

Domestic Veg. Oil Market Summary:

- Edible oil basket stood firm during the week on bullish international fundamentals and good demand for oilseeds and oil meals which support the domestic edible oil prices. However, demand for edible oil was need based.
- In budget 2012/13, no tariff value has been changed for edible oil imports. Tariff value for RBD Palm olein stood at US\$ 484 per metric ton and crude palm oil import tariff value would be US\$ 447 per metric ton remain unchanged.
- As per Central Organization for Oil Industry and Trade, RM seed crop for 2011-12 would likely to fell 12.6 percent to 6.03 million tons as compared to previous year. Market participants are expecting half million tons increase in total edible oil imports in 2011/12 to meet the domestic consumption.
- Good demand for rapeseed by stockiest support RM seed and RM seed oil prices during the week. Looking forward, edible oil basket is likely to gain in the coming week on low South American soy output concern and aggressive buying of RM seed would likely to lend underlying support to the markets. However, correction in the markets could be seen in near term due to limited buying of edible oils in cash markets.

International Veg. Oil Market Summary:

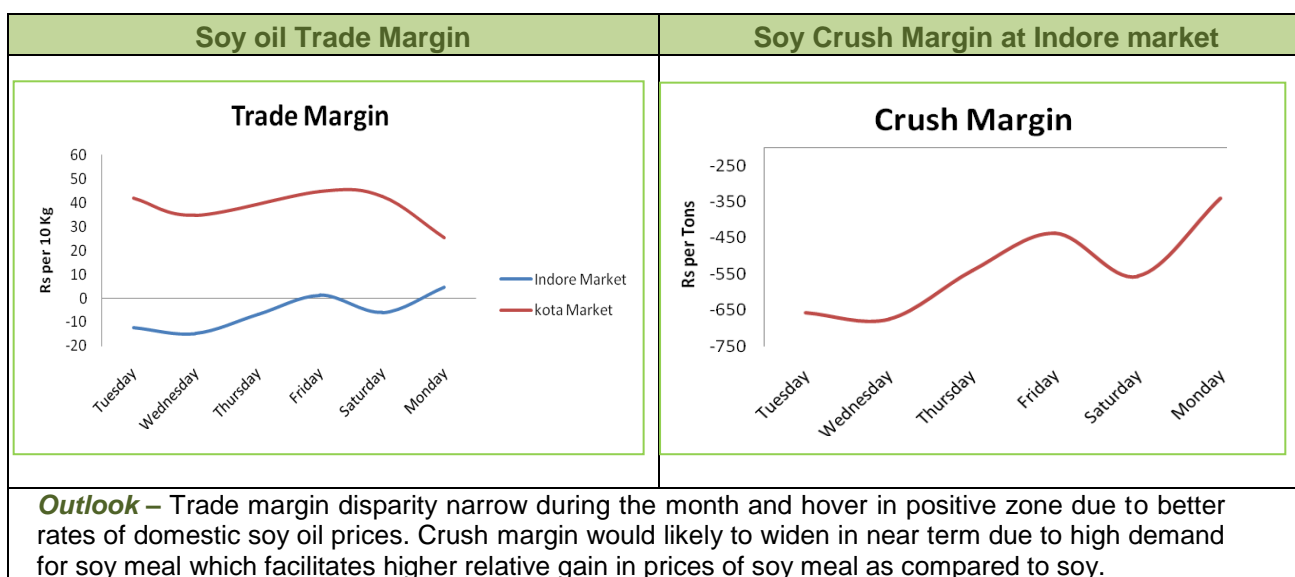
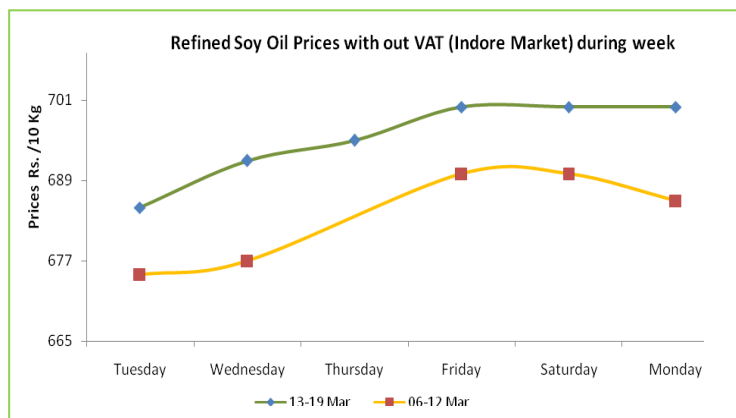
- Agroconsult cut 2.8 million tons Brazil's soy crop output estimate for 2011/12 to 67.1 million tons, previous estimate was 69.9 million tons.
- Aboive cut Brazil soy output estimate for 2011/12 to 67.1 million ton. Earlier estimate was 69.9 million tons.
- Palm oil products exports from Malaysia for the period of first twenty days of March rose by 14 per cent to 886,706 tons from 777,728 tons shipped during first twenty days of March-SGS.
- As per AgRural Commodities Agrícolas, 55% of soybean harvest in Brazil is complete as on March 16, up by 46% as compared to previous year.
- Canadian agriculture department raised its estimate for canola acreage by 3 percent to 20.4 million acres. Earlier estimate was 19.8 million acres. Canola production seen at 15.4 million tons up by 0.4 Mln. T from previous month estimates.

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Soy oil prices at its bench mark market Indore trade higher during the week due to low South American soy output concern. However, cash market volumes were thin due to non aggressive buying from stockiest and re-packers.
- Average crush disparity during the week under review (06 to 12 March) was -553/ton compared to -759/ton during previous week.
- We expect prices are likely to be firm in the coming week due to bullish international fundamentals. However, low demand in physical markets may limit further upward extensions in the prices.



International Fundamentals:-

- Agroconsult cut 2.8 million tons Brazil's soy crop output estimate for 2011/12 to 67.1 million tons, previous estimate was 69.9 million tons. As per Agroconsult, Brazil soybean yields is likely to fell by 14 percent to 44.5 bags a hectare as compared to last year. Moreover, in key soy growing state of Brazil Rio Grande do Sul yield is expected to fell by 50 percent.
- As per AgRural Commodities Agricolas, 55% of soybean harvest in Brazil is complete as on March 16, up by 46% as compared to previous year.
- Above cut Brazil soy output estimate for 2011/12 to 67.1 million ton. Earlier estimate was 69.9 million tons.

Soy oil Trade Margin analysis:-

Values in Rs per 10Kg	Soy oil Trade Margin on 19 TH Mar 2012	Soy oil Trade Margin on 19 TH Feb 2012
Indore	5	7
Kota	25	-35
Outlook – Trade margin hover in parity zone 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.		

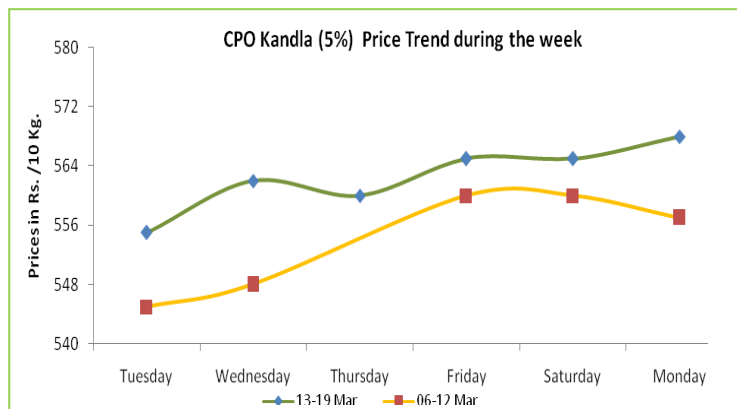
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 692-708 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% prices surge in major cash markets during the week on bullish Malaysian palm oil export figures.
- Bullish international cues and better demand from European countries would likely to support the domestic and international markets in days ahead.
- India's palm oil products imports during the first twenty days of March from Malaysia fell by 5.37 per cent to 84,650 MT as compared to first twenty days of previous month's imports.
- In budget 2012/13, no tariff value has been changed for edible oil imports. Tariff value for RBD Palm olein stood at US\$ 484 per metric ton and crude palm oil import tariff value would be US\$ 447 per metric ton remain unchanged.



Palm Products tariff value in US\$ per metric tons	
Crude Palm Oil	447
RBD Palm Oil	476
Others – Palm Oil	462
Crude Palmolein	481
RBD Palmolein	484
Others – Palmolein	483

International Fundamentals:-

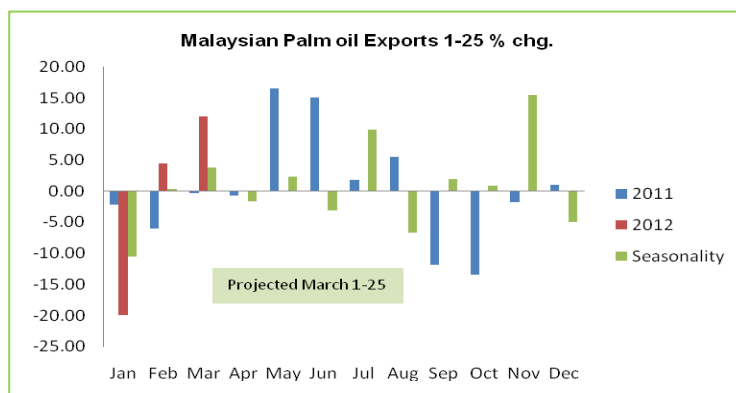
- Palm oil products exports from Malaysia for the period of first twenty days of March rose by 14 per cent to 886,706 tons from 777,728 tons shipped during first twenty days of March -SGS.
- Palm oil products exports figures for 1-25 March for top major markets (Values in tonnes and 1-25 February import figures in parenthesis) are: China 179,450 (204,465), EU 167,885 (98,016), Pakistan 37,500 (14,500), US 90,190 (80,414) – SGS
- Malaysia's February palm oil ending stocks rose 2.0 percent to 2,059,693 tons as compared to January 2,019,005 tons.

Price Outlook:

We expect palm oil prices to stay in the range of 560-575 10/Kg at Kandla (5%).

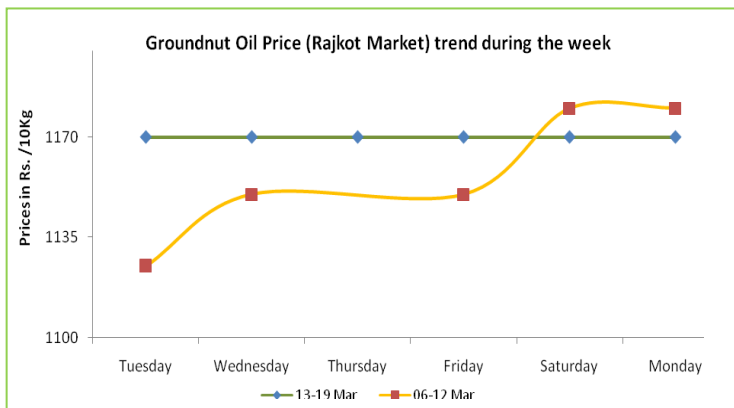
Malaysian Palm products export for 1-25 March projection –

Malaysian palm products export is projected to stay firm for the period of 1-25th March. While considering the historical export trend during the period we expect exports to rise by 10-12% to 9.7-9.9 lakh tons as compared to 1-25 Feb. If Malaysian palm products export figures cross 15 percent growth this would leads to bulls rally for short term.



Groundnut Oil:
Domestic Fundamentals:-

- Groundnut oil stood steady at Rajkot during the week on account of thin trading activities. G/N seed export demand is less as compared to previous weeks due to delay in payments from foreign importers.
- Active crushing is on lean side for G/N oil due to low demand for G/N oil in cash markets at current higher quotes – Gondal based trader.
- We expect prices would likely to fell in near term due to non aggressive buying at current higher quotes. Moreover new java g2 crop arrived in the markets which may weigh on the G/N seed and G/N oil prices in days ahead.

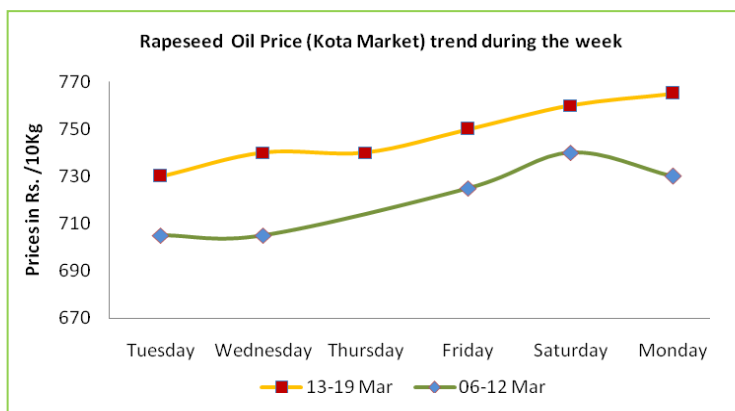


Price Outlook:

Ground nut oil prices in Rajkot may stay in the range of Rs 1150-1180 per 10 Kg.

Rapeseed oil:
Domestic Market Fundamentals

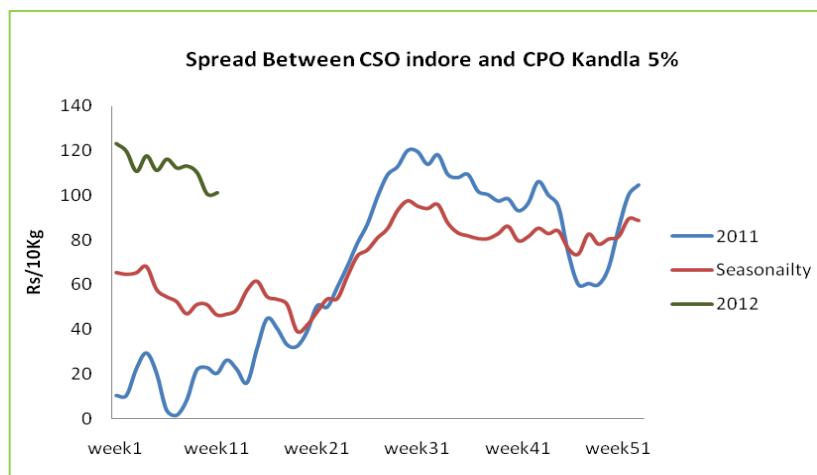
- RM seed oil stood firm during the week on account of good demand for RM seed. RM seed arrivals rose significantly in the previous week meanwhile active buying by stockiest offset the arrival pressure.
- As per Central Organization for Oil Industry and Trade, RM seed crop for 2011-12 would likely to fell 12.6 percent to 6.03 million tons as compared to previous year. Market participants are expecting half million tons increase in total edible oil imports in 2011/12 to meet the domestic consumption.
- Active buying of RM seed witnessed from stockiest, however crushing is on lean side due to low demand for edible oils and higher quotes of RM seed squeeze oil millers margins.
- Canadian agriculture department raised its estimate for canola acreage by 3 percent to 20.4 million acres. Earlier estimate was 19.8 million acres. Canola production seen at 15.4 million tons up by 0.4 Mln. T from previous month estimates.



Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 743-765 per 10 Kg.

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

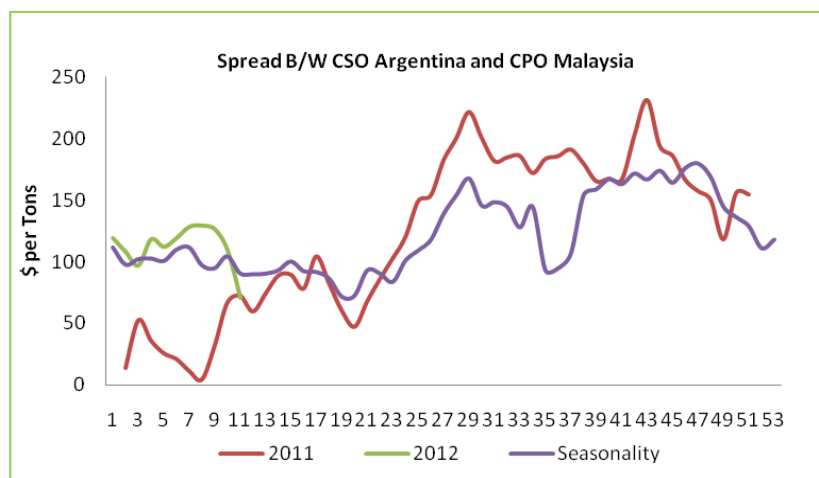


Average weekly spread between CSO Indore and CPO Kandla (5%) widen marginally during the week and stood at Rs 101/10 Kg compared to 100/10 Kg during the previous week. Soy oil prices likely to fell in near term due to dull demand in cash market and bullish Malaysian palm export figures would likely to support the palm oil prices. We expect spread between CSO Indore and CPO Palm oil Kandla 5% would likely to narrow as CPO prices gain relative more as compared to CSO Indore in near term.

Outlook and Strategy :-

CPO Kandla 5% prices to trade range bound and may hover in between Rs 95 to 102/10 Kg in days ahead. Market participants are advisable to liquidate their CSO stock at higher levels of Rs 675-680/10 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\$ 71 per MT, a fall of US\$ 38 per MT compared to previous week average of US\$ 109 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.

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

Landed Cost Calculation as on 19/03/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1205.93	1201.50	1190.48
Freight (USD/MT)	65	55	50
C & F	1270.9	1256.5	1240.5
Weight loss (0.25% of FOB)	3.01	3.00	2.98
Finance charges (0.4% on CNF)	4.82	4.81	4.76
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1283	1268	1252
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	50.1	50.1	50.1
Landed cost without customs duty in INR per ton	64257	63531	62722
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	64693	63967	63158
Domestic Market price INR per ton Soy Degum Kandla	66200	66200	66200
Total landed cost USD per ton	1291	1277	1261
Domestic Market price USD per ton Soy Degum Kandla	1321	1321	1321
Parity INR/MT (Domestic - Landed)	1507	2233	3042
Parity USD/MT (Domestic - Landed)	30.07	44.58	60.71
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Outlook:-

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 firm in the coming week.
- ❖ Breaching the immediate support zone of 680, prices shall test 676.00 levels. However, we expect prices to trade firm for short term.
- ❖ Expected price band for next week is 692-708 level in near to medium term. 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 705-710/10kg.

Support and Resistance				
S2	S1	PCP	R1	R2
676.00	680.00	700.00	715.00	722.00

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.
- ❖ 559 could act as an immediate support; meanwhile we expect prices to stay on the range of 564-575 level in near to medium term. However, breaching 559 levels may strengthen bear 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
553.00	559.00	568.00	577.00	581.00

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



Outlook - Prices are likely to trade with a firm tone for short term. We recommend investors to go for long from current 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 722.00 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 728.00-745 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 728.00-730.00 for a target of 741.00 and 743.00 with a stop loss at 722.00 on closing basis.

RSO NCDEX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
714.00	718.00	729.33	746.00	751.00

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



Outlook - Prices are likely to trade with a firm tone for short term. Market may correct from higher levels however we recommend investors to hold long positions for short term.

- ❖ Candlestick chart pattern reveals extension of the previous bullish trend. However prices are likely to trade with a firm bias for short term.
- ❖ Any close below 559 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 570-580 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 570.00-571.00 for a target of 579 and 580 with a stop loss at 565.70 on closing basis.

CPO MCX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
555.00	559.00	572.20	584.00	589.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		19.3.2012	13.3.2012	
Refined Soybean Oil	Kota(Loose)	720	715	+5
	Rajkot (Loose)	695	685	+10
	Jaipur (Loose)	710	710	UNCH
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	750	735	+15
	Kakinada	-	-	-
	Mumbai +VAT	695	685	+10
	Indore	700	685	+15
	Soy Degum Mumbai+VAT	662	658	+4
	SoyDegum Kandla/Mundra+VAT	662	658	+4
	Haldiya Port (Loose)	701	696	+7
	Akola (Loose)	721	716	+5
	Amrawati (Loose)	721	716	+5
	Jalna	721	711	+10
	Nagpur	728	726	+2
Palm Oil	Chennai.RBD.Palmolein.(Loose)	600	600	UNCH
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	665	660	+5
	Kandla CPO (5%FFA)	568	555	+13
	Kakinada.RBD.Palmolein(Loose)	606	603	+3
	Mumbai RBD Pamolein+ VAT	595	585	+10
	Kandla RBD Palmolein +VAT	600	585	+15
Refined Sunflower Oil	Mumbai + VAT	705	700	+5
	Kandla/Mundra	645	635	+10
	Erode (Exp. Oil)+VAT	695	700	-5
	Hyderabad Exp +VAT	681	666	+15
	Chennai (Loose)	710	710	UNCH
	Bellary (Exp. Oil)+VAT	636	636	UNCH
	Latur (Exp. Oil)+VAT	651	646	+5
	Chellakere (Exp. Oil)+VAT	646	646	UNCH
Groundnut Oil	Rajkot (Loose)	1170	1170	UNCH
	Chennai (Loose)	1000	1003	-3
	Delhi (Loose)	1200	1180	+20
	Hyderabad Exp +VAT	1076	1061	+15
	Mumbai + VAT	1170	1160	+10

	Gondal+VAT	1180	1180	UNCH
	Jamnagar +VAT	1180	1180	UNCH
	Narsarropeth+VAT	1071	1081	-10
	Prodattour+VAT	1056	1051	+5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	782	760	+22
	Alwar (Expeller Oil)(Loose)	776	759	+17
	Kota (Expeller Oil) (Loose)	765	730	+35
	Jaipur (Expeller Oil) (Loose)	770	750	+20
	Delhi (Exp. Oil) (Loose)	820	790	+30
	SriGangaNagar(ExpOil-Loose)	796	771	+15
	Hapur+VAT	800	786	+14
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	840	790	-
Refined Cottonseed Oil	Mumbai +VAT	665	650	+15
	Rajkot (Loose)	660	645	+15
	Delhi (Loose)	650	635	+15
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	790	780	+10
	Mumbai	740	730	+10
Coconut Oil	(Crude Rs/10kg) - Erode	-	-	-
	(Refined Rs/15 kg) - Erode	-	-	-
Kardi	Mumbai	890	890	UNCH
Rice Bran Oil (40%)	Delhi	590	585	+5
	Punjab	545	515	+30
Rice Bran Oil (70%)	Delhi	520	510	+10
Malaysia Palmolein USD/MT	FOB (March Shipment)	1150	1135	+15
	CNF(March) - India	1165	1160	+5
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	1123	1115	+8
	CNF(March) - India	1135	1130	+5
Argentina FOB (\$/MT)		17.3.2012	12.3.2012	Change
Crude Soybean Oil Ship (Feb)		-	1181	-
Refined Soy Oil (Bulk) Ship (Feb)		-	1222	-
Sunflower Oil Ship (Feb)		-	-	-
Cottonseed Oil Ship (Feb)		-	1161	-
Refine Linseed Oil(Bulk) Ship (Feb)		-	1201	-

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