

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to slight firm tone during the week under review on moderate demand and firm cues from international oil and fats market. However, adequate edible oils stocks in cash markets limit upside.

Rapeseed oil (Kota Based) was the top gainer among the edible oil pack due to bad weather over mustard seed growing areas followed by palm oil on better buying. RM seed oil (Kota basis) prices rose by 2.37 percent to Rs 742 per 10 Kg on weekly average basis and CPO Kandla 5% prices quoted higher to Rs 451.60/10 Kg weekly averages, up 1.18 percent compared to the last week. However, refined sunflower oil quoted steady at Chennai market on limited buying.

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 54.22, down 0.01 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, slow soybean offloading by farmers and weather concern in Argentina may limit downside risk in the prices.

Recommendation

Market participants are advised to go short in RSO below 708 levels for a target of 696 and 690 with a stop loss at 714 on closing basis and go short in CPO in the range of 466-470 for a target of 455 and 452 with a stop loss at 474.50 on closing basis.

International Veg. Oil Market Summary

CBOT soy oil (Mar) is expected to stay in the range 49.50 cents/lb to 51.20 cents/lb. CPO at BMD (Apr) is likely to trade sideways and stay in the range of 2455-2545 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.

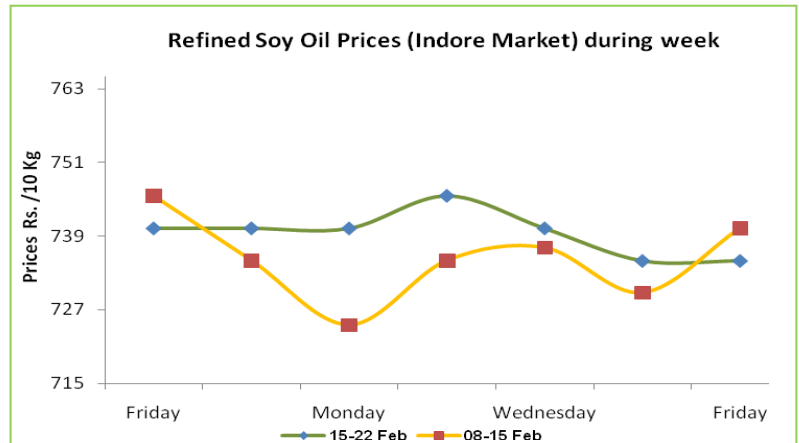
Dry weather concern in Argentina and port strike in Brazil may shift the ready delivery soybean demand from South American countries to US border in anticipation of soybean vessels delay in the coming days. However, harvesting pressure and in expectation of higher South American soybean production in the current season favors the bears in the medium-long term.

Better buying from Asian and European countries and seasonally slowing output in South East Asian may help to ease palm oil stockpiles in February but inventory levels are higher than the seasonal average since October last year, which may limit upside risk in the prices.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone on thin soybean supplies and bullish cues from international oil and fats market.
- As per sources, soybean demand from solvent extractors is good due to firm cues from international soybean market and lower quotes support buying. However, on expectation of higher global soybean supplies would curb the excessive gains in the coming days.
- 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.
- Soybean oil parity weekly average widens during the week and reported Rs -9 per 10 Kg against Rs -24 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:-

- According to Safras & Mercado, Brazil's 2012-13 soybean harvest is 15 per cent complete as of February 15. The pace is slower compared with 19 per cent at the same period last year, but higher than the historic average of 11 per cent. In Mato Grosso, the harvest progressed to 25 per cent, against 16 per cent in the week before.
- In Brazil, there are concerns about the nationwide strike of port workers over the government's planned port regulations reform in the coming days. This will further affect the soybean crop arrivals at its already congested ports.
- 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.
- Dry weather concern in Argentina and port strike in Brazil may shift the ready delivery soybean demand from South American countries to US border in anticipation of soybean vessels delay in the coming days. However, harvesting pressure and in expectation of higher South American soybean production in the current season favors the bears in the medium-long term.

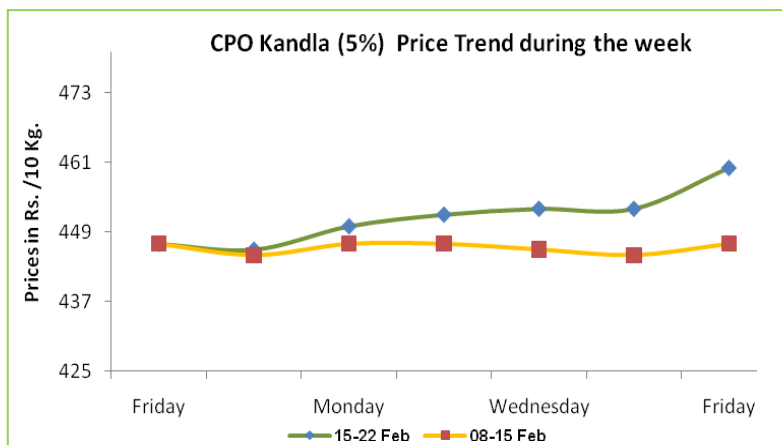
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 705-730 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured sideways tracking range bound to firm tone on better buying and weakness in the Indian rupee against USD support the bulls.
- Indian CPO imports in the month of January rose by 13.3 percent compared to previous month to 721,258 tons SEA of India.
- MMTC has issued a tender to buy 22,000 tonnes of RBD palmolein for shipments delivery at Kakinada and Krishnapatnam ports by March 15. The last date for submitting bids is March 5.
- As per sources, better buying witnessed from vanaspati unit in view of higher export duty tax on South East Asian palm oil products from March. However, adequate palm oil stocks in the cash market may limit upside in the near term.
- 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.
- Global palm oil production is seen at 55.3 million tons in Oct. 2012/Sept. 2013, above 3.4 million tons from last season. Moreover, global stocks may fall on expectation of high consumption. Indonesian palm oil output will reach 27.4 million tons, up 1.5 million tons and Malaysian 2012/13 palm oil output will rise to 19.7 million tonnes, also up 1.5 million tons in 2012/13 - Oil World.
- As per trade ministry official, Indonesia will increase its export tax for CPO to 10.5 percent for March, from 9 percent this month. The government would also lift its export tax for RBD palm olein to 4 percent for March from 3 percent in February.
- Better buying from Asian and European countries and seasonally slowing output in South East Asian may help to ease palm oil stockpiles in February but inventory levels are higher than the seasonal average since October last year, which may limit upside risk in the prices.

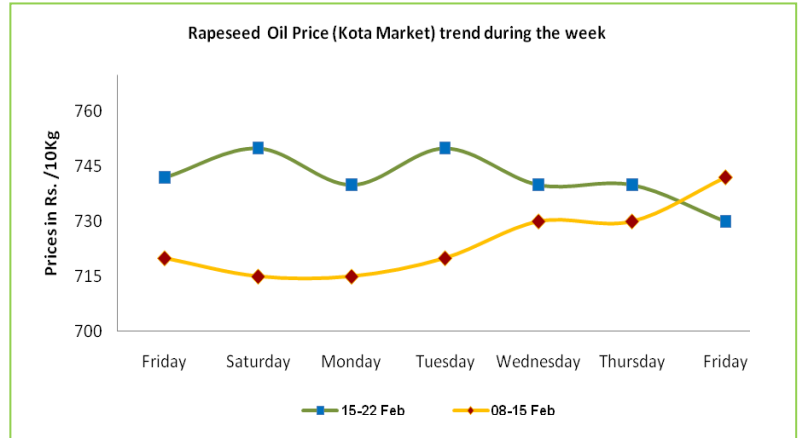
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 438-462 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured slightly firm tone at Kota market during the bygone week due to bad weather in key mustard seed growing regions of India.
- 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.
- We expect RM seed oil prices may trade range bound in the coming days. Prices are likely to be stable due to crop losses in Bikaner, Nagaur and Sriganganagar. However, upside would be cap on an estimated rise in mustard seed production in the current season.



International Fundamentals:-

- January-June 2013 rapeseed crushing in the European Union are likely to fall to 9.68 million tons from 10.55 million tons in the same period last year. Moreover, EU's rapeseed stocks fell to 9.40 million tonnes on Jan. 1, 2013 from 10.24 million tons same period last year - Oil World estimates.
- 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.

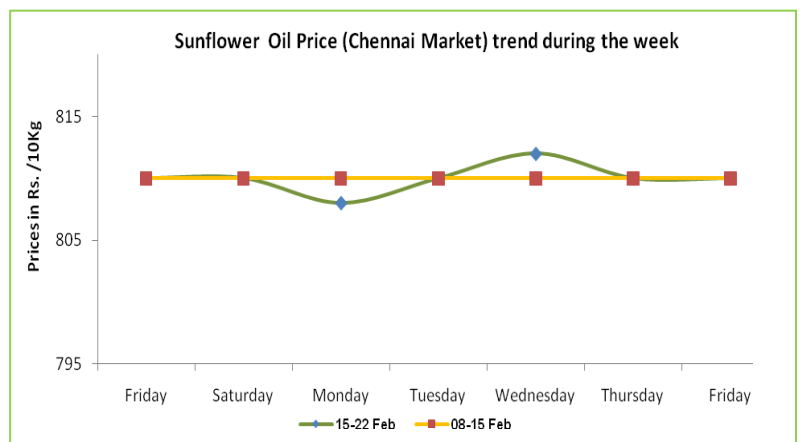
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 710-750 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady tone at its benchmark market Chennai during the week on need based buying. 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 - Ministry of Agriculture.
- As per sources, new Rabi sunflower crop is likely to hit the markets in the second week of March and no crop loss witnessed in the Key sunflower growing areas.
- 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.



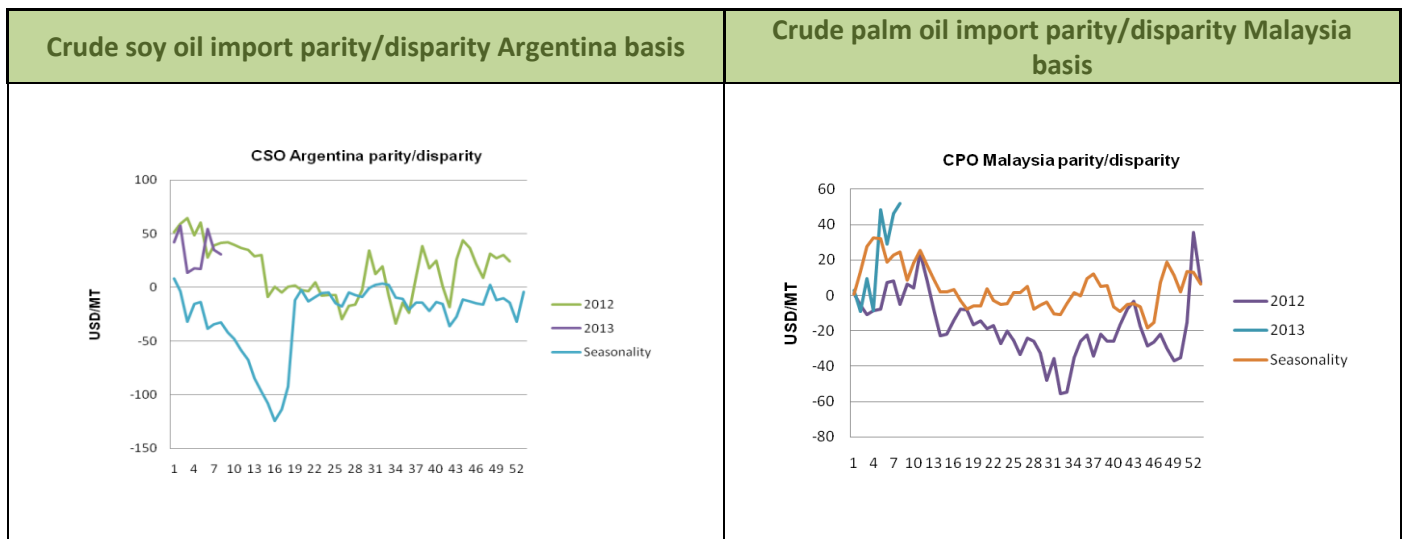
International Fundamentals:-

- January-June 2013 European Union sunflower seed crushing are likely to fall to 2.67 million tons from 2.98 million tons the last year because of low supplies – Oil world.

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

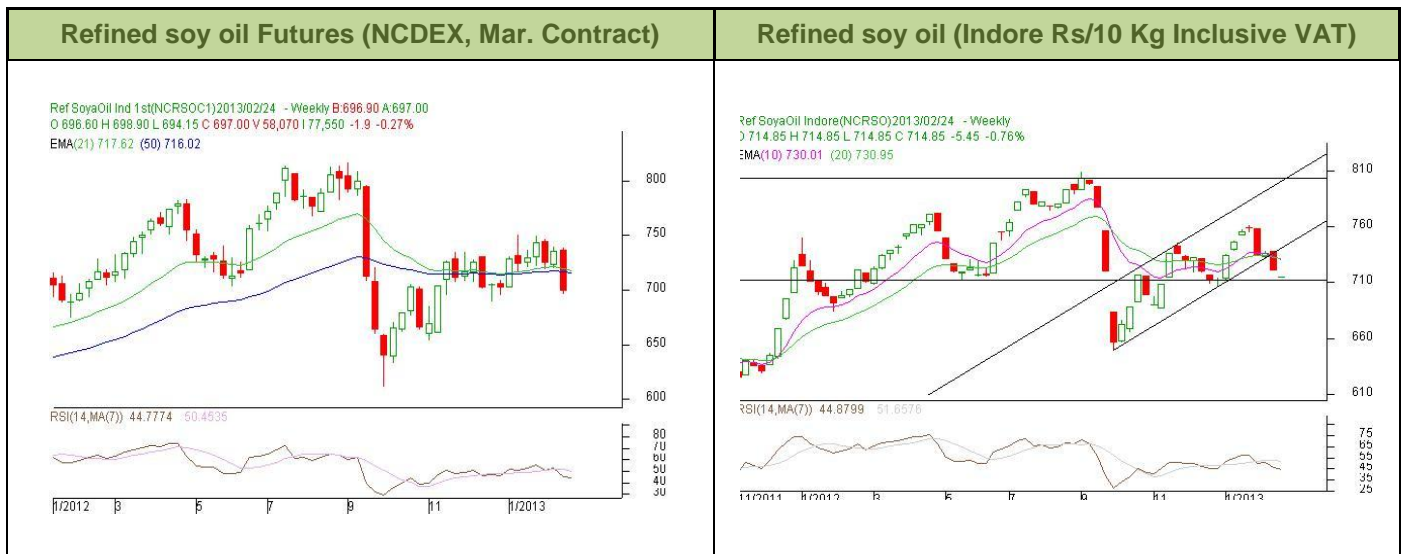
Landed Cost Calculation as on 21/2/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1130	1111	1093
Freight (USD/MT)	75	55	50
C & F	1205.0	1166.1	1143.0
Weight loss (0.25% of FOB)	2.83	2.78	2.73
Finance charges (0.4% on CNF)	4.52	4.44	4.37
Insurance (0.3% of C&F)	4	3	3
CIF (Indian Port - Kandla)	1216	1177	1154
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	54.48	54.48	54.48
Landed cost without customs duty in INR per ton	66246	64115	62845
Customs duty %	2.5%	2.5%	2.5%
Base import price	1219	1219	1219
Fixed exchange rate by customs department	53.50	53.50	53.50
Duty component in INR per ton	1630.4125	1630.4125	1630.4125
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	68312	66182	64911
Domestic Market price INR per ton Soy Degum Kandla	70000	70000	70000
Total landed cost USD per ton	1254	1215	1191
Domestic Market price USD per ton Soy Degum Kandla	1285	1285	1285
Parity INR/MT (Domestic - Landed)	1688	3818	5089
Parity USD/MT (Domestic - Landed)	30.99	70.08	93.41
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 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 Weekly Charts)


Outlook – Prices are likely to trade with a steady tone in the days ahead. Investors are advised to sell refined soy oil (Mar. contract) below 708 levels.

- ❖ Weekly chart of refined soy oil at NCDEX featured sideways to weak movement. Breakout above 714-715 level may leads to 726 levels in the near term.
- ❖ Any close above 714 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 708-690 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

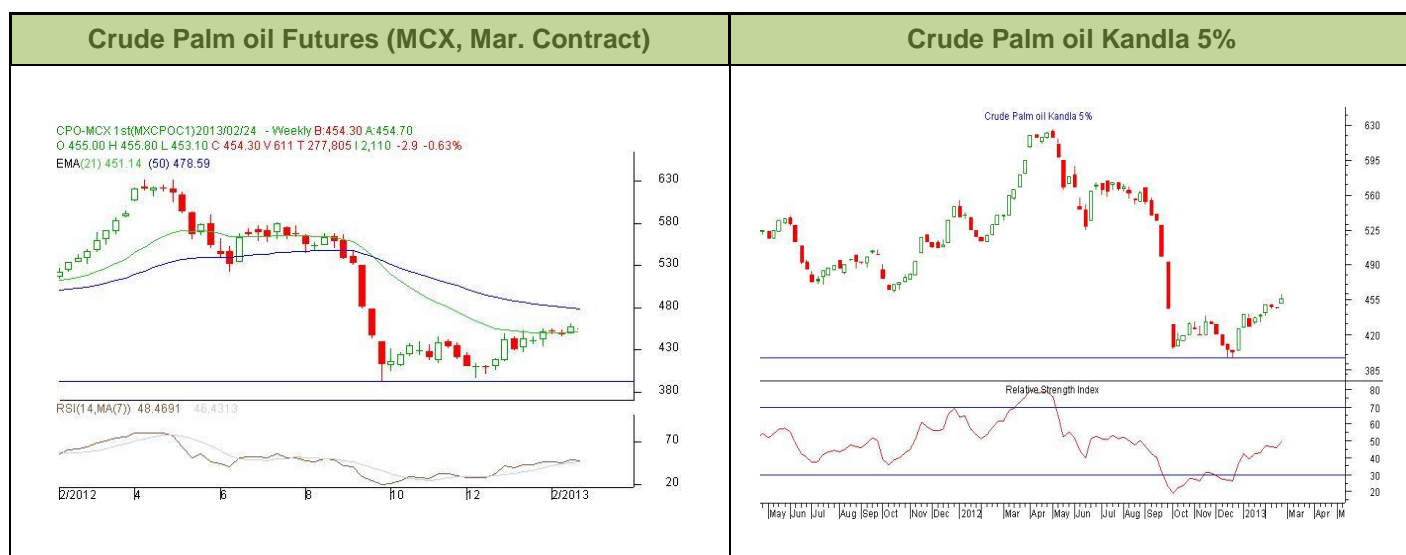
Strategy: Market participants are advised to go short in RSO below 708 levels for a target of 696 and 690 with a stop loss at 714 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
676.00	680.00	705.60	721.00	725.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 705-730 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)



Outlook - Prices may trade with a steady to slight firm tone in the coming days. Investors are advised to sell 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 to weak note in the near term.
- ❖ Any close below 474.50 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 470-452 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 short in CPO in the range of 466-470 for a target of 455 and 452 with a stop loss at 474.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
446.00	450.00	465.40	476.00	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 438-462 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		2/22/2013	2/15/2013	
Refined Soybean Oil	Kota(Loose)	705	712	-7
	Rajkot (Loose)	700	710	-10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	740	746	-6
	Kakinada	-	-	-
	Mumbai +VAT	690	695	-5
	Indore	700	705	-5
	Soy Degum Mumbai+VAT	700	685	15
	SoyDegum Kandla/Mundra+VAT	700	690	10
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	716	721	-5
	Amrawati (Loose)	716	721	-5
	Jalna	712	717	-5
	Nagpur	716	724	-8
Palm Oil	Chennai.RBD.Palmolein.(Loose)	520	510	10
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	555	550	5
	Kandla CPO (5%FFA)	460	447	13
	Kakinada.RBD.Palmolein(Loose)	521	501	20
	Mumbai RBD Pamolein+ VAT	522	510	12
	Kandla RBD Palmolein +VAT	520	508	12
Refined Sunflower Oil	Mumbai + VAT	790	775	15
	Kandla/Mundra	720	710	10
	Erode (Exp. Oil)+VAT	785	790	-5
	Hyderabad Exp +VAT	771	766	5
	Chennai (Loose)	810	810	Unch
	Bellary (Exp. Oil)+VAT	653	654	-1
	Latur (Exp. Oil)+VAT	741	741	Unch
	Chellakere (Exp. Oil)+VAT	724	711	13
Groundnut Oil	Rajkot (Loose)	1260	1250	10
	Chennai (Loose)	1140	1150	-10
	Delhi (Loose)	1080	1100	-20
	Hyderabad Exp +VAT	1188	1193	-5



	Mumbai + VAT	1245	1235	10
	Gondal+VAT	1270	1250	20
	Jamnagar +VAT	1270	1250	20
	Narsarropeth+VAT	1101	1091	10
	Prodattour+VAT	1141	1141	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	740	745	-5
	Alwar (Expeller Oil)(Loose)	779	763	16
	Kota (Expeller Oil) (Loose)	730	742	-12
	Jaipur (Expeller Oil) (Loose)	755	756	-1
	Delhi (Exp. Oil) (Loose)	800	790	10
	SriGangaNagar(ExpOil-Loose)	751	746	5
	Hapur+VAT	849	858	-9
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	805	810	-5
Refined Cottonseed Oil	Mumbai +VAT	615	610	5
	Rajkot (Loose)	625	610	15
	Delhi (Loose)	620	613	7
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	1400	1400	Unch
	Mumbai	1350	1370	-20
Coconut Oil	(Crude Rs/10kg) - Kangayan	655	660	-5
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	540	520	20
Rice Bran Oil (4%)	Punjab	510	510	Unch
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Mar Shipment)	853	858	-5
	CNF (Feb) India	875	870	5
Indonesia/Malaysia CPO USD/MT	FOB (Feb Shipment)	815	800	15
	CNF (Feb) India	830	805	25
Argentina FOB (\$/MT)		2/21/2013	2/14/2013	Change
Crude Soybean Oil Ship (Feb/Mar)		1130	1122	8
Refined Soy Oil (Bulk) Ship (Feb/Mar)		1169	1161	8
Sunflower Oil Ship (Feb/Mar)		-	1140	-
Cottonseed Oil Ship (Feb/Mar)		1110	-	-
Refined Linseed Oil (Bulk) Ship		-	-	-



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