

Domestic Veg. Oil Market Summary:

- Edible oil basket stood firm during the week on bullish global oil complex fundamentals and bullish Malaysian palm products export figures support the edible oil cash markets.
- Market participants await the upcoming Malaysian 1-10 palm products export figures and MPOB report on Malaysian palm oil ending stocks.
- India's palm oil products imports during the March from Malaysia rose 16.7 per cent to 127,580 MT as compared to previous month's imports.
- According to Saurashtra Oil Millers Association, five out of two hundred fifty mills in Saurashtra are working currently due to shortage of groundnut for crushing. Good demand for G/N seed from China and European countries add spillover support to the G/N oil seed and G/N oil prices.
- Looking forward, we expect edible oil prices to remain firm on bullish palm and soybean fundamentals in medium term.

International Veg. Oil Market Summary:

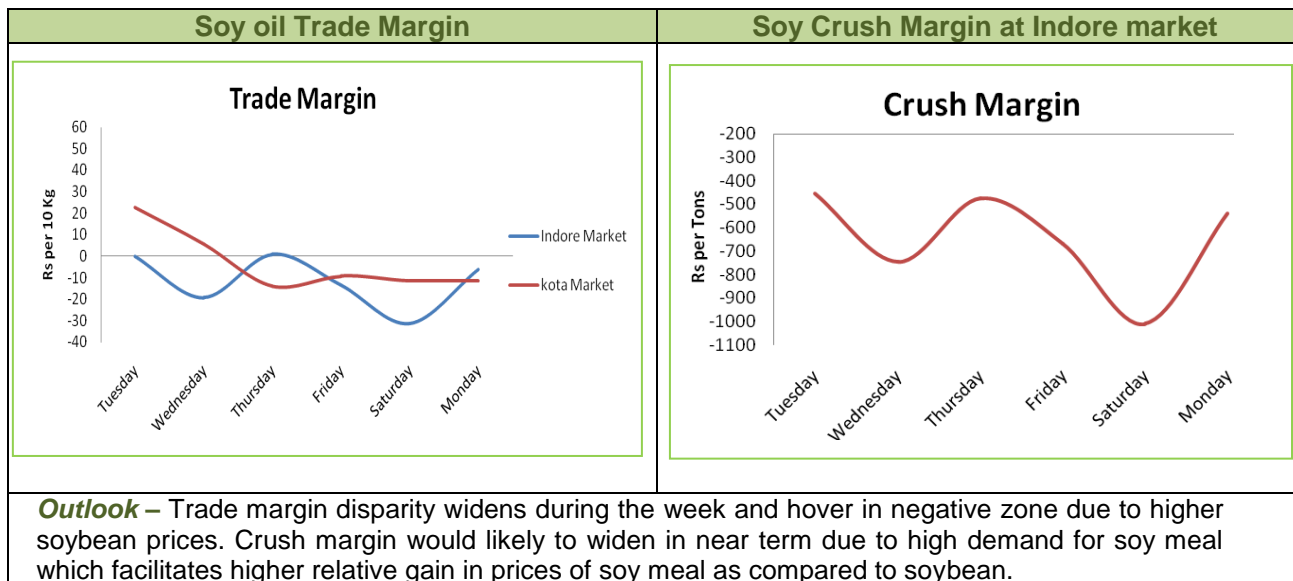
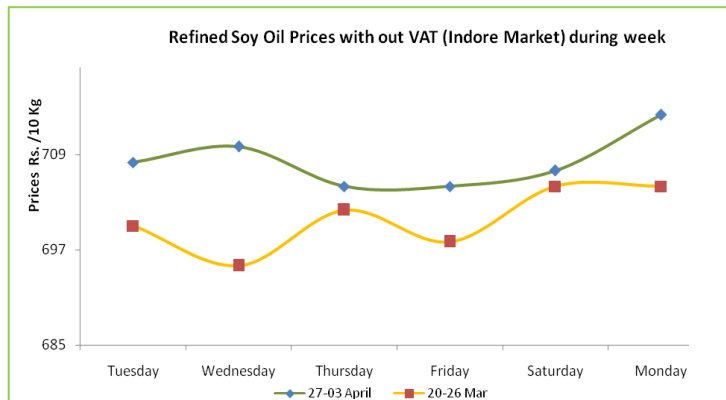
- World soybean output in 2011/12 likely to fall to 242.1 Mln T, down 9% compared to Y-o-Y basis. World soybean trade would likely to fall in 2011/12 to 90.8Mln T. However, The World soy meal trade is estimated at a record 58.4 Mln T, 3 per cent higher than a year ago followed by increased buying support by Asian and EU countries. - (IGC).
- As per USDA crop planting report, US Soybean growers estimated to plant 73.9 million acres in 2012, down 1 percent as compared to last year. Soy acreage is expecting to shift in corn due to drought conditions that have continued from last year into early March.
- As per Celeries, soybean harvest in Brazil has been completed by 76% of the estimated till April 2. 32 percent and 90 percent crop has harvested in Rio Grande do Sul and Parana state respectively crop.
- Palm oil products exports from Malaysia for the period of March rose by 3.5 per cent to 1,211,211 tons from 1,170,698 tons shipped during Feb. – SGS.

Market Recap and Fundamental Analysis

Soy oil:

Domestic Fundamentals:-

- Soy oil prices at its benchmark market Indore traded with a steady to firm tone during the week on bullish global oil complex fundamentals. However, demand in spot market for refined soy oil is dull due to lean season.
- Average crush disparity during the week under review was -649/ton compared to -553/ton during previous week.
- We expect prices are likely to be firm on strong US dollar against INR and firm trend in world palm and soya oil complex will keep undertone bullish in domestic market for the coming week.



International Fundamentals:-

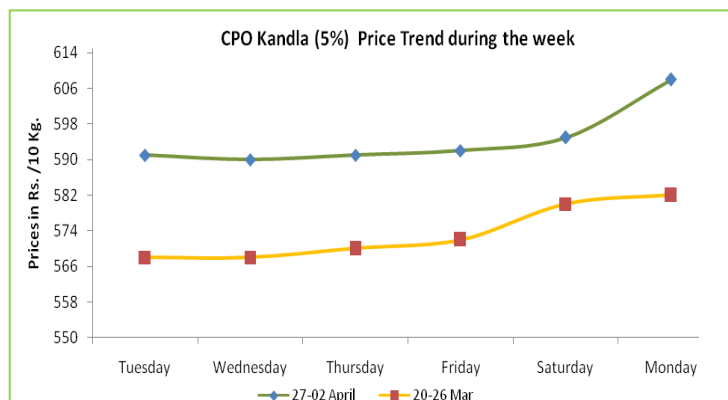
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- As per USDA crop planting report, US Soybean growers estimated to plant 73.9 million acres in 2012, down 1 percent as compared to last year. Soy acreage is expected to shift in corn due to drought conditions that have continued from last year into early March. Low acreage estimate for US soybean crop for current season and low production from South American countries would likely to support the soy and soy oil prices in medium term.

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.		

Palm Oil: **Domestic Fundamentals:-**

- CPO Kandla 5% prices surge in major cash markets during the week on bullish Malaysian palm oil export figures and good demand for ready to use palm oil in the spot markets.
- India's palm oil products imports during the March from Malaysia rose 16.7 per cent to 127,580 MT as compared to previous month's imports.
- We expect CPO kandla 5% prices are likely to surge in the coming days due to better buying interest. Market participants eyed on the upcoming Malaysian 1-10 palm oil products export figures and MPOB report on palm oil ending stock in Malaysia on April 10.



International Fundamentals:-

- Palm oil products exports from Malaysia for the period of March rose by 3.5 per cent to 1,211,211 tons from 1,170,698 tons shipped during Feb. – SGS.

Breakdown of SGS palm export figures for March compared to a month ago (in tons):

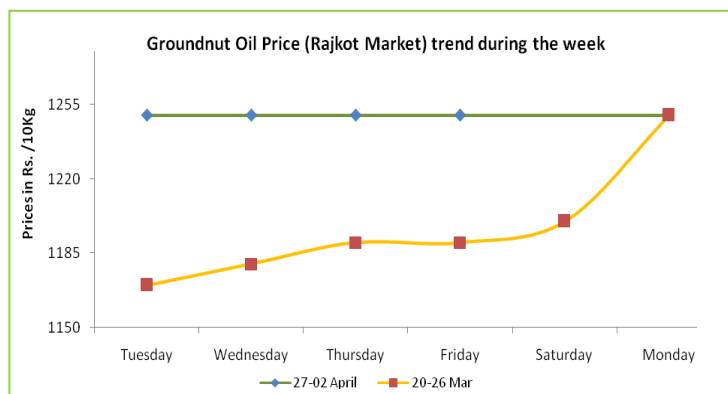
Palm Products	March	Feb	%Change
Crude palm oil	316,134	153,301	106.2
RBD palm oil	89,559	107,538	-16.7
RBD palm olein	463,034	621,965	-25.6
RBD palm stearin	138,821	86,545	60.4
Crude palm kernel oil	16,500	6,900	139.1
Processed palm kernel oil	38,998	48,915	-20.3
Oleochemicals	44,200	51,148	-13.6

Top Palm Products Importers	March	Feb	%Change
European Union	243,375	158,191	53.8
China	259,730	307,170	-15.4
Pakistan	60,500	22,500	168.9
United States	114,640	97,154	18.0
India	127,580	109,325	16.7

- Malaysia's February palm oil ending stocks rose 2.0 percent to 2,059,693 tons as compared to January 2,019,005 tons.
- Soy crop damages in South American countries amid bullish USDA crop prospective plantings report would likely to support CPO prices in the coming week. However, market participants await the upcoming Malaysian 1-10 April palm oil products export figures, which may confirm new directional moves.

Groundnut Oil:
Domestic Fundamentals:-

- Groundnut oil prices stood steady during the week at Rajkot because of low demand for G/N oil. However, low availability of G/N seed may support G/N oil prices in days ahead.
- According to Saurashtra Oil Millers Association, five out of two hundred fifty mills in Saurashtra are working currently due to shortage of groundnut for crushing. Good demand for G/N seed from China and European countries add spillover support to the G/N oil seed and 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 may touch Rs 1300 per 10 Kg level in the coming days on low availability of G/N seed.

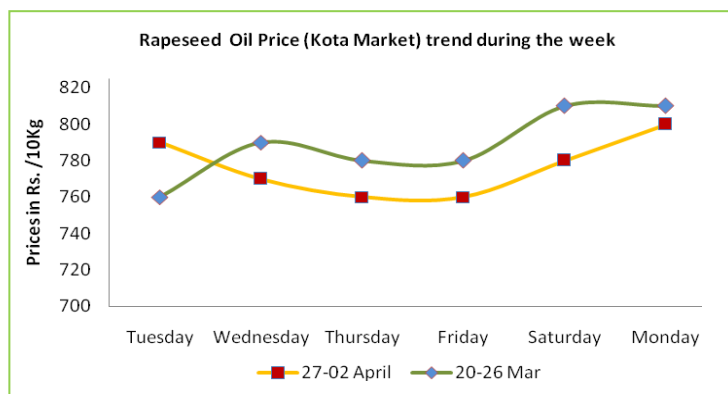


Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1280-1310 per 10 Kg.

Rapeseed oil:
Domestic Market Fundamentals

- RM seed oil traded with a weak tone during the week. Spot market RM oil prices fell by 1.48 per cent to Rs. 777 per 10 kg compared to previous week average prices.
- RM seed fundamentals are supportive on lower Rabi oil seed output and drop in global soybean production, which adds bullishness to the market. However, market participants are worried about the restrictions on futures trade in soybean and rapeseed this may cool off the RM seed and RM oil prices.
- Global production of rapeseed and canola may fall 1.8 percent to 59.6 million tons because 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 750-770 per 10 Kg.

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

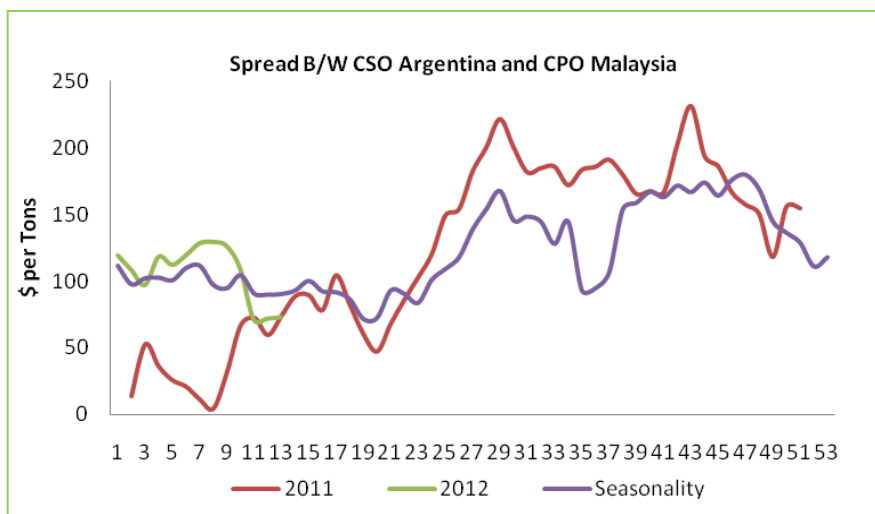


Average weekly spread between CSO Indore and CPO Kandla (5%) widen during the week and stood at Rs 107/10 Kg compared to 97/10 Kg during the previous week. Breakout notices in weekly spread between CSO Indore and CPO Kandla 5%. Low Rabi oilseed crop and bullish Malaysian palm products export figures would support the palm oil prices in spot market. However, market is due for correction in days ahead due to lean season.

Outlook and Strategy :-

We expect spread to narrow further to some extent and may hover in between Rs 74/10Kg to 80/10 Kg. Market participants are advisable to liquidate their CPO stock at Rs 612-618/10 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\$ 73 per MT compared to previous week average of US\$ 72 per MT. FOB quotes of CPO Malaysia stood steady during the week. We expect spread likely to stay range bound. Spread likely to narrow in days ahead on higher relative gain in palm oil prices compared to crude soy oil prices.

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

Landed Cost Calculation as on 2/04/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1182.01	1233.7	1146.39
Freight (USD/MT)	65	55	50
C & F	1247.0	1288.7	1196.4
Weight loss (0.25% of FOB)	2.96	3.08	2.87
Finance charges (0.4% on CNF)	4.73	4.93	4.59
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1258	1301	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	50.81	50.81	50.81
Landed cost without customs duty in INR per ton	63941	66083	61350
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	64377	66519	61786
Domestic Market price INR per ton Soy Degum Kandla	68500	68500	68500
Total landed cost USD per ton	1267	1309	1216
Domestic Market price USD per ton Soy Degum Kandla	1348	1348	1348
Parity INR/MT (Domestic - Landed)	4123	1981	6714
Parity USD/MT (Domestic - Landed)	81.14	38.99	132.15
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 (Futures) RSO (Refined Soybean Oil April Contract)



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

- ❖ Weekly chart of refined soy oil at NCDEX shows a bullish phase in the prices. However, prices are likely to be in range.
- ❖ Any close below 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: Market participants are advised to go long in RSO in the range of 752.00-755.00 for a target of 763.00 and 766.00 with a stop loss at 747 on closing basis.

RSO NCDEX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
738.00	742.00	756.00	769.00	774.00

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



Outlook - Prices are likely to trade with a steady to firm tone for short term. Investors are suggested to long on dips. Risk averse investors may 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 be firm in days ahead.
- ❖ Any close below 602 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 604.00-618.00 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: Buy CPO in MCX (May contract) in the range of 604-605 for a target of 615 and 618 with a stop loss at 600 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
592.00	595.00	610.00	622.00	630.00

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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