

Outlook and Review:

Most of the edible oils witnessed steady to weak tone during the week under review on adequate edible oils stocks and higher Rabi oilseed production.

Soybean oil (Indore Based) was the top loser among the edible oil pack due to higher supplies of imported edible oils and lackluster demand for soy meal in overseas market. Meanwhile, Rapeseed oil quoted lower in expectation of higher RM seed production and good crop prospects weigh on the sentiments. RM seed oil (Kota basis) prices fell by 1.99 percent to Rs 725 per 10 Kg on weekly basis average. However, CPO Kandla 5% prices remain unchanged due to thin trading activities.

Sown area for Rabi oilseed stood at 88.24 lakh hectares as on 14 Feb. 2013 up 1.99 % compared to corresponding period last year - Ministry of Agriculture.

On the currency front, Indian rupee against USD closed at 54.21, down 1.32 percent as compared to the previous week. We expect edible oil complex to trade sideways in the days on new Rabi crop arrivals and harvesting pressure from South American soybean crop. However, seasonal demand for edible oils and slow soybean offloading by farmers may limit downside risk in the prices.

International Veg. Oil Market Summary

CBOT soy oil (Mar) is expected to stay in the range 50.00 cents/lb to 53.50 cents/lb. CPO at BMD (Apr) is likely to trade sideways and stay in the range of 2475-2575 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, South American soybean production estimates, and Brazilian port activities

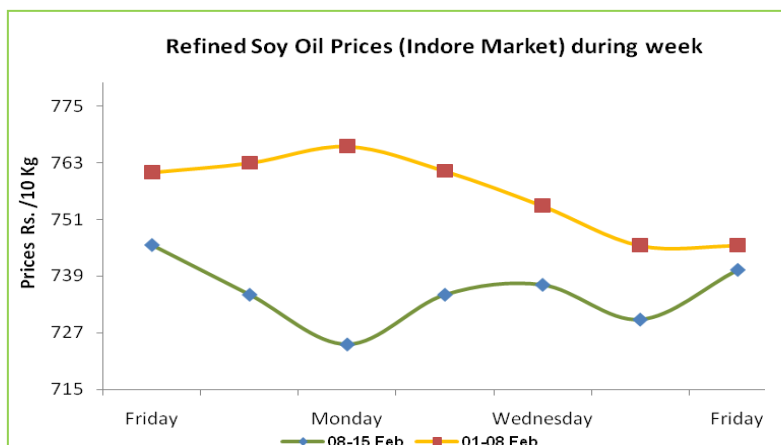
Better buying from Asian and European countries and lower South East Asian palm oil export duties may ease palm oil inventories in major producing countries. However, higher palm oil-ending stocks and in expectation of higher soybean supplies from Latin American countries may limit excessive gains.

Moisture forecasts over South American countries and cool temperature limit stress in the dry areas. Moreover, harvesting pressure is likely to weigh on the market sentiments. Medium term outlook – higher South American soybean production favors the bears.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to weak tone on lackluster buying interest and dull demand for soy meal in overseas market. However, need based buying witnessed on lower quotes.
- India imported record 11.5 lakh tons of vegetable oil in January 2013, 75% higher than the imports in January 2012. The previous highest monthly import was 10 lakhs tons in August 2010. The overall vegetable oil imports during Nov '12 to Jan '13 was reported up by 26.58 per cent to 27.6 lakh tons, of which 22.9 lakh tons was palm oil, as buyers increased their purchases from Indonesia and Malaysia to take the advantage of their cheaper palm oil prices.
- Soybean oil parity weekly average narrows during the week and reported Rs -24 per 10 Kg against Rs -4 per 10 Kg in the bygone week. Soybean oil parity is likely to narrow in the coming weeks in anticipation of range bound movement in oil and meals.
- We expect soy oil may trade range bound to slightly weak tone in the coming week on lower soy meal demand from overseas market and average demand. However, slow soybean offloading by farmers may cap excessive losses.



International Fundamentals:-

- As per baseline acreage and production estimates for 2013-14 season released by USDA, the soybean acreage is projected at 76 million acres vs. 77.2 in 2012. Production is pegged at 3.34 billion bushels vs. 3.02 in 2012-13. Ending stocks were reported at 185 million bushels compared with 125 million bushels in the current crop year.
- China, the largest importer of soybean, is estimated to produce 11 per cent less soybean this year, boosting its imports. China may buy 61.7 million tons of soybeans in 2012-13, up from 59.2 million tons a year earlier.
- Brazil is expected to harvest 83 million tons of soybeans in the current season. Moreover, Brazilian farmers harvest 12 percent of soybean, above the five-year average of 7 percent - Celeres.
- Moisture forecasts over South American countries and cool temperature limit stress in the dry areas. Moreover, harvesting pressure is likely to weigh on the market sentiments. Medium term outlook – higher South American soybean production favors the bears.

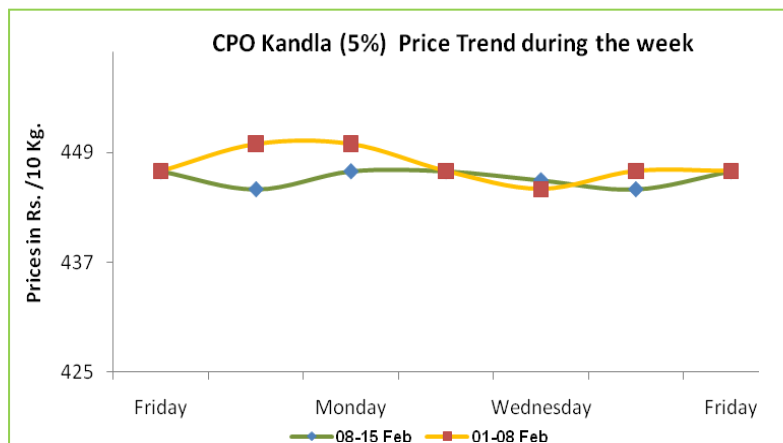
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 720-745 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured sideways tracking range bound movement in Malaysian palm oil market. However, higher supplies limit upside risk in the prices.
- Total stock, both at ports and in pipelines has increased by 2.97 lakh tons to 17.57 lakh tons which consist of stock of edible oils as of 1 February 2013 at various ports is estimated at 8.57 lakh tons and about 9.00 lakh tons in pipelines.
- India imported 2,298,473 tons of palm oil products during Nov'12-Jan'13, up 27.38 percent during the same period of last year due to higher imports in Dec and Jan.
- As per sources, comfortable edible oil stocks and huge palm oil stocks in the South East Asian countries may weigh on the sentiments in the near term. However, imports are likely to fall in the coming months in expectation of higher domestic oilseed crushing and lower CPO purchase due to import duty hike.
- We expect domestic palm oil prices may trade range bound on moderate demand. However, weakness in Indian rupee against US dollar may limit downside.



International Fundamentals:-

- Exports of Malaysian palm oil products for Feb. 1-15 rose 13.6 percent to 649,045 tons from 571,481 tons shipped during Jan. 1-15 - Societe Generale de Surveillance.

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

Palm Products	1-15 Feb	1-15 Jan	% Change
Crude palm oil	203,394	103,610	96.31
RBD palm oil	54,020	73,818	-26.82
RBD palm olein	217,801	215,513	1.06
RBD palm stearin	74,964	56,705	32.20
Crude palm kernel oil	3,940	17,500	-77.49
Oleochemicals	18,910	29,410	-35.70

Top Palm Products Importers	1-15 Feb	1-15 Jan	% Change
European Union	115,535	33,385	246.07
China	158,289	126,450	25.18
Pakistan	56,400	48,500	16.29
United States	38,460	75,230	-48.88
India	102,850	72,610	41.65

- India imported 102,850 tons of palm oil products from Malaysia during January, up 41.65 percent from previous month. Moreover, better buying witnessed from Chinese and European palm oil buyers due to cheaper palm oil prices.
- Malaysia Sets 4.5% CPO Export Tax for March after two consecutive months of no duties that boosted crude shipments from Malaysia and helped to ease stockpiles. Indonesia set February CPO duties at 9% from 7.5% previously.
- Malaysian Palm Oil Board (MPOB) has reported that Malaysia's January palm oil stocks fell by 1.9 per cent to 2.58 million tons from 2.63 million tons in December 2012 but were higher as compared with 2.02 million tons of stock in January last year. In addition, palm oil production in Jan 2013 at 1.60 million tons was down 10 per cent from December 2012 and exports for the month declined by 1.6 per cent from December 2012.
- Better buying from Asian and European countries and lower South East Asian palm oil export duties may ease palm oil inventories in major producing countries. However, higher palm oil ending stocks and in expectation of higher soybean supplies from Latin American countries may limit excessive gains.

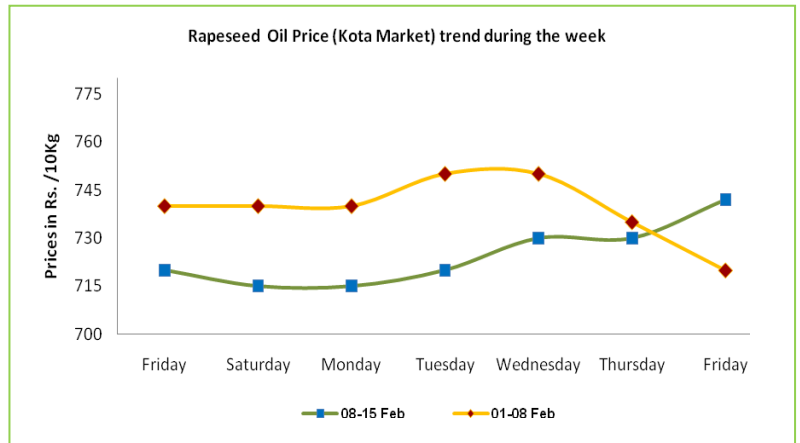
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 435-462 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured weak tone at Kota market during the bygone week on limited buying. However, bad weather in key mustard seed growing regions of India support the bulls during the end of the week.
- Sown area for Rabi mustard seed stood at 67.26 lakh hectares as on 14 Feb. 2013, up 2.14 percent compared to the corresponding period last year - Ministry of Agriculture.
- Farmers are expected to harvest 7.1 million tons of rapeseed in 2013. Rajasthan is likely to harvest 3.4 million tons in 2013, up 24 percent from last year - Solvent Extractors' Association of India.
- As per the second advance estimates of crop production, Indian rapeseed output seen at 73.6 lakh tons, up 11.5 percent owing to higher acreage in the current Rabi season and good crop prospects. More domestic RM seed supplies would help to soften the impact of rising Indian edible oil demand.
- We expect RM seed oil prices may trade range bound to slightly weak tone in the coming days. Prices are likely to be stable and may fall followed by new crop arrivals in the coming days.



International Fundamentals:-

- Informa Economics trims its global 2013/14 (Jun/May) rapeseed production estimate to 65.2 Mln. T (previous forecast: 65.3) comprise of EU-27 at 20.7 (20.8) Mln. T, in Canada at 16.5 (16.5) Mln. T, in China at 12.8 (12.8) Mln. T and in India at 6.9 (6.9) Mln. T.

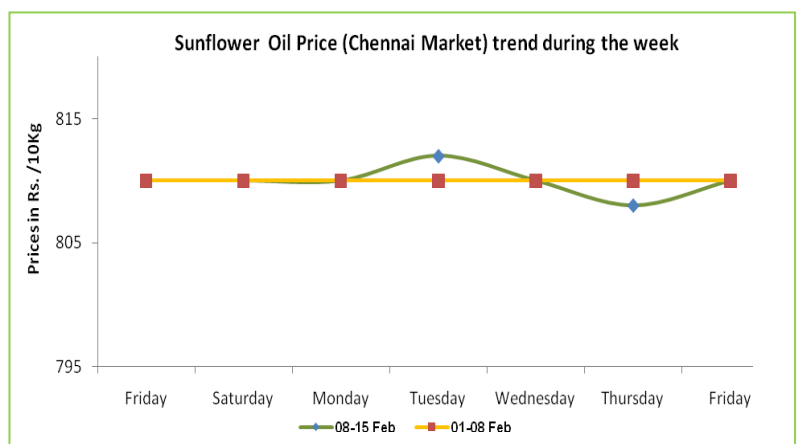
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 718-750 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady tone at its benchmark market Chennai during the week on need based buying.
- As per Ministry of Agriculture, sown area for Rabi Sunflower stood at 5.13 lakh hectares as on 14 Feb. 2013 up 12.5 % compared to corresponding period last year. Higher planting witnessed in Karnataka.
- India imported 130,285 tons of crude sunflower oil during January, up 12.5 percent on M-o-M basis. However, imports were down during Nov 12-Jan 13 by 5.85 to 246,785 tons compared to the same period last month.
- We expect sunflower oil prices may trade range bound to slightly firm tone in the near term.



International Fundamentals:-

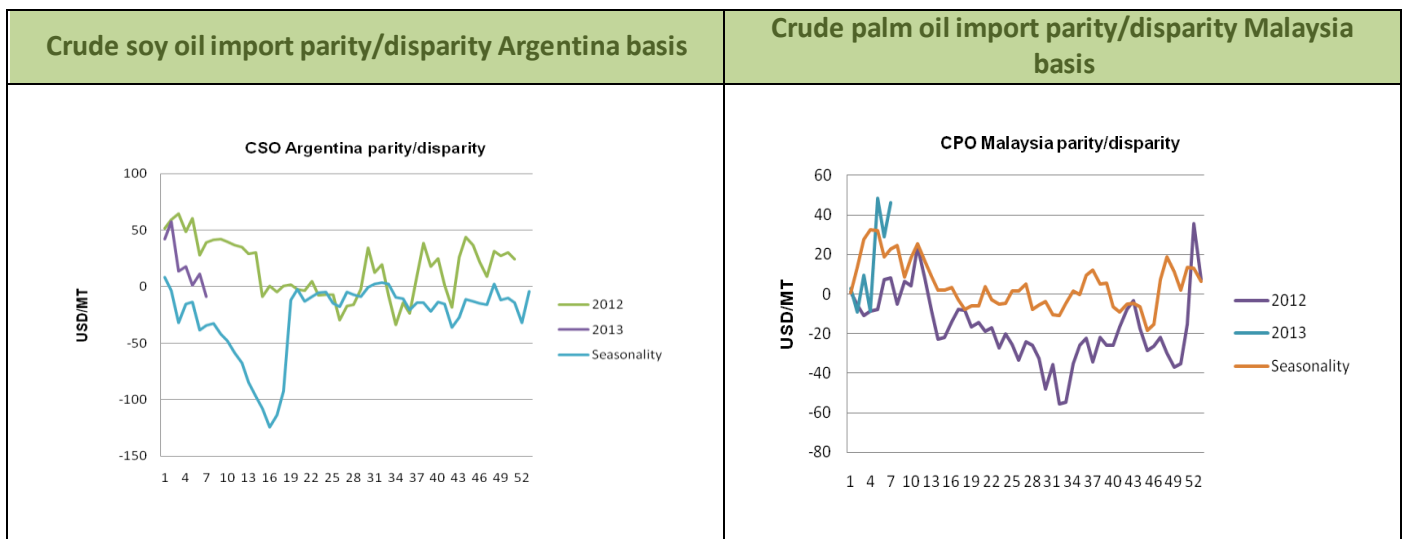
- According to the Ukraine's Ministry of Food and Agriculture, sunflower oil exports reached 3.6 million tons, up by 33% in 2012.

Price Outlook:

Sunflower oil prices in Chennai may stay in the range of Rs 790-815 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 15/2/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1121	1116	1094
Freight (USD/MT)	65	55	50
C & F	1186.0	1171.0	1144.0
Weight loss (0.25% of FOB)	2.80	2.79	2.74
Finance charges (0.4% on CNF)	4.48	4.46	4.38
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1197	1182	1155
CVD	0	0	0
Duty USD per ton	30.475	30.475	30.475
CVD value USD per ton	0	0	0
Cess (2% on duty) USD per ton	0.6095	0.6095	0.6095
Exchange rate	53.9885	53.9885	53.9885
Landed cost without customs duty in INR per ton	64616	63802	62332
Customs duty %	2.5%	2.5%	2.5%
Base import price	1219	1219	1219
Fixed exchange rate by customs department	55.25	55.25	55.25
Duty component in INR per ton	1683.74375	1683.74375	1683.74375
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	66736	65922	64452
Domestic Market price INR per ton Soy Degum Kandla	69000	69000	69000
Total landed cost USD per ton	1236	1221	1194
Domestic Market price USD per ton Soy Degum Kandla	1278	1278	1278
Parity INR/MT (Domestic - Landed)	2264	3078	4548
Parity USD/MT (Domestic - Landed)	41.94	57.02	84.24
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

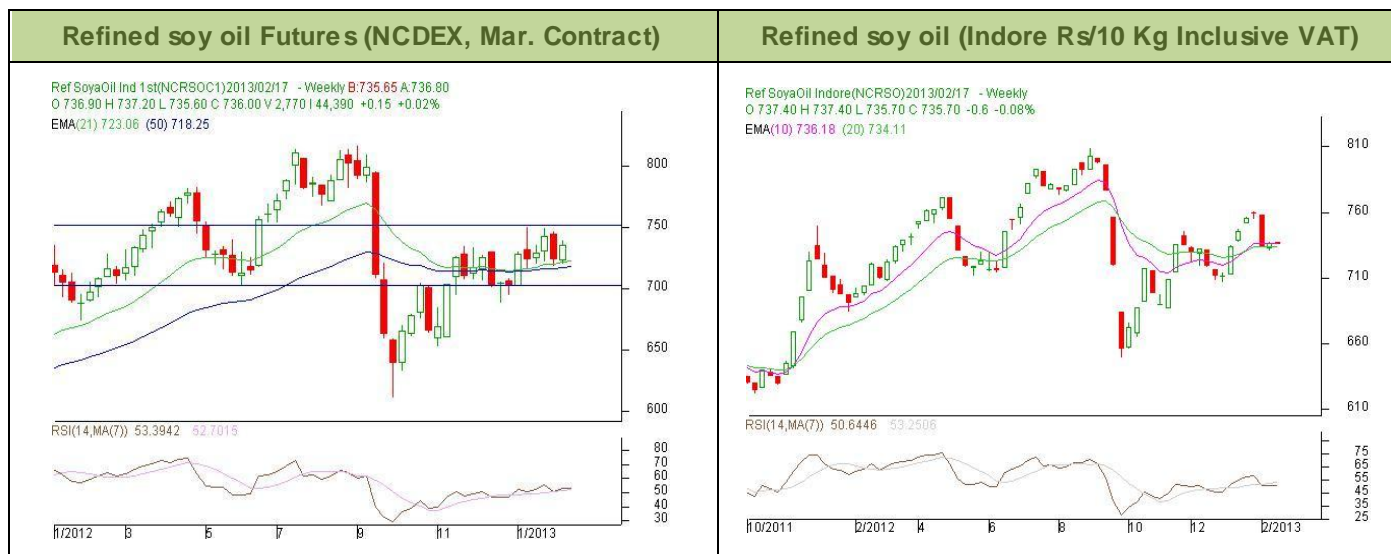


* Seasonality based on 2009-2012 data averages for CPO Malaysia and 2010-12 data averages for CSO Argentina.

Outlook:-

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

Technical Analysis (Refined soy oil Weekly Charts)



Outlook – Prices are likely to trade with a steady tone in the days ahead. Investors are advised to buy refined soy oil (Mar. contract) above 714 levels.

- ❖ Weekly chart of refined soy oil at NCDEX featured sideways to firm movement. Breakout above 714-715 level may leads to 726 levels in the near term.
- ❖ Any close below 708 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 714-730 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

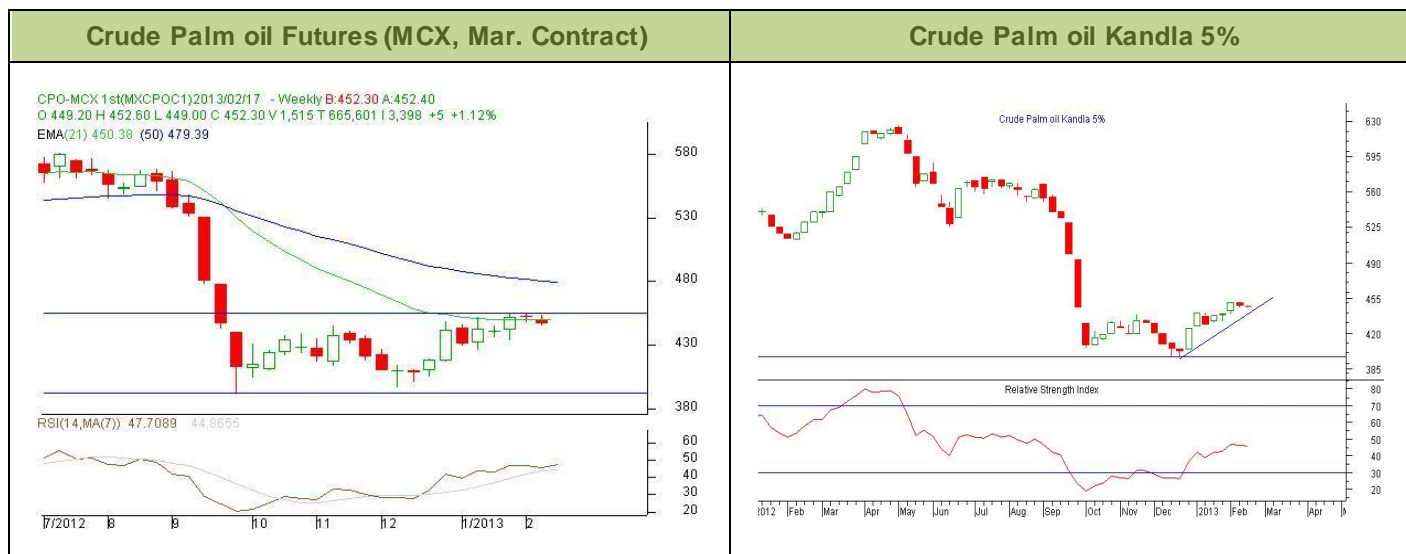
Strategy: Market participants are advised to go long in RSO above 714 levels for a target of 726 and 730 with a stop loss at 708 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
685.00	693.00	706.80	735.00	742.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 720-745 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)



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

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts sideways movement in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close below 450 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 455-468 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 455-457 for a target of 464 and 468 with a stop loss at 452 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
438.00	443.00	457.20	475.00	481.00

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming week. The prices are likely to stay in the range of 435-462 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		2/8/2013	2/1/2013	
Refined Soybean Oil	Kota(Loose)	712	715	-3
	Rajkot (Loose)	710	720	-10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	745	750	-5
	Kakinada	-	-	-
	Mumbai + VAT	695	715	-20
	Indore	705	710	-5
	Soy Degum Mumbai+VAT	685	695	-10
	SoyDegum Kandla/Mundra+ VAT	690	700	-10
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	721	734	-13
	Amrawati (Loose)	721	734	-13
	Jalna	717	730	-13
	Nagpur	724	736	-12
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	510	Unch
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	550	550	Unch
	Kandla CPO (5%FFA)	447	447	Unch
	Kakinada.RBD.Palmolein(Loose)	501	511	-10
	Mumbai RBD Pamolein+ VAT	510	510	Unch
	Kandla RBD Palmolein +VAT	508	508	Unch
Refined Sunflower Oil	Mumbai + VAT	775	790	-15
	Kandla/Mundra	710	715	-5
	Erode (Exp. Oil)+VAT	790	795	-5
	Hyderabad Exp +VAT	766	776	-10
	Chennai (Loose)	810	810	Unch
	Bellary (Exp. Oil)+VAT	654	659	-5
	Latur (Exp. Oil)+VAT	741	736	5
	Chellakere (Exp. Oil)+VAT	711	716	-5
Groundnut Oil	Rajkot (Loose)	1250	1220	30
	Chennai (Loose)	1150	1180	-30
	Delhi (Loose)	1100	1125	-25
	Hyderabad Exp +VAT	1193	1198	-5



	Mumbai + VAT	1235	1250	-15
	Gondal+VAT	1250	-	-
	Jamnagar +VAT	1250	-	-
	Narsarropeth+VAT	1091	1091	Unch
	Prodattour+VAT	1141	1151	-10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	745	770	-25
	Alwar (Expeller Oil)(Loose)	763	776	-13
	Kota (Expeller Oil) (Loose)	742	720	22
	Jaipur (Expeller Oil) (Loose)	756	766	-10
	Delhi (Exp. Oil) (Loose)	790	775	15
	SriGangaNagar(ExpOil-Loose)	746	756	-10
	Hapur+VAT	858	851	7
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	810	800	10
Refined Cottonseed Oil	Mumbai +VAT	610	612	-2
	Rajkot (Loose)	610	600	10
	Delhi (Loose)	613	605	8
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	1400	1450	-50
	Mumbai	1370	1430	-60
Coconut Oil	(Crude Rs/10kg) - Kangayan	660	660	Unch
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	520	525	-5
Rice Bran Oil (4%)	Punjab	510	535	-25
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Mar Shipment)	858	858	Unch
	CNF (Feb) India	870	875	-5
Indonesia/Malaysia CPO USD/MT	FOB (Feb Shipment)	800	785	15
	CNF) (Feb) India	805	820	-15
Argentina FOB (\$/MT)		2/7/2013	1/31/2013	Change
Crude Soybean Oil Ship (Feb/Mar)		1122	1124	-2
Refined Soy Oil (Bulk) Ship (Feb/Mar)		1161	1163	-2
Sunflower Oil Ship (Feb/Mar)		1140	-	-
Cottonseed Oil Ship (Feb/Mar)		-	1104	-
Refined Linseed Oil (Bulk) Ship		-	-	-



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