

Outlook:

- Edible oil basket traded higher during the week on account of better buying interest in cash market. Meanwhile, upcoming Rabi mustard crop would add pressure to the edible oil prices in near to medium term. However, low acreage amid crop loss in northern Rajasthan during initial weeks of Feb. due to frost would lend lateral support to the mustard oil prices in medium term.
- On international front, upcoming soy crop from Brazil might weigh on the global soy oil and soybean prices in near term. However, low soy output from South America would restrict excessive loss in the coming week.
- Soybean oil at CBOT is likely to stay range bound and likely to trade with a price band of 53.00 cents/lb to 55.20 cents/lb for short term.

International Veg. Oil Market Summary:

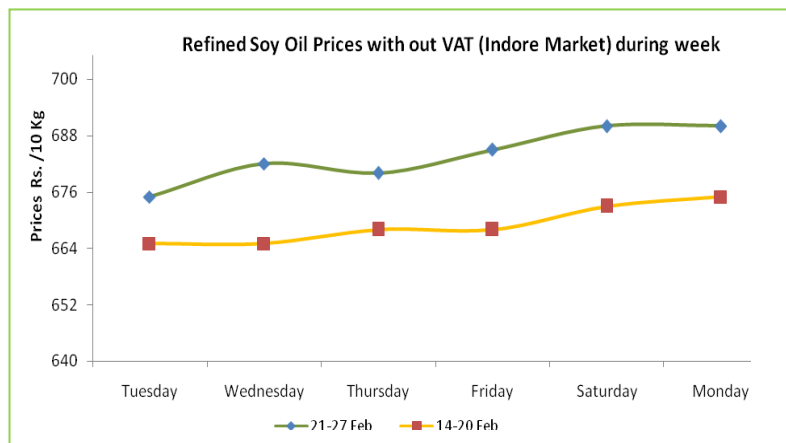
- The Buenos Aires Cereals Exchange has kept Argentine soybean output forecast unchanged in its weekly crop report despite recent rains in much of the soybean growing belt. The exchange maintained its 2011-12 forecasts for the soybean production at 46.2 Mln T.
- Argentina Agricultural Ministry has projected soybean output (2011-12) in the range of 43.5 million to 45 million tons which is well below the latest USDA estimate of 48 million tons.
- Malaysian palm oil exports during the period of 1-25th Feb rose by 4.5 percent to 989,868 tons compared to the same period during Jan as per SGS survey report.
- World soybean production in 2011/12 is likely to decline to 246.5 Mln T, down 8 per cent from last year. Strong demand from Asia, primarily from China, will further boost in world trade in 2011/12 to 91.7 Mln T from 91.3 Mln last year. - (IGC).

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Soy oil prices at its bench mark market of Indore improved during week end due to supportive demand from MP and Maharashtra.
- Tight supply of soy oil continues to stay in the coming week. However, improved trade margin may support the crushing plants to liquidate their stock in near term.
- Crush disparity also narrowed with the recent surge in soybean oil and soy meal prices compared to relatively soybean prices. Average crush disparity during the week under review (20th to 27th Feb) was -907/ton compared to -1173/ton during previous week. Narrowed crush disparity in plants located near Indore would encourage plants to liquidate soy oil slowly in near term.



International Fundamentals:-

- In view of fall in the output in major producing countries, the world soybean production in 2011/12 is likely to decline to 246.5 Mln T, down 8 per cent from last year. Strong demand from Asia, primarily from China, will further boost in world trade in 2011/12 to 91.7 Mln T from 91.3 Mln last year. The World soy meal trade is estimated at a record 58.4 Mln T, 3 per cent higher than a year ago followed by increased buying support by Far East Asian countries - (IGC).
- The Buenos Aires Cereals Exchange has kept Argentine soybean output forecast unchanged in its weekly crop report despite recent rains in much of the soybean growing belt. The exchange maintained its 2011-12 forecasts for the soybean production at 46.2 Mln T.
- Argentina Agricultural Ministry has projected soybean output (2011-12) in the range of 43.5 million to 45 million tons which is well below the latest USDA estimate of 48 million tons.

Price Outlook:

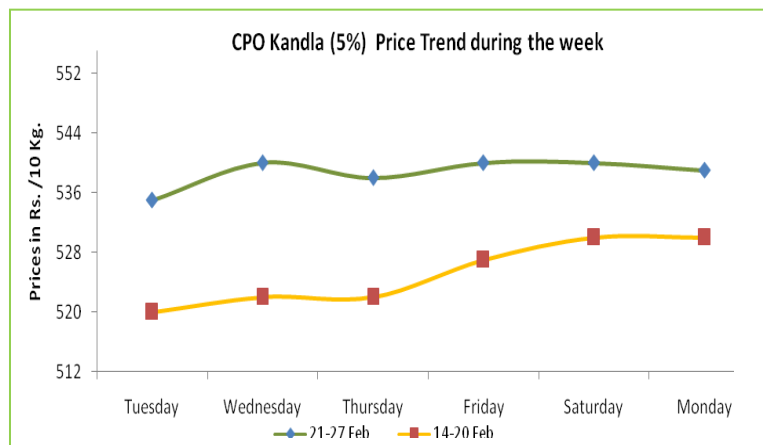
- We expect refined soy oil at Indore (without VAT) might stay in the range of 682 to 693 per 10 Kg in near term.

Soy oil Trade Margin analysis:-

Values in Rs per 10Kg	Soy oil Trade Margin on 27 th Feb 2012	Soy oil Trade Margin on 27 th Jan 2012
Indore	-9	-21
Kota	-6	-36
Outlook – Trade margin disparity narrow during the week due to surge in soybean oil prices. We expect soy crushing plants would slowly liquidate their stock in near term.		

Palm Oil:
Domestic Fundamentals:-

- CPO (5%) at Kandla improved significantly during the week under review as the market derived positive cues from BMD futures.
- Bullish international markets and good demand in cash market kept the prices at higher levels. Meanwhile we expect palm oil prices to trade with a steady to weak tone in the coming week.
- India's palm oil products imports during the first twenty five days of February from Malaysia rose by 44.69 per cent to 105,625 MT compared to previous month's first twenty five days imports.
- Moving forward we expect domestic demand to stay steady in the coming week on account of upcoming RM seed crop which would add pressure to the prices.


International Fundamentals:-

- Malaysian palm oil exports during the period of 1-25th Feb gain by 4.5 percent to 989,868 tons compared to the same period during Jan as per SGS survey report. Good demand from China and India would add underlying support to the palm oil prices in near to medium term. However, upcoming South American soy crop might weigh on the active imports of palm oil products from Malaysia. Details of the edible palm oil products exported from Malaysia are enlisted in the following table:

Malaysian Palm Oil Exports (SGS)			
Unit in ton	Feb 1 - 25	Jan 1 - 25	% Change
CPO	128,871	74,640	+72.66
RBD Palm Oil	99,633	81,998	+21.51
RBD Palm Olein	517,260	520,743	-0.67

- Marked improvement in imports could be seen from India, US, China and EU during the period of 1-25 Feb. Major importing nations of Malaysian palm oil are tabulated below:

Malaysian Palm Oil Importing Nations			
Unit in ton	Feb 1 - 25	Jan 1 - 25	% Change
European Union	122,386	110,304	+10.95
China	261,420	198,866	+31.46
USA	87,024	76,830	+13.27
India	105,625	73,000	+44.69
Pakistan	22,500	65,929	-65.87

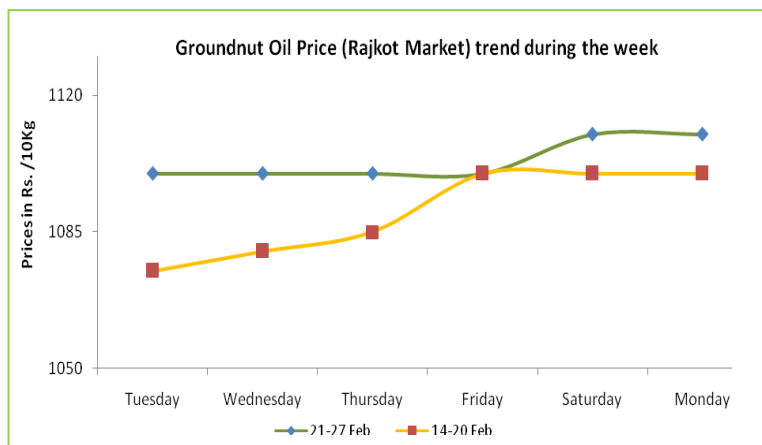
- Indonesia will keep its export tax for the CPO unchanged at 16.5 percent and government also didn't changed its export tax for RBD palm olein export tax pegged at 8 percent for March.

Price Outlook:

We expect palm oil prices to stay in the range of 532 to 544 10/Kg at Kandla (5%).

Groundnut Oil:
Domestic Fundamentals:-

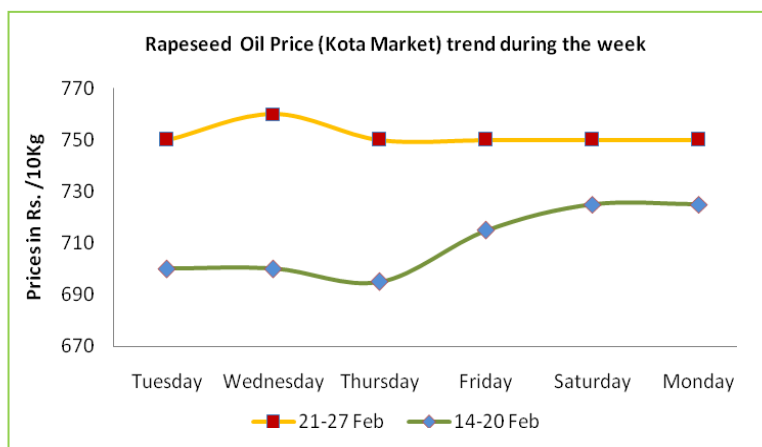
- Groundnut oil traded with a steady to firm bias at Rajkot during the week due to low availability of groundnut seed for crushing amid active buying from resellers and stockiest add support to the G/N oil prices during the week.
- As per Sea of India, Rabi acreage for groundnut decreased marginally by 0.2 percent to 8.32 lakh tons as on 23rd Feb 2012 as compared to last year's 8.34 lakh hectares during the same period.
- As per trade sources, good export demand for G/N seed amid low availability of G/N seed for crushing would support the G/N oil prices in near to medium term. However, upcoming new Rabi groundnut crop would restrict excessive gains in medium term.


Price Outlook:

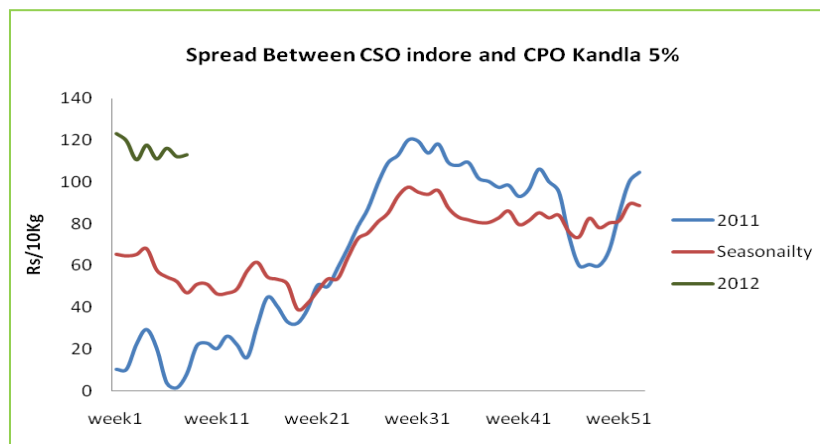
Ground nut oil prices in Rajkot may stay in the range of Rs 1095-1115 per 10 Kg.

Rapeseed oil:
Domestic Market Fundamentals

- Marked surge in the RM seed oil prices noticed during the week due to good demand and better buying against poor selling in the cash markets.
- As per latest crop survey by Solvent Extractors' Association of India, has estimated the RM seed crop at 62.6 lakh tons which is 5.9 lakh tons less than last year's production estimate i.e. 68.5 lakh tons.
- As per Agriwatch, estimate RM seed production for 2011-12 would be 60 lakh tons due to crop loss during first initial two weeks of February in northern Rajasthan RM seed belt.
- Lower production amid active crushing from plants would support to the RM seed oil prices in near term. However, RM seed peak arrivals are expected from second week of March this may restrict excessive gains in days ahead.


Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 743-753 per 10 Kg.

Spread Status between CSO Indore and CPO Kandla 5%: (Rs/10 Kg)


Average weekly spread between CSO Indore and CPO Kandla (5%) widen marginally during the week and stood at Rs 114/10 Kg compared to 112/10 Kg during the previous week. Soy oil prices likely to trade with a steady to weak bias in coming week due to upcoming South American soy crop which would pressurize the prices in near to medium term. However, palm oil prices to stay steady. We expect spread between CSO Indore and CPO Palm oil Kandla 5% narrow in days ahead.

Outlook:-

CSO Indore prices to trade lower in days ahead. Market participants are advisable to liquidate their CSO stock at higher levels of Rs 655-660/ 10 Kg.

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

Landed Cost Calculation as on 24/02/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1212.00	1212.50	1172.84
Freight (USD/MT)	65	55	50
C & F	1277.0	1267.5	1222.8
Weight loss (0.25% of FOB)	3.03	3.03	2.93
Finance charges (0.4% on CNF)	4.85	4.85	4.69
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1289	1279	1234
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	49	49	49
Landed cost without customs duty in INR per ton	63147	62680	60472
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	53.25	53.25	53.25
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	63583	63116	60908
Domestic Market price INR per ton Soy Degum Kandla	65500	65500	65500
Total landed cost USD per ton	1298	1288	1243
Domestic Market price USD per ton Soy Degum Kandla	1337	1337	1337

Parity INR/MT (Domestic - Landed)	1917	2384	4592
Parity USD/MT (Domestic - Landed)	39.13	48.65	93.70
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Outlook:-

Higher parity witnessed from US as compared Argentina and Brazil, we expect crude soy oil import parity continue to persist in days ahead due to appreciating INR against US dollar and higher domestic soy oil prices as compared to international prices.

Technical Analysis (Spot Market Weekly Charts)
SOYOIL REFINED (INDORE Rs/10 Kg Exclusive VAT)



- ❖ Prices of refined soy oil at Indore improved during the week indicating prices should surge in the short term. However, any surge in the prices act as a selling opportunity.
- ❖ Near term price surge might bring the prices to face strong resistance at 702-707. Closing above the same might instigate a bull run.
- ❖ RSI stayed in tune with the prices with no indication of any convergence/ divergence.

Strategy: Market Participants can liquidate their Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks towards 695 to 700/ 10kg.

Support and Resistance				
S2	S1	PCP	R1	R2
673	679	690	702	707

Technical Analysis (Spot Market Weekly Charts)
CPO (5%) KANDLA (Rs/10 Kg)


- ❖ Candlesticks depict firm bias movement in CPO prices during the week. Prices are likely to be range bound in the coming week.
- ❖ 532.00 could act as an immediate support; meanwhile any near term impulse from the current level could lead prices to test the resistance level of 549-553 zones in near to medium term which act as a selling opportunity.
- ❖ RSI stayed in tandem with the prices with no indication of any convergence/divergence.

Strategy: Investors can wait to buy CPO in cash market. However, market participants can liquidate their stocks at 549-553 levels

Support and Resistance				
S2	S1	PCP	R1	R2
527	532	540	549	553

Technical Analysis (Futures) RSO (Refined Soybean Oil March Contract)



Outlook - Prices to trade with steady to weak for short term. Any surge in the prices may act as a selling opportunity.

- ❖ Weekly chart of refined soy oil at NCDEX shows a consolidation phase in the prices. We expect prices likely to move in a range bound.
- ❖ Any close above 705.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 715-702 level in near to medium term. RSI shows no evidence of divergence in line with the ref. soy oil prices.

Strategy: Soy oil price (March contract) at NCDEX is expected to trade lower in near term and market participants are suggested to go short in the range of 713-715 for a target of 705 and 702 with a stop loss at 718.50 on closing basis.

RSO NCDEX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
693.00	698.00	710.00	722.00	728.00

Technical Analysis (Futures) CPO (Crude Palm Oil March Contract)



Outlook - Prices to trade with steady to weak for short term. We expect correction in the prices at higher levels

- ❖ Candlestick chart pattern reveals extension of the previous bullish trend. However prices are likely to trade with a steady to weak tone in near term.
- ❖ Any close above 557.00-559.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 552-540 level in near to medium term. RSI stands supportive to the prices and remains in tandem with the price direction with no divergence seen.

Strategy: Sell CPO in MCX (Mar. contract) in the range of 550-552 for a target of 544-542 with a stop loss at 555 on closing basis.

CPO MCX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
534.00	538.00	548.00	557.00	562.00

Edible Oil Prices at Key Markets (Week on Week Prices)

Commodity	Centre	Prices(Per 10 Kg)		Change
		27.2.2012	21.2.2012	
Refined Soybean Oil	Kota(Loose)	700	700	Unch
	Rajkot (Loose)	675	675	Unch
	Jaipur (Loose)	710	700	+10
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	735	725	+10
	Kakinada	-	-	-
	Mumbai +VAT	687	680	+7
	Indore	690	675	+15
	Soy Degum Mumbai+VAT	655	645	+10
	SoyDegum Kandla/Mundra+VAT	660	648	+12
	Haldiya Port (Loose)	686	686	Unch
	Akola (Loose)	721	711	+10
	Amrawati (Loose)	721	711	+10
	Jalna	717	711	+6
	Nagpur	718	716	+2
Palm Oil	Chennai.RBD.Palmolein.(Loose)	580	575	+5
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	630	630	Unch
	Kandla CPO (5%FFA)	539	535	+4
	Kakinada.RBD.Palmolein(Loose)	586	576	+10
	Mumbai RBD Pamolein+ VAT	581	575	+6
	Kandla RBD Palmolein +VAT	580	575	+5
Refined Sunflower Oil	Mumbai + VAT	705	690	+15
	Kandla/Mundra	645	635	+10
	Erode (Exp. Oil)+VAT	690	660	+30
	Hyderabad Exp +VAT	676	666	+10
	Chennai (Loose)	695	690	+5
	Bellary (Exp. Oil)+VAT	631	616	+15
	Latur (Exp. Oil)+VAT	646	646	Unch
	Chellakere (Exp. Oil)+VAT	636	626	+10
Groundnut Oil	Rajkot (Loose)	1110	1100	+10
	Chennai (Loose)	1000	980	+20
	Delhi (Loose)	1120	1125	-5
	Hyderabad Exp +VAT	1031	1026	+5
	Mumbai + VAT	1080	1080	Unch
	Gondal+VAT	-	1110	-
	Jamnagar +VAT	-	1110	-

	Narsarropeth+VAT	1051	1021	+30
	Prodattour+VAT	1041	971	+70
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	792	760	+32
	Alwar (Expeller Oil)(Loose)	773	761	+12
	Kota (Expeller Oil) (Loose)	750	750	Unch
	Jaipur (Expeller Oil) (Loose)	770	740	+30
	Delhi (Exp. Oil) (Loose)	820	815	+5
	SriGangaNagar(ExpOil-Loose)	796	771	+25
	Hapur+VAT	782	790	-8
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	815	810	+5
Refined Cottonseed Oil	Mumbai +VAT	648	635	+13
	Rajkot (Loose)	625	630	-5
	Delhi (Loose)	630	630	Unch
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	820	795	+25
	Mumbai	780	780	Unch
Rice Bran Oil (40%)	Delhi	560	565	-5
	Punjab	510	510	Unch
Rice Bran Oil (70%)	Delhi	485	465	+20
Malaysia Palmolein USD/MT	FOB (Feb Shipment)	1123	1100	+23
	CNF(Feb) - India	1080	1060	+20
Indonesia/Malaysia CPO USD/MT	FOB (Feb Shipment)	1135	1115	+20
	CNF(Feb) - India	1110	1095	+15
Argentina FOB (\$/MT)		24.2.2012	17.2.2012	Change
Crude Soybean Oil Ship (Feb)		1212	1185	+27
Refined Soy Oil (Bulk) Ship (Feb)		1254	1226	+28
Sunflower Oil Ship (Feb)		1135	1115	+20
Cottonseed Oil Ship (Feb)		1192	1165	+27
Refine Linseed Oil(Bulk) Ship (Feb)		-	1205	-

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