

### **Domestic Veg. Oil Market Summary:**

- *Edible oil basket showed correction from higher levels during the week on slack demand and bearish Malaysian palm oil export figures.*
- *As per Solvent Extractors Association of India, Vegetable oils (edible & non-edible) imports of during March 2012 is reported at 727,706 tons compared to 876,669 tons in February 2012, down 16.9 percent comprising of 702,335 tons of edible oils and 25,371 tons on non-edible oils.*
- *MMTC has tender to buy 18000 tons (+/- 2%) of RBD Palmolein (Edible Grade) in Bulk) to be imported for the port of Kakinada 12,000 MT (+/- 2%) and Krishnapatnam 6,000 MT (+/- 2%) sourced from Indonesia and/or Malaysia, bidding closed on 23 April, 2012.*
- *G/N oil prices soften in major cash markets due to strict action against stockiest by Gujarat government by imposing stock limit on G/N seed and G/N oil.*
- *We expect G/N oil prices may further drops on limited fresh buying by resellers and dull demand from retail side, which added bearish hue to the market sentiments.*
- *Bearishness will continue in edible oil complex in days ahead on non-aggressive buying and lean season. However, depreciating INR against USD and tight global oilseed supply would limit downside.*

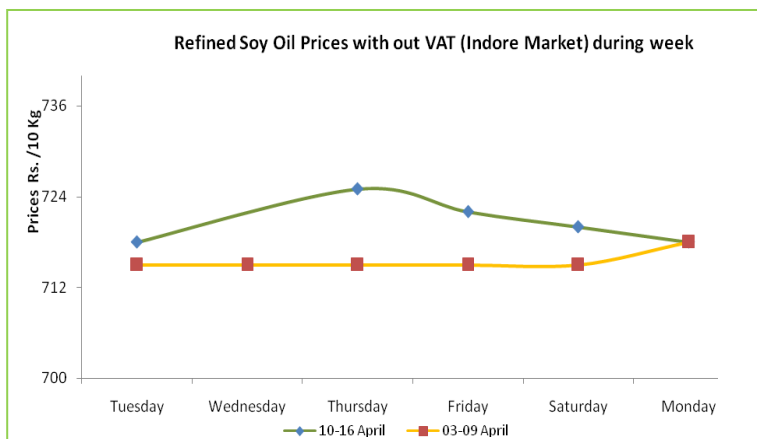
### **International Veg. Oil Market Summary:**

- *Malaysian palm oil products exports for April 1-15 fell 13.5 percent to 606,804 tons from 701,536 tons shipped during March 1-15. - SGS*
- *As per latest USDA's WASDE report, Global oilseed output for 2011/12 estimated to 440.6 million tons, fell 1.16 percent compared to previous month estimate.*
- *China's quarterly (January-March) soy imports stood at 13.33 million tons, up 21 percent to compared to year ago on rising demand from the domestic animal feed industry.*
- *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.*
- *Indonesia raised crude palm oil tax for April by 1.5 percent to 18 percent and hiked RBD palmolein export tax to 9 percent versus 8 percent in March.*
- *European Union rapeseed crop seen at 19.2 million tons up 0.1 million tons compared to last year and down from 2010 which was 21 million tons.*
- *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 expected to fall in 2011/12 to 90.8Mln T - (IGC).*

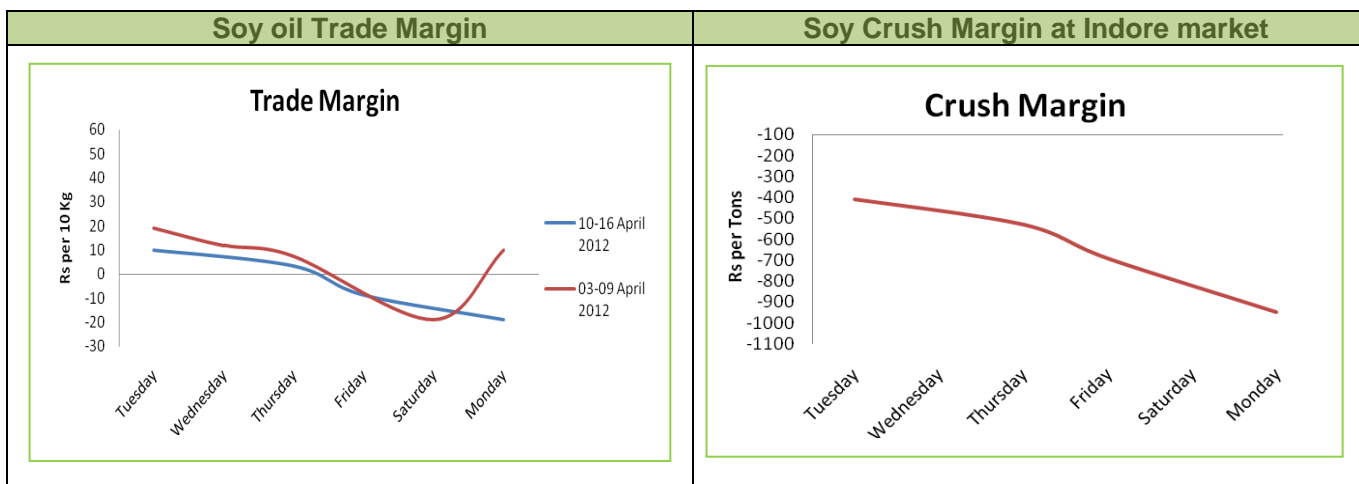
### Soy oil:

#### Domestic Fundamentals:-

- Soy oil prices at its benchmark market Indore traded with a steady to weak tone during the week on bearish global macroeconomic factors. Moreover, slack demand and unattractive crush margins add fuel to the bearishness.
- As per Solvent Extractors Association of India, Vegetable oils (edible & non-edible) imports of during March 2012 is reported at 727,706 tons compared to 876,669 tons in February 2012, down 16.9 percent comprising of 702,335 tons of edible oils and 25,371 tons on non-edible oils.
- Soy oil (degummed) imports rose 28.1% to 100,615 MT compared to February due to positive import parity from South American countries.
- Average crush disparity during the week under review was -542/ton compared to -432/ton during previous week. We expect a continued downwards rally in refined soy oil Indore prices in the coming week.



#### Soy crush margin and Soy oil Trade Margin analysis Indore Market :-



**Outlook –** Indore trade margin disparity widens during the week and hover in between negative zone due to higher soybean prices. Soy crush margin also widen during the week on higher relative gain in soybean prices compared to stable soybean meal prices. However, soy oil prices fell in major cash markets on dull demand. We expect crush margin disparity narrower in days ahead due to high export demand for soy meal and anticipating correction in soybean prices.

#### International Fundamentals:-

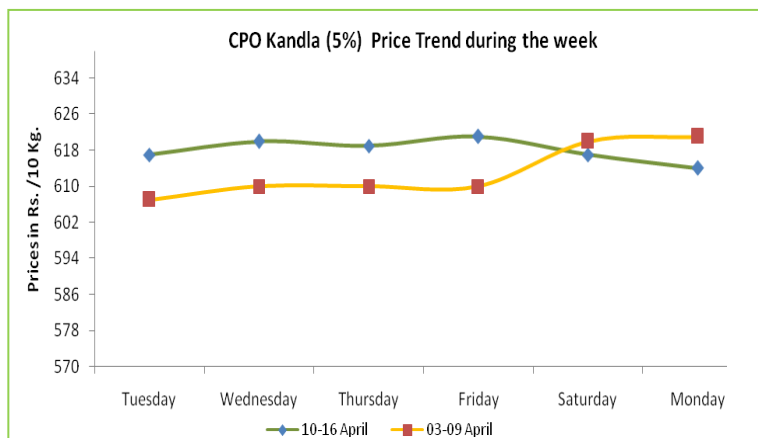
- As per latest USDA's WASDE report, Global oilseed output for 2011/12 estimated to 440.6 million tons, fell 1.16 percent compared to previous month estimate. USDA lowers Argentina's soy production by 1.5 million tons to 45 million tons and cuts Brazil's soy output estimate to 66 million tons due to lack of rainfall in the southern state of Rio Grande do Sul. Estimate in the month of March was 68.50 million tons.
- Argentina is likely to harvest 44.0 million tons of soy in 2011/12, the figure is down from a previous estimate of 45.0 million tonnes citing drought in the soy-growing region - Buenos Aires Grains Exchange.
- China's quarterly (January-March) soy imports stood at 13.33 million tons, up 21 percent to compared to year ago on rising demand from the domestic animal feed industry. As per Chinese report, soy acreage is likely to fall 11.2 percent this year as many farmers in the northeast provinces of Heilongjiang and Inner Mongolia have shifted to growing corn.

**Price Outlook:** We expect refined soy oil at Indore (without VAT) to stay in the range of 712.00-721.00 per 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- Palm oil prices stay range bound with a weak bias in spot market during the week on thin trading activities and bearish international markets.
- MMTC has tender to buy 18000 tons (+/- 2%) of RBD Palmolein (Edible Grade) in Bulk) to be imported for the port of Kakinada 12,000 MT (+/- 2%) and Krishnapatnam 6,000 MT (+/- 2%) sourced from Indonesia and/or Malaysia, bidding closed on 23 April, 2012.
- India's crude and refined palm oil imports fell in March by 22.50 and 38.6 percent on M-o-M basis respectively due to higher prices in international markets and failed to revise the import duty by Indian government against changes in Indonesian export duty.



#### International Fundamentals:-

- Malaysian palm oil products exports for April 1-15 fell 13.5 percent to 606,804 tons from 701,536 tons shipped during March 1-15. – SGS.

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

Palm Products	1-15 April	1-15 March	%Change
Crude palm oil	183080	167484	+9.3
RBD palm oil	38292	36639	+4.5
RBD palm olein	268107	302274	-11.3
RBD palm stearin	26104	77276	-66.2
Crude palm kernel oil	11000	2000	+450.0
Processed palm kernel oil	17916	19998	-10.4
Oleochemicals	22160	31130	-28.8

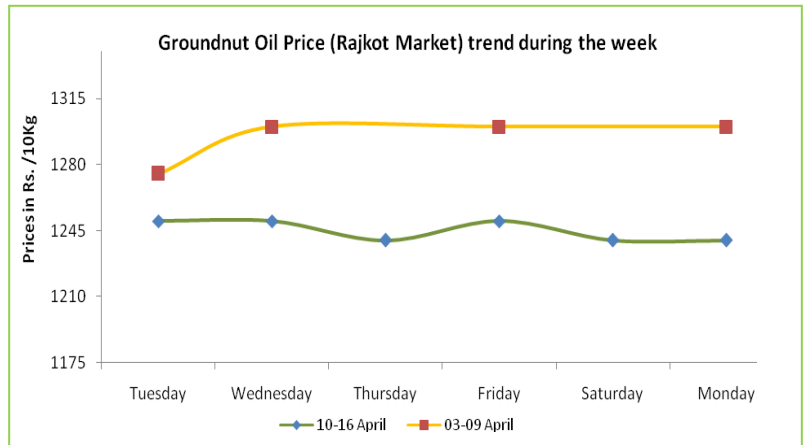
Importers	1-15 April	1-15 March	%Change
EU	139184	138255	+0.7
China	131060	152500	-14.1
Pakistan	43200	37500	+15.2
US	11945	81050	-85.3
India	109800	18700	+487.2

- 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.
- Indonesia raised crude palm oil tax for April by 1.5 percent to 18 percent and hiked RBD palmolein export tax to 9 percent versus 8 percent in March.
- Low Malaysian palm products export figures and slow global economic growth may curb excessive gains in near term. However, considering seasonality of South East Asian countries palm yield will decline in coming months, which may crunch supplies.

**Price Outlook:** We expect refined soy oil at Indore (without VAT) to stay in the range of 608.00-619.00 per 10 Kg in the near term.

### Groundnut Oil: Domestic Fundamentals:-

- G/N oil prices soften at Rajkot market on lackluster fresh buying activities and stock limit imposed by Gujarat government. Domestic Rajkot groundnut oil declined during the week and prices fell by 2.44 per cent to Rs. 766 per 10 kg w-o-w (average prices of week).
- Limited fresh buying and dull demand for G/N oil may weigh on the prices in days ahead. However, good demand for G/N seed from South East Asian countries would limit downside – Rajkot Based trader.
- Arrivals of new G/N crop from southern states of India would likely to hit in coming 10-15 days, which may further add bearishness to the market. More G/N oil offloading expected from stockiest in the coming days as the Civil Supply Department has been strictly implementing the stock limit, which would pressurize G/N oil prices in Rajkot.

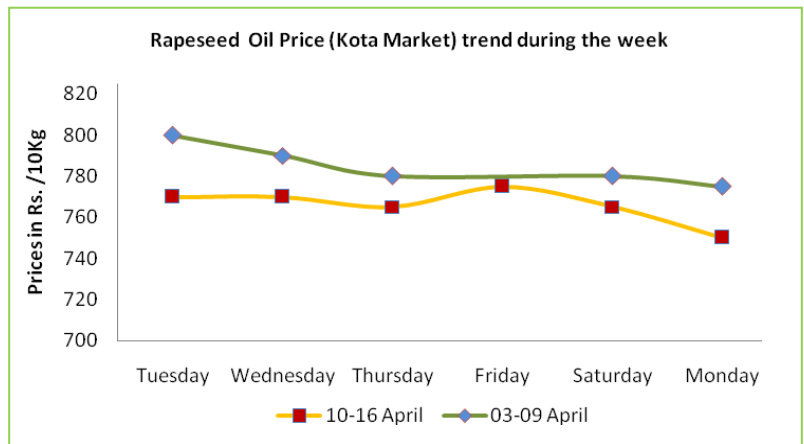


### Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1200-1240 per 10 Kg.

### Rapeseed oil: Domestic Market Fundamentals

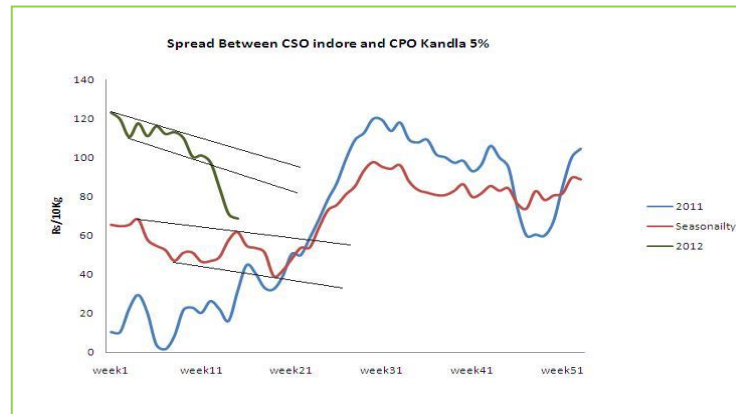
- RM seed oil fell significantly in the major spot markets during the week on dull demand and lackluster buying activities.
- Indian Govt. asked for a report from Consumer Affairs Department, on seven commodities including RM seed in ten days to decide on Ban on Future trading. Indian Govt. also looks towards providing benefits to both farmers and hedgers by better alignment of future and physical markets.
- On international front, European Union rapeseed crop seen at 19.2 million tons up 0.1 million tons compared to last year and down from 2010 which was 21 million tons. Global production of rapeseed and canola may fall 1.8 percent to 59.6 million tons due to low output in the European Union, India, and China – Oil World.
- As per AAFC, Rapeseed acreage for 2012/13 is likely to rise by 13 percent to 140 thousand ha due to higher prices and tight global rapeseed supply.
- We expect RM seed oil prices soften in the coming week on low demand from retail side and bearish oil complex.



### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 725-740 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 69 per 10 Kg compared to 71/10 Kg during the previous week. Bearish Malaysian 1-15 April palm products export figures may weigh on the domestic prices in days ahead. However, tight South American soy supply would limit excessive losses.

#### Outlook and Strategy :-

We expect spread to narrow further to some extent and may hover in between Rs 66/10Kg to 75/10 Kg. Market participants are advisable to liquidate their CSO stock at Rs 687-690/10 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\$ 107 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 showed high volatile price action with positive bias during the week. We expect spread likely to narrow to some extent with a resistance level of US\$ 125 per MT. Spread may hover in between Rs 90/10Kg to 112/10 Kg.

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

<b>Landed Cost Calculation as on 16/04/2012</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	1250.00	1245.00	1190.00
Freight (USD/MT)	65	55	50
C & F	1315.0	1300.0	1240.0
Weight loss (0.25% of FOB)	3.13	3.11	2.98
Finance charges (0.4% on CNF)	5.00	4.98	4.76
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1327	1312	1251
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	51.65	51.65	51.65
Landed cost without customs duty in INR per ton	68543	67764	64638
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	68979	68200	65074
Domestic Market price INR per ton Soy Degum Kandla	69000	69000	69000
Total landed cost USD per ton	1336	1320	1260
Domestic Market price USD per ton Soy Degum Kandla	1336	1336	1336
<b>Parity INR/MT (Domestic - Landed)</b>	<b>21</b>	<b>800</b>	<b>3926</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>0.40</b>	<b>15.48</b>	<b>76.02</b>
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

**Outlook:-**

Import parity for crude soy oil is in positive territory on 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 and falling domestic soybean prices may lower import parity.

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



- ❖ Domestic soy oil prices trade with a weak note during the week. We expect RSO Indore prices may further soften in the coming week.
- ❖ Breaching the immediate resistance zone of 726.00, prices shall test 731.00 levels. RSI is in overbought zone and stayed in tune with the prices with no indication of any convergence/ divergence.
- ❖ Expected price band for next week is 712-721 level in near to medium term.

**Strategy:** Market Participants can liquidate their Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks towards Rs 721-723/10kg.

Support and Resistance				
S2	S1	PCP	R1	R2
705.00	710.00	718.00	726.00	730.00



**Technical Analysis (Spot Market Weekly Charts)**
**CPO (5%) KANDLA (Rs/10 Kg)**


- ❖ Candlesticks depict correction from higher levels in CPO prices during the week. Prices may further soften in the coming week. Any short-term impulse in the prices may act as a selling opportunity.
- ❖ Rs 606 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay on the range of 608.00-619.00 level in near term. However, breaching 621 levels may strengthen bulls rally.
- ❖ RSI stayed in tandem with the prices with no indication of any convergence/divergence.

**Strategy: Investors can liquidate CPO Kandla 5% at 616-618 level.**

Support and Resistance				
S2	S1	PCP	R1	R2
595.00	606.00	614.00	621.00	625.00



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



**Outlook – Prices are likely to trade with lower in the coming week. We recommend investors to go for short in refined soy oil in May contract from near current levels.**

- ❖ Weekly chart of refined soy oil at NCDEX showed a correction in the prices. However, prices are likely to touch lower side of the narrow channel. Breakout in narrow channel may confirm bearish phase in refined soy oil at NCDEX.
- ❖ Any close above 770 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 765.50-751.20 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 short in RSO in the range of 764-767 for a target of 755 and 753 with a stop loss at 772.00 on closing basis.

**RSO NCDEX (May)**

Support and Resistance				
S2	S1	PCP	R1	R2
748.00	751.20	764.50	776.30	780.70

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



**Outlook - Prices are likely to trade with a steady to weak tone for short term. Investors suggested sell on rise.**

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows a bearish phase in the prices. In addition to this, prices are likely to be trade weak in initial days of the week.
- ❖ Any close above 633.50 in weekly chart shall change the sentiments and might bring the prices to a bullish 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:** Sell CPO in MCX (May contract) in the range of 628.00-630.00 for a target of 619.00 and 617.00 with a stop loss at 635.00 on closing basis.

**CPO MCX (May)**

Support and Resistance				
S2	S1	PCP	R1	R2
605.00	611.00	624.60	635.90	639.30

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		16.4.2012	10.4.2012	
Refined Soybean Oil	Kota(Loose)	725	730	-5
	Rajkot (Loose)	700	710	-10
	Jaipur (Loose)	735	735	Unch
	Hyderabad+ VAT	666	-	-
	Delhi (Loose)	770	775	-5
	Kakinada	-	-	-
	Mumbai +VAT	725	725	Unch
	Indore	718	-	-
	Soy Degum Mumbai+VAT	690	685	5
	SoyDegum Kandla/Mundra+VAT	690	685	5
	Haldiya Port (Loose)	741	-	-
	Akola (Loose)	756	761	-5
	Amrawati (Loose)	756	761	-5
	Jalna	752	752	Unch
	Nagpur	771	771	Unch
Palm Oil	Chennai.RBD.Palmolein.(Loose)	650	655	-5
	Hyd. RBD Palmolein VAT	700	700	Unch
	Delhi RBD Palmolein (Loose)	710	715	-5
	Kandla CPO (5%FFA)	614	617	-3
	Kakinada.RBD.Palmolein(Loose)	646	651	-5
	Mumbai RBD Pamolein+ VAT	658	655	3
	Kandla RBD Palmolein +VAT	652	655	-3
Refined Sunflower Oil	Mumbai + VAT	735	730	5
	Kandla/Mundra	660	670	-10
	Erode (Exp. Oil)+VAT	720	720	Unch
	Hyderabad Exp +VAT	711	721	-10
	Chennai (Loose)	745	735	10
	Bellary (Exp. Oil)+VAT	656	661	-5
	Latur (Exp. Oil)+VAT	676	671	5
	Chellakere (Exp. Oil)+VAT	671	676	-5
Groundnut Oil	Rajkot (Loose)	1240	1250	-10
	Chennai (Loose)	1120	1120	Unch
	Delhi (Loose)	1250	1325	-75
	Hyderabad Exp +VAT	1125	1130	-5
	Mumbai + VAT	1245	1255	-10

	Gondal+VAT	1210	1230	-20
	Jamnagar +VAT	1210	1250	-40
	Narsarropeth+VAT	1081	1066	15
	Prodattour+VAT	1081	1081	Unch
<b>Rapeseed Oil</b>	Mumbai (Exp. Oil) +VAT	805	815	-10
	Alwar (Expeller Oil)(Loose)	813	821	-8
	Kota (Expeller Oil) (Loose)	750	770	-20
	Jaipur (Expeller Oil) (Loose)	790	790	Unch
	Delhi (Exp. Oil) (Loose)	800	810	-10
	SriGangaNagar(ExpOil-Loose)	791	811	-20
	Hapur+VAT	830	820	10
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	820	860	-40
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	700	705	-5
	Rajkot (Loose)	665	700	-35
	Delhi (Loose)	680	680	Unch
	Hyderabad (Loose)	712	725	-13
<b>Sesame Oil</b>	Delhi	850	835	15
	Mumbai	740	740	Unch
<b>Coconut Oil</b>	(Crude Rs/10kg) - Erode	-	-	-
	(Refined Rs/15 kg) – Erode	-	-	-
	(Crude Rs/10kg) - Kangayan	670	675	-5
	(Refined Rs/15 kg) – Kangayan	-	-	-
<b>Kardi</b>	Mumbai	930	930	Unch
<b>Rice Bran Oil (40%)</b>	Delhi	610	620	-10
	Punjab	595	600	-5
<b>Rice Bran Oil (70%)</b>	Delhi	540	550	-10
<b>Malaysia Palmolein USD/MT</b>	FOB (March Shipment)	1170	1190	-20
	CNF(March) - India	1195	1215	-20
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (March Shipment)	1155	1163	-8
	CNF(March) - India	1175	1190	-15
<b>Argentina FOB (\$/MT)</b>		<b>13.4.2012</b>	<b>10.4.2012</b>	<b>Change</b>
Crude Soybean Oil Ship (April)		1270	1262	8
Refined Soy Oil (Bulk) Ship (April)		1314	1306	8
Sunflower Oil Ship (April)		1205	1180	25
Cottonseed Oil Ship (April)		1250	1242	8
Refine Linseed Oil(Bulk) Ship (April)		1290	1282	8



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