

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

*Edible oil basket traded with a weak tone during the week on lackluster buying interest at physical markets and bearish international futures market.*

*As per Solvent Extractors Association of India, Vegetable oils (edible & non-edible) imports of during April 2012 is reported at 925,334 tons compared to 727,706 tons in March 2012, up 27 percent comprising of 897,404 tons of edible oils and 27,930 tons on non-edible oils.*

*India imported 4.6 million tons of edible oil in the current oil year (Nov.-Oct) up to April 2012. However, on Y-o-Y basis edible oil imports were 3.46 million tons in the previous oil year until April 2011 –SEA of India.*

*Groundnut oil prices fell in major spot markets of Gujarat on commencement and pick up in new G/N seed arrivals. Soy plants are currently working at 30-40 percent of the installed capacity in Kota division on dull demand and lower soybean stocks availability for crushing.*

*We expect edible oil complex to trade range bound with a slightly negative bias in the coming week on non-aggressive buying and gloomy economic conditions. However, a rebound is expected soon in the edible oil complex on bullish global oilseed fundamentals.*

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

*Edible oil prices at the benchmark market of CBOT traded with a weak tone during the week. CBOT closed at 51.9 cents/pound (May'12 contract) on 11 May 2012. Moreover, Malaysian palm oil futures traded with a weak bias and fell by MYR 150 to MYR 3200/MT (12 May2012).*

*As per latest Argentina's agriculture ministry report, soybean harvest in Argentina has been completed by 79% (13.86 Mln. Ha) of the estimated area (18.58 Mln. Ha) as of May 11. Last year it was 82% complete compared to Y-o-Y basis.*

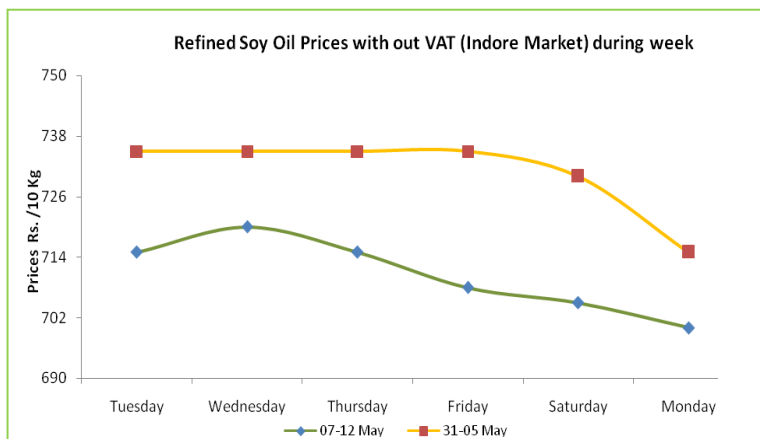
*As per MPOB's latest report, Malaysian palm oil ending stock for April fell by 5.4 percent to 1,848,368 tons from a revised 1,954,145 tons in March. Lower Malaysian palm oil export figures for 1-10 May weigh on the international markets.*

*Oil world cuts European Union's rapeseed crop output estimate to 18.21 million tons from 19.1 million tons due to frost. Lower than expected EU's RM seed crop may crunch canola oil supply this may support EU's canola oil prices in medium term.*

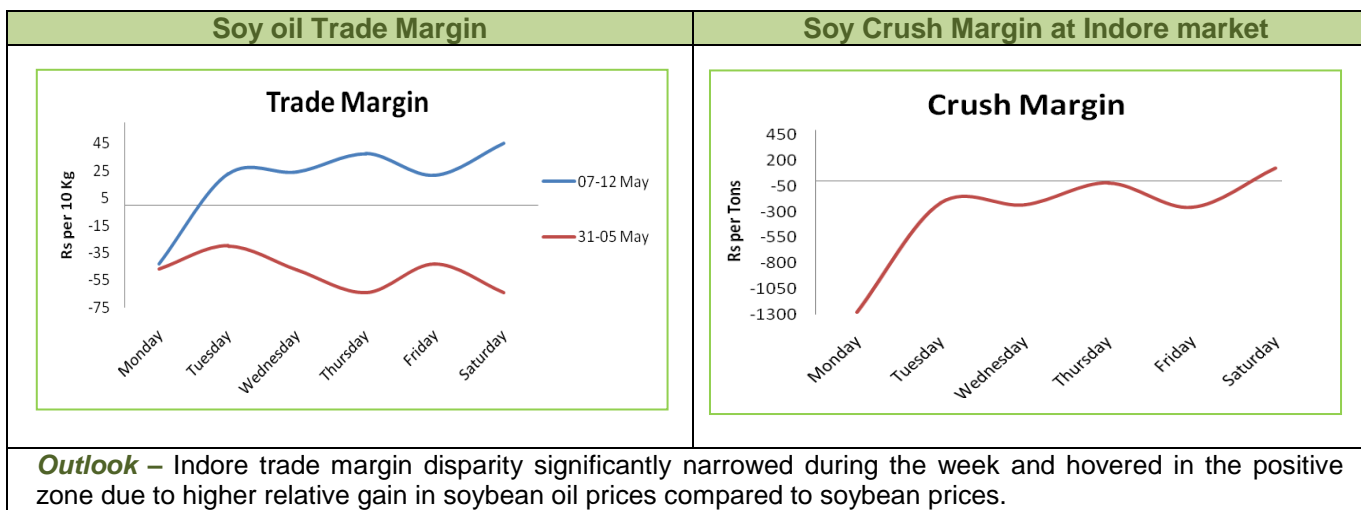
### Soy oil:

#### Domestic Fundamentals:-

- Soy oil prices fell significantly at its benchmark market Indore during the week on bearish international markets and lull demand for soy oil at physical counters.
- As per Solvent Extractors Association of India, Vegetable oils (edible & non-edible) imports of during April 2012 is reported at 925,334 tons compared to 727,706 tons in March 2012, up 27 percent comprising of 897,404 tons of edible oils and 27,930 tons on non-edible oils.
- India imported 4.6 million tons of edible oil in the current oil year (Nov.-Oct) up to April 2012. However, on Y-o-Y basis edible oil imports were 3.46 million tons in the previous oil year until April 2011 –SEA of India.
- As per trade sources, plants in Kota division are currently operating at 30-40 per cent of the installed capacity and only 5-7 plants are in active state. Domestic soybean crushing is on lean side due to dull demand and lower soybean stocks availability for crushing.
- Average trade margin (Indore Based) during the week under review was Rs 18/10Kg compared to - 49/10Kg during previous week. We expect soy oil at physical market may trade lower on dull demand and bearish international edible oil markets.



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



#### International Fundamentals:-

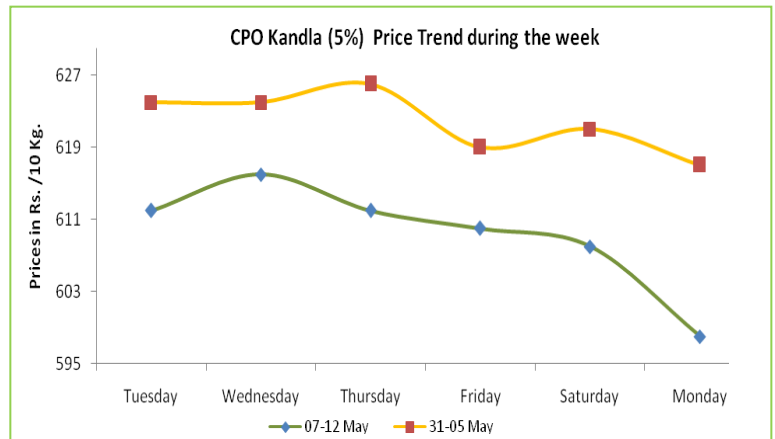
- As per latest Argentina's agriculture ministry report, soybean harvest in Argentina has been completed by 79% (13.86 Mln. Ha) of the estimated area (18.58 Mln. Ha) as of May 11. Last year it was 82% complete compared to Y-o-Y basis.
- Brazil's agriculture ministry pegged its soy crop projection to 66.7 million tons. Previous month estimate was 65.6 million tons.
- As per International Grain Council, World soybean output estimate for 2011/12 pegged at 238.4 million tons fell by 11% from the previous year's record due to lower South American soybean crop.
- Upcoming soybean crop from South American countries might weigh on the international soy oil markets. However, lower global soy supply would limit excessive downside.

#### Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 690-710 per 10 Kg in the near term.

**Palm Oil:**
**Domestic Fundamentals:-**

- Palm oil traded with a weak bias during the week in tandem with international markets and re-packers were refraining from active buying in the falling price trend.
- India's crude palm oil imports rose in April by 48.7 percent to 4.14 lakh tons compared to previous month on lower soy crush margin and cheap international palm oil prices.
- Crude palm oil Kandla 5% price is at Rs 65 per 10Kg premium against crude soybean oil Indore price as on 12 May 2012. Premium rose by 15.1 per cent to Rs. 67 per 10 kg w-o-w basis (average prices of week).
- Palm oil in cash market is likely to trade with sideways to slightly weak tone in the coming week on non-aggressive buying. However, tight oilseed supply may limit downside.


**International Fundamentals:-**

- Palm oil products exports from Malaysia for the first ten days of May fell by 14.2 per cent to 419,364 tons from 488,758 tons shipped during the first ten days of April - SGS.

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

Palm Products	April	March	%Change
Crude palm oil	141,280	138,850	1.80
RBD palm oil	59,588	29,942	99.0
RBD palm olein	119,382	231,862	-48.5
RBD palm stearin	45,352	19,094	137.5
Crude palm kernel oil	0	11,000	-100.0
Processed palm kernel oil	17,090	12,180	40.3
Oleochemicals	4,742	17,660	-73.1

Importers	April	March	%Change
EU	115,272	115,134	0.10
China	41,200	123,060	-66.5
Pakistan	28,500	26,200	8.8
US	21,300	4,200	407.1
India	64,800	90,170	-28.1

- As per Trade ministry officials, Indonesia will increase its crude palm oil export tax by 1.5 percent to 19.5 percent for May as compared to previous month due to higher international palm oil products prices. The government will also raise its export tax for RBD palm olein to 10 percent versus 9 percent in April. By this step, Indonesian government wants to encourage downstream industries, secure domestic supplies, and reduce volatility in cooking oil prices.
- As per MPOB's latest report, Malaysian palm oil ending stock for April fell by 5.4 percent to 1,848,368 tons from a revised 1,954,145 tons in March.

Malaysian Palm Oil Balance Sheet (2012)			
(Quantity in tons)	April	March	% Change
Production	1272626	1211257	5.1
Import	40616	27908	45.5
Export	1331490	1329640	0.1
Ending Stock	1848368	1954145	-5.4

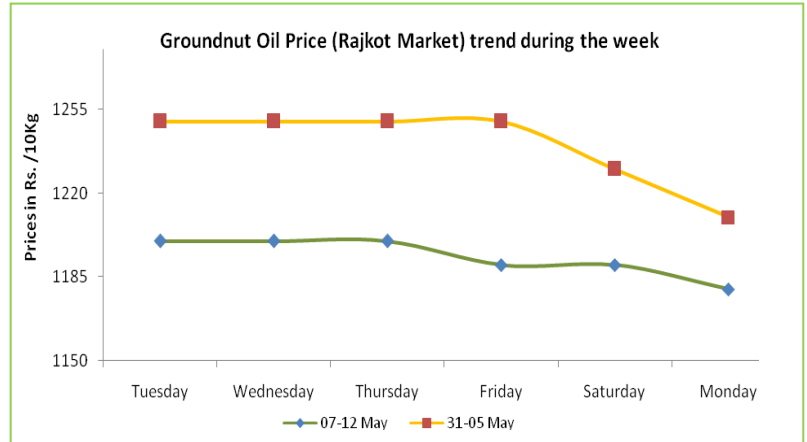
- Slowdown in demand from the top consumer countries like China and India and uncertain global economic conditions might weigh on the international palm oil markets.

**Price Outlook:**

We expect CPO Kandla 5% (without VAT) to stay in the range of 586-605 per 10 Kg in the near term.

**Groundnut Oil:****Domestic Fundamentals:-**

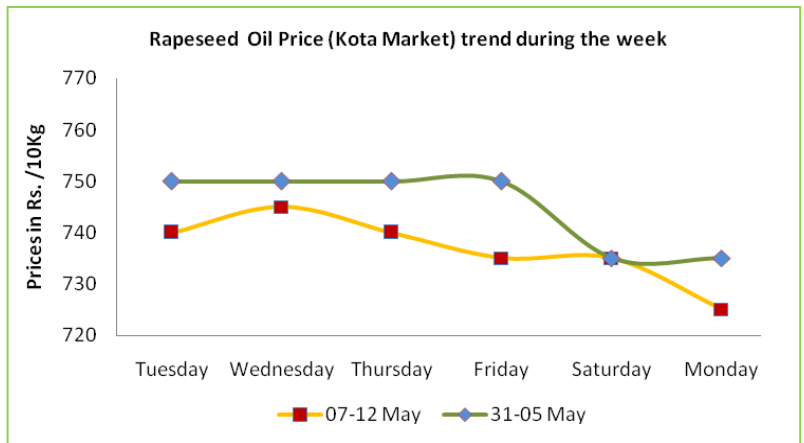
- G/N oil stood weak in major Gujarat's cash markets on commencement of new G/N seed crop arrivals and lackluster buying interest. Domestic Rajkot groundnut oil prices gained during the week and prices fell by 3.7 per cent to Rs. 1193 per 10 kg w-o-w (average prices of week).
- As per trade sources, summer groundnut production may be around 2-2.5 lakh tones this year and new G/N seed arrivals pick up from second half of May, which might weigh on the G/N oil prices.
- G/N oil prices may further soften in the coming days on lackluster buying interest and new G/N seed arrivals might weigh on the sentiments. However, fair export demand for G/N seed in international markets limits downside risk in the G/N oil prices.

**Price Outlook:**

Groundnut oil prices in Rajkot may stay in the range of Rs 1170-1200 per 10 Kg.

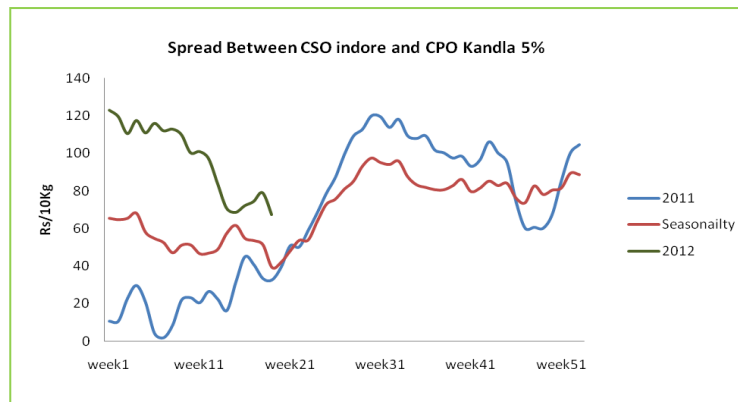
**Rapeseed oil:****Domestic Market Fundamentals**

- RM seed oil prices traded with a weak tone during the week on bearish edible oil basket and non-aggressive buying at physical counters. However, lower RM seed crop restrict excessive losses.
- Crushing is on lean side due to dull demand from oil millers and falling seasonal usage in mustard oil with rising temperature.
- As per the third advanced crop estimate for 2011/12 by government of India, RM seed production is estimated to be 6.96 million tons during 2011-12 compared to 8.18 million tons in the previous year on lower yield. Significant decline in RM seed output will affect the domestic RM oil supply in current season.
- Oil world cuts European Union's rapeseed crop output estimate to 18.21 million tons from 19.1 million tons due to frost. However, normal crop is expected from UK, oil world pegged UK's RM seed output estimate at 2.72 million tons. Lower than expected EU's RM seed crop may crunch canola oil supply this may support EU's canola oil prices in medium term.

**Price Outlook:**

Rapeseed oil in Kota market is likely to trade in the price band of Rs 710-725 per 10 Kg.

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

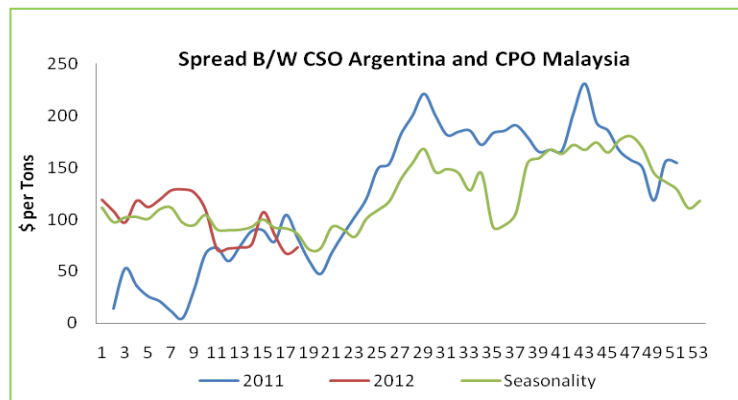


Average weekly spread between CSO Indore and CPO Kandla (5%) marginally narrow during the week and stood at Rs 67 per 10 Kg compared to 79/10 Kg during the previous week. Crude soy oil Indore prices fell relatively higher compared to crude palm oil Kandla 5% on bearish international markets.

#### Outlook and Strategy :-

We expect spread to narrow to some extent in the coming week. Spread b/w CSO Indore and CPO Kandla 5% may hover between Rs 60/10Kg to 72/10 Kg.

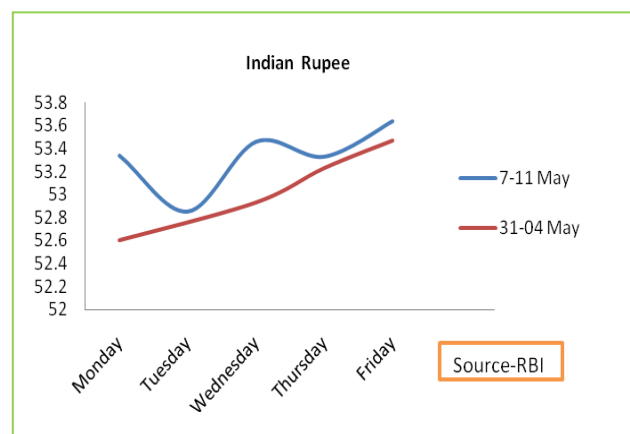
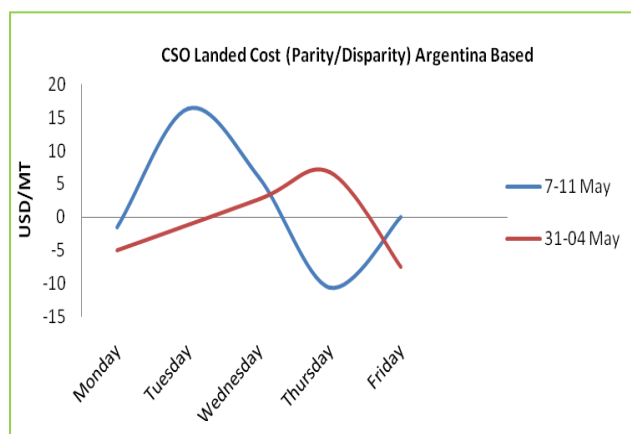
### Spread Status between CSO Argentina and CPO Malaysia: (Rs/10 Kg)



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\$ 67 per MT. FOB quotes of CPO Malaysia prices fell relatively higher compared to CSO Argentina. We expect spread to hover between Rs 65/10Kg and 75/10 Kg. We expect CSO Argentina prices to trade with a steady to weak bias in the coming week due to new South American soy crop pressure.

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

Landed Cost Calculation as on 11/05/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1165.00	1182.80	1118.61
Freight (USD/MT)	65	55	50
C & F	1230.0	1237.8	1168.6
Weight loss (0.25% of FOB)	2.91	2.96	2.80
Finance charges (0.4% on CNF)	4.66	4.73	4.47
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1241	1249	1179
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	53.64	53.64	53.64
Landed cost without customs duty in INR per ton	66581	67007	63262
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	67017	67443	63698
Domestic Market price INR per ton Soy Degum Kandla	67000	67000	67000
Total landed cost USD per ton	1249	1257	1188
Domestic Market price USD per ton Soy Degum Kandla	1249	1249	1249
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-17</b>	<b>-443</b>	<b>3302</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-0.32</b>	<b>-8.26</b>	<b>61.55</b>
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 hovering in negative territory during the end of the week on lower domestic prices as compared to international prices. We expect import parity to continue to be in the negative side in the coming week.

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



- ❖ Domestic soy oil prices traded with a weak note during the week. We expect RSO Indore prices to trade with a sideways to downward bias in the coming week.
- ❖ Breaching the immediate zone of 690-692, prices shall test 685 zones. 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 690-710 level in near to medium term.

**Strategy:** Market Participants can wait to buy Ref. soy oil (INDORE Rs/10 Kg without VAT) in cash markets.

Support and Resistance				
S2	S1	PCP	R1	R2
677	685	700	717	721



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



- ❖ Candlesticks depict correction in the CPO prices during the week. Prices may trade sideways to downside bias in the coming week.
- ❖ Rs 586 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay on the range of 586-605 level in near term. However, breaching 623 levels may strengthen bulls rally.
- ❖ RSI stayed in tandem with the prices with no indication of any convergence/divergence.

**Strategy: Investors can buy CPO Kandla 5% in the coming week from support level.**

Support and Resistance				
S2	S1	PCP	R1	R2
580.00	586.00	598.00	607.00	615.00



### Technical Analysis (Futures)

#### RSO (Refined Soybean Oil April Contract)



**Outlook –** Prices are likely to trade with a steady to slightly weak tone in the coming week. We recommend investors to go short in refined soy oil in June contract from higher levels.

- ❖ Weekly chart of refined soy oil at NCDEX showed a weakness in the prices. However, prices breached the narrow channel any rise in prices may act as selling opportunity.
- ❖ Any close above 747 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 742.00-726.00 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 are advised to go short in RSO in the range of 738.00-742.00 for a target of 730.00 and 726 with a stop loss at 747 on closing basis.

#### RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
705.00	711.00	732.00	749.00	761.00

### 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 advised to sell on rise.

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows a weakness in the prices. In addition to this, prices are likely to trade slightly weak in the initial days of the week.
- ❖ Any close above 598 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 594.00-576.00 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 (June contract) in the range of 592.00-594.00 for a target of 585.00 and 580.00 with a stop loss at 598.00 on closing basis.

#### CPO MCX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
562.00	572.00	580.40	603.00	615.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		12.5.2012	7.5.2012	
Refined Soybean Oil	Kota(Loose)	700	715	-15
	Rajkot (Loose)	685	700	-15
	Jaipur (Loose)	720	-	-
	Hyderabad+ VAT	-	726	-
	Delhi (Loose)	735	755	-20
	Kakinada	-	-	-
	Mumbai +VAT	710	715	-5
	Indore	700	715	-15
	Soy Degum Mumbai+VAT	670	680	-10
	SoyDegum Kandla/Mundra+VAT	668	680	-12
	Haldiya Port (Loose)	-	711	-
	Akola (Loose)	736	748	-12
	Amrawati (Loose)	736	748	-12
	Jalna	729	736	-7
	Nagpur	736	754	-18
Palm Oil	Chennai.RBD.Palmolein.(Loose)	650	650	Unch
	Hyd. RBD Palmolein VAT	670	680	-10
	Delhi RBD Palmolein (Loose)	690	705	-15
	Kandla CPO (5%FFA)	598	612	-14
	Kakinada.RBD.Palmolein(Loose)	621	641	-20
	Mumbai RBD Pamolein+ VAT	647	658	-11
	Kandla RBD Palmolein +VAT	630	645	-15
Refined Sunflower Oil	Mumbai + VAT	740	735	5
	Kandla/Mundra	665	665	Unch
	Erode (Exp. Oil)+VAT	725	720	5
	Hyderabad Exp +VAT	691	691	Unch
	Chennai (Loose)	745	745	Unch
	Bellary (Exp. Oil)+VAT	639	651	-12
	Latur (Exp. Oil)+VAT	666	671	-5
	Chellakere (Exp. Oil)+VAT	656	666	-10
Groundnut Oil	Rajkot (Loose)	1180	1200	-20
	Chennai (Loose)	1070	1100	-30
	Delhi (Loose)	1125	1225	-100
	Hyderabad Exp +VAT	1114	1114	Unch
	Mumbai + VAT	1180	1230	-50

	Gondal+VAT	1160	1225	-65
	Jamnagar +VAT	1160	1200	-40
	Narsarropeth+VAT	1071	1061	10
	Prodattour+VAT	1051	1061	-10
<b>Rapeseed Oil</b>	Mumbai (Exp. Oil) +VAT	768	785	-17
	Alwar (Expeller Oil)(Loose)	756	766	-10
	Kota (Expeller Oil) (Loose)	725	740	-15
	Jaipur (Expeller Oil) (Loose)	760	-	-
	Delhi (Exp. Oil) (Loose)	775	782	-7
	SriGangaNagar(ExpOil-Loose)	746	746	Unch
	Hapur+VAT	800	800	Unch
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	790	800	-10
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	685	696	-11
	Rajkot (Loose)	655	645	10
	Delhi (Loose)	650	665	-15
	Hyderabad (Loose)	685	690	-5
<b>Sesame Oil</b>	Delhi	835	850	-15
	Mumbai	845	830	15
<b>Coconut Oil</b>	(Crude Rs/10kg) - Erode	-	-	-
	(Refined Rs/15 kg) – Erode	-	-	-
	(Crude Rs/10kg) - Kangayan	615	620	-5
	(Refined Rs/15 kg) – Kangayan	-	-	-
<b>Kardi</b>	Mumbai	910	910	Unch
<b>Rice Bran Oil (40%)</b>	Delhi	600	610	-10
	Punjab	580	590	-10
<b>Rice Bran Oil (70%)</b>	Delhi	530	540	-10
<b>Malaysia Palmolein USD/MT</b>	FOB (March Shipment)	1095	1120	-25
	CNF(March) - India	1125	1155	-30
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (March Shipment)	1075	1108	-33
	CNF(March) - India	1105	1135	-30
<b>Argentina FOB (\$/MT)</b>		<b>11.5.2012</b>	<b>4.5.2012</b>	<b>Change</b>
Crude Soybean Oil Ship (April)		1165	1195	-30
Refined Soy Oil (Bulk) Ship (April)		1206	1236	-30
Sunflower Oil Ship (April)		1185	-	-
Cottonseed Oil Ship (April)		1145	1175	-30
Refine Linseed Oil(Bulk) Ship (April)		1185	1215	-30



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