

Domestic Veg. Oil Market Summary:

- Edible oil basket traded sideways during the week in cash market. Low soy output from South American countries would likely to drive the markets with bullish sentiments in the coming week.
- MMTTC has tender to buy 12,000 tons (+/- 2%) of RBD Palm olein (Edible Grade) in Bulk to be imported for the port of Kakinada sourced from Indonesia and/or Malaysia, bidding closed on 09 March, 2012.
- India's palm oil products imports during the February from Malaysia rose by 14.7 per cent to 105,625 MT compared to previous month's imports.
- As per Sea of India, Rabi acreage for groundnut increased by 5.6 percent to 8.83 lakh tons as on 01 March 2012 as compared to last year's 8.36 lakh hectares during the same period.
- As per Solvent Extractors' Association of India, RM seed crop for 2011-12 seen lower as much as of 15 percent from last year to be in between 5.8-6.2 million tons.

International Veg. Oil Market Summary:

- As per Argentina's president, Argentinean soy harvest for 2011/12 seen at 48 million tons higher than the Buenos Aires Grains Exchange estimated of 46.2 million tons due to the recent showers over key soy growing belt which boost up the growth of late seed soy crop.
- Attaché revised its Indonesian crude palm oil production estimate to 25 million tons for current MY 2011/12. Earlier estimate was 25.4 million tons due to widespread use of counterfeit seed.
- Palm oil products exports from Malaysia for the period of Feb. fell by 9.5 per cent to 1,170,698 tonnes from 1,293,078 tonnes shipped during Jan-SGS.
- As per Reuters survey, china's February palm oil stocks seen at 950,000 tons over eight months more than double 400,000 tonnes as compared to last June 2011. As per COFCO, China's rapeseed output is likely to be between 13-14 million tons for 2012.

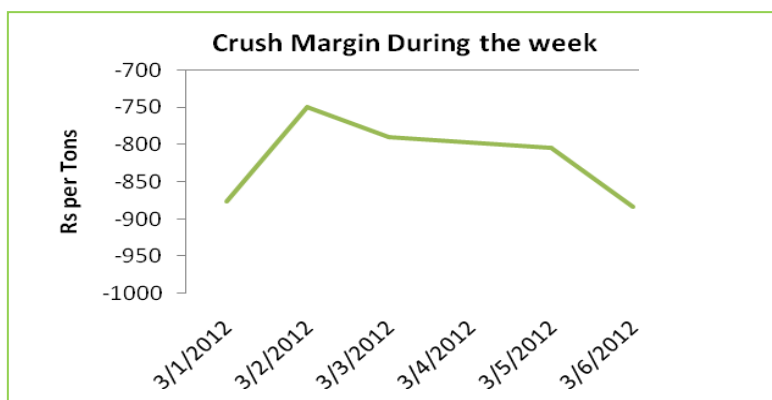
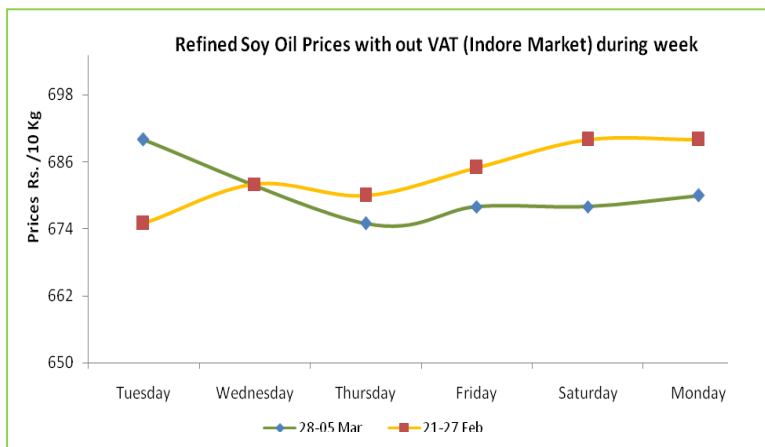
Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Soy oil prices at its bench mark market Indore trade range bound during week due to dull demand in spot market. However, high demand for palm oil amid low soy crop output expectation from South American countries might support the prices in near term. Retail demand was need based.
- Low trade margin amid negative crush margin would likely to tighten soy oil supply in near term.
- As per Argentina's president, Argentinean soy harvest for 2011/12 seen at 48 million tons higher than the Buenos Aires Grains Exchange estimated of 46.2 million tons due to the recent showers over key soy growing belt which boost up the growth of late seed soy crop.

Crush disparity narrowed during the week with the surge in soy meal prices compared to relatively soybean prices. Average crush disparity during the week under review (01 to 06 March) was -820/ton compared to -907/ton during previous week. Narrowed crush disparity in plants located near Indore would encourage plants to liquidate soy oil slowly in near term.



Soy oil Trade Margin analysis:-

Values in Rs per 10Kg	Soy oil Trade Margin on 06th Mar 2012	Soy oil Trade Margin on 06th Feb 2012
Indore	-26	-14
Kota	-22	-33
Outlook – Trade margin disparity widen during the week due to surge in soybean prices. We expect soy crushing plants would slowly liquidate their stock in near term.		

Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 675 to 690 per 10 Kg in the near term.

Brazil soy crop scenario:

Various Industry groups revised its Brazil's soy crop estimate for 2011/12 due to drought like condition in January this may affect on crop yield in current season. USDA estimate for Brazil soy crop was 72 Mln tons in February report. However, market participants eyed on upcoming USDA March report and expecting 3-4 Mln tons of drop in combining Brazil and Argentina soy crop estimate for 2011/12.

Revised Brazil's 2011-12 soy crop Estimation

Industry Groups	New Estimate	Earlier Estimate
Safras & Mercado	68.2	70.3
Abiove	69.5	71.9
Celeres	69.8	72
Informa	68	70

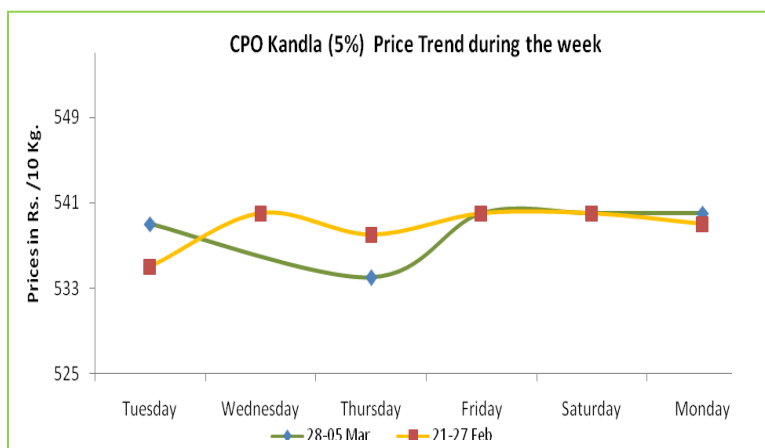
* Values in Mln. Tons

Outlook- Soybean prices are expected to slightly subdue in near term on Latin America's crop harvest while the prices are expected to stay strong in medium term due to bullish global supply scenario.

Palm Oil:

Domestic Fundamentals:-

- Good demand for ready to use palm oil product in southern Indian states witnessed during the week. We expect prices likely to move with a firm bias in the coming week on account of good demand for palm oil amid bullish cues from international markets would likely to kept the prices at higher levels.
- MMTC has tender to buy 12,000 tons (+/- 2%) of RBD Palm olein (Edible Grade) in Bulk) to be imported for the port of Kakinada sourced from Indonesia and/or Malaysia, bidding closed on 09 March, 2012.
- India's palm oil products imports during the February from Malaysia rose by 14.7 per cent to 105,625 MT compared to previous month's imports.



International Fundamentals:-

- Attaché revised its Indonesian crude palm oil production estimate to 25 million tons for current MY 2011/12. Earlier estimate was 25.4 million tons due to widespread use of counterfeit seed.
- RSPO seen global sustainable palm oil consumption to be double as compared to last year consumption stood at 5 percent due to good demand and increasing awareness.
- As per Reuters survey, china's February palm oil stocks seen at 950,000 tons over eight months more than double 400,000 tonnes as compared to last June 2011.
- Palm oil products exports from Malaysia for the period of Feb. fell by 9.5 per cent to 1,170,698 tonnes from 1,293,078 tonnes shipped during Jan-SGS.

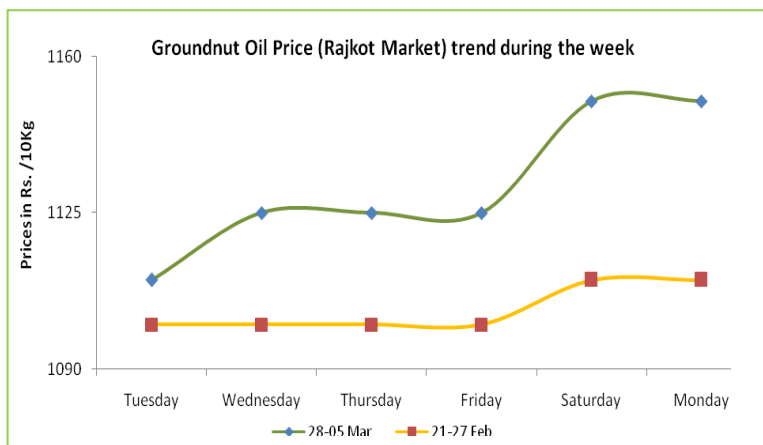
Price Outlook:

We expect palm oil prices to stay in the range of 542-555 10/Kg at Kandla (5%).

Groundnut Oil:
Domestic Fundamentals:-

- Groundnut oil remains firm at Rajkot during the week due to better buying and high export demand for G/N seed.
- As per Sea of India, Rabi acreage for groundnut increased by 5.6 percent to 8.83 lakh tons as on 01 March 2012 as compared to last year's 8.36 lakh hectares during the same period.
- As per trade sources, good export demand for bold G/N seed witnessed and crushing plants working at lower than 50% of capacity due to low availability of G/N seed.
- Prices are likely to surge Rs 20-30 per 10 Kg in Rajkot market in near term.

However, retail demand was on the lean side due to high prices of G/N oil.

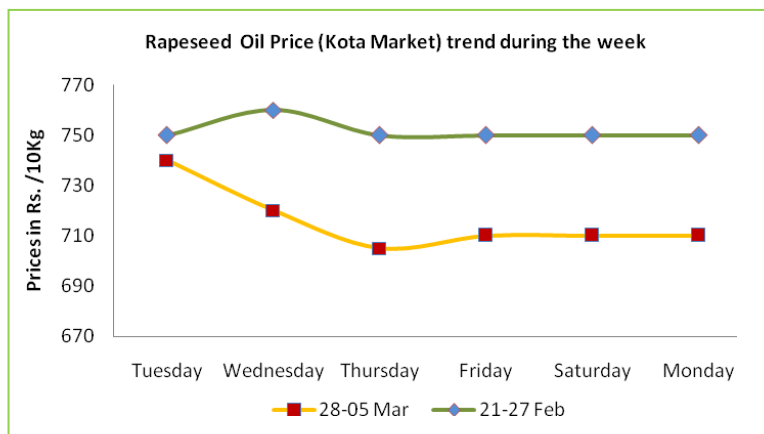


Price Outlook:

Ground nut oil prices in Rajkot may stay in the range of Rs 1115-1135 per 10 Kg.

Rapeseed oil:
Domestic Market Fundamentals

- RM seed oil prices fell significantly during the week due to new crop arrivals in major markets of Rajasthan amid low demand for RM oil in cash market add bearish sentiments to the markets.
- As per Solvent Extractors' Association of India, RM seed crop for 2011-12 seen lower as much as of 15 percent from last year to be in between 5.8-6.2 million tons.
- As per trade sources peak arrival of RM seed would likely to come after Holi festival. We expect prices are likely to subside in days ahead on account of new rapeseed crop arrivals which might weigh on the RM seed and RM oil prices. However, lower production as compared to last year would limit downside.

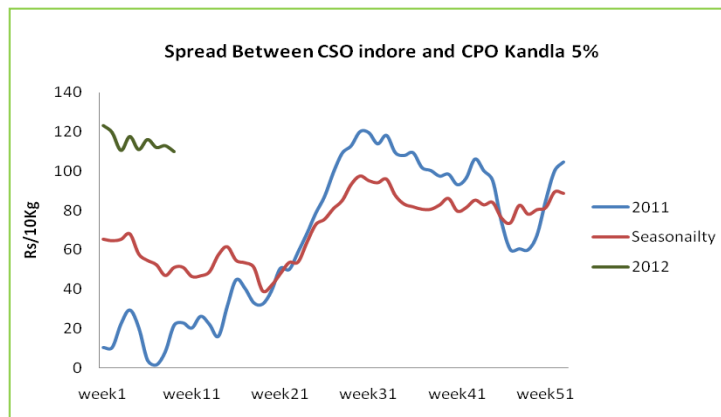


International Fundamentals:-

- As per COFCO, China's rapeseed output is likely to be between 13-14 million tons for 2012. However, Oil World estimate for Chinese rapeseed crop is 11.6 million tons down from the previous year (2010-11) stood at 12.2 million tons.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 710-725 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%) narrow marginally during the week and stood at Rs 110/10 Kg compared to 113/10 Kg during the previous week. Palm oil prices likely to surge due to active buying activates from India and China amid low soy output from South American countries would support the bullish sentiments. We expect spread between CSO Indore and CPO Palm oil Kandla 5% would be range bound.

Outlook:-

CPO Kandla 5% prices to trade higher in days ahead. Market participants are advisable to liquidate their CPO stock at higher levels of Rs 550-555/ 10 Kg.

Landed Cost Calculation as on 05/03/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1192.00	1169.80	1162.48
Freight (USD/MT)	65	55	50
C & F	1257.0	1224.8	1212.5
Weight loss (0.25% of FOB)	2.98	2.92	2.91
Finance charges (0.4% on CNF)	4.77	4.68	4.65
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1269	1236	1224
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	49.75	49.75	49.75
Landed cost without customs duty in INR per ton	63109	61495	60878
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	63545	61931	61314
Domestic Market price INR per ton Soy Degum Kandla	65500	65500	65500
Total landed cost USD per ton	1277	1245	1232
Domestic Market price USD per ton Soy Degum Kandla	1317	1317	1317
Parity INR/MT (Domestic - Landed)	1955	3569	4186

Parity USD/MT (Domestic - Landed)	39.30	71.74	84.15
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Outlook:-

Lower Import parity seen as compared to previous year due to depreciating INR against US dollar still import parity for crude soy oil is in positive side on account of higher domestic prices as compared to international prices. We expect import parity continue to be on the positive side.

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. Any surge in the prices is a selling opportunity.
- ❖ Near term price surge might bring the prices to face strong resistance at 690. 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 685-690/ 10kg.

Support and Resistance				
S2	S1	PCP	R1	R2
653	665	675	690	698

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 firm in the coming week.
- ❖ 539 could act as an immediate support; meanwhile any near term impulse from the current level could lead prices to test the resistance level of 555-558 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.

Support and Resistance				
S2	S1	PCP	R1	R2
530	539	545	558	564

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



Outlook - Prices are likely to trade with a steady to firm bias for short term. We recommend investors to go long.

- ❖ Weekly chart of refined soy oil at NCDEX shows a consolidation phase in the prices. We expect prices to move in a range bound.
- ❖ Any close below 720 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 724-736 level in near to medium term. RSI shows no evidence of divergence in line with the ref. soy oil prices.

Strategy: Soy oil price (April contract) at NCDEX is expected to trade higher in near term and market participants are suggested to go long in the range of 724-726 for a target of 733 and 736 with a stop loss at 720 on closing basis.

RSO NCDEX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
704.75	709.10	726.40	741.00	748.00

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



Outlook - Prices are likely to trade with steady to firm bias for short term.

- ❖ 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 568 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 564-550 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: Buy CPO in MCX (Mar. contract) in the range of 555-557 for a target of 562 and 565 with a stop loss at 552 on closing basis.

CPO MCX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
538.00	545.80	557.10	568.10	578.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		06.3.2012	29.2.2012	
Refined Soybean Oil	Kota(Loose)	720	700	+20
	Rajkot (Loose)	675	675	Unch
	Jaipur (Loose)	708	710	-2
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	715	720	-5
	Kakinada	-	-	-
	Mumbai +VAT	680	-	-
	Indore	675	-	-
	Soy Degum Mumbai+VAT	650	-	-
	SoyDegum Kandla/Mundra+VAT	655	-	-
	Haldiya Port (Loose)	686	686	Unch
	Akola (Loose)	711	716	-5
	Amrawati (Loose)	711	716	-5
	Jalna	703	711	-8
	Nagpur	719	716	+3
Palm Oil	Chennai.RBD.Palmolein.(Loose)	576	580	-4
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	635	630	+5
	Kandla CPO (5%FFA)	545	-	-
	Kakinada.RBD.Palmolein(Loose)	578	581	-3
	Mumbai RBD Pamolein+ VAT	575	-	-
	Kandla RBD Palmolein +VAT	575	-	-
Refined Sunflower Oil	Mumbai + VAT	695	-	-
	Kandla/Mundra	635	-	-
	Erode (Exp. Oil)+VAT	690	695	-5
	Hyderabad Exp +VAT	666	671	-5
	Chennai (Loose)	700	695	+5
	Bellary (Exp. Oil)+VAT	629	629	Unch
	Latur (Exp. Oil)+VAT	641	646	-5
	Chellakere (Exp. Oil)+VAT	636	641	-5
Groundnut Oil	Rajkot (Loose)	1125	-	-
	Chennai (Loose)	1002	-	-
	Delhi (Loose)	1140	-	-
	Hyderabad Exp +VAT	1061	-	-
	Mumbai + VAT	1110	-	-

	Gondal+VAT	1150	-	-
	Jamnagar +VAT	1160	-	-
	Narsarropeth+VAT	1051	-	-
	Prodattour+VAT	1091	-	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	752	-	-
	Alwar (Expeller Oil)(Loose)	746	756	-10
	Kota (Expeller Oil) (Loose)	705	720	-15
	Jaipur (Expeller Oil) (Loose)	735	730	+5
	Delhi (Exp. Oil) (Loose)	785	800	+5
	SriGangaNagar(ExpOil-Loose)	761	781	-20
	Hapur+VAT	783	780	+3
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	710	790	-80
Refined Cottonseed Oil	Mumbai +VAT	635	-	-
	Rajkot (Loose)	630	620	+10
	Delhi (Loose)	625	630	-5
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	770	805	-35
	Mumbai	750	-	-
Coconut Oil	(Crude Rs/10kg) - Erode	-	655	-
	(Refined Rs/15 kg) - Erode	-	-	-
Kardi	Mumbai	730	-	-
Rice Bran Oil (40%)	Delhi	560	560	Unch
	Punjab	510	-	-
Rice Bran Oil (70%)	Delhi	480	475	+5
Malaysia Palmolein USD/MT	FOB (March Shipment)	1120	-	-
	CNF(March) - India	1123	-	-
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	1073	-	-
	CNF(March) - India	1093	-	-
Argentina FOB (\$/MT)		06.3.2012	29.2.2012	Change
Crude Soybean Oil Ship (Feb)		1192	-	-
Refined Soy Oil (Bulk) Ship (Feb)		1234	-	-
Sunflower Oil Ship (Feb)		1128	-	-
Cottonseed Oil Ship (Feb)		1172	-	-
Refine Linseed Oil(Bulk) Ship (Feb)		1212	-	-

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