

Domestic Veg. Oil Market Summary:

- Edible oil basket stood firm during the week on tight global edible oilseed supply and bullish Malaysian palm products export figures support the edible oil cash markets.
- As per the notification issued by the Gujarat government, wholesale edible oil traders can now store up to 600 quintals or 4,000 tins (a tin of 15 lts) of edible oils. Moreover, storage limit for retail edible oil traders is set at 45 quintals or 300 tins and stock limit for oilseeds kept at 2000 quintals for wholesale stockiest and 100 quintals for retail traders.
- The open position limits for Ref soy oil revised for all member & clients, effective from 10 April 2012. The revised aggregate limits for all contracts of RSO traded on all Exchanges (MT) for member is 85,000 MT and for client is 17,000 MT. Meanwhile, the new near Month limits for contracts of RSO traded on all Exchanges for member is 20000 MT and a client is 4000 MT.
- Looking forward, we expect edible oil prices to remain firm on bullish palm and soybean fundamentals in medium term. However, market is due for correction.

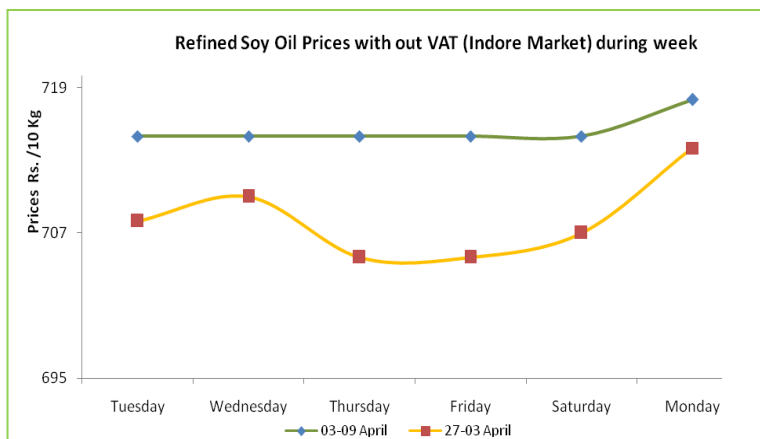
International Veg. Oil Market Summary:

- Informa Economics cuts its Brazil's soybean crop estimate by 1.5 million tons to 66.5 million tons. The firm also lowered its Argentine soy crop estimate to 45 million tons, from 47.5 million previously.
- Argentine grains exchange kept its forecasts unchanged for soy output in 2011/12 at 45 million tons. Farmers have harvested 13 percent of soybean area, up 7.7 percent compared to week ago and the average yield is about 2.3 tons per hectare. Market participants eyed on the late seeded soy crop yield in the central southern areas.
- As per MPOB latest report, Malaysian palm oil ending stock for March drop 5 percent to 1,959,240 tons from a revised 2,062,065 tons in February. As per UkrAgroConsult, Bulgarian winter rapeseed harvest may decline by as much as 31 percent in 2012 compared to previous year.
- 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).

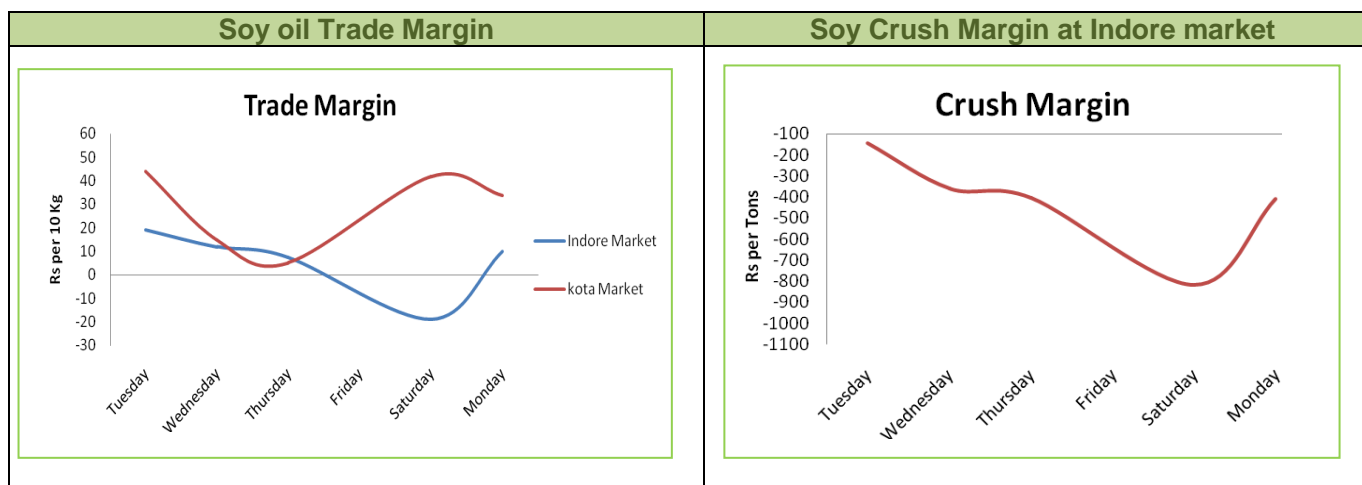
Soy oil:

Domestic Fundamentals:-

- Soy oil prices at its benchmark market Indore traded with a firm tone during the week on lower than expected South American crop output and good demand for palm oil in spot market. However, retail demand was need based.
- The open position limits for Ref soy oil revised for all member & clients, effective from 10 April 2012. The revised aggregate limits for all contracts of RSO traded on all Exchanges (MT) for member is 85,000 MT and for client is 17,000 MT. Meanwhile, the new near Month limits for contracts of RSO traded on all Exchanges for member is 20000 MT and a client is 4000 MT.
- Average crush disparity during the week under review was -427/ton compared to -322/ton during previous week. Indore market will remain closed for 3-4 days in protest against implementation of stringent provisions of Food Security Act of 2006.



Soy crush margin and Soy oil Trade Margin analysis :-



Outlook – Indore trade margin disparity widens during the week and hover in between negative and positive zone due to higher soybean prices. Soy crush margin also widen during the week on lower relative gain in soy meal and soy oil prices compared to soybean prices. However, soy meal prices gains significantly on Monday's trading session anticipating good demand from South east Asian countries. We expect crush margin disparity narrower in days ahead due to high demand for soy meal and good soy oil realization.

International Fundamentals:-

- Informa economics cuts its Brazil's soybean crop estimate by 1.5 million tons to 66.5 million tons. The firm also lowered its Argentine soy crop estimate to 45 million tons, from 47.5 million previously.
- Argentine grains exchange kept its forecasts unchanged for soy output in 2011/12 at 45 million tons. Farmers have harvested 13 percent of soybean area, up 7.7 percent compared to week ago and the average yield is about 2.3 tons per hectare. Market participants eyed on the late seeded soy crop yield in the central southern areas.
- 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).

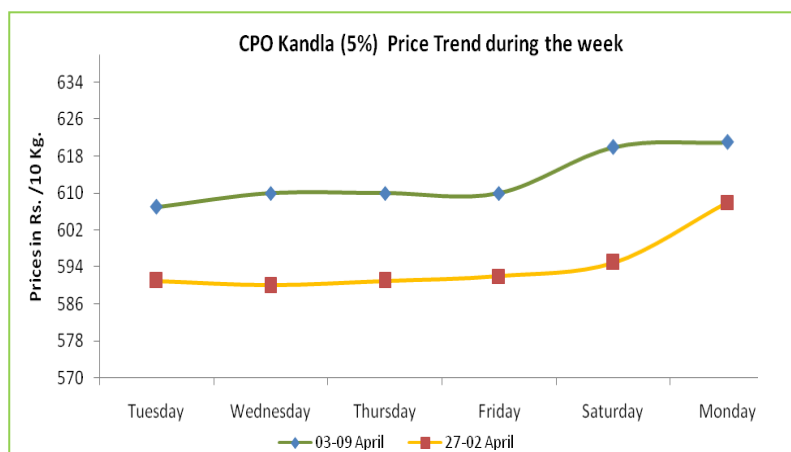
Soy oil Trade Margin :-

Values in Rs per 10Kg	Soy oil Trade Margin on 8 TH April 2012	Soy oil Trade Margin on 7 TH March 2012
Indore	10	-27
Kota	34	22
Outlook – We expect soy crushing would be low in days ahead in Indore market due to strike in MP.		

Palm Oil:

Domestic Fundamentals:-

- Palm oil prices significantly surge in spot market during the week on tight supply of edible oilseeds in domestic as well as in international 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.
- Low Rabi oilseed output in India and good demand for ready to use palm oil would support palm oil prices in the coming week. However, market is due for correction due to lean season.



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

- As per MPOB latest report, Malaysian palm oil ending stock for March drop 5 percent to 1,959,240 tons from a revised 2,062,065 tons in February. MPOB figures exceed the market expectations, which would likely to support the CPO at BMD futures in days ahead for short term. Detail of the Malaysian Palm Oil Board Figures (2012) is as follows:

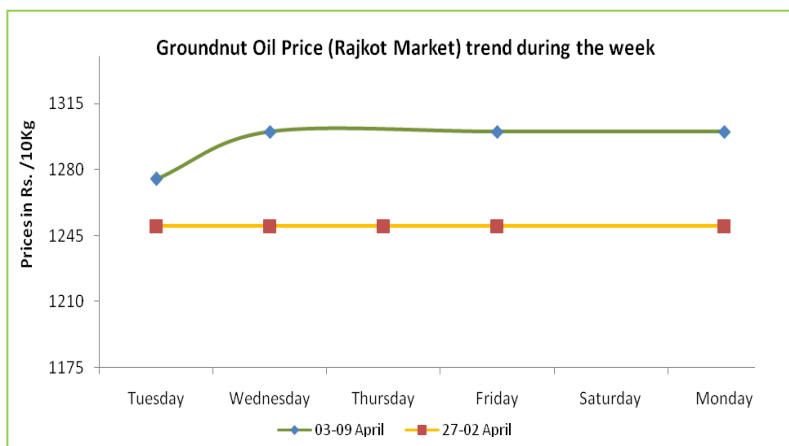
Malaysian Palm Oil Board Figures (2012)			
(Quantity in tons)	March	February	% Change
Production	1211244	1185939	+2.13%
Import	27908	129344	-78.42%
Export	1342650	1211354	+10.84%
Ending Stock	1959240	2062065	-4.99%

- Demand for palm oil in the coming couple of months would be good on upcoming Middle East and Asian festivities and lower production phase of fresh fruit bunches of palm would support the edible oil market sentiment.

Groundnut Oil:

Domestic Fundamentals:-

- Groundnut oil prices traded at 52 weeks high at Rajkot on low availability of G/N seed in the spot market amid higher export demand from China and European countries add spillover support to the G/N oil seed and G/N oil prices.
- As per the notification issued by the Gujarat government, wholesale edible oil traders can now store up to 600 quintals or 4,000 tins (a tin of 15 lts) of edible oils. Moreover, storage limit for retail edible oil traders is set at 45 quintals or 300 tins and stock limit for oilseeds kept at 2000 quintals for wholesale stockiest and 100 quintals for retail traders.
- The oil millers can store raw materials (G/N seed) equivalent to their two months requirement or one sixth of their annual raw material requirements. However, edible oil stock limit is set at one twelfth of their annual requirement of stock.

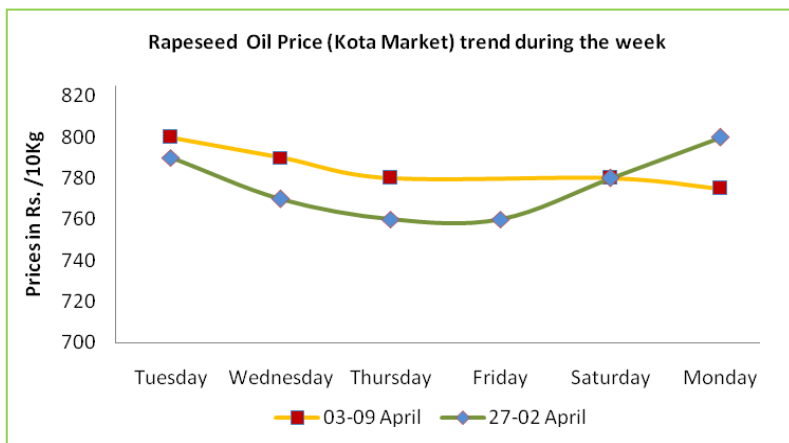


Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1230-1270 per 10 Kg.

Rapeseed oil:
Domestic Market Fundamentals

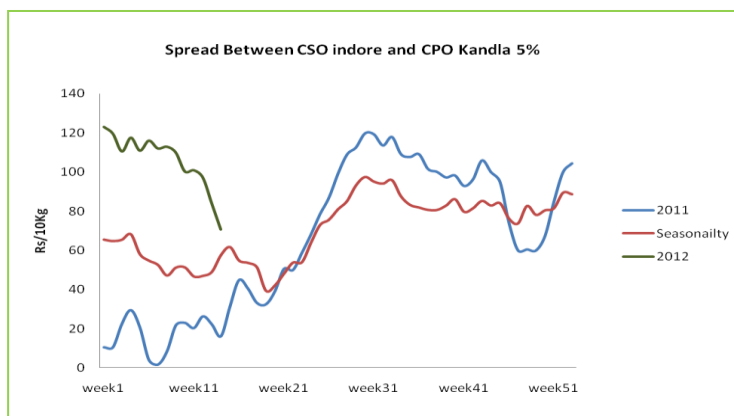
- RM seed oil fell in the major spot markets during the week on higher RM seed arrivals. RM seed fundamentals are supportive on lower Rabi oil seed output and drop in global soybean production, which adds bullishness to the market. However, market participants are worried about the restrictions on futures trade in soybean and rapeseed this may cool off the RM seed and RM oil prices further.
- As per UkrAgroConsult, Bulgarian winter rapeseed harvest may decline by as much as 31 percent in 2012 compared to previous year on dry autumn and winter frost. Bulgaria may harvest 360,000 metric tons to 400,000 tons of winter rapeseed this year.
- 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 733-760 per 10 Kg.

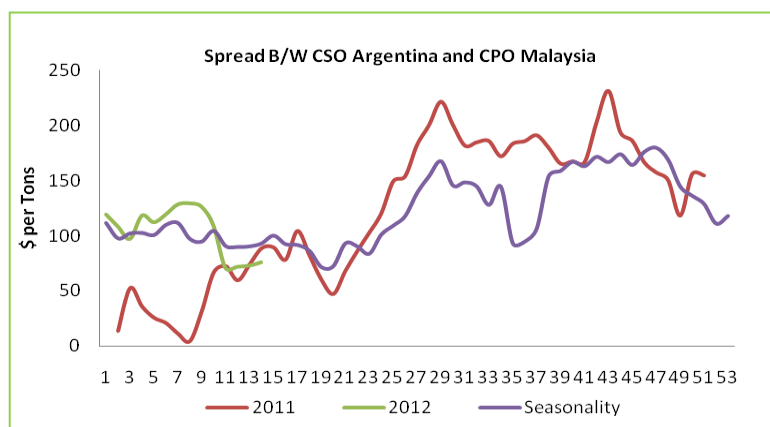
Spread Status between CSO Indore and CPO Kandla 5%: (Rs/10 Kg)



Average weekly spread between CSO Indore and CPO Kandla (5%) narrower during the week and stood at Rs 71/10 Kg compared to 84/10 Kg during the previous week. 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 60/10Kg to 70/10 Kg. Market participants are advisable to liquidate their CPO stock at Rs 625/10 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\$ 76 per MT compared to previous week average of US\$ 73 per MT. FOB quotes of CPO Malaysia stood steady during the week. However, CSO Argentina price surge 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 09/04/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1254.00	1248.00	1212.53
Freight (USD/MT)	65	55	50
C & F	1319.0	1303.0	1262.5
Weight loss (0.25% of FOB)	3.14	3.12	3.03
Finance charges (0.4% on CNF)	5.02	4.99	4.85
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1331	1315	1274
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	51.27	51.27	51.27
Landed cost without customs duty in INR per ton	68246	67421	65328
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	68682	67857	65764
Domestic Market price INR per ton Soy Degum Kandla	69000	69000	69000
Total landed cost USD per ton	1340	1324	1283
Domestic Market price USD per ton Soy Degum Kandla	1346	1346	1346
Parity INR/MT (Domestic - Landed)	318	1143	3236
Parity USD/MT (Domestic - Landed)	6.20	22.29	63.11

Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture

Outlook:-

Import parity for crude soy oil is in positive side because of higher domestic prices as compared to international prices. We expect import parity continue to be on the positive side in the coming week. Meanwhile, depreciating INR against USD may lower import parity.

Technical Analysis (Futures)

RSO (Refined Soybean Oil April Contract)



Outlook – Prices are likely to trade with a range bound in the coming week. 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 in days ahead.
- ❖ Any close below 755 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 762-777 level in near to medium term. RSI shows no evidence of divergence in line with the ref. soy oil prices.

Strategy: Market participants advised to go long in RSO in the range of 762-764 for a target of 777.00 and 779.00 with a stop loss at 755 on closing basis.

RSO NCDEX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
750.00	754.00	779.35	789.00	794.00

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 suggested to buy 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 622-635 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 622-624 for a target of 633 and 635 with a stop loss at 617 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
609.00	614.00	631.00	642.00	646.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		9.4.2012	3.4.2012	
Refined Soybean Oil	Kota(Loose)	740	735	5
	Rajkot (Loose)	715	710	5
	Jaipur (Loose)	730	730	Unch
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	775	780	-5
	Kakinada	-	-	-
	Mumbai +VAT	730	715	15
	Indore	718	715	3
	Soy Degum Mumbai+VAT	690	685	5
	SoyDegum Kandla/Mundra+VAT	690	685	5
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	761	746	15
	Amrawati (Loose)	761	746	15
	Jalna	752	741	11
	Nagpur	771	756	15
Palm Oil	Chennai.RBD.Palmolein.(Loose)	655	635	20
	Hyd. RBD Palmolein VAT	705	680	25
	Delhi RBD Palmolein (Loose)	715	705	10
	Kandla CPO (5%FFA)	621	607	14
	Kakinada.RBD.Palmolein(Loose)	651	636	15
	Mumbai RBD Pamolein+ VAT	660	640	20
	Kandla RBD Palmolein +VAT	660	640	20
Refined Sunflower Oil	Mumbai + VAT	735	715	20
	Kandla/Mundra	665	660	5
	Erode (Exp. Oil)+VAT	720	705	15
	Hyderabad Exp +VAT	721	696	25
	Chennai (Loose)	735	720	15
	Bellary (Exp. Oil)+VAT	656	641	15
	Latur (Exp. Oil)+VAT	671	661	10
	Chellakere (Exp. Oil)+VAT	671	652	19
Groundnut Oil	Rajkot (Loose)	1300	1250	50
	Chennai (Loose)	1120	1100	20
	Delhi (Loose)	1310	1275	35
	Hyderabad Exp +VAT	1130	1076	54
	Mumbai + VAT	1255	1235	20

	Gondal+VAT	1280	1250	30
	Jamnagar +VAT	1280	1260	20
	Narsarropeth+VAT	1066	1061	5
	Prodattour+VAT	1071	1076	-5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	810	815	-5
	Alwar (Expeller Oil)(Loose)	821	796	25
	Kota (Expeller Oil) (Loose)	775	800	-25
	Jaipur (Expeller Oil) (Loose)	800	810	-10
	Delhi (Exp. Oil) (Loose)	825	850	-25
	SriGangaNagar(ExpOil-Loose)	806	831	-25
	Hapur+VAT	815	820	-5
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	860	870	-10
Refined Cottonseed Oil	Mumbai +VAT	710	700	10
	Rajkot (Loose)	705	705	Unch
	Delhi (Loose)	690	685	5
	Hyderabad (Loose)	715	700	15
Sesame Oil	Delhi	835	830	5
	Mumbai	740	740	Unch
Coconut Oil	(Crude Rs/10kg) - Erode	-	-	-
	(Refined Rs/15 kg) – Erode	-	-	-
	(Crude Rs/10kg) - Kangayan	680	635	45
	(Refined Rs/15 kg) – Kangayan	-	-	-
Kardi	Mumbai	930	910	20
Rice Bran Oil (40%)	Delhi	630	630	Unch
	Punjab	600	585	15
Rice Bran Oil (70%)	Delhi	550	540	10
Malaysia Palmolein USD/MT	FOB (March Shipment)	1193	1185	8
	CNF(March) - India	1225	1210	15
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	1170	1160	10
	CNF(March) - India	1205	1190	15
Argentina FOB (\$/MT)		9.4.2012	3.4.2012	Change
Crude Soybean Oil Ship (April)		1254	1231	23
Refined Soy Oil (Bulk) Ship (April)		1297	1274	23
Sunflower Oil Ship (April)		1170	1155	15
Cottonseed Oil Ship (April)		1234	1211	23
Refine Linseed Oil(Bulk) Ship (April)		1274	1251	23

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