



Veg. Oil Monthly Research Report

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Executive Summary

Domestic Front

Most of the edible oils featured steady to weak tone during the month under review on lackluster buying against adequate edible oils stocks. However, crude palm oil quoted higher on better buying interest and slight gains in the international palm oil prices underpin the domestic cash market.

Mustard oil (Kota basis) was the top loser among the edible oil pack on an estimated rise in the mustard seed production and arrival pressure. While, refined soybean oil (Indore Based) was the second worst performer due to lackluster buying and bearish cues from CBOT market. Meanwhile, crude palm oil featured gain on m-o-m in line with the international market. Mustard oil (Kota basis) prices quoted lower to Rs 663.88/10 Kg monthly averages; down 8.76 percent and refined soybean oil (Indore Based) prices fell by 6.49 percent to Rs 689.43 per 10 Kg on monthly average basis.

Sown area for Rabi oilseed stood at 88.91 lakh hectares as on 28 Feb. 2013 up 1.53 % compared to corresponding period last year - Ministry of Agriculture.

On the currency front, Indian rupee against USD closed at 54.27, up 0.13 percent as compared to the previous month which makes edible oil imports cheaper. We expect edible oil complex to trade sideways to slightly firm tone in the days ahead on upcoming Hindu's festivities, wedding season amid in anticipation of delay in Argentina's soybean harvesting due to the rains. However, higher Rabi oilseed arrivals and record soybean production in South American countries may limit excessive gains.

International Front

CBOT soy oil (Mar) is expected to stay in the range of 47.50 cents/lb to 53.50 cents/lb. CPO at BMD (May) is likely to trade sideways and stay in the range of 2320-2520 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, South East Asian palm oil ending stocks and South American soybean export pace.

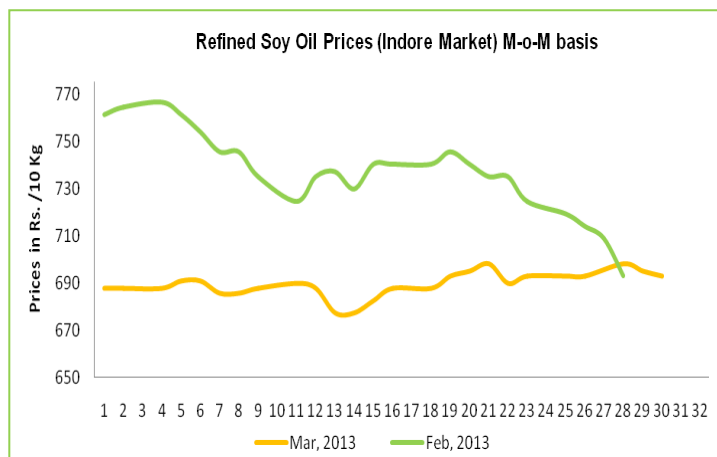
As per cargo surveyor Societe Generale de Surveillance, Malaysian palm oil products exports for March figures depicts a surge of 5.5% m-o-m basis to 1.29 lakh tons.

Bullish Malaysian palm oil export figures and in expectation of easing palm oil ending stocks following by lower production figures in South East Asian countries may support international palm oil prices for short term. Meanwhile, ongoing soybean harvesting in South American countries could wean away demand from palm oil in the medium term.

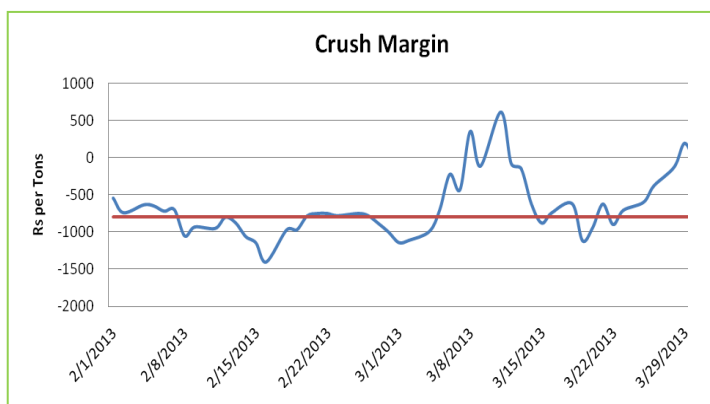
Ongoing soybean harvesting in South American countries and bird flu has reported in China, which may hamper demand prospects in the coming weeks. However, tight US soybean supply and huge delays to load and ship vessels from Brazilian ports may limit excessive losses in the soybean prices for the short term. Medium term (2-3 Months) outlook support the bears.

Soy oil: Domestic Market Fundamentals

- Ref. soy oil prices featured weak tone during the month in review due to lackluster buying interest against adequate imported edible oils stocks. However, thin soybean arrivals and good demand for soy meal limit downside risk in the prices.
- India is expected to import in the range of 10.7-10.9 million tons of vegetable oils in the current oil year, up by 7 per cent from the last year. Domestic vegetable oil production is expected to improve marginally to 8.19 million tons in the current year – SEA of India.
- Indian government reduced the base import price on crude soybean oil by US \$54 per tons to US \$1093 due to falling international soy oil FOB prices.
- As per sources, wholesalers and stockists is likely to cover edible oils position in the first fifteen days of April in anticipation of good demand from retail ahead of Hindu's festivals and marriage season. However, record soybean production in South American countries may limit excessive gains.
- We expect soy oil may trade with a steady to firm bias on dwindling soybean supplies and firm trend in soy meal. However, upcoming soybean supplies from South American countries may limit upside.



Soybean crush margin (Indore basis):-



Outlook:-

Crush margin (Indore) disparity narrows during the month on higher relative gains in soy meal prices compared to soybean prices. We expect crush margin disparity is likely to remain in the negative zone. Crushers are in comfortable state above-800 levels.

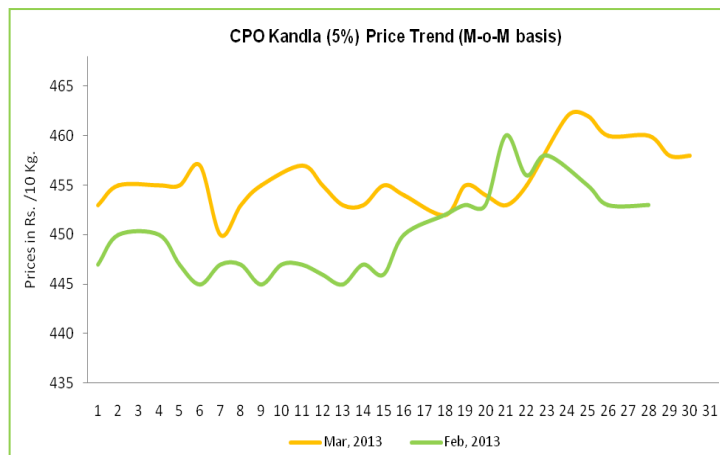
International Market Fundamentals

- Oil World has suggested that the worst of the shipment delays in the Brazilian ports may be over for now. The analyst expects exports to pick up from here on out which could help ease the tight global supply. It was also reported that a couple cargos of soybeans were shipped out of Argentina at the end of March to China.
- As per Brazilian trade ministry, Brazil's soybean exports rose to 35.4 lakh tons in March as compared with 9.59 lakh tons last month. However, soybean exports have fell by 16.5 percent, which was 42.4 lakh tons in the same month a year earlier.
- The Rosario grains exchange has kept its Argentina's soybean output estimates unchanged at 48 million tons for 2012-13. Buenos Aires Grains Exchange has reported that farmers had gathered 9.1 percent of their 2012/13 soybean as of 04 April.
- Ongoing soybean harvesting in South American countries and bird flu has reported in China, which may hamper demand prospects in the coming weeks. However, tight US soybean supply and huge delays to load and ship vessels from Brazilian ports may limit excessive losses in the soybean prices for the short term. Medium term outlook support the bears.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 700-738 per 10 Kg.

Palm oil:
Domestic Market Fundamentals

- CPO kandla 5% prices featured firm tone in March in line with the bullish international palm oil market. However, upside was capped due to higher than the seasonal palm oil stocks in the South East Asian countries.
- According to IBIS, Indian buyers imported 6.72 lakh tons of crude palm oil, 1.91 lakh tons of RBD palmolein and 0.56 lakh tons of crude palm kernel oil in the month of March.
- The Indian Government has lowered base import price on crude palm oil to US \$ 829, slashed US \$9 per tons in line with global prices and also reduced base import price on palmolein crude as well as refined by \$11 per tons to US \$ 860 per tons and US \$863 per tons.
- As per trade sources, subdued demand from vanaspati millers and higher palm oil ending stocks in the South East Asian palm oil producing countries hurts the sentiments. However, demand may shift to cheaper palm oil products and palm oil solidifies ended with an approaching summer season.
- Palm oil may trade steady to slightly firm note in expectation of easing palm oil stockpiles in the South East Asian countries. However, good supplies in the cash market may limit upside risk in the prices.


International Market Fundamentals

- As per cargo surveyor Societe Generale de Surveillance, Malaysian palm oil products exports for March figures depicts a surge of 5.5% m-o-m basis to 1.29 lakh tons.

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

Palm Products	Mar	Feb	% Change
Crude palm oil	143,382	386,294	-62.88
RBD palm oil	144,412	101,260	42.62
RBD palm olein	700,753	463,478	51.19
RBD palm stearin	116,408	137,774	-15.51
Crude palm kernel oil	27,190	16,890	60.98
Oleochemicals	61,090	33,438	82.70

Top Palm Products Importers	Mar	Feb	% Change
European Union	206,113	272,805	-24.45
China	401,120	246,829	62.51
Pakistan	83,500	102,900	-18.85
United States	94,437	148,603	-36.45
India	81,142	158,250	-48.73

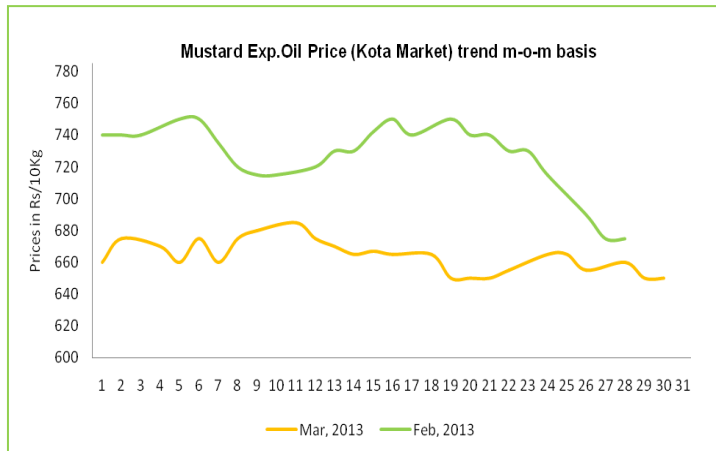
- Indonesian palm oil and kernel exports rose 9 percent to 2.036 Mln. T in February compared to previous month. In the first two months of 2013, palm and kernel oils exports to India totaled 1.508 Mln. tons - IPOA.
- As per Reuter's survey, Malaysian palm oil stocks is likely to fell by 3.8 percent to 2.35 million tons and palm oil production may dropped to 1.2 percent to 1.28 million tons compared to February due to seasonal lower palm oil output phase.
- Malaysian palm oil futures could rise to 2,400-2,700 ringgit (\$770 to \$865) per tons by the end of May due to weaker production and falling trend in palm oil inventories. By the end of June 2013, Malaysian palm oil stocks will dip below 2 million tons and Indonesian stocks would below 4 million tons. However, after June prices will come under pressure as low palm oil production cycle ends –Dorab Mistry.
- Bullish Malaysian palm oil export figures and in expectation of easing palm oil ending stocks following by lower production figures in South East Asian countries may support international palm oil prices for short term. Meanwhile, ongoing soybean harvesting in South American countries could wean away demand from palm oil in the medium term.

Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 435-475 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured weak tone during the month of March due to higher mustard seed arrivals and on an estimated rise in the mustard seed production.
- As per sources, good demand from millers and slow mustard seed selling by farmers, in anticipation of higher prices is likely to support mustard oil prices. However, weakness in the international palm oil market and higher mustard seed production may limit upside risk in the prices.
- India's oilseeds output rose to 26.7 million tons, up 2.6 percent in the current crop year supported by a surge in the rapeseed crop acreage due to favorable weather conditions and higher prices – Trade body. As per Agriwatch estimates, mustard oil output seen at 29.2 lakh tons, up 22 percent from the previous oil year.
- We expect RM seed oil prices may rise on renewed demand from oil millers. However, ongoing RM seed arrivals may limit excessive gains.



International Fundamentals:-

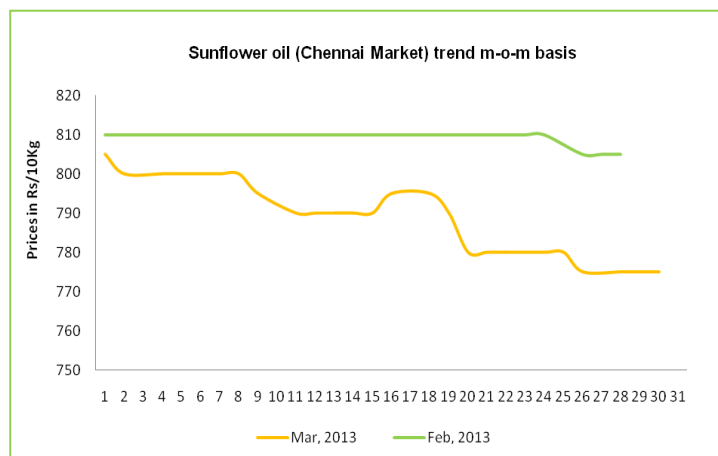
- Canada is likely to produce 14.9 Mln. t of rapeseed in 2013/14 MY (Aug. /July), up 12 percent from the previous year and exports seen at 7.8 v/s 7.2 Mln. t - US agricultural attaché.
- As per forecast by German farm organization DRV, Germany's rapeseed output may jump 12 per cent to 5.39 million tons from 4.8 million tons in 2012 as the harvested area climbs 10 per cent to 1.43 million hectares.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 652-688 per 10 Kg.

Sunflower oil:

Domestic Market Fundamentals

- Sunflower oil featured weak tone during the month of March on subdued demand in the premium oil segment.
- New Rabi crop arrivals in the southern Indian market and limited buying in premium edible oils dampened bullish enthusiasm in the cash market. However, gains in the international sun oil market restrict excessive losses.
- At import front, IBIS data revealed that India imported 1.27 lakh tons of crude sunflower oil majorly from Ukraine in the month of March. While, SEA of India has reported, crude sunflower oil imports were down during Nov 12-Feb 13 by 11.3 percent to 331,095 tons compared to the same period last month.
- Sown area for Rabi Sunflower stood at 5.34 lakh hectares as on 28 Mar. 2013 up 13.6 % compared to corresponding period last year. Higher planting witnessed in Karnataka, while lower sowing witnessed in A.P and Maharashtra - Ministry of Agriculture. We expect sunflower oil prices may trade range bound in the near term.



International Fundamentals:-

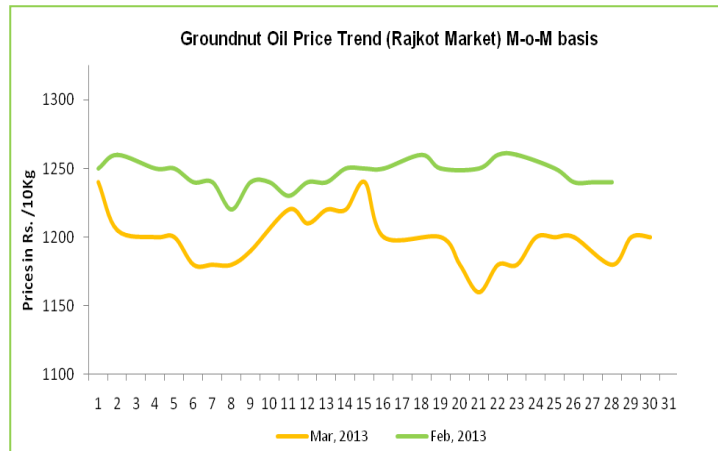
- According to Argentina's agriculture ministry, 77 percent of the sunflower seed was harvested as of March 22, 2013 ahead of last year's pace of 71%.
- Ukraine is likely to increase sunflower seed production by 11 percent in 2013 to 9.51 million tons due to higher yields. Higher sunflower seed yields would be offset a decrease in the sowing area and farmers were likely to sow 5.3 million hectares of sunflower this year against 5.7 million hectares in 2012 - UkrAgroConsult.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 758-790 per 10 Kg.

Groundnut oil:

Domestic Market Fundamentals

- Groundnut oil quoted lower on lackluster buying interest and ongoing Rabi oilseed arrivals.
- As per IOPEPC, India's groundnut exports for 2012/13 are estimated to be around 6 lakh tons, down 30 percent from last year due to good crop prospects in US, Argentina and . India's groundnut (shelled) exports stood at around 3.30 lakh tons in 2012-13 (till September).
- As per sources, groundnut oil is likely to trade with a firm note in the coming days on better buying from repackers, good returns from meals amid higher demand from end user.
- We expect groundnut oil prices may trade higher on improved buying from repackers and firm trend in meals which may underpin groundnut oil prices.

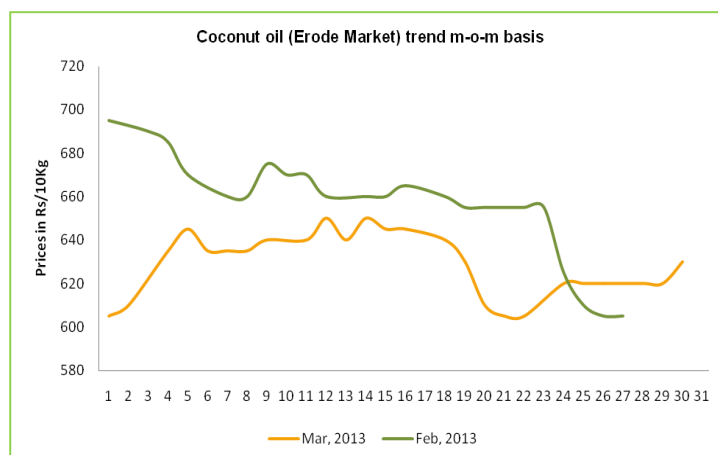


Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 1200-1300 per 10 Kg.

Coconut oil:

Domestic Market Fundamentals

- Coconut oil featured steady to weak tone during the month of March on higher palm oil imports and comfortable copra stocks in the cash market.
- Sources revealed that coconut oil prices are likely to remain firm for short term due to scarcity of water in south. However, higher copra stocks in the cash market and lower pricing of other edible oils like palm oil shall negate any positive price momentum in the medium term.
- The government has increased minimum support price (MSP) for copra by Rs 150 per quintal for both the crop varieties. The MSP for milling copra would now be Rs 5,250/quintal, while support price of ball copra stands increased to Rs 5,500 per quintal.
- We expect coconut oil prices may trade range bound in the coming month on higher imported palm oil products and comfortable copra stocks in the hands of millers.



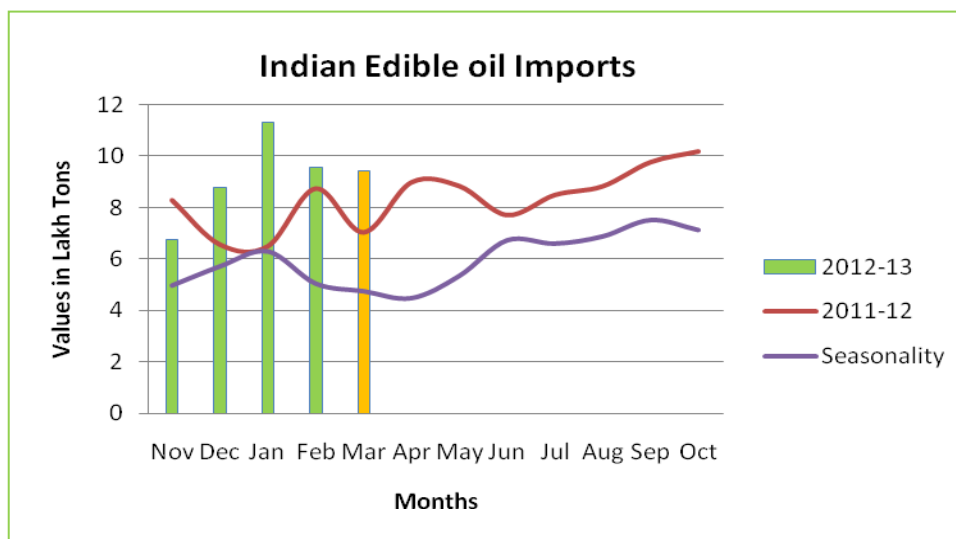
Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 620-700 per 10 Kg.

Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2010-11	2011-12	2012-13	% Change
Value in million tons				
Beginning Stock	0.67	0.64	1.21	89.06
Production	8.10	7.82	8.20	4.86
Imports	8.37	9.98	10.00	0.20
Total Supply	17.14	18.46	19.54	5.85
Exports
Total Demand(Consumption)	16.50	17.25	18.10	4.93
Ending Stock	0.64	1.21	1.44	19.01

Balance Sheet Highlights

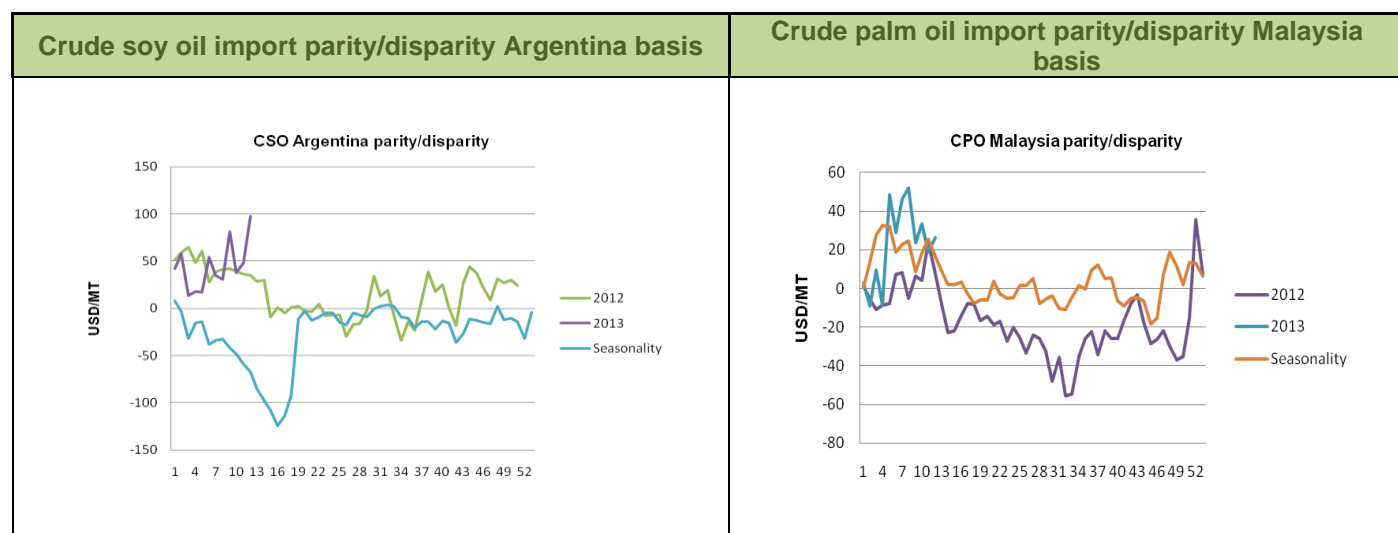
Net edible oil output would likely be 8.20 Million MT in 2012/13 on the back of higher soybean and mustard seed production in the current oil year. An increment of 22 percent gains in mustard oil production and 4.7 percent in soybean oil witnessed in the current oil year. On import front, edible oil imports likely to rise by 0.20 percent compared to previous year. Total demand of Indian edible oil is likely to grow at a rate of 4.93%. Ending stocks are projected higher compared to 2012-13 at 1.44 million tons.

Indian edible oil imports for Mar. 2013 projection –:


As per Solvent Extractors' Association of India, India imported 3.64 million tons of edible oils in the 2013 oil year (Nov.-Oct) till Feb. However, edible oils imports were 3.0 million tons in the corresponding period last year. We expect Indian edible oils imports for the month of March is likely to be near to the previous month imports.

Landed Cost at the Indian Ports - Crude soy oil

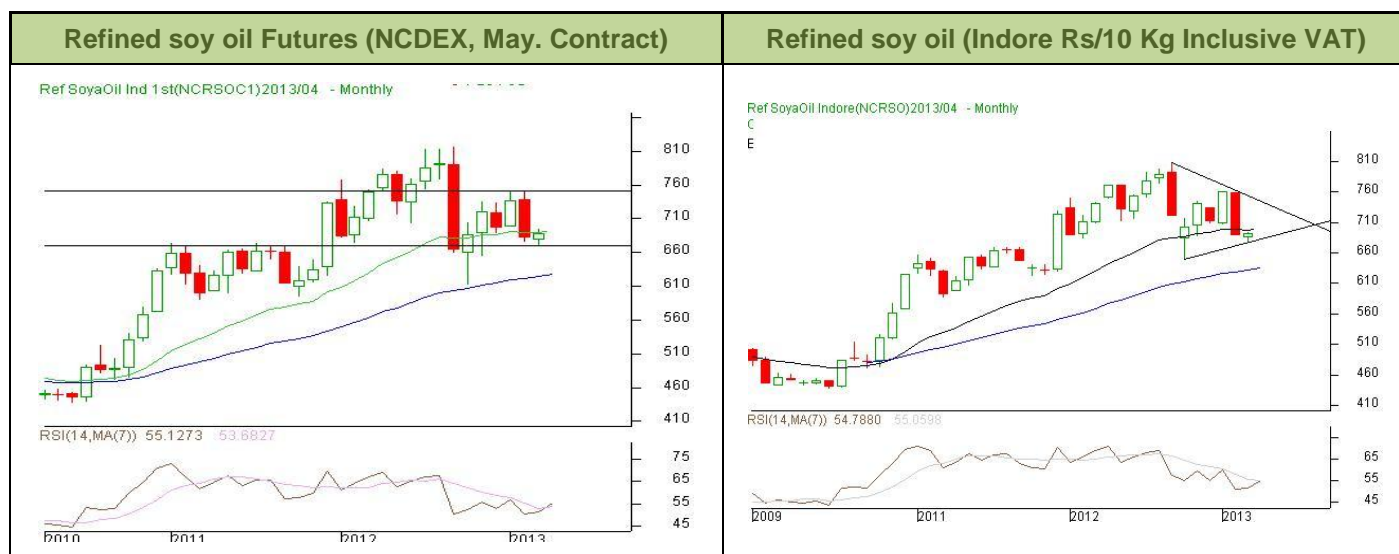
Landed Cost Calculation as on 5/4/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	985.47	1003	1059
Freight (USD/MT)	75	55	50
C & F	1060.5	1058.1	1109.0
Weight loss (0.25% of FOB)	2.46	2.51	2.65
Finance charges (0.4% on CNF)	3.94	4.01	4.24
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1070	1068	1119
CVD	0	0	0
Duty USD per ton	27.325	27.325	27.325
CVD value USD per ton	0	0	0
Cess (2% on duty) USD per ton	0.5465	0.5465	0.5465
Exchange rate	54.88	54.88	54.88
Landed cost without customs duty in INR per ton	58725	58601	61422
Customs duty %	2.5%	2.5%	2.5%
Base import price	1093	1093	1093
Fixed exchange rate by customs department	55.15	55.15	55.15
Duty component in INR per ton	1506.97375	1506.97375	1506.97375
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	60668	60544	63365
Domestic Market price INR per ton Soy Degum Kandla	66000	66000	66000
Total landed cost USD per ton	1105	1103	1155
Domestic Market price USD per ton Soy Degum Kandla	1203	1203	1203
Parity INR/MT (Domestic - Landed)	5332	5456	2635
Parity USD/MT (Domestic - Landed)	97.16	99.43	48.01
Source: Agriwatch/ Reuters			



* Seasonality based on 2009-2011 data averages for CPO Malaysia and 2010-11 data averages for CSO Argentina.

Outlook:-

Import parity for crude soy oil from Argentina is hovering in positive territory due to higher international prices as compared to the domestic prices. We expect import parity to be in the positive side in the coming week due to higher soybean supplies from South American countries.

Technical Analysis (Refined soy oil Monthly Charts)


Outlook – Prices are likely to trade with a steady to firm tone in the days ahead. Investors are advised to buy refined soy oil on dips (May. contract).

- ❖ Monthly chart of refined soy oil at NCDEX featured slight gains. We expect steady to firm movement in the coming days.
- ❖ Any close below 681.50 in monthly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next month is 691-721 level in near to medium term. RSI is in between neutral and oversold zone and shows no evidence of divergence with the ref. soy oil prices. While, crossover noticed in the continuous chart which depicts bullishness is likely to persist in the coming days.

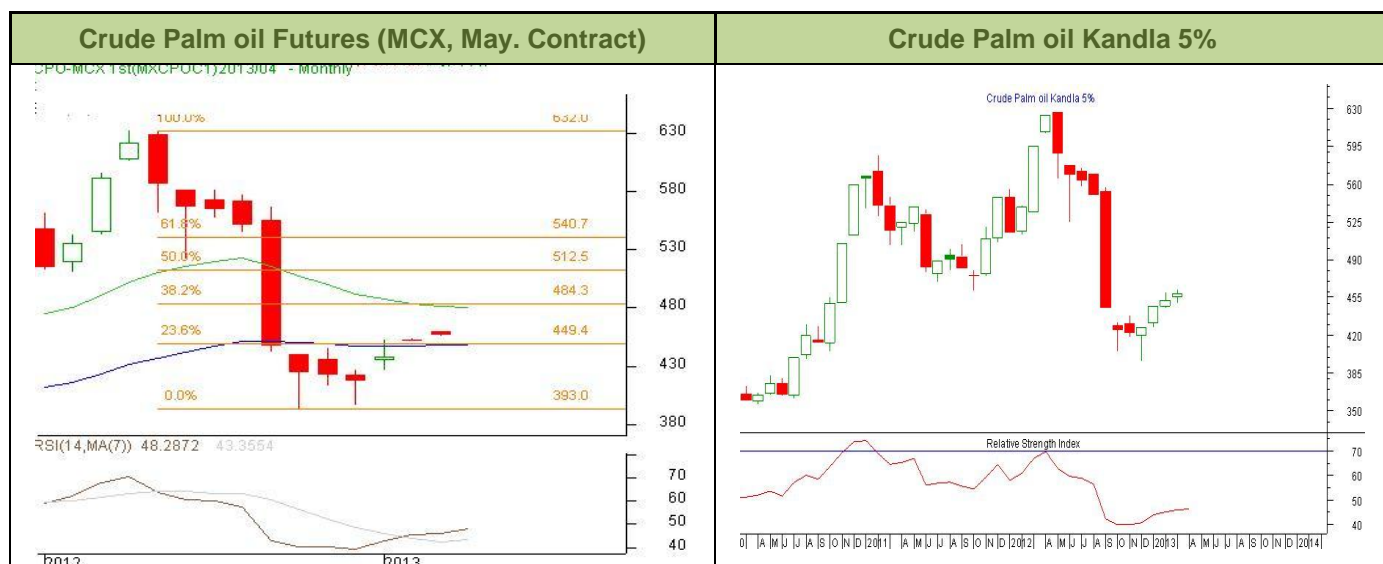
Strategy: Market participants are advised to go long in RSO in the range of 691-696 for a target of 716 and 720 with a stop loss at 681.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
660.00	670.00	707.95	730.0	738.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 700-738 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)



Outlook - Prices may trade with a steady to slightly firm tone in the coming days. Investors are advised to buy MCX CPO May contract.

- ❖ Candlestick Monthly chart of crude palm oil at MCX depicts sideways movement. We expect prices may trade with a steady tone in near term.
- ❖ Any close below 450 in monthly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next month is 456-477 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Market participants are advised to go long in CPO in the range of 456-460 for a target of 474 and 477 with a stop loss at 450 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
445.00	452.00	467.80	479.00	485.00

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming month. The prices are likely to stay in the range of 435-475 per 10 Kg.



Monthly spot price comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		3/30/2013	2/28/2013	
Refined Soybean Oil	Kota(Loose)	675	675	Unch
	Rajkot (Loose)	670	690	-20
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	700	-
	Kakinada	-	-	-
	Mumbai +VAT	655	680	-25
	Indore	660	660	Unch
	Soy Degum Mumbai+VAT	650	685	-35
	SoyDegum Kandla/Mundra+VAT	660	690	-30
	Haldiya Port (Loose)	-	716	-
	Akola (Loose)	681	699	-18
	Amrawati (Loose)	681	699	-18
	Jalna	679	695	-16
	Nagpur	681	699	-18
Palm Oil	Chennai.RBD.Palmolein.(Loose)	508	510	-2
	Hyd. RBD Palmolein VAT	505	-	-
	Delhi RBD Palmolein (Loose)	550	550	Unch
	Kandla CPO (5%FFA)	458	453	5
	Kakinada.RBD.Palmolein(Loose)	496	480	16
	Mumbai RBD Pamolein+ VAT	512	517	-5
	Kandla RBD Palmolein +VAT	510	515	-5
Refined Sunflower Oil	Mumbai + VAT	775	780	-5
	Kandla/Mundra	680	700	-20
	Erode (Exp. Oil)+VAT	755	785	-30
	Hyderabad Exp +VAT	711	756	-45
	Chennai (Loose)	775	805	-30
	Bellary (Exp. Oil)+VAT	629	646	-17
	Latur (Exp. Oil)+VAT	721	731	-10
	Chellakere (Exp. Oil)+VAT	691	711	-20
Groundnut Oil	Rajkot (Loose)	1200	1240	-40
	Chennai (Loose)	980	1110	-130
	Delhi (Loose)	-	1080	-



	Hyderabad Exp +VAT	1072	1156	-84
	Mumbai + VAT	1210	1235	-25
	Gondal+VAT	1200	-	-
	Jamnagar +VAT	1200	-	-
	Narsarropeth+VAT	1021	1091	-70
	Prodattour+VAT	1081	1101	-20
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	672	690	-18
	Alwar (Expeller Oil)(Loose)	666	706	-40
	Kota (Expeller Oil) (Loose)	650	675	-25
	Jaipur (Expeller Oil) (Loose)	661	706	-45
	Delhi (Exp. Oil) (Loose)	-	753	-
	SriGangaNagar(ExpOil-Loose)	661	721	-60
	Hapur+VAT	763	815	-52
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	710	760	-50
Refined Cottonseed Oil	Mumbai +VAT	625	622	3
	Rajkot (Loose)	600	615	-15
	Delhi (Loose)	-	610	-
	Hyderabad (Loose)	565	-	-
Sesame Oil	Delhi	-	1350	-
	Mumbai	1350	1360	-10
Coconut Oil	(Crude Rs/10kg) - Kangayan	-	605	-
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	-	540	-
Rice Bran Oil (4%)	Punjab	490	510	-20
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB	808	810	-2
	CNF India	835	860	-25
Indonesia/Malaysia CPO USD/MT	FOB	-	775	-
	CNF India	805	810	-5
Argentina FOB (\$/MT)		3/29/2013	2/27/2013	Change
Crude Soybean Oil Ship		-	1070	-
Refined Soy Oil (Bulk) Ship		-	1107	-
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		-	1050	-
Refined Linseed Oil (Bulk) Ship		-	-	-

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