the month.
- As per trade sources, thin arrivals of G/N seed summer crop witnessed in southern parts of Gujarat. Moreover, new summer G/N seed crop arrivals will pick up pace in the coming 8-10 days which might weigh on the G/N oil prices.
- As per the notification issued by the Gujarat government, wholesale edible oil traders can now store up to 600 quintals or 4,000 tins (a tin of 15 lbs) of edible oils. Moreover, storage limit for retail edible oil traders is set at 45 quintals or 300 tins. The oil millers can store raw materials (G/N seed) equivalent to their two months requirement or one sixth of their annual raw material requirements. However, edible oil stock limit is set at one twelfth of their annual requirement of stock.
- We expect G/N oil prices would fall in days ahead due to sporadic demand and upcoming new summer crop in the second week of May might weigh on the G/N oil prices. However, fair export demand for G/N seed in international markets limits downside risk in the G/N oil prices.

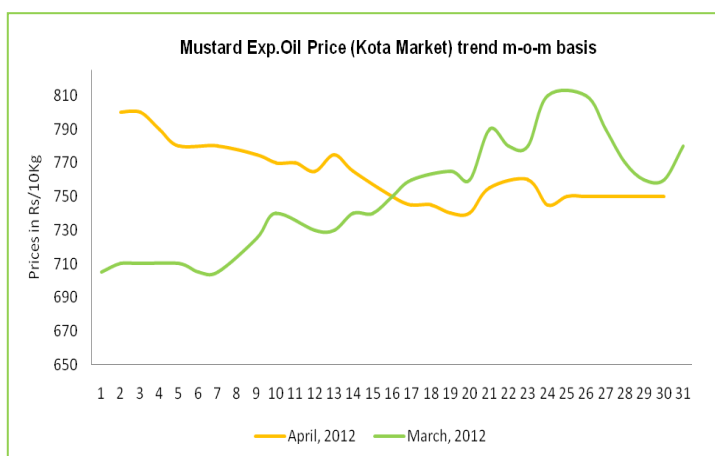


Price Outlook: We expect groundnut oil to trade in the price band of Rs 1170-1260 per 10 Kg.

Domestic Market Fundamentals

Rapeseed oil:

- Rapeseed oil traded with a steady to weak tone during the month on peak RM seed arrivals from Rajasthan and Uttar Pradesh.
- Crushing was on lean side during the month on low rapeseed oil demand and higher prices of RM seed squeeze oil miller's margins.
- As per the third advanced crop estimate for 2011/12 by government of India, RM seed production is estimated to be 6.96 million tons during 2011-12 compared to 8.18 million tons in the previous year on lower yield. Significant decline in RM seed output estimate will affect domestic RM oil supply in current season.
- We expect prices may trade sideways to downward bias due to dull demand at physical counters. However, low RM seed crop output may limit excessive downside.



International Fundamentals:-

- As per Strategie Grains, European Union's rapeseed crop for 2011/12 seen at 17.6 million tons due to deep winter frosts. Moreover, temperature swings in April add risks for standing crop. If unfavourable weather continue EU crop may further decline to 17.0 million tons.
- Oil world cuts European Union's rapeseed crop output estimate to 18.21 million tons from 19.1 million tons due to frost. However, normal crop is expected from UK, oil world pegged UK's RM seed output estimate at 2.72 million tons. Lower than expected RM seed crop may crunch canola oil supply in the coming days which may support EU's canola oil prices in medium term.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 725.00-765.00 per 10 Kg.

Edible oil supply and demand Analysis -:

Balance sheet of Indian Edible Oil	2009-2010	2010-11	2011-12 (P)	% Change
Value in million tons				
Beginning Stock	0.52	0.67	0.52	-22.39
Production	7.33	7.98	8.28	3.75
Imports	8.82	8.37	8.80	5.14
Total Supply	16.67	17.02	17.60	3.40
Exports
Total Demand(Consumption)	16.00	16.50	17.00	3.03
Ending Stock	0.67	0.52	0.60	15.17

Balance Sheet Highlights

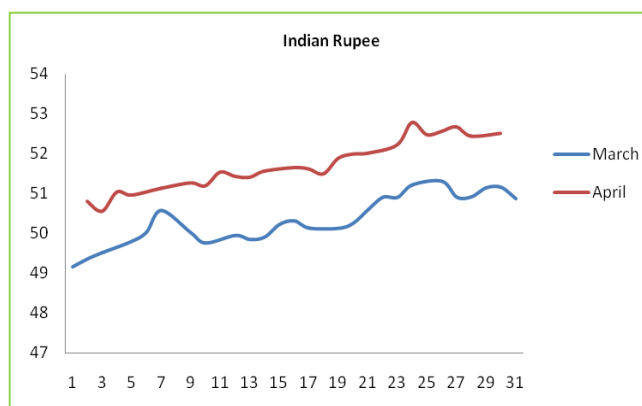
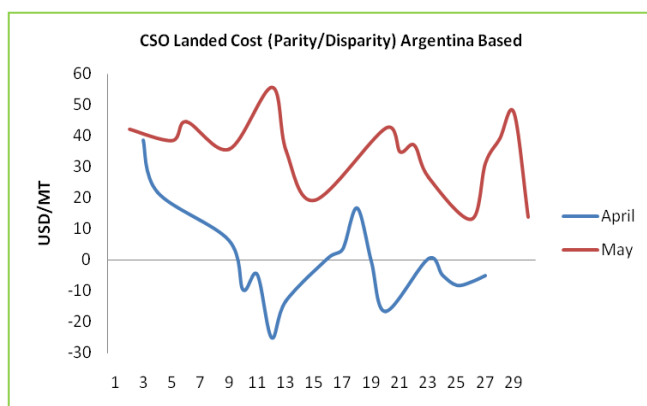
Net edible oil output would likely be 8.28 Million MT less as compared to our previous month estimate when it stood at 8.56 million tons due to low RM seed production in current season. We expect RM seed production for 2011-12 to be 60 lakh ton and lead to higher imports in current edible oil year to meet the domestic consumption.

Edible oil Shipments at Indian Ports during March 2012

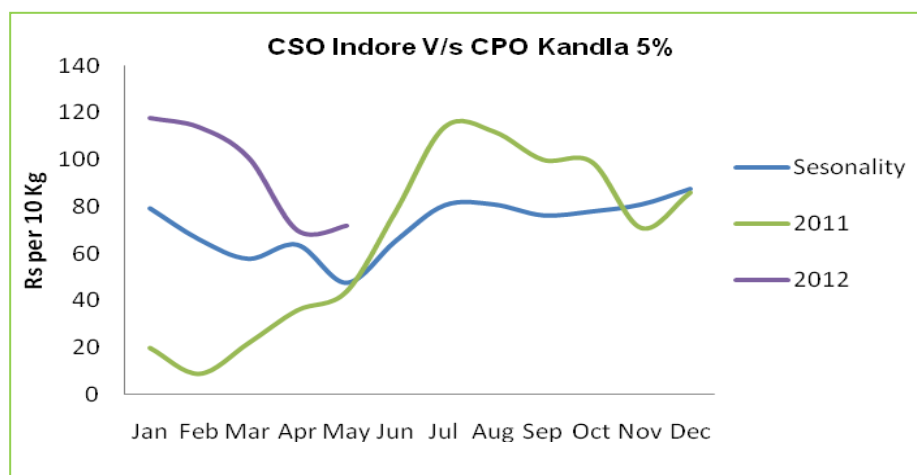
Product	April Shipments (tonnes)	March Shipments (tonnes)	% Change
Crude Soybean Oil	133210	66545	100.1803
Crude Palm Oil	388433.96	676785	-42.606
RBD Palm olein	33996	43000	-20.9395
Palm Oil	135700	109280	24.17643
Crude Sunflower Oil	61920	55800	10.96774
PALM FATTY ACID	3999.89	4000	-0.00275
Total edible oils	757,260	955,410	-20.7398
Source: Ben Line Agencies(India) Pvt. Ltd.			

Crude Soy Oil Import Landed Cost Calculation (Parity/Disparity):

Landed Cost Calculation as on 02/05/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1220.00	1213.20	1164.69
Freight (USD/MT)	65	55	50
C & F	1285.0	1268.2	1214.7
Weight loss (0.25% of FOB)	3.05	3.03	2.91
Finance charges (0.4% on CNF)	4.88	4.85	4.66
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1297	1280	1226
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	52.93	52.93	52.93
Landed cost without customs duty in INR per ton	68639	67745	64887
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	49.40	49.40	49.40
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	69075	68181	65323
Domestic Market price INR per ton Soy Degum Kandla	69200	69200	69200
Total landed cost USD per ton	1305	1288	1234
Domestic Market price USD per ton Soy Degum Kandla	1307	1307	1307
Parity INR/MT (Domestic - Landed)	125	1019	3877
Parity USD/MT (Domestic - Landed)	2.36	19.26	73.25
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Landed Cost Parity/Disparity Argentina based and Indian rupee during the month.

Outlook:-

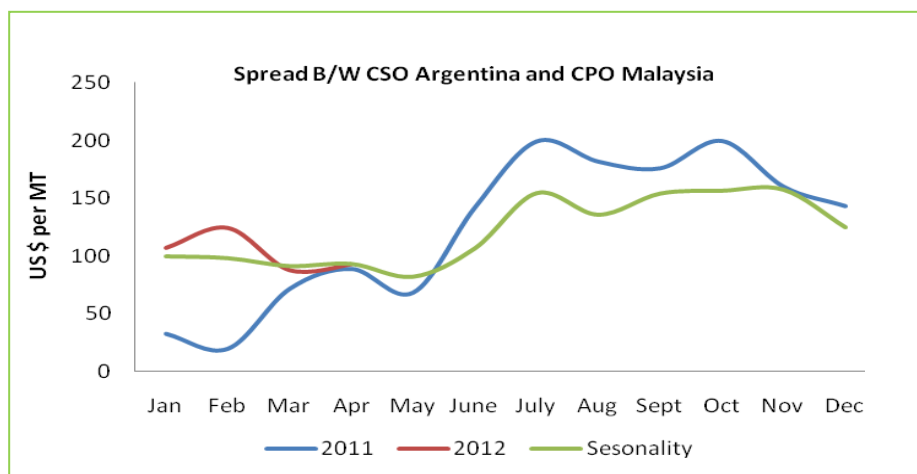
Import parity for crude soy oil from Argentina is hovering in negative territory during the month on lower domestic prices as compared to international prices. We expect import parity to continue to be in the negative side in the coming month.

Seasonality vs. Current year Spread difference between CSO Indore and CPO Kandla 5%


March month average price spread between CSO Indore and CPO Kandla 5% stood at Rs 72 per 10Kg which is wider by Rs 2 per 10 Kg as compared to March on average basis. Considering seasonality index of price spread between CSO Indore and CPO Kandla 5%, we expect spread is likely to widen further and hover in between Rs 72-92 per 10Kg.

Outlook and Strategy :-

Market participants can liquidate Crude palm oil at 624-630.00 level, if needed.

Seasonality vs. Current year Spread difference between CSO Argentina and CPO Malaysia


Average price spread between CSO Argentina and CPO Malaysia during the month stood at US\$ 88 per MT, a fall of US\$ 36 per MT compared to previous month average of US\$ 124 per MT due to higher relative gains in FOB quotes of CPO Malaysia as compared to CSO Argentina.

Outlook and Strategy :-

We expect spread to narrow in the coming month as upcoming soybean crop from Argentina would likely to weigh on the CSO prices. Meanwhile, CPO prices to stay range bound. Spread likely to move in the range of US\$ 108-120 per MT.

International Market Dynamics
CHINA

China's quarterly (January-March) soy imports stood at 13.33 million tons, up 21 percent to compared to year ago on rising demand from the domestic animal feed industry. As per Chinese report, soy acreage is likely to fall 11.2 percent this year as many farmers in the northeast provinces of Heilongjiang and Inner Mongolia have shifted to growing corn.

INDONESIA

As per Trade ministry official, Indonesia will increase its crude palm oil export tax by 1.5 percent to 19.5 percent for May as compared to previous month due to higher international palm oil products prices.

Indonesian export tax (in percentage) during 2012-:

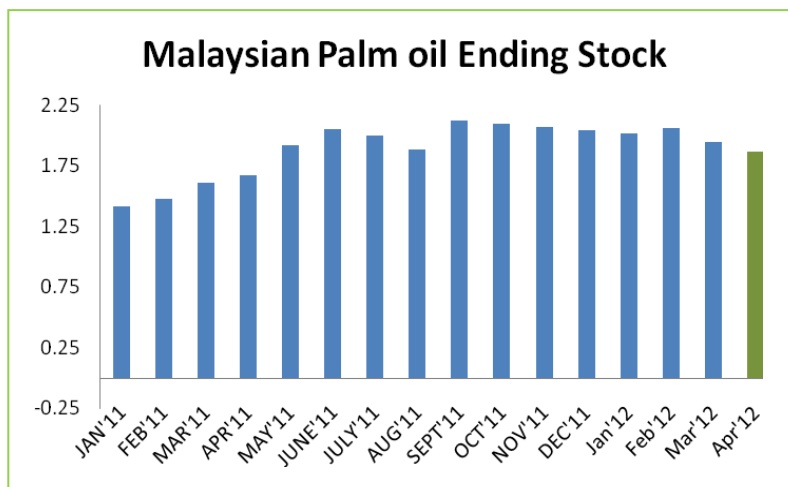
Month	Crude Palm Oil	Palm Olein
May	19.5	10
April	18	9
March	16.5	8
February	16.5	8
January	15	7

US

As per latest USDA's WASDE report, Global oilseed output for 2011/12 is estimated at 440.6 million tons, down 1.16 percent compared to previous month estimate. USDA lowers Argentina's soy production by 1.5 million tons to 45 million tons and cut Brazil's soy output estimate to 66 million tons due to lack of rainfall in the southern state of Rio Grande do Sul. Estimate in the month of March was 68.50 million tons.

Malaysia

As per MPOB's latest report, Malaysian palm oil ending stock for March dropped 5 percent to 1,959,240 tons from the 2,062,065 tons in February. Market participants are expecting 1.83-1.90 million tons of Malaysian palm oil ending stock for the month of April lower as compared to previous month ending stock on better export figures.



Technical Analysis (Futures)

RSO (Refined Soybean Oil): Monthly Chart



Outlook - Soy oil traded with a firm note during the month. However, we expect prices to may correct in the coming month.

- Any close above 782 in monthly chart shall change the sentiments and might bring the prices to a bullish phase.
- RSI hover in between oversold and neutral zone and remains in tandem with the price direction with no divergence seen.
- Expected price band for next month is 771.00-742.00 level in near to medium term.

Strategy: We recommend market participants to go short in NCDEX (June contract) at 767.00-771.00 for a target of 748 and then 742 with a stop loss at 782.00 on closing basis.

RSO NCDEX (June)

Support & Resistance				
S2	S1	PCP	R1	R2
714.00	728.00	751.00	790.00	810.00

Technical Analysis (Futures) CPO (Crude Palm Oil): Monthly Chart



Outlook - Prices are likely to trade with a steady to weak bias in the coming month. However, any technical rise in prices might act as a selling opportunity.

- ❖ Any close above 635 in monthly chart shall change the sentiments and might bring the prices in bullish phase.
- ❖ RSI is near to oversold zone and other indicators stand supportive for the prices and remain in tune with the price direction indicating minimal divergence as of now.
- ❖ Expected price band for CPO is 600.00-625.00 level in medium term.

Strategy: We recommend investors to go short in MCX (June contract) at 623.00-625.00 for a target of 605.00 and second target of 600.00 with a stop loss at 635.00 on closing basis.

CPO MCX (June contract)

Support & Resistance				
S2	S1	PCP	R1	R2
584.00	595.00	614.90	645.00	660.00

Technical Analysis (Spot Market Monthly Charts)
SOYOIL REFINED (INDORE Rs/10 Kg without VAT)


- ❖ Domestic spot soy oil prices trade with a firm bias during the month and we expect prices may trade with steady to weak bias for the coming month.
- ❖ Breaching the immediate zone of 705.00-710.00, prices shall test 690.00 levels in medium term.
- ❖ Expected price band for Ref. soy oil (INDORE Rs/10 Kg without VAT) is 690.00-740.00 level in medium term.

Strategy: Market Participants can liquidate their Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks at 735.00-740.00 level.

Support & Resistance				
S2	S1	PCP	R1	R2
675.00	690.00	735.00	763.00	775.00

Technical Analysis (Spot Market Monthly Charts)

CPO (KANDLA Rs/10 Kg)



- ❖ Candlesticks depict a sharp gain in the prices during the month. We expect prices are likely to be in range bound to downward bias in the coming month.
- ❖ 595.00 could act as an immediate support; meanwhile RSI is in between oversold zone and indicating minimal divergence in the prices.
- ❖ Any near term surge in the prices might act as a selling opportunity and could lead prices to test the 600-605 level in medium term.

Strategy: Investors can liquidate CPO from near to 624-630.00 level in cash market.

Support & Resistance				
S2	S1	PCP	R1	R2
588.00	595.00	624.00	650.00	665.00

Monthly spot price comparison

Commodity	Centre	Prices(Per 10 Kg)		
		30.4.2012	30-3-2012	1.3.2012
Refined Soybean Oil	Kota(Loose)	722	715	690
	Rajkot (Loose)	710	695	675
	Jaipur (Loose)	730	730	708
	Hyderabad+ VAT	731	-	-
	Delhi (Loose)	780	750	720
	Kakinada	-	-	-
	Mumbai +VAT	733	700	682
	Indore	735	705	675
	Soy Degum Mumbai+VAT	692	670	650
	SoyDegum Kandla/Mundra+VAT	692	670	655
	Haldiya Port (Loose)	-	716	686
	Akola (Loose)	761	726	716
	Amrawati (Loose)	761	726	716
	Jalna	756	721	706
	Nagpur	767	741	711
Palm Oil	Chennai RBD Palmolein (Loose)	652	620	575
	Hyd. RBD Palmolein VAT	700	-	-
	Delhi RBD Palmolein (Loose)	715	685	630
	Kandla CPO (5%FFA)	624	590	534
	Kakinada RBD Palmolein (Loose)	646	621	576
	Mumbai RBD Pamolein+ VAT	662	618	578
	Kandla RBD Palmolein +VAT	658	622	575
Refined Sunflower Oil	Mumbai + VAT	740	710	700
	Kandla/Mundra	670	650	640
	Erode (Exp. Oil)+VAT	725	697	700
	Hyderabad Exp +VAT	696	681	666
	Chennai (Loose)	750	715	695
	Bellary (Exp. Oil)+VAT	656	-	628
	Latur (Exp. Oil)+VAT	681	651	641
	Chellakere (Exp. Oil)+VAT	671	646	641
Groundnut Oil	Rajkot (Loose)	1250	1250	1125
	Chennai (Loose)	1100	1100	1005
	Delhi (Loose)	1300	1250	1130

	Hyderabad Exp +VAT	1104	1076	1041
	Mumbai + VAT	1250	1230	1090
	Gondal+VAT	1300	1240	-
	Jamnagar +VAT	1300	1250	-
	Narsarropeth+VAT	1071	1051	1041
	Prodattour+VAT	1071	1051	1041
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	790	798	755
	Alwar (Expeller Oil)(Loose)	816	783	731
	Kota (Expeller Oil) (Loose)	750	760	705
	Jaipur (Expeller Oil) (Loose)	765	790	730
	Delhi (Exp. Oil) (Loose)	805	800	780
	Sri Ganga Nagar(Exp Oil-Loose)	771	806	771
	Hapur+VAT	822	810	778
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	810	840	770
Refined Cottonseed Oil	Mumbai +VAT	704	680	638
	Rajkot (Loose)	665	680	618
	Delhi (Loose)	685	665	620
	Hyderabad (Loose)	705	-	-
Sesame Oil	Delhi	875	805	785
	Mumbai	820	740	780
Kardi	Mumbai	910	-	-
Coconut Oil	(Crude Rs/10kg) - Kangayan	640	-	-
Rice Bran Oil (40%)	Delhi	625	610	560
	Punjab	585	555	510
Rice Bran Oil (70%)	Delhi	555	530	470
Malaysia Palmolein USD/MT	FOB (Dec)	1173	1140	1123
	CNF (Dec) - India	1195	1145	1125
Indonesia/Malaysia CPO USD/MT	FOB (Dec)	1155	1120	1075
	CNF(Dec) - India	1175	1127	1095
Argentina FOB (\$/MT)		02.5.2012	30.3.2012	30-1-2012
Crude Soybean Oil Ship (Nov)		1220	1215	1116
Refined Soy Oil (Bulk) Ship (Nov)		1262	1257	1155
Sunflower Oil Ship (Nov)		-	-	-
Cottonseed Oil Ship (Nov)		1200	1195	1096

30 April, 2012

Refine Linseed Oil(Bulk) Ship (Nov)	1240	1235	1136
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