

Domestic Veg. Oil Market Summary:

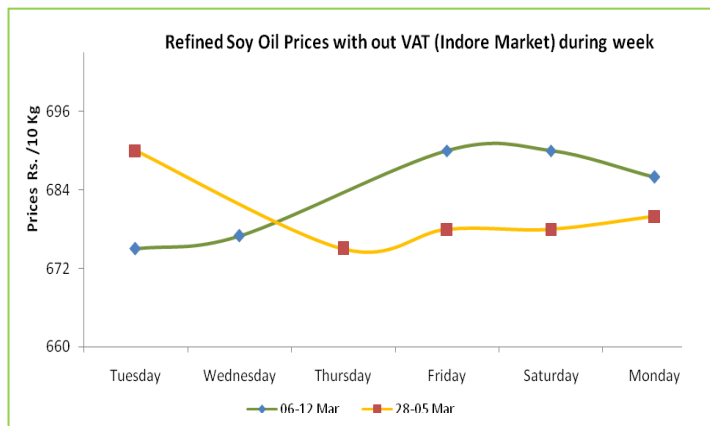
- Edible oil basket traded with a firm bias in cash market tracking bullish cues from international market amid low soy output concern from South American countries strengthen bulls rally during the week.
- PEC has float tender to buy 9000 tons (+/- 2%) of RBD Palmolein (Edible Grade) in Bulk) to be imported for of Chennai 6,500 MT (+/- 2%) and Tuticorin 2,500 MT (+/- 2%)sourced from Indonesia and/or Malaysia, bidding closed on 14 March, 2012.
- Better trade margin amid narrower crush margin would likely to support the solvent extractors to liquidate their stocks at current levels in near term.
- According to IOPEPC, 4.19 lakh tons of groundnuts were exported in 2010/11. Market participants are expecting 10 to 15 percent higher export this year as compared to previous year due to good demand for groundnut seed from china and South East Asian countries.
- Looking forward, bullish international cues may drive the domestic edible oil basket in the coming week. However, low demand for edible oil in domestic markets and new rapeseed arrivals would restrict the excessive gains.

International Veg. Oil Market Summary:

- China has imported 3.83 million tonnes of soybean in the month of February, down 16.9 per cent from 4.61 million tons in January, as reported by the General Administration of Customs of China.
- 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 first ten days of March rose by 32.7 per cent to 448,615 tons from 337,618 tons shipped during first ten days of March-SGS.
- 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.

Market Recap and Fundamental Analysis
Soy oil:
Domestic Fundamentals:-

- Soy oil prices at its bench mark market Indore trade higher during the week on account of bullish international cues. However, retail demand was need based.
- Better trade margin amid narrower crush margin would likely to support the solvent extractors to liquidate their stocks at current levels in near term.
- Average crush disparity during the week under review (06 to 12 March) was -759/ton compared to -820/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:-

- China has imported 3.83 million tonnes of soybean in the month of February, down 16.9 per cent from 4.61 million tons in January, as reported by the General Administration of Customs of China.
- Brazil's government cuts soy production estimate for 2011/12 to 68.75 million tons due to draught like conditions in south grain belt which may affect on yield in current season. Earlier estimate was 69.23 million tons.
- USDA lower Brazil soy output estimate for 2011/12 to 68.5 million ton and Argentina soy crop to 46.5 million tons. Market participants eyed on the upcoming report on spring planting and expecting shift of soybean acreage to corn in US which may support the prices in medium term.

Soy oil Trade Margin analysis:-

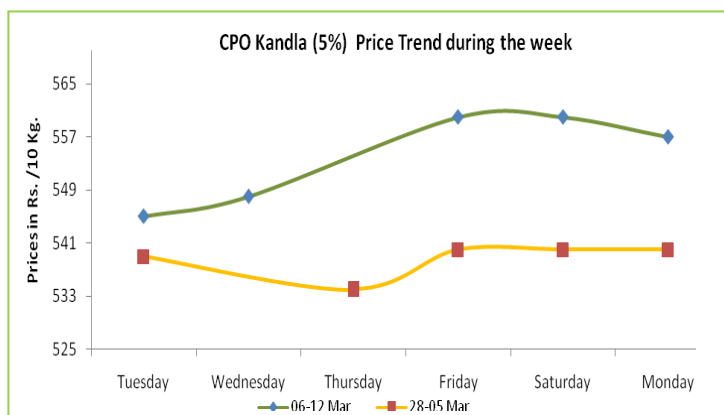
Values in Rs per 10Kg	Soy oil Trade Margin on 10th Mar 2012	Soy oil Trade Margin on 06th Feb 2012
Indore	-7	-16
Kota	-14	-25
Outlook – Trade margin disparity narrow during the week due to better prices of soy meal and soy oil. We expect soy crushing plants would slowly liquidate their stock at current levels in near term.		

Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 680 to 690 per 10 Kg in the near term.

Palm Oil:
Domestic Fundamentals:-

- CPO Kandla 5% rose in major market during the week on account of bullish cues from palm and lauric oils price outlook conference in Malaysia amid supporting Malaysian palm oil export figures add support to the prices.
- PEC has float tender to buy 9000 tons (+/- 2%) of RBD Palmolein (Edible Grade) in Bulk) to be imported for of Chennai 6,500 MT (+/- 2%) and Tuticorin 2,500 MT (+/- 2%) sourced from Indonesia and/or Malaysia, bidding closed on 14 March, 2012.
- India's palm oil products imports during the first ten days of March from Malaysia fell by 10.9 per cent to 18,700 MT as compared to first ten days of previous month's imports.


International Fundamentals:-

- Palm oil products exports from Malaysia for the period of first ten days of March rose by 32.7 per cent to 448,615 tons from 337,618 tons shipped during first ten days of March-SGS.
- 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.
- Malaysia's February palm oil ending stocks rose 2.0 percent to 2,059,693 tons as compared to January month 2,019,005 tons due to low palm oil export for February. Detail of the Malaysian palm oil board figures as follows:

MPOB Figures for February (2012)			
(Quantity in tons)	Feb	Jan	% Change
Production	1,185,126	1,287,191	-7.90
Import	129,344	167,487	-22.8
Export	1,210,754	1,385,011	-12.6
Ending Stock	2,059,693	2,019,005	2.00

Bursa Malaysian Palm Oil Conference Highlights

Dorab Mistry – Good demand from India and China would likely to support the palm oil prices in 2012. Palm oil prices are likely to hit 4000 ringgit (\$1,320) by the end of June and in the second half of the year oilseed production will drive the markets.

Thomas Mielke - Palm oil prices would be firm in 2012 due to low global soy and rapeseed output which would lend underlying support to the palm oil prices in medium term.

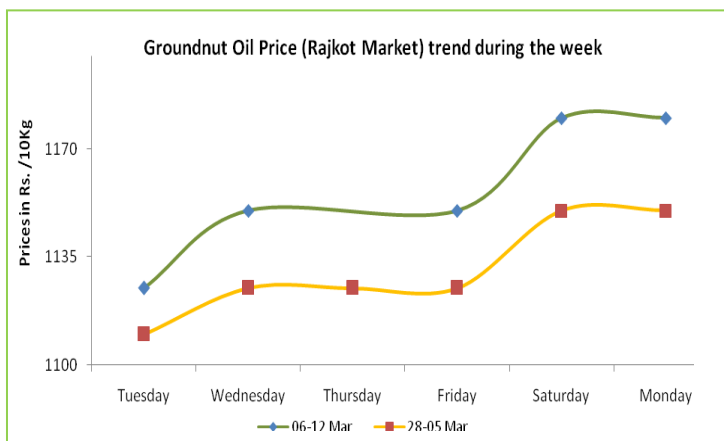
James Fry – Current geopolitical tension would likely to lift the crude oil prices which may support the palm oil prices. However, political instability dominating low demand and high ending soy stocks in US. Based on the Brent crude price of \$125 per barrel the futures Malaysian palm oil market could range in between 3,250 ringgit to 3,350 ringgit per tons depending on Malaysia's stock level.

Price Outlook:

We expect palm oil prices to stay in the range of 550-563 10/Kg at Kandla (5%).

Groundnut Oil:
Domestic Fundamentals:-

- Groundnut oil stood firm at Rajkot during the week on account of good export demand for bold groundnut seed amid low arrivals add support to the groundnut oil and groundnut seed prices in indicative Rajkot market.
- According to IOPEPC, 4.19 lakh tons of groundnuts were exported in 2010/11. Market participants are expecting 10 to 15 percent higher export this year as compared to previous year due to good demand for groundnut seed from china and South East Asian countries.
- As per trade sources, higher demand noticed for bold G/N seed. However, retail demand was on the lean side. Prices are likely to surge by Rs 30-40 per Kg in Rajkot market in days ahead.

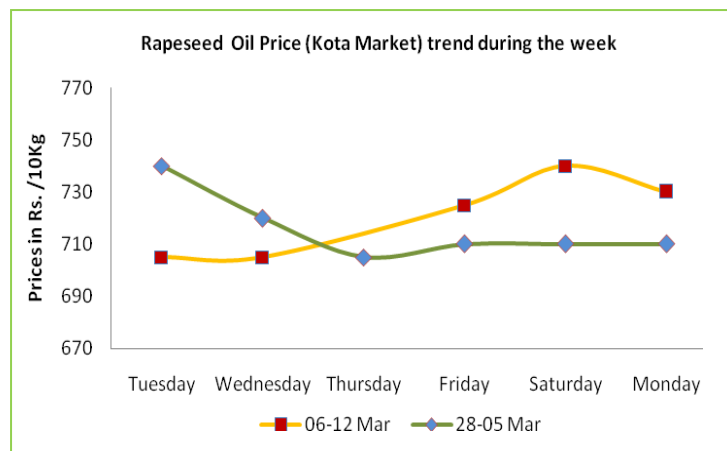


Price Outlook:

Ground nut oil prices in Rajkot may stay in the range of Rs 1170-1200 per 10 Kg.

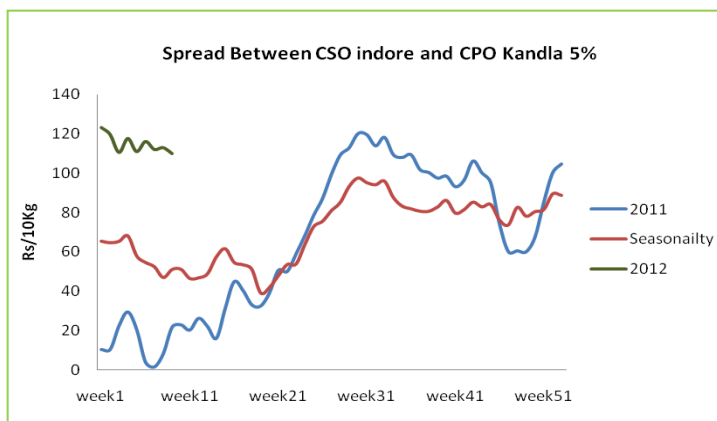
Rapeseed oil:
Domestic Market Fundamentals

- RM seed oil prices surge during the week due to bullish edible oil basket and low acreage this season support the prices. However, retail demand for RM seed oil is on lean side.
- As per B.V.Mehta, SEA 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.
- Bullish edible oil basket may drive the prices of RM Seed oil in near term. However, new crop arrival might restrict excess gains in days ahead.
- 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:

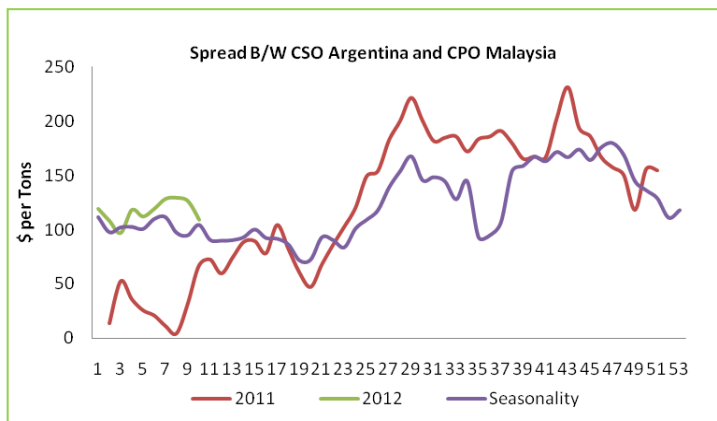
Rapeseed oil in Kota market is likely to trade in the price band of Rs 715-735 per 10 Kg.

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 activities 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 and Strategy :-

CPO Kandla 5% prices to trade range bound in days ahead. Market participants are advisable to liquidate their CPO stock at higher levels of Rs 560-565/10 Kg.

Spread Status between CSO Argentina and CPO Malaysia: (Rs/10 Kg)


Average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 109 per MT, a fall of US\$ 17 per MT compared to previous week average of US\$ 126 per MT. FOB quotes of CPO Malaysia rose relatively higher than CSO Argentina. We expect spread likely to narrow in the coming week on account of upcoming soybean crop from South America which would likely to weigh on the CSO prices in near term.

USDA's WASDE Report Analysis-

Key Parameters	2010-11	2011-2012		% Change
	Est.	Feb'12	March'12	
US				
Soybean planted acreage m.a.	77.4	75	75	0.00%
Soybean Harvested acreage m.a.	76.6	73.6	73.6	0.00%
Soybean yield, in b / a	43.5	41.5	41.5	0.00%
Beginning Stocks, in m.b.	151	215	215	0.00%
Soybean production, in m.b.	3329	3056.00	3056.00	0.00%
Soybean imports, in m.b	15	15	15	0.00%
Soybean crush, in m.b.	1650	1615	1615	0.00%
Soybean exports, in m.b.	1520	1275	1275	0.00%
Residual, in m.b	38	32	34	5.88%
Soybean ending stocks, in m.b.	200	275	275	0.00%
Soy meal production, in '000 short tons	39683	38685	38885	0.51%
Soy meal ending stocks, in '000 short tons	300	300	300	0.00%
Soy oil production, in million lbs	19090	18605	18605	0.00%
Soy oil for Bio-diesel, in million lbs	2300	3600	3600	0.00%
Soy oil ending stocks, in million lbs	2871	2315	2415	4.14%
At other origins				
Soybean production in Argentina, in m.t.	49.5	48	46.5	-3.23%
Argentina soybean beginning stock m.t.	22.28	22.85	22.85	0.00%
Soybean production in Brazil, in m.t.	74.5	72	68.5	-5.11%
Brazil soybean beginning stock m.t.	15.84	22.19	22.19	0.00%
Soybean import in China, in m.t.	52	55.5	55	-0.91%
Chinese soybean ending stock, in m.t.	14.21	12.76	12.76	0.00%
Global soybean ending stocks in m.t.	65.88	60.28	57.3	-5.20%
Global soy oil ending stocks, in m.t.	3.07	2.68	2.73	1.83%
Global veg oil ending stocks in m.t.	11.23	12.32	12.44	0.96%
Global soy meal ending stocks in m.t.	6.57	8.31	8.97	7.36%
b / a – Bushels per acre; m.b. – Million bushels; m. t. – Million tons ; m.a. - Million acres				

Outlook -:

Low output from south American countries as compared to previous year and low acreage of rapeseed crop in India would support the domestic edible oil basket in days ahead. Market participants eyed on the upcoming report on spring planting and expecting shift of soybean acreage to corn in US which may support the prices in medium term.

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

Landed Cost Calculation as on 12/03/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1199.00	1162.50	1146.39
Freight (USD/MT)	65	55	50
C & F	1264.0	1217.5	1196.4
Weight loss (0.25% of FOB)	3.00	2.91	2.87
Finance charges (0.4% on CNF)	4.80	4.65	4.59
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1276	1229	1207
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	49.94	49.94	49.94
Landed cost without customs duty in INR per ton	63703	61362	60299
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	64139	61798	60735
Domestic Market price INR per ton Soy Degum Kandla	66000	66000	66000
Total landed cost USD per ton	1284	1237	1216
Domestic Market price USD per ton Soy Degum Kandla	1322	1322	1322
Parity INR/MT (Domestic - Landed)	1861	4202	5265
Parity USD/MT (Domestic - Landed)	37.27	84.15	105.42
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Outlook:-

Higher Import parity seen as compared to previous week due to appreciating INR against US dollar. 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 in the coming week.

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



- ❖ Domestic spot soy oil prices trade with a steady to firm bias during the week. It is likely to trade sideways on the coming week.
- ❖ Breaching the immediate support zone of 680, prices shall test 675.00 levels. However, we expect prices to range bound in a coming week.
- ❖ 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 Rs 693-695/10kg.

Support and Resistance				
S2	S1	PCP	R1	R2
674.00	679.00	686.00	695.00	700.00

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 initial days of the week.
- ❖ 547 could act as an immediate support; meanwhile prices may correct in the coming week. However, breaching 564 levels may strengthen bull rally.
- ❖ 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
542.00	547.00	557.00	564.00	568.00

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



Outlook - Prices are likely to trade with a range bound for short term. We recommend investors to go for long from lower levels.

- ❖ Weekly chart of refined soy oil at NCDEX shows a bullish phase in the prices. We expect prices to move with a steady to firm tone.
- ❖ Any close below 718 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 722-736 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 722.00-723.00 for a target of 730.00 and 734.00 with a stop loss at 718.00 on closing basis.

RSO NCDEX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
714.00	718.00	729.33	740.00	745.00

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



Outlook - Prices are likely to trade with a range bound for short term. We recommend investors to go for long from lower levels.

- ❖ Candlestick chart pattern reveals extension of the previous bullish trend. However prices are likely to trade with a range bound in near term.
- ❖ Any close below 561 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 565-576 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 (April. contract) in the range of 565-567 for a target of 573 and 576 with a stop loss at 561 on closing basis.

CPO MCX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
555.00	559.00	572.20	582.00	586.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		12.3.2012	06.3.2012	
Refined Soybean Oil	Kota(Loose)	700	720	-20
	Rajkot (Loose)	685	675	+10
	Jaipur (Loose)	710	708	+2
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	735	715	+20
	Kakinada	-	-	-
	Mumbai +VAT	690	680	+10
	Indore	686	675	+11
	Soy Degum Mumbai+VAT	660	650	+10
	SoyDegum Kandla/Mundra+VAT	660	655	+5
	Haldiya Port (Loose)	701	686	+5
	Akola (Loose)	716	711	+5
	Amrawati (Loose)	716	711	+5
	Jalna	714	703	+11
	Nagpur	726	719	+7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	600	576	+24
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	660	635	+25
	Kandla CPO (5%FFA)	557	545	+12
	Kakinada.RBD.Palmolein(Loose)	603	578	+25
	Mumbai RBD Pamolein+ VAT	590	575	+15
	Kandla RBD Palmolein +VAT	592	575	+17
Refined Sunflower Oil	Mumbai + VAT	700	695	+5
	Kandla/Mundra	635	635	UNCH
	Erode (Exp. Oil)+VAT	700	690	+10
	Hyderabad Exp +VAT	666	666	UNCH
	Chennai (Loose)	710	700	+10
	Bellary (Exp. Oil)+VAT	636	629	+7
	Latur (Exp. Oil)+VAT	646	641	+5
	Chellakere (Exp. Oil)+VAT	646	636	+10
Groundnut Oil	Rajkot (Loose)	1170	1125	+40
	Chennai (Loose)	1003	1002	+1
	Delhi (Loose)	1180	1140	+40
	Hyderabad Exp +VAT	1061	1061	UNCH
	Mumbai + VAT	1160	1110	+50

	Gondal+VAT	1180	1150	+30
	Jamnagar +VAT	1180	1160	+20
	Narsarropeth+VAT	1081	1051	+20
	Prodattour+VAT	1051	1091	-40
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	760	752	+8
	Alwar (Expeller Oil)(Loose)	759	746	+13
	Kota (Expeller Oil) (Loose)	730	705	+25
	Jaipur (Expeller Oil) (Loose)	750	735	+15
	Delhi (Exp. Oil) (Loose)	790	785	+5
	SriGangaNagar(ExpOil-Loose)	771	761	+10
	Hapur+VAT	786	783	+3
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	790	710	+80
Refined Cottonseed Oil	Mumbai +VAT	650	635	+15
	Rajkot (Loose)	645	630	+15
	Delhi (Loose)	635	625	+10
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	780	770	+10
	Mumbai	730	750	-20
Coconut Oil	(Crude Rs/10kg) - Erode	-	-	-
	(Refined Rs/15 kg) - Erode	-	-	-
Kardi	Mumbai	890	730	+150
Rice Bran Oil (40%)	Delhi	585	560	+25
	Punjab	515	510	+5
Rice Bran Oil (70%)	Delhi	510	480	+30
Malaysia Palmolein USD/MT	FOB (March Shipment)	1135	1120	+15
	CNF(March) - India	1160	1123	+27
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	1115	1073	+42
	CNF(March) - India	1130	1093	+37
Argentina FOB (\$/MT)		12.3.2012	06.3.2012	Change
Crude Soybean Oil Ship (Feb)		1181	1192	-11
Refined Soy Oil (Bulk) Ship (Feb)		1222	1234	-12
Sunflower Oil Ship (Feb)		-	1128	-
Cottonseed Oil Ship (Feb)		1161	1172	-11
Refine Linseed Oil(Bulk) Ship (Feb)		1201	1212	-11

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