

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

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

*Soybean crushing is on lean side due to lower availability of soybean and dull demand for soy oil and soy meal at major cash markets.*

*Indian rupee against US dollar hit a lifetime low of 54.91 as on 18 May 2012. Weaken INR against US dollar will negatively affect the edible oil imports. We expect better edible oil imports in the month of April and weaken rupee might lead to lower edible oil imports in the coming days.*

*We expect edible oil complex to trade range bound with a slightly negative bias in the coming week on lackluster buying interest. However, a rebound is expected soon in the edible oil complex due to lower global oilseed supply.*

### **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 50.32 cents/pound (Jul'12 contract) on 18 May 2012. Moreover, Malaysian palm oil futures traded with a weak bias and fell by MYR 46 to MYR 3107/MT (18 May2012).*

*As per latest weekly USDA crop progress report, soybean-planting progress jumped to 46% as of 13 May 2012 higher than five-year average (24 percent).*

*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.*

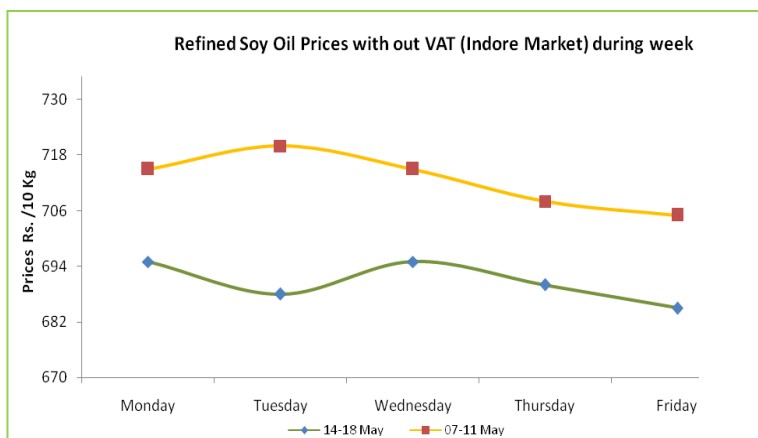
*Palm oil products exports from Malaysia for the first fifteen days of May fell by 7 per cent to 564,477 tons from 606,804 tons shipped during the first fifteen days of April - SGS. Lower Malaysian palm oil export figures for 1-15 may weigh on the international markets.*

*Oil world cuts European Union's rapeseed output estimate by 0.10 million tons to 18.10 million tons. Previous year EU rapeseed output was 19.20 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.*

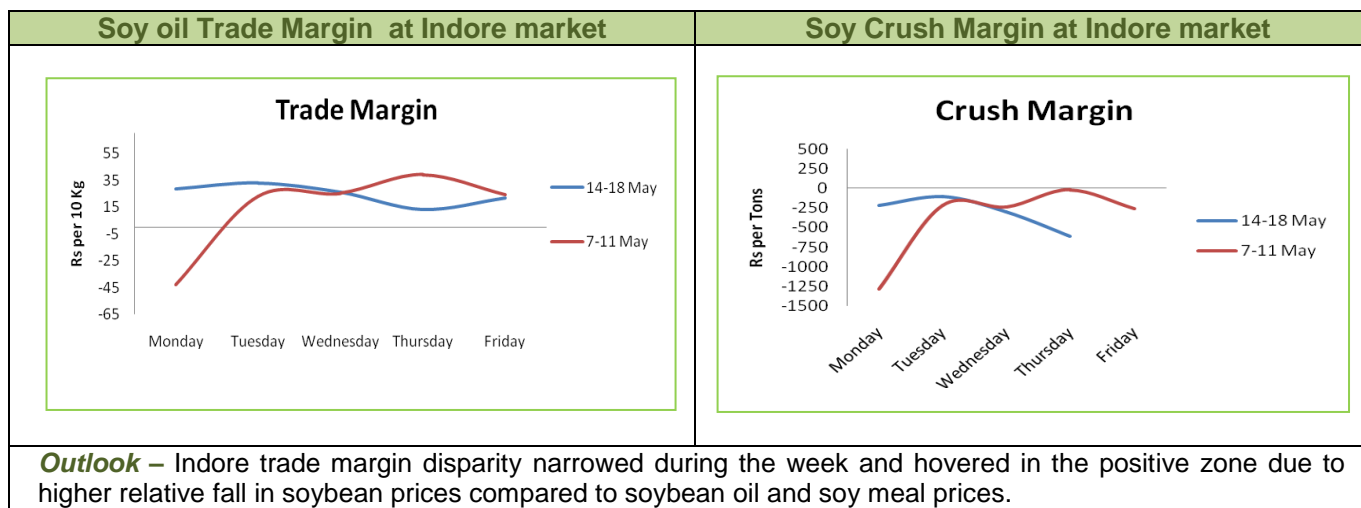
### Soy oil:

#### Domestic Fundamentals:-

- Soy oil prices fell significantly at its benchmark market Indore during the week on lackluster buying interest from wholesalers and bearish international markets.
- As per trade sources, crushing was on lean side at Indore due to low availability of soybean for crushing and few plants are in active state. Plants at Kota division are currently operating at 30-40 per cent of the installed capacity.
- Average trade margin (Indore Based) during the week under review was Rs 25/10Kg compared to 14/10Kg during previous week. We expect soy oil at physical market may trade sideways to slightly weak on dull demand and bearish international edible oil markets.



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



#### International Fundamentals:-

- Argentina's government lowers its soybean output estimate for 2011/12 by 1.4 million tons to 41.5 million tons due to lower yield. In the previous year Argentina's soy output was 48.9 million tons
- As per latest weekly USDA crop progress report, soybean-planting progress jumped to 46% as of 13 May 2012 higher than five-year average (24 percent).
- Brazil's agriculture ministry pegged its soy crop projection to 66.7 million tons for 2011/12. Previous month estimate was 65.6 million tons.
- As per Ministry of commerce of China (MOFCOM), China is likely to import 163,761 and 425,290 tons of the soy and palm oil respectively in the month of May. Moreover, soybean imports for the month of May estimated at 5.63 million tons, up 15 percent from actual arrivals of 4.88 million tons in April.
- Higher pace of soy planting in US and upcoming soybean crop from South American countries might weigh on the market sentiments. However, lower global soy supply would limit excessive downside.

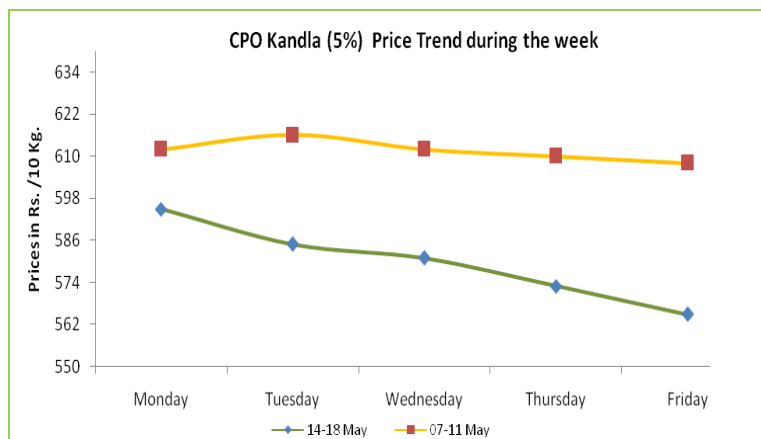
#### Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 685-710 per 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% fell significantly during the week in tandem with international palm oil markets and bearish Malaysian palm oil export figures.
- 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 3.48 million tons in the previous oil year until April 2011 –SEA of India.
- Indian rupee against US dollar hit a lifetime low of 54.91 as on 18 May 2012. Weakened INR against US dollar will negatively affect the edible oil imports. We expect better edible oil imports in the month of April and weakened rupee might lead to lower edible oil imports in the coming days.
- Crude palm oil Kandla 5% price is at Rs 77 per 10Kg premium against crude soybean oil Indore price as on 19 May 2012. Premium rose by 7.46 per cent to Rs. 72 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 lull demand from wholesalers. However, depreciating INR against USD might restrict excessive downside risk in the prices.



#### International Fundamentals:-

- Palm oil products exports from Malaysia for the first fifteen days of May fell by 7 per cent to 564,477 tons from 606,804 tons shipped during the first fifteen days of April - SGS.

#### **Breakdown of SGS palm export figures for 1-15 May compared to a month ago (in tons):**

Palm Products	1-15 May	1-15 April	%Change
Crude palm oil	175,530	183,080	-4.1
RBD palm oil	76,738	38,292	100.4
RBD palm olein	174,522	268,107	-34.9
RBD palm stearin	58,942	26,104	125.8
Crude palm kernel oil	7,000	11,000	-36.4
Processed palm kernel oil	19,260	17,916	7.5
Oleochemicals	7,702	22,160	-65.2

Importers	1-15 May	1-15 April	%Change
EU	149,197	139,184	7.2
China	88,950	131,060	-32.1
Pakistan	42,500	43,200	-1.6
US	28,238	11,945	136.4
India	64,800	109,800	-41.0

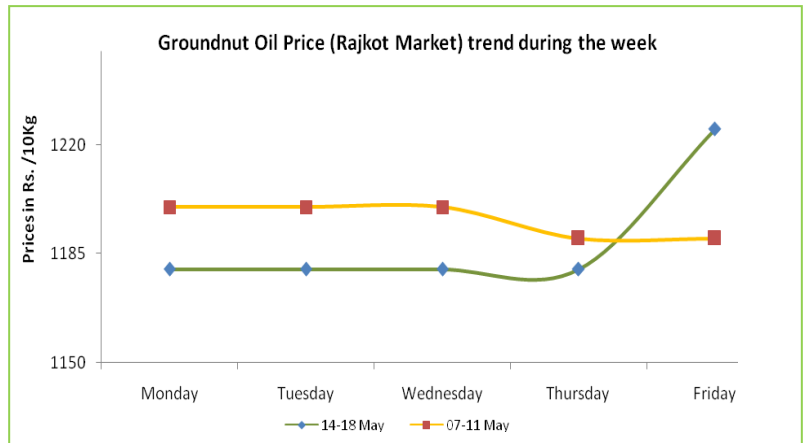
- As per Trade ministry officials, Indonesia will increase its crude palm oil export tax by 1.5 percent to 19.5 percent for May as compared to previous month due to higher international palm oil products prices.
- As per MPOB's latest report, Malaysian palm oil ending stock for April fell by 5.4 percent to 1,848,368 tons from a revised 1,954,145 tons in March.
- 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 555-578 per 10 Kg in the near term.

### Groundnut Oil: Domestic Fundamentals:-

- G/N oil stood weak at Rajkot market on non-aggressive buying and commencement of new G/N seed crop arrivals in the southern regions of Gujarat. Domestic Rajkot groundnut oil prices gained during the week and prices fell by 0.59 per cent to Rs. 1189 per 10 kg w-o-w (average prices of week).
- Wholesalers were refraining from new buying in anticipation of further fall in the prices. However, active buying by re-packers raised the G/N oil prices in the end of the 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 trade steady to weak tone in the coming days on upcoming G/N seed crop. However, market participants are expecting good demand for G/N seed from China may offset the arrival pressure.

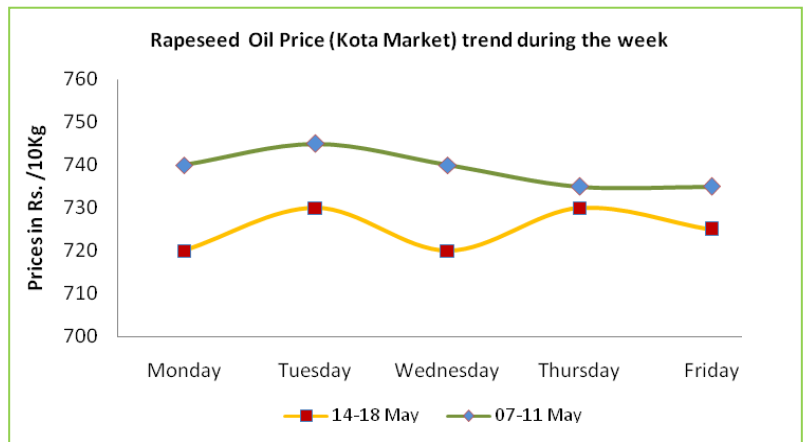


### Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1260-1200 per 10 Kg.

### Rapeseed oil: Domestic Market Fundamentals

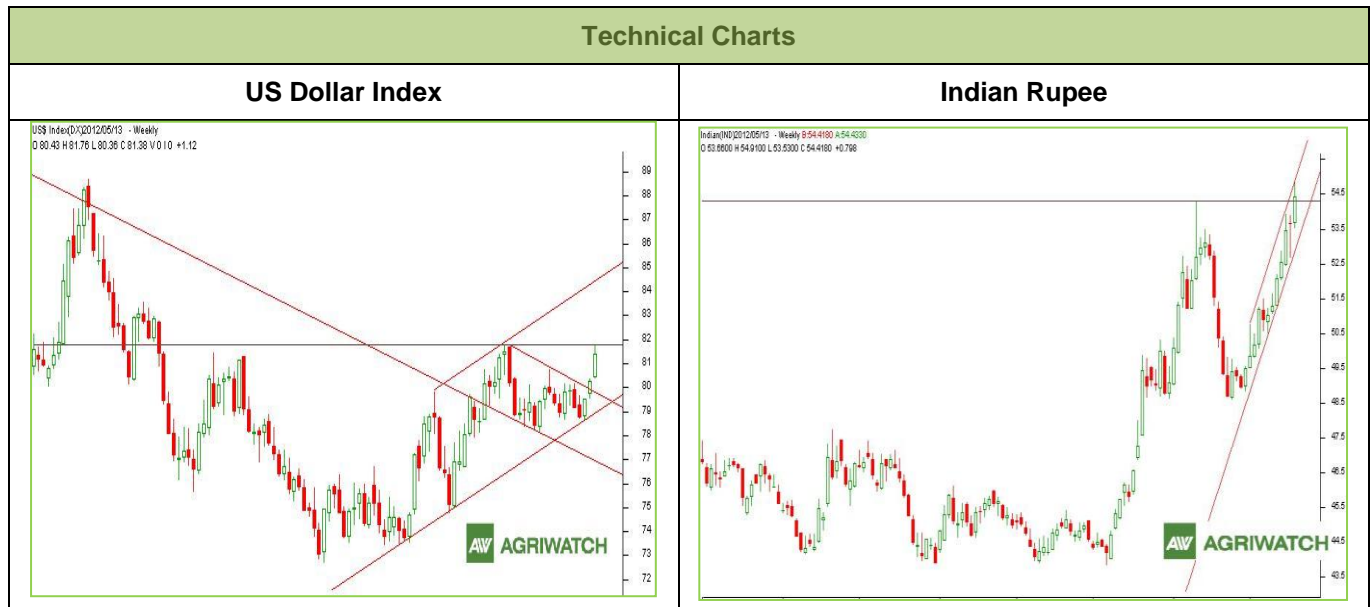
- RM seed oil prices at Kota market traded with a weak tone during the week in tandem with other edible oils at major domestic markets. However, Mustard oil at Hapur market witnessed slightly firm on fair buying by local wholesalers of Delhi and adjoining regions.
- Falling seasonal usage in mustard oil with rising temperature might weigh on the RM seed oil prices in the coming days. However, we expect lower RM seed output in the current season and emerging demand from pickle manufactures may restrict excessive losses in the days ahead.
- Oil world cuts European Union's rapeseed output estimate by 0.10 million tons to 18.10 million tons. Previous year EU rapeseed output was 19.20 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 720-740 per 10 Kg.

### Currency Technical Analysis



### Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		52.53		51.63	
Technical Indicators		RSI (14)		SSTK(9,3,3)	
		73.07		91.49	
Support and Resistance					
S2	S1	PCP		R1	R2
53.53	53.67	54.41		55.56	56.20

### Expected Price Band and Outlook

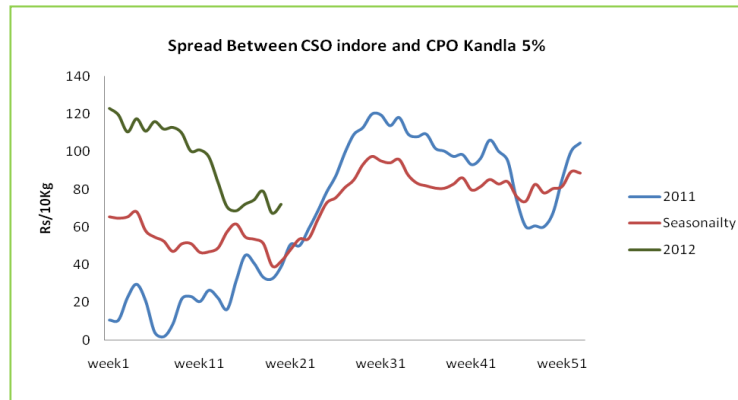
Indian Rupee	Indian rupee is likely to remain weak against US dollar in the coming week. is likely to trade in the price band of 55.26-53.92 levels.
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**Edible oil Stocks at Indian Ports**
**Product Wise**

<i>Edible oil products in Tons for the month of May</i>	<i>Veg. oil Stocks in Tons as on 11/05/2012</i>
Crude Soybean Oil	76448
Crude Palm Oil	345488
RBD Palm olein	6000
Palm Oil	205429.3
Crude Sunflower Oil	62270
PALM FATTY ACID	-
<b>Total edible oils</b>	<b>696,035</b>
Source: Ben Line Agencies(India) Pvt. Ltd.	

**Port Wise**

<i>Veg. oil Stock in Tons.</i>	<i>Stock as on 11/05/2012</i>	<i>Stock as on 30/04/2012</i>
Ennore	14970	22200
Chennai	84081	81870
Haldia	93082.38	117051
Kandla	154779	179566
Karaikal	32160	-----
Kolkata	25700	55799
Krishnapatnam	18000	833227.9
Mangalore	7000	42446
Mundra	269073	161100
Tuticorin	29730	10000
Source: Ben Line Agencies(India) Pvt. Ltd.		

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


Average weekly spread between CSO Indore and CPO Kandla (5%) marginally widened during the week and stood at Rs 72 per 10 Kg compared to 67/10 Kg during the previous week. Crude palm oil Kandla 5% prices fell relatively higher compared to crude soy oil Indore on bearish international palm oil 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 74/10Kg to 83/10 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\$ 103 per MT compared to previous week average of US\$ 73 per MT. FOB quotes of CPO Malaysia prices fell relatively higher compared to CSO Argentina. We expect spread to hover between Rs 110/MT and 125/MT. 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. However, CPO prices may recover from lower levels in the coming days.

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

<b>Landed Cost Calculation as on 18/05/2012</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	1125.00	1127.00	1076.28
Freight (USD/MT)	65	55	50
C & F	1190.0	1182.0	1126.3
Weight loss (0.25% of FOB)	2.81	2.82	2.69
Finance charges (0.4% on CNF)	4.50	4.51	4.31
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1201	1193	1137
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	54.87	54.87	54.87
Landed cost without customs duty in INR per ton	65892	65453	62368
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	66328	65889	62804
Domestic Market price INR per ton Soy Degum Kandla	65500	65500	65500
Total landed cost USD per ton	1209	1201	1145
Domestic Market price USD per ton Soy Degum Kandla	1194	1194	1194
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-828</b>	<b>-389</b>	<b>2696</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-15.10</b>	<b>-7.09</b>	<b>49.13</b>
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

**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 680-682, prices shall test 677 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 685.00-710 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
667.00	677.00	695.00	709.00	720.00

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



- ❖ Candlesticks depict significant correction in the CPO prices during the week. Prices breached upward channel. Any rise in the prices may act as a selling opportunity.
- ❖ Rs 549 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay on the range of 578-555 level in near term. However, breaching 581 levels may strengthen bulls rally.
- ❖ RSI stayed in tandem with the prices with no indication of any convergence/divergence.

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

Support and Resistance				
S2	S1	PCP	R1	R2
537.00	549.00	565.00	581.00	596.00

### Technical Analysis (Futures)

#### RSO (Refined Soybean Oil June 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. Prices breached the narrow channel and likely to stay in the middle of the broad channel. Any rise in prices may act as selling opportunity.
- ❖ Any close above 740 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 735.00-720.00 level in near to medium term. RSI is in neutral 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 733.00-735.00 for a target of 724.00 and 720 with a stop loss at 740 on closing basis.

#### RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
704.00	711.00	727.60	742.20	750.00

**Technical Analysis (Futures)**  
**CPO (Crude Palm Oil June 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, any surge in prices may act as a selling opportunity.
- ❖ Any close above 585.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 580.00-565.00 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

**Strategy:** Sell CPO in MCX (June contract) in the range of 578.00-580.00 for a target of 570.00 and 565.00 with a stop loss at 585.00 on closing basis.

**CPO MCX (June)**

Support and Resistance				
S2	S1	PCP	R1	R2
550.00	556.00	570.20	590.00	596.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		18.5.2012	14.5.2012	
Refined Soybean Oil	Kota(Loose)	695	695	Unch
	Rajkot (Loose)	660	680	-20
	Jaipur (Loose)	715	720	-5
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	725	730	-5
	Kakinada	-	-	-
	Mumbai +VAT	695	705	-10
	Indore	685	695	-10
	Soy Degum Mumbai+VAT	655	665	-10
	SoyDegum Kandla/Mundra+VAT	655	665	-10
	Haldiya Port (Loose)	676	-	-
	Akola (Loose)	721	736	-15
	Amrawati (Loose)	721	736	-15
	Jalna	-	728	-
	Nagpur	721	731	-10
Palm Oil	Chennai.RBD.Palmolein.(Loose)	620	640	-20
	Hyd. RBD Palmolein VAT	650	660	-10
	Delhi RBD Palmolein (Loose)	670	685	-15
	Kandla CPO (5%FFA)	565	595	-30
	Kakinada.RBD.Palmolein(Loose)	601	621	-20
	Mumbai RBD Pamolein+ VAT	620	638	-18
	Kandla RBD Palmolein +VAT	610	625	-15
Refined Sunflower Oil	Mumbai + VAT	730	740	-10
	Kandla/Mundra	660	665	-5
	Erode (Exp. Oil)+VAT	705	723	-18
	Hyderabad Exp +VAT	681	686	-5
	Chennai (Loose)	740	745	-5
	Bellary (Exp. Oil)+VAT	626	636	-10
	Latur (Exp. Oil)+VAT	656	661	-5
	Chellakere (Exp. Oil)+VAT	646	651	-5
Groundnut Oil	Rajkot (Loose)	1225	1180	45
	Chennai (Loose)	1070	1070	Unch
	Delhi (Loose)	1180	1125	55
	Hyderabad Exp +VAT	1135	1114	21
	Mumbai + VAT	1160	1180	-20

	Gondal+VAT	1200	1200	Unch
	Jamnagar +VAT	1200	1160	40
	Narsarropeth+VAT	1071	1081	-10
	Prodattour+VAT	1051	1051	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	767	772	-5
	Alwar (Expeller Oil)(Loose)	751	761	-10
	Kota (Expeller Oil) (Loose)	725	720	5
	Jaipur (Expeller Oil) (Loose)	755	755	Unch
	Delhi (Exp. Oil) (Loose)	780	780	Unch
	SriGangaNagar(ExpOil-Loose)	741	751	-10
	Hapur+VAT	805	790	15
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	770	790	-20
Refined Cottonseed Oil	Mumbai +VAT	670	685	-15
	Rajkot (Loose)	638	645	-7
	Delhi (Loose)	650	645	5
	Hyderabad (Loose)	685	685	Unch
Sesame Oil	Delhi	835	825	10
	Mumbai	850	845	5
Coconut Oil	(Crude Rs/10kg) - Kangayan	595	620	-25
Kardi	Mumbai	910	910	Unch
Rice Bran Oil (40%)	Delhi	605	590	15
	Punjab	570	585	-15
Rice Bran Oil (70%)	Delhi	535	530	5
Malaysia Palmolein USD/MT	FOB (March Shipment)	1015	1075	-60
	CNF(March) - India	1055	1105	-50
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	1003	1060	-57
	CNF(March) - India	1035	1088	-53
<b>Argentina FOB (\$/MT)</b>		<b>17.5.2012</b>	<b>14.5.2012</b>	<b>Change</b>
Crude Soybean Oil Ship (April)		1136	1147	-11
Refined Soy Oil (Bulk) Ship (April)		1176	1187	-11
Sunflower Oil Ship (April)		-	1170	-
Cottonseed Oil Ship (April)		1116	1127	-11
Refine Linseed Oil(Bulk) Ship (April)		1156	1167	-11



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