

Domestic Veg. Oil Market Summary:

Edible oil basket traded with a steady to weak note during the week on lackluster buying support. However, strong recovery in first twenty days of April in Malaysian palm oil export figures compared to first fifteen days of April export figures restrict excessive losses at physical counters.

Commission on Agricultural Cost and Prices (CACP) has urged the government to raise the MSP of the soybean by 30% in the crop year 2012-13 due to rise in the input costs and encourage farmers. CACP recommends Rs 2200 per Qtl. MSP for kharif soybean 2012/2013.

As per latest USDA attaché report, vegetable oils imports are likely to grow by 2 percent to 9.7 million tons in the 2012-13 MY (Oct-Sept) consist of 7.6 million tons of palm oil, 1.1 million tons of soybean oil, 1 million tons of sunflower oil and 10,000 tons.

Rapeseed oil fell significantly in major cash markets of Rajasthan due to Rabi RM seed crop arrivals and retail demand is shifted to other cheaper edible oils (palm oil, palm olein).

We expect edible oil complex to trade range bound with a downside bias in the coming week on lower demand at physical markets. However, depreciating INR against USD and tight global oilseed supply would limit the downside risk in the prices.

International Veg. Oil Market Summary:

Edible oil prices at the benchmark market of CBOT stay range bound during the week. CBOT closed to 55.09 cents/pound (May'12 contract) as on 23 April 2012. Meanwhile, Malaysian palm oil futures stay firm and rose by MYR 83 from MYR 3415/MT to MYR 3498/MT during the week.

Argentina's government and oil world lower its Argentina soy production estimate for current season to 42.9 million tons and 44 million tons respectively due to heavy rains and hailstorms over the last month. Additionally, 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. Continuous lowering in South American crop output estimate by top analyst and good demand for soy meal in international markets may support the bulls rally in medium term.

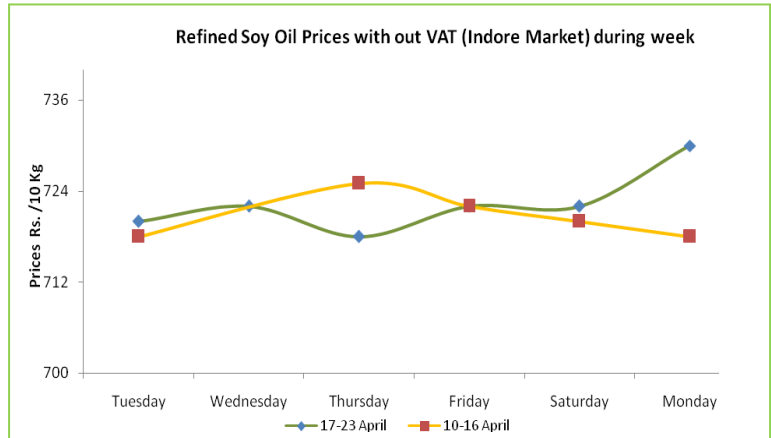
On the other hand Malaysian palm oil ending stock for March drop 5 percent to 1,959,240 tons from 2,062,065 tons in February. Additionally, South East Asian countries entering into low palm yield phase which adds fuel to the bullishness. However, slow global economic growth and weak Malaysian palm oil export figures might impedes bulls rally in the coming week.

As per oil world, European Union's rapeseed crop for 2011/12 seen at 18.48 million tons due to deep winter frosts in late February. In addition to this, poor development after a dry autumn in some regions affects the standing crop.

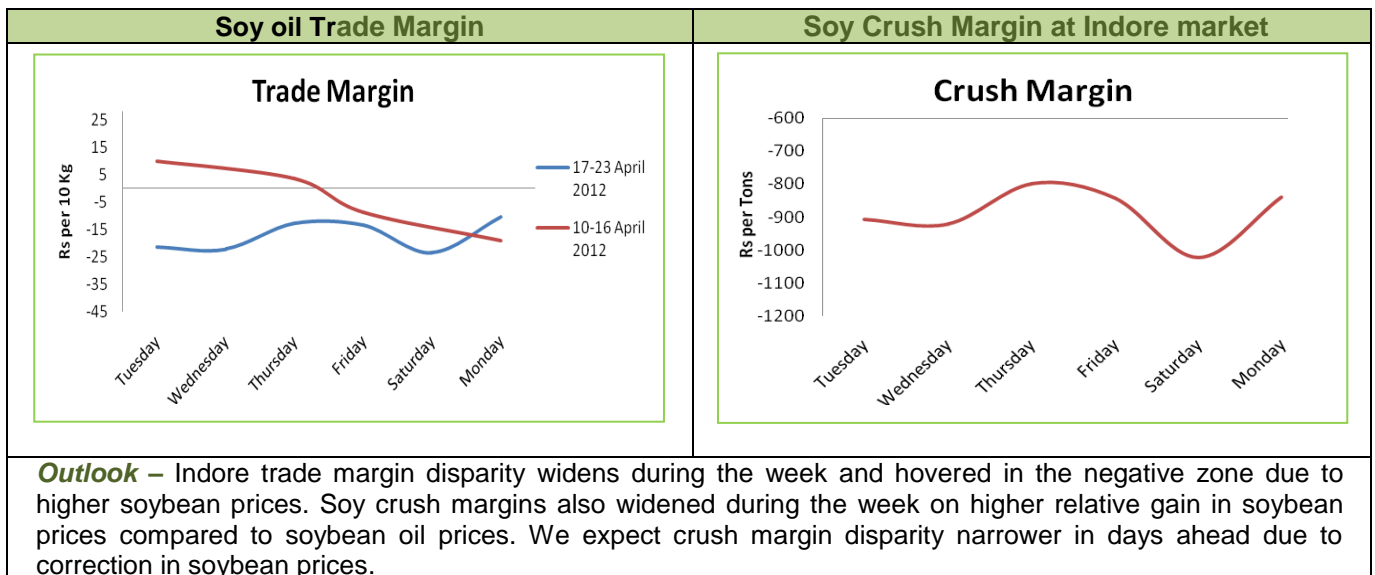
Soy oil:

Domestic Fundamentals:-

- Soy oil prices at its benchmark market Indore traded with a steady to weak tone during the week on slack buying support. However, lower than expected South American soy crop output for current season limits downside risk in the prices.
- Commission on Agricultural Cost and Prices (CACP) has urged the government to raise the MSP of the soybean by 30% in the crop year 2012-13 due to rise in the input costs and encourage farmers. CACP recommends Rs 2200 per Qtl. MSP for kharif soybean 2012/2013.
- Average trade margin (Indore Based) during the week under review was Rs -17/10Kg compared to -4/10Kg during previous week. We expect a trade margin likely to remain in negative territory in the coming week due to higher soybean prices.



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



International Fundamentals:-

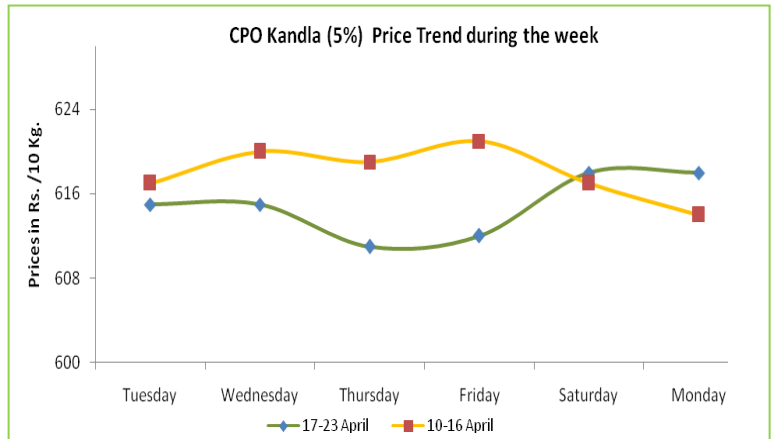
- Oil World lowers its Brazil's soybean crop output estimates by 1.5 million tonnes to 65 million tonnes compared with 75.3 million tonnes in 2011. Moreover, Oil World also lowered its Argentina's soybean crop estimate by 2.5 million tons to 44 million tons down from previous year output, which was 49.2 million tons.
- Argentina's government lowers soy production estimate to 42.9 million tons due to heavy rains and hailstorms over the last month, which leads to lower than expected yield in current season.
- Chinese soy oil imports for the month of March rose by 44.09 percent to 45,844 tons compared to the previous year same month. Moreover, as per latest Chinese report, soy acreage is likely to fall 11.2 percent this year, which may leads to further higher soy oil imports in coming months.

Price Outlook: We expect refined soy oil at Indore (without VAT) to stay in the range of 731-721 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- Palm oil prices traded with a steady to weak note during the week tracking weak Malaysian 1-20 palm products export figures and non-aggressive buying in cash market.
- As per latest USDA attaché report, vegetable oils imports are likely to grow by 2 percent to 9.7 million tons in the 2012-13 MY (Oct-Sept) consist of 7.6 million tons of palm oil, 1.1 million tons of soybean oil, 1 million tons of sunflower oil and 10,000 tons.
- Depreciating Indian rupee traded at 2 months low (Rs 52.51 as on 23 April, 2012) during the week forced local refiners to raise the prices of imported palm oil products. However, lean season and need based buying limits excessive gains.
- Palm oil in cash market is likely to trade with a mixed tone in the coming week on low demand in physical market. On the other side, South East Asian countries entering into low palm output phase which may limit downside in the palm oil prices.



International Fundamentals:-

- Palm oil products exports from Malaysia for the period of first twenty days of April fell by 5.3 per cent to 839,829 tons from 886,706 tons shipped during first twenty days of March - SGS.

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

Palm Products	1-20 April	1-20 March	%Change
Crude palm oil	252180	242684	3.9
RBD palm oil	50392	63019	-20.0
RBD palm olein	362517	355034	2.1
RBD palm stearin	45539	92976	-51.0
Crude palm kernel oil	11000	3500	214.3
Processed palm kernel oil	32461	20798	56.1
Oleochemicals	29860	32080	-6.9

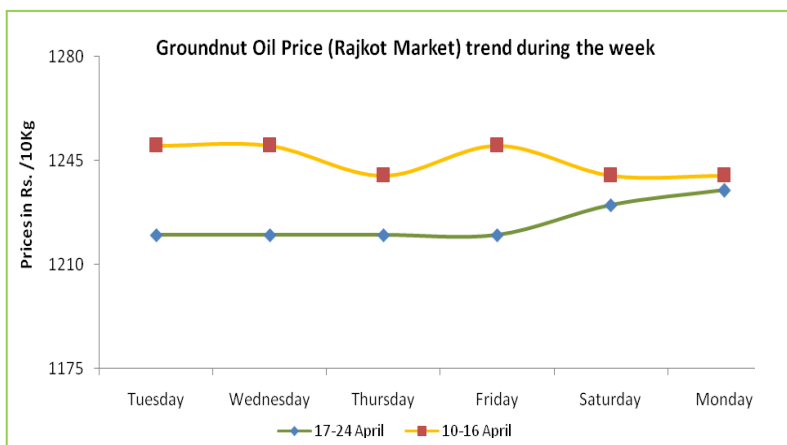
Importers	1-20 April	1-20 March	%Change
EU	193554	167885	15.3
China	163760	179450	-8.7
Pakistan	53200	37500	41.9
US	63530	90190	-29.6
India	132800	84650	56.9

- As per the latest USDA attaché report, Indonesian CPO output is expected to rise by 5.9 percent from 25 MMT in MY 2011/2012 compared to previous year. Moreover, CPO output will further rise to 26.4 MMT in MY 2012/2013 on area expansion of oil palm and minor yield improvements.
- As per MPOB latest report, Malaysian palm oil ending stock for March dropped 5 percent to 1,959,240 tons from the 2,062,065 tons in February.
- Lower than expected South American crop output and South East Asian countries entering into low palm yield phase may support international palm oil markets. However, weak palm oil export figures and European Union debt crisis may cap on excessive gains.

Price Outlook: We expect CPO Kandla 5% (without VAT) to stay in the range of 643-635 per 10 Kg in the near term.

Groundnut Oil:
Domestic Fundamentals:-

- G/N oil prices traded lower at Rajkot market on limited fresh buying activities and low demand from retail side weigh on the sentiments. Domestic Rajkot groundnut oil declined during the week and prices fell by 1.67 per cent to Rs. 1224 per 10 kg w-o-w (average prices of week).
- As per trade sources, Retail demand is shifted to cheaper cottonseed oil and palm oil due to higher G/N oil prices. Moreover, Arrivals of new summer G/N crop in Gujarat would likely to hit the markets in 20-25 days.
- We expect G/N oil prices to soften further in the coming week due to dull demand and stock limit imposed by Gujarat government, which may add bearishness to the sentiments.

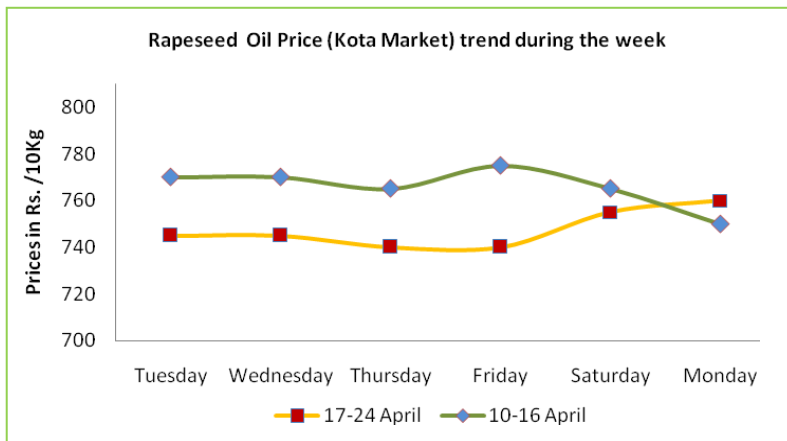


Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1245-1210 per 10 Kg.

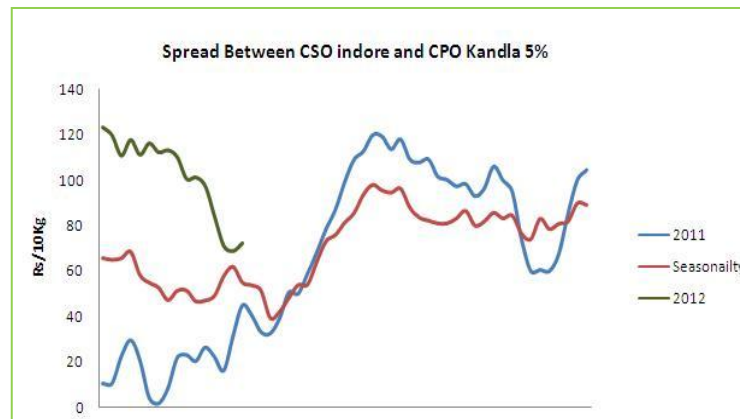
Rapeseed oil:
Domestic Market Fundamentals

- RM seed oil prices stay lower during the week on lackluster buying support and Rabi RM seed arrivals in cash market.
- Indian based buyer imports 10,000 tons of RM seed oil from European Union during the week due to attractive prices. As per EU based trader, lackluster buying activities of rapeseed oil-based biodiesel and rising rapeseed oil stocks leads to low prices, which makes a deal attractive for Indian buyers - Reuters.
- As per oil world, European Union's rapeseed crop for 2011/12 seen at 18.48 million tons due to deep winter frosts in late February. In addition to this, poor development after a dry autumn in some regions affects the crop.
- 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.



Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 752-732 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 71 per 10 Kg compared to 69/10 Kg during the previous week. Spread rebound from near to its support level during the week as CPO kandla 5% soften relatively more as compared to CSO soy oil prices tracking bearish international palm oil markets.

Outlook and Strategy :-

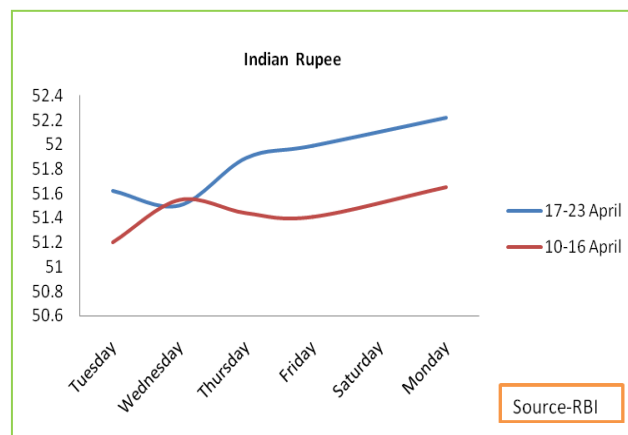
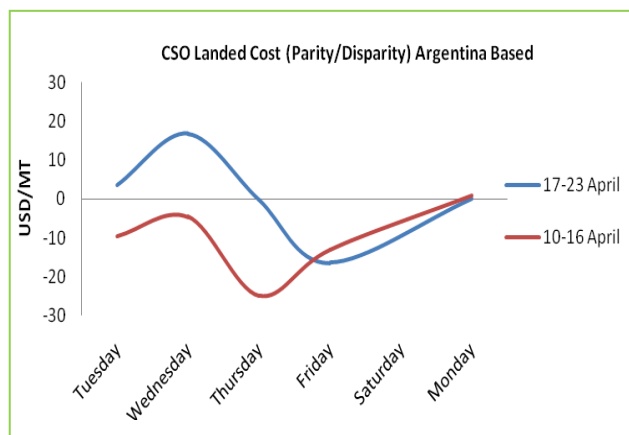
We expect spread to narrow to some extent and may hover between Rs 68/10Kg to 78/10 Kg. Market participants can wait to buy CPO stock.

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\$ 95 per MT compared to previous week average of US\$ 107 per MT. FOB quotes of CPO Malaysia stood steady during the week. However, CSO Argentina correct from higher levels tracking weakness in CBOT soy oil. We expect spread likely to hover in between Rs 86/10Kg to 103/10 Kg. We expect CSO Argentina prices are likely to trade with a steady to weak bias in the coming week due to new South American soy crop pressure and CPO Malaysia might trade range bound with a positive bias due to good demand from bio-diesel industry.

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

Landed Cost Calculation as on 23/04/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1236.00	1237.00	1168.00
Freight (USD/MT)	65	55	50
C & F	1301.0	1292.0	1218.0
Weight loss (0.25% of FOB)	3.09	3.09	2.92
Finance charges (0.4% on CNF)	4.94	4.95	4.67
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1313	1304	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	52.22	52.22	52.22
Landed cost without customs duty in INR per ton	68562	68091	64191
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	68998	68527	64627
Domestic Market price INR per ton Soy Degum Kandla	69000	69000	69000
Total landed cost USD per ton	1321	1312	1238
Domestic Market price USD per ton Soy Degum Kandla	1321	1321	1321
Parity INR/MT (Domestic - Landed)	2	473	4373
Parity USD/MT (Domestic - Landed)	0.05	9.07	83.74
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Landed Cost Parity/Disparity Argentina based and Indian rupee during the week.

Outlook:-

Import parity for crude soy oil from Argentina is hover in between positive and negative territory during the week on lower domestic prices as compared to international prices. We expect import parity continue to be in negative side in the coming week. Meanwhile, continuous depreciating INR against USD may further support disparity for soy oil imports.

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



- ❖ Domestic soy oil prices trade with a steady note during the week. We expect RSO Indore prices may soften in the coming week.
- ❖ Breaching the immediate resistance zone of 742, prices shall test 746.00 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 731-721 level in near to medium term.

Strategy: Market Participants can liquidate their Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks towards Rs 731-735/10kg.

Support and Resistance				
S2	S1	PCP	R1	R2
716	721	730	742	746

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 628 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay on the range of 643-635 level in near term. However, breaching 648-651 levels may strengthen bulls rally.
- ❖ RSI stayed in tandem with the prices with no indication of any convergence/divergence.

Strategy: Investors can wait to liquidate CPO Kandla 5% in the coming week.

Support and Resistance				
S2	S1	PCP	R1	R2
622	628	640	651	656

Technical Analysis (Futures)

RSO (Refined Soybean Oil April Contract)



Outlook – Prices are likely to trade with steady to downside bias in the coming week. We recommend investors to go short in refined soy oil in May contract from higher levels.

- ❖ Weekly chart of refined soy oil at NCDEX showed a consolidation in the prices. However, prices are likely to touch the lower side of the narrow channel. Breakout in narrow channel may confirm bearish phase in refined soy oil at NCDEX.
- ❖ Any close above 784 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 779.00-767 level in near to medium term. RSI is in oversold zone and 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 776-779 for a target of 767 and 764 with a stop loss at 784 on closing basis.

RSO NCDEX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
757.00	761.00	774.55	786.00	791.00

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



Outlook - Prices are likely to trade with a steady to weak tone in the short term. Investors are suggested to sell on the 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 634.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 630-620 level in near to medium term. RSI is in oversold zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Sell CPO in MCX (May contract) in the range of 628.00-630.00 for a target of 622 and 620 with a stop loss at 634 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
612.00	616.00	626.00	637.00	642.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		23.4.2012	17.4.2012	
Refined Soybean Oil	Kota(Loose)	725	722	3
	Rajkot (Loose)	695	690	5
	Jaipur (Loose)	730	735	-5
	Hyderabad+ VAT	736	-	-
	Delhi (Loose)	765	760	5
	Kakinada	-	-	-
	Mumbai +VAT	730	721	9
	Indore	730	720	10
	Soy Degum Mumbai+VAT	690	690	Unch
	SoyDegum Kandla/Mundra+VAT	690	690	Unch
	Haldiya Port (Loose)	-	741	-
	Akola (Loose)	756	752	4
	Amrawati (Loose)	756	752	4
	Jalna	741	749	-8
	Nagpur	761	766	-5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	650	650	Unch
	Hyd. RBD Palmolein VAT	700	695	5
	Delhi RBD Palmolein (Loose)	710	705	5
	Kandla CPO (5%FFA)	618	615	3
	Kakinada.RBD.Palmolein(Loose)	646	651	-5
	Mumbai RBD Pamolein+ VAT	652	655	-3
	Kandla RBD Palmolein +VAT	650	652	-2
Refined Sunflower Oil	Mumbai + VAT	740	735	5
	Kandla/Mundra	665	660	5
	Erode (Exp. Oil)+VAT	725	720	5
	Hyderabad Exp +VAT	701	701	Unch
	Chennai (Loose)	750	745	5
	Bellary (Exp. Oil)+VAT	-	653	-
	Latur (Exp. Oil)+VAT	681	676	5
	Chellakere (Exp. Oil)+VAT	671	676	-5
Groundnut Oil	Rajkot (Loose)	1235	1220	15
	Chennai (Loose)	1110	1120	-10
	Delhi (Loose)	1225	1225	Unch
	Hyderabad Exp +VAT	1114	1125	-11
	Mumbai + VAT	1220	1230	-10

	Gondal+VAT	1250	1210	40
	Jamnagar +VAT	1250	1210	40
	Narsarropeth+VAT	1081	1081	Unch
	Prodattour+VAT	1071	1071	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	777	795	-18
	Alwar (Expeller Oil)(Loose)	806	806	Unch
	Kota (Expeller Oil) (Loose)	760	745	15
	Jaipur (Expeller Oil) (Loose)	765	790	-25
	Delhi (Exp. Oil) (Loose)	800	795	5
	SriGangaNagar(ExpOil-Loose)	776	801	-25
	Hapur+VAT	840	820	20
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	800	830	-30
Refined Cottonseed Oil	Mumbai +VAT	698	700	-2
	Rajkot (Loose)	688	670	18
	Delhi (Loose)	675	665	10
	Hyderabad (Loose)	705	700	5
Sesame Oil	Delhi	860	850	10
	Mumbai	780	740	40
Coconut Oil	(Crude Rs/10kg) - Erode	-	-	-
	(Refined Rs/15 kg) – Erode	-	-	-
	(Crude Rs/10kg) - Kangayan	660	670	-10
	(Refined Rs/15 kg) – Kangayan	-	-	-
Kardi	Mumbai	910	930	-20
Rice Bran Oil (40%)	Delhi	600	590	10
	Punjab	570	585	-15
Rice Bran Oil (70%)	Delhi	545	540	5
Malaysia Palmolein USD/MT	FOB (March Shipment)	1173	1173	Unch
	CNF(March) - India	1210	1200	10
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	1150	1153	-3
	CNF(March) - India	1185	1175	10
Argentina FOB (\$/MT)		20.4.2012	16.4.2012	Change
Crude Soybean Oil Ship (April)		1249	1250	-1
Refined Soy Oil (Bulk) Ship (April)		1293	1293	Unch
Sunflower Oil Ship (April)		-	1210	-
Cottonseed Oil Ship (April)		1229	1230	-1
Refine Linseed Oil(Bulk) Ship (April)		1269	1270	-1



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