

Domestic Veg. Oil Market Summary:

- Edible oil basket stood firm during the week on bullish estimates presented at China Oils & Oilseed Conference in Beijing and low soybean output concern. However, retail demand was need based.
- Market participants await the upcoming Malaysian export figures and US soybean crop planting report which may confirm fresh directional moves in days ahead.
- As per Gujarat Agriculture Department (GAD), summer groundnut crop acreage rose by 56 percent to 177, 000 hectares area as compared to last year which was 114, 000 hectares. Lucrative returns and good availability of water attracts farmers to opt for groundnut crop for this season.
- 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.
- We expect edible oil prices to ease in medium term due to decline in usage in line with the consumption pattern. However, downward potential will be limited mainly due to lower RM seed output estimate.

International Veg. Oil Market Summary:

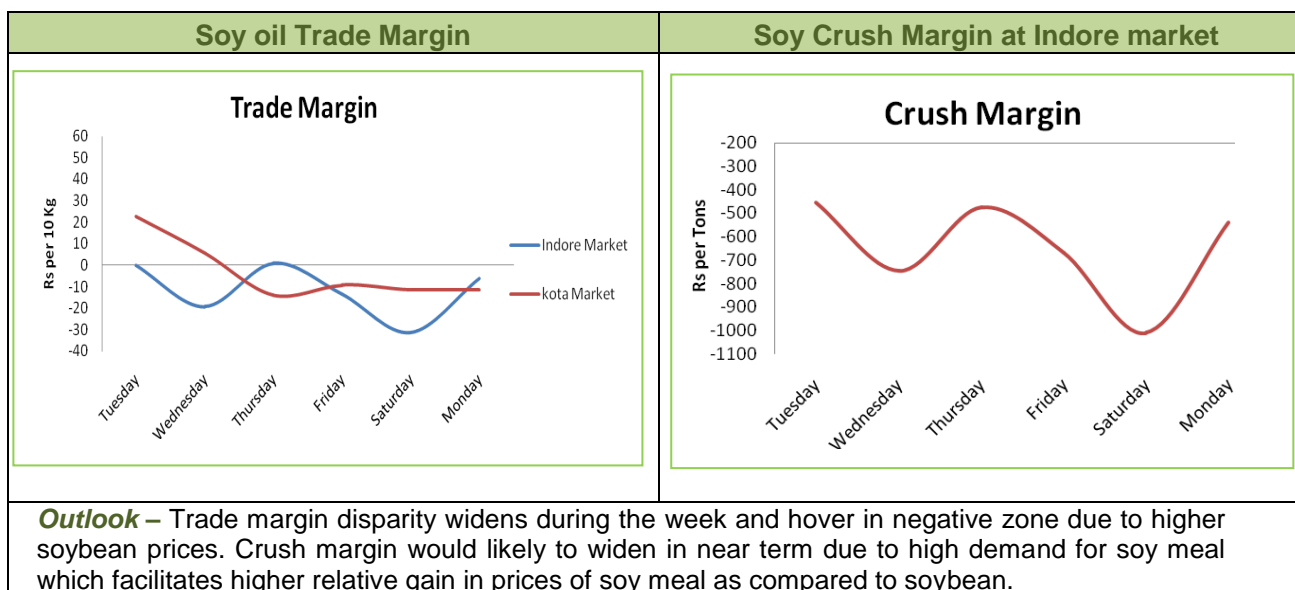
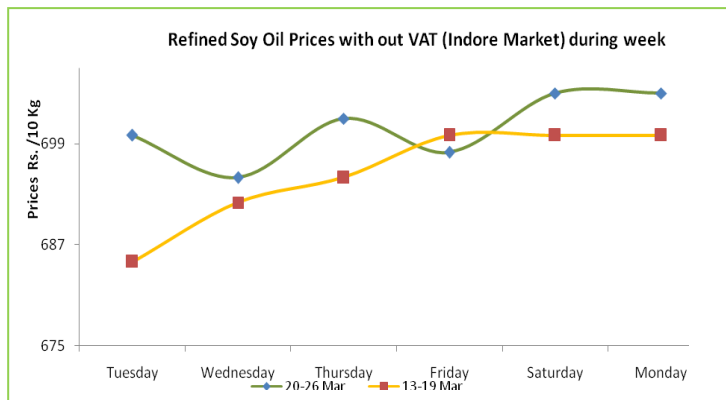
- Palm oil products exports from Malaysia for the period of first twenty days of March rose by 6.6 per cent to 1,055,071 tons from 989,868 tons shipped during first twenty days of February-SGS
- Oil World cuts its Brazil's soybean crop output estimate by 1.5 million tons to 66.5 million tons for 2011/12.
- AgRural lower its Brazil's soybean crop estimate for 2011/12 by 1.3 million tons to 66.7 million tons. As per AgRural, 61% of soybean harvest in Brazil is complete as on March 26, up from 55 percent the week earlier.
- Palm oil prices are likely to hit 4000 ringgit (\$1,320) by the end of June ahead of the Muslim fasting month of Ramadan and low palm output phase would support the markets in medium term - Dorab Mistry.
- Global production of rapeseed and canola may fall 1.8 percent to 59.6 million tons on account of low output in the European Union, India and China – Oil World.
- Malaysia's February palm oil ending stocks rose 2.0 percent to 2,059,693 tons as compared to January 2,019,005 tons.

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Soy oil prices at its bench mark market Indore traded with a steady to firm tone 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 (20-26 March) was -649/ton compared to -553/ton during previous week.
- We expect prices are likely to be range bound in the coming week on bullish international fundamentals. However, low demand in physical markets may limit further upward extensions in the prices.



International Fundamentals:-

- Oil World cuts its Brazil's soybean crop output estimates by 1.5 million tonnes to 66.5 million tonnes compared with 75.3 million tonnes in 2011 due to drought and damage from Asian Rust fungus. Moreover, Oil World also lowered its Argentina's soybean crop by 0.5 million tons to 46.5 million tons down from previous year output which was 49.2 million tons.
- AgRural lower its Brazil's soybean crop estimate for 2011/12 by 1.3 million tons to 66.7 million tons. Earlier estimate was 68 million tonnes in February due to drought like conditions in the key soy growing states of Brazil. Sharp decline in soy yield witnessed in the states of Parana and Rio Grande do Sul.
- As per AgRural, 61% of soybean harvest in Brazil is complete as on March 26, up from 55 percent the week earlier.

Soy oil Trade Margin analysis:-

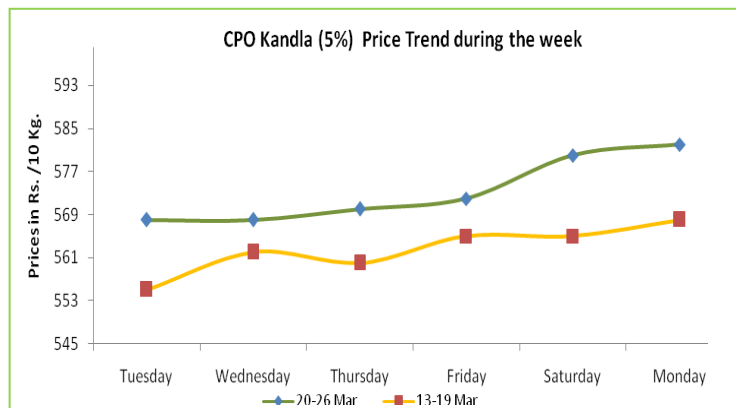
Values in Rs per 10Kg	Soy oil Trade Margin on 27 TH Mar 2012	Soy oil Trade Margin on 27 TH Feb 2012
Indore	1	-9
Kota	-7	-6
Outlook – We expect soy crushing plants would slowly liquidate their stock at current levels in near term.		

Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 698-715 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 estimate presented at China Oils and Oilseed Conference adds fuel to the prices further. Moreover, worries over the low South American soybean output support palm oil demand.
- India's palm oil products imports during the first twenty five days of March from Malaysia rose 9.7 per cent to 115,880 MT as compared to first twenty five 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 6.6 per cent to 1,055,071 tons from 989,868 tons shipped during first twenty days of February-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 226,950 (261,420), EU 184,835 (122,386), Pakistan 60,500 (22,500), US 90,190 (87,024) – SGS.
- Palm oil prices are likely to hit 4000 ringgit (\$1,320) by the end of June ahead of the Muslim fasting month of Ramadan and low palm output phase would support the markets in medium term - Dorab Mistry.
- Malaysia's February palm oil ending stocks rose 2.0 percent to 2,059,693 tons as compared to January 2,019,005 tons.

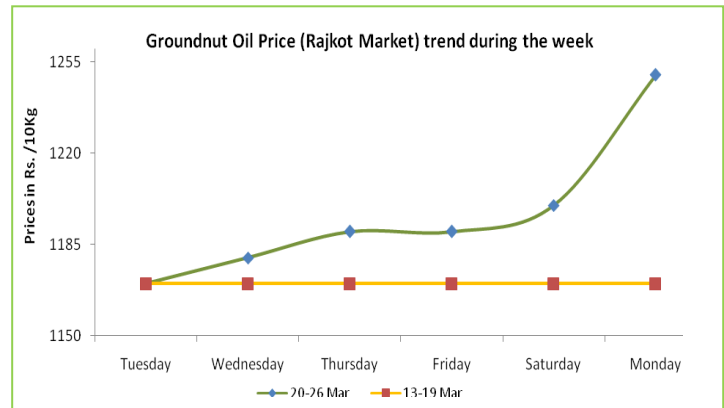
Price Outlook:

We expect palm oil prices to stay in the range of 585-595 per 10/Kg at Kandla (5%).

Groundnut Oil:

Domestic Fundamentals:-

- Groundnut oil prices rose significantly during the week at Rajkot on account of fresh demand for G/N oil along with low availability of G/N seed add spillover support to the G/N oil prices.
- As per Gujarat Agriculture Department (GAD), summer groundnut crop acreage rose by 56 percent to 177, 000 hectares area as compared to last year which was 114, 000 hectares. Lucrative returns and good availability of water attracts farmers to opt for groundnut crop for this season.
- We expect prices would likely to stay range bound. Most of the G/N seed arrivals consumed by the peanuts traders for export.



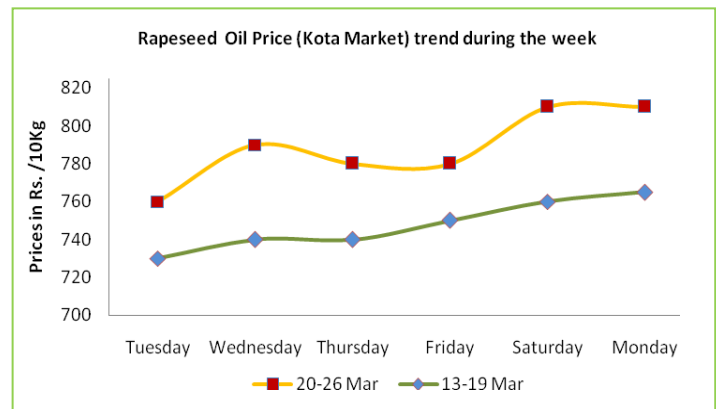
Price Outlook:

Ground nut oil prices in Rajkot may stay in the range of Rs 1225-1260 per 10 Kg.

Rapeseed oil:

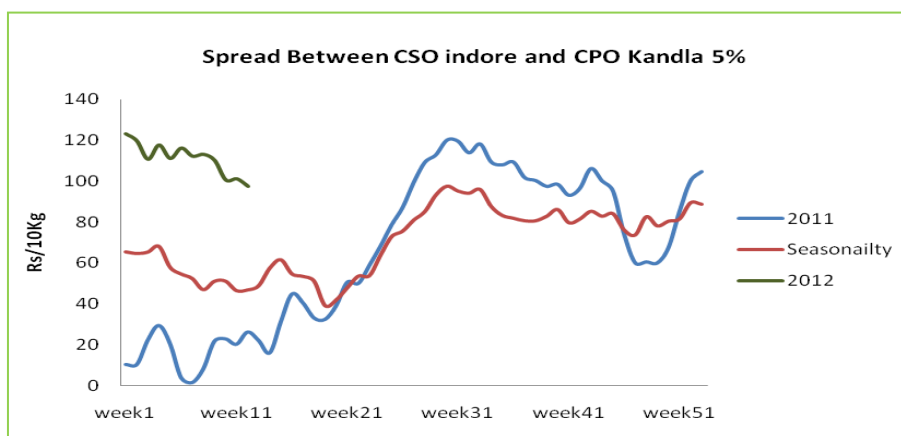
Domestic Market Fundamentals

- RM seed oil traded with a firm tone during the week on account of good demand for RM seed. RM seed arrivals rose significantly in the previous weeks 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 fall 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.
- Global production of rapeseed and canola may fall 1.8 percent to 59.6 million tons on account of low output in the European Union, India and China – Oil World.



Price Outlook:

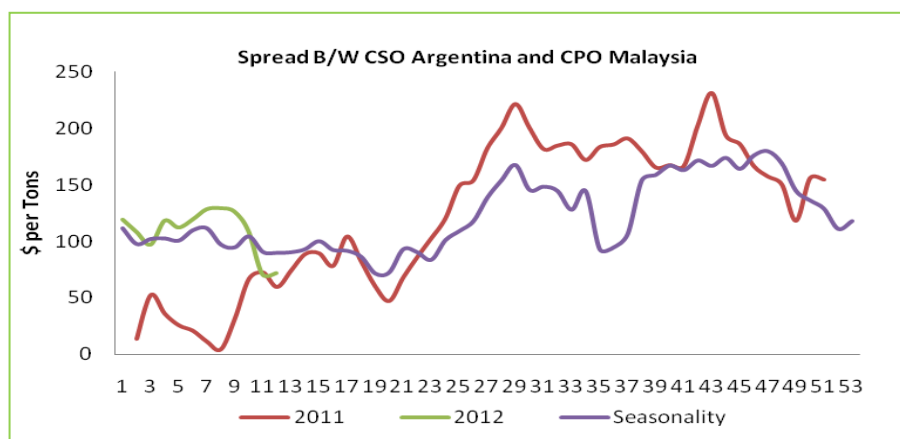
Rapeseed oil in Kota market is likely to trade in the price band of Rs 743-765 per 10 Kg.

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


Average weekly spread between CSO Indore and CPO Kandla (5%) narrow marginally during the week and stood at Rs 97/10 Kg compared to 101/10 Kg during the previous week. Bullish Malaysian palm export figures would likely to support the palm oil prices. However, market is due for correction in days ahead due to dull demand in physical markets.

Outlook and Strategy :-

We expect spread between CSO Indore and CPO Palm oil Kandla 5% would likely to narrow in the coming week. Spread may hover in between Rs 80/10Kg to 95/10 Kg. Market participants are advisable to liquidate their CSO stock at 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\$ 72 per MT compared to previous week average of US\$ 71 per MT. FOB quotes of CPO Malaysia and CSO Argentina stood steady during the week with minor fluctuations in the prices. We expect spread likely to stay range bound. Markets may witness pressure from the upcoming soybean crop from South America.

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

Landed Cost Calculation as on 28/03/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1196.00	1197.00	1168.00
Freight (USD/MT)	65	55	50
C & F	1261.0	1252.0	1218.0
Weight loss (0.25% of FOB)	2.99	2.99	2.92
Finance charges (0.4% on CNF)	4.78	4.79	4.67
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1273	1264	1229
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	50.9	50.9	50.9
Landed cost without customs duty in INR per ton	64773	64314	62569
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	65209	64750	63005
Domestic Market price INR per ton Soy Degum Kandla	67200	67200	67200
Total landed cost USD per ton	1281	1272	1238
Domestic Market price USD per ton Soy Degum Kandla	1320	1320	1320
Parity INR/MT (Domestic - Landed)	1991	2450	4195
Parity USD/MT (Domestic - Landed)	39.11	48.13	82.42
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. We expect market may correct in the coming week.
- ❖ Breaching the immediate support zone of 695, prices shall test 691.00 levels. However, we expect prices to trade steady to weak for short term.
- ❖ Expected price band for next week is 700-715.00 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 710-715/10kg.

Support and Resistance				
S2	S1	PCP	R1	R2
691.00	695.00	708.00	717.00	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. However, we expect market may correct in the coming week.
- ❖ 580.00 could act as an immediate support; meanwhile we expect prices to stay on the range of 585-595 level in near to medium term. However, breaching 580 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
575.00	580.00	591.00	600.00	605.00

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



Outlook – Prices are likely to trade with a steady to weak tone for short term. We recommend investors to go for short in refined soy oil in May contract from higher levels.

- ❖ Weekly chart of refined soy oil at NCDEX shows a bullish phase in the prices. However, prices are likely to correct from higher levels in days ahead.
- ❖ Any close above 761.25 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 751.50-735.00 level in near to medium term. RSI shows no evidence of divergence in line with the ref. soy oil prices.

Strategy: Soy oil price (May contract) at NCDEX is expected to trade lower in near term and market participants are suggested to go short in the range of 753.00-755.00 for a target of 741.00 and 739.00 with a stop loss at 761.25 on closing basis.

RSO NCDEX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
728.00	732.00	746.00	758.00	763.00

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



Outlook - Prices are likely to trade with a steady to weak tone for short term. Market may correct from higher levels in day's ahead. We recommend investors to square off their long positions.

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows a bullish phase in the prices. However, prices are likely to correct from higher levels in days ahead.
- ❖ Any close above 610.50 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 604.00-588.00 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 (May contract) in the range of 602.00-604.00 for a target of 590.00 and 588.00 with a stop loss at 610.50 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
582.70	587.00	598.80	610.00	614.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		26.3.2012	20.3.2012	
Refined Soybean Oil	Kota(Loose)	720	715	5
	Rajkot (Loose)	700	690	10
	Jaipur (Loose)	720	710	10
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	760	750	10
	Kakinada	-	-	-
	Mumbai +VAT	700	695	5
	Indore	705	700	5
	Soy Degum Mumbai+VAT	665	662	3
	SoyDegum Kandla/Mundra+VAT	670	662	8
	Haldiya Port (Loose)	711	701	10
	Akola (Loose)	724	716	8
	Amrawati (Loose)	724	716	8
	Jalna	729	719	10
	Nagpur	741	728	13
Palm Oil	Chennai.RBD.Palmolein.(Loose)	600	600	Unch
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	680	665	15
	Kandla CPO (5%FFA)	582	568	14
	Kakinada.RBD.Palmolein(Loose)	616	606	10
	Mumbai RBD Pamolein+ VAT	612	600	12
	Kandla RBD Palmolein +VAT	615	600	15
Refined Sunflower Oil	Mumbai + VAT	705	705	Unch
	Kandla/Mundra	645	640	5
	Erode (Exp. Oil)+VAT	700	695	5
	Hyderabad Exp +VAT	686	676	10
	Chennai (Loose)	710	725	-15
	Bellary (Exp. Oil)+VAT	636	636	Unch
	Latur (Exp. Oil)+VAT	656	651	5
	Chellakere (Exp. Oil)+VAT	646	646	Unch
Groundnut Oil	Rajkot (Loose)	1250	1170	80
	Chennai (Loose)	1002	1000	2
	Delhi (Loose)	1230	1180	50
	Hyderabad Exp +VAT	1076	1076	Unch
	Mumbai + VAT	1200	1175	25

	Gondal+VAT	1240	1170	70
	Jamnagar +VAT	1250	1180	70
	Narsarropeth+VAT	1051	1071	-20
	Prodattour+VAT	1051	1056	-5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	815	783	32
	Alwar (Expeller Oil)(Loose)	821	773	48
	Kota (Expeller Oil) (Loose)	810	760	50
	Jaipur (Expeller Oil) (Loose)	805	770	35
	Delhi (Exp. Oil) (Loose)	845	935	-90
	SriGangaNagar(ExpOil-Loose)	831	801	30
	Hapur+VAT	820	800	20
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	860	840	20
Refined Cottonseed Oil	Mumbai +VAT	680	665	15
	Rajkot (Loose)	680	660	20
	Delhi (Loose)	665	650	15
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	830	790	40
	Mumbai	740	740	Unch
Coconut Oil	(Crude Rs/10kg) - Erode	-	-	-
	(Refined Rs/15 kg) – Erode	-	-	-
	(Crude Rs/10kg) - Kangayan	635	635	Unch
	(Refined Rs/15 kg) – Kangayan	-	-	-
Kardi	Mumbai	910	890	20
Rice Bran Oil (40%)	Delhi	620	600	20
	Punjab	555	545	10
Rice Bran Oil (70%)	Delhi	535	515	20
Malaysia Palmolein USD/MT	FOB (March Shipment)	1153	1138	15
	CNF(March) - India	1180	1168	12
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	1128	1118	10
	CNF(March) - India	1155	1140	15
Argentina FOB (\$/MT)		23.3.2012	19.3.2012	Change
Crude Soybean Oil Ship (Mar)		1195	-	-
Refined Soy Oil (Bulk) Ship (Mar)		1237	-	-
Sunflower Oil Ship (Mar)		1145	-	-
Cottonseed Oil Ship (Mar)		1175	-	-
Refine Linseed Oil(Bulk) Ship (Mar)		1215	-	-

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