

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to weak tone during the week under review tracking bearish cues from international oil and fats market and adequate edible oils stocks in the cash markets.

Rapeseed oil (Kota Based) was the top loser among the edible oil pack due to harvesting pressure and on an estimated rise in mustard seed production followed by soy oil on bearish overseas market and slack buying in the cash markets. RM seed oil (Kota basis) prices fell by 5.6 percent to Rs 700 per 10 Kg on weekly average basis and soy oil (Indore basis) prices quoted lower to Rs 704.55/10 Kg weekly averages, down 4.57 percent compared to the last week. However, CPO 5% quoted steady at Kandla.

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 54.89, down 0.67 percent as compared to the previous week. We expect edible oil complex to trade sideways to weak in the days on new Rabi crop arrivals and harvesting pressure from South American soybean crop. However, 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 48.20 cents/lb to 51.20 cents/lb. CPO at BMD (Apr) is likely to trade sideways and stay in the range of 2280-2545 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil conference, South American soybean production estimates, and Brazilian port activities.

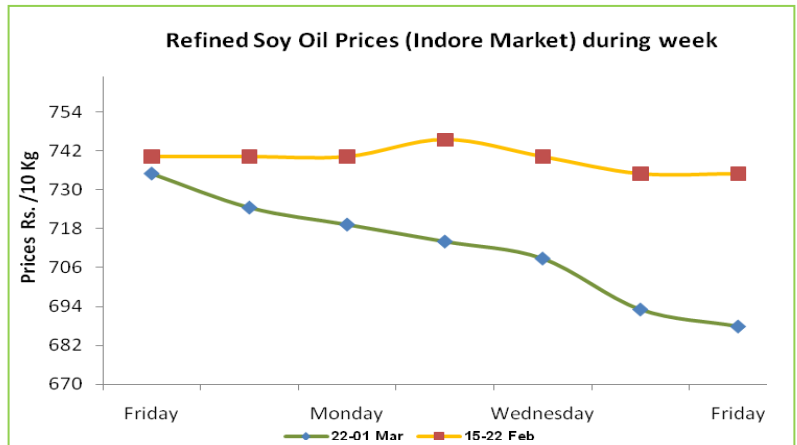
Strong crush demand in the US domestic market, long vessel lineup in the ports of Brazil as well as better buying from China may lend underlying support to the market in the near term. However, harvesting pressure and in expectation of higher South American soybean production in the current season favors the bears in the medium-long term.

Weak palm oil products exports from cargo surveyor wherein February figures depicts a fall of 8.8% M-o-M from Malaysia, market is expected to remain under pressure in the near term. On the other hand, soaring inventory levels of Palm oil in the South East Asian countries shall negate any positive momentum in the prices. However, market participants eyed on the palm oil conference in the next week.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to weak tone on slack buying interest from wholesalers and weak cues from international overseas market.
- Indian government reduced the base import price on crude soybean oil by \$27 per tons to \$1202 due to falling international soy oil FOB prices.
- As per sources, demand for soy oil was moderate during the week. However, rising Rabi oilseed arrivals and falling seasonal usage with rising temperature might weigh on the edible oil complex in the coming weeks.
- In the Union Budget, the average annual growth rate of agriculture and allied sector during the 11th Plan was 3.6 per cent as against 2.5 per cent and 2.4 per cent in the 9th and 10th Plans respectively.
- Soybean oil parity weekly average narrows during the week and reported Rs -13 per 10 Kg against Rs -9 per 10 Kg in the bygone week. Soybean oil parity is likely to narrow in the coming weeks in anticipation of range bound movement to weak movement in oils.
- We expect soy oil may trade range bound to weak tone in the coming week on lackluster buying in edible oil complex and average demand. However, slow soybean offloading by farmers may cap excessive losses.



International Fundamentals:-

- Celeres has stated that as of February 22, 28 per cent of Brazil's planted soybean area was harvested, up from 19 per cent a week earlier but slightly down from the 29 percent harvested by this time last year. 60 per cent of the current crop has been sold, up from 59 percent last week.
- The Rosario grains exchange estimates the Argentine 2012-13-soybean production at 48 million tons, slashing its previous forecast of 53 million tons a month ago.
- Strong crush demand in the US domestic market, long vessel lineup in the ports of Brazil as well as better buying from China may lend underlying support to the market in the near term. However, harvesting pressure and in expectation of higher South American soybean production in the current season favors the bears in the medium-long term.

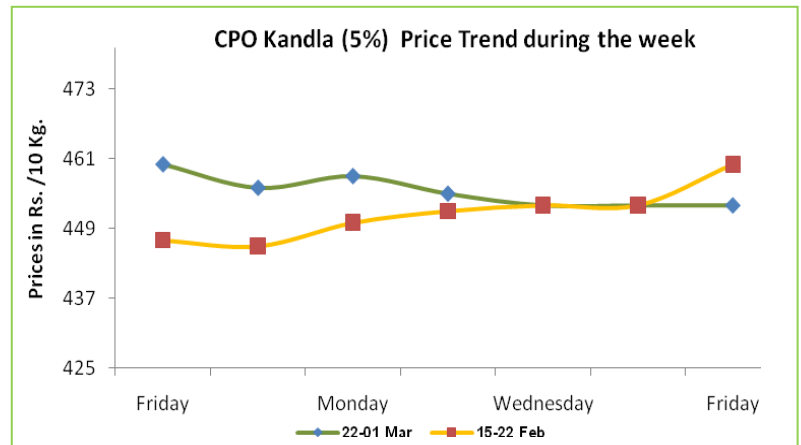
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 667-698 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured sideways on need based buying. However, bearish international palm oil market limit upside.
- There were no changes in import duty structure on the crude and refined palm oil in the union budget. However, market participants were expecting a raise in import duty on crude palm oil to 10% and refined palmolein to 20%.
- The Indian Government has hiked base import price on palmolein crude as well as refined by \$2 per tons in line with global prices. The base price for refined, bleached, and de-odourised (RBD) palmolein has been hiked to \$914 a tons, up from \$912 a tons and the base price for crude palmolein has increased to \$911 a tons.
- Indian CPO imports in the month of January rose by 13.3 percent compared to previous month to 721,258 tons SEA of India.
- We expect domestic palm oil prices may trade range bound to weak tone on limited buying and persistent losses in the international palm oil market.



International Fundamentals:-

- Exports of Malaysian palm oil products for Feb. fell 8.8 percent to 1,297,320 tons compared with 1,421,865 tons shipped during Jan. - Societe Generale de Surveillance.

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

Palm Products	Feb	Jan	% Change
Crude palm oil	386,294	324,187	19.16
RBD palm oil	101,260	140,849	-28.11
RBD palm olein	463,478	572,227	-19.00
RBD palm stearin	137,774	137,405	0.27
Crude palm kernel oil	16,890	18,260	-7.50
Oleochemicals	33,438	56,990	-41.33

Top Palm Products Importers	Feb	Jan	% Change
European Union	272,805	162,917	67.45
China	246,829	288,250	-14.37
Pakistan	102,900	142,830	-27.96
United States	148,603	173,045	-14.12
India	72,610	87,750	-17.25

- India imported 158,250 tons of palm oil products from Malaysia, up 0.44 percent during the Feb as compared to the same period last month. Lower palm imports witnessed from China, US and Pakistan. However, EU's palm oil imports were up by 67.4 percent to 272,805 tons of palm oil products on M-o-M basis.
- As per Oil World estimates, Palm oil demand is likely to rise in the current season due to cheaper palm oil products compared to the seed oils. Global 2012-2013 (October/September) palm oil imports are likely to rise to 42.7 million tons from 40.2 million tons in the same period last year. Moreover, India may raise palm and palm kernel oil demand this season by 0.7 million tons this season.
- Weak palm oil products exports from cargo surveyor wherein February figures depicts a fall of 8.8% M-o-M from Malaysia, market is expected to remain under pressure in the near term. On the other hand, soaring inventory levels of Palm oil in the South East Asian countries shall negate any positive momentum in the prices. However, market participants eyed on the palm oil conference in the next week.

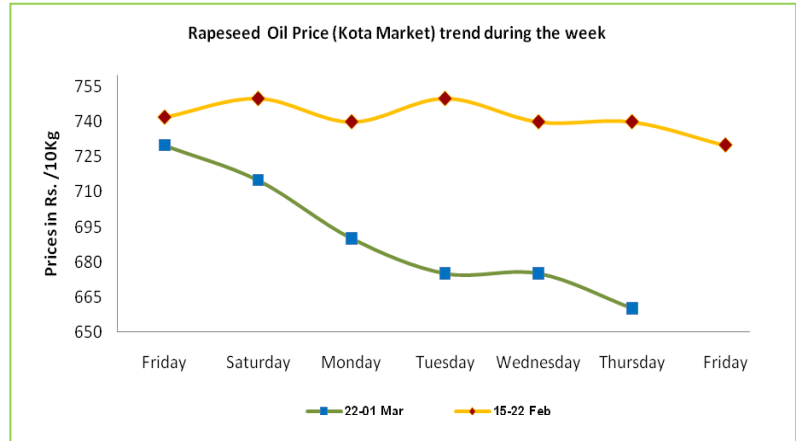
Price Outlook:

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 significant losses at Kota market during the bygone week due to harvesting pressure and on an estimated rise in mustard seed production in the current season.
- As per Agriwatch estimates, average yield to mustard in India would be around 1170 kg/Hectare. As on 14 Feb RM seed sowing area was reported at 67.30 lakh hectares. Considering the above factors RM seed production for 2012-13 is projected at 79 lakh ton which is higher than our previous year estimates of 65 lakh tons. Moreover, higher mustard seed production would lead to boost local mustard oil supplies by 10 lakh tons from last year.
- Sown area for Rabi mustard stood at 67.46 lakh hectares as on 28 Feb. 2013 up 2.38 % compared to corresponding period last year - Ministry of Agriculture.
- New RM crop arrivals have commenced in the Delhi spot market. As per sources, the new RM seed supplies have reached around 7.6 lakh bags in Rajasthan.
- We expect RM seed oil prices may trade range bound to weak tone in the coming days. Prices are likely to be stable and gradually fall with a rise of the RM seed arrivals.



International Fundamentals:-

- China will sell 100,000 metric tons of rapeseed oil from state reserves in an auction on March 8 to make room for a fresh round of stockpiling in June. The Chinese government has around 4 million tons in reserves as it stockpiled every year to encourage production.

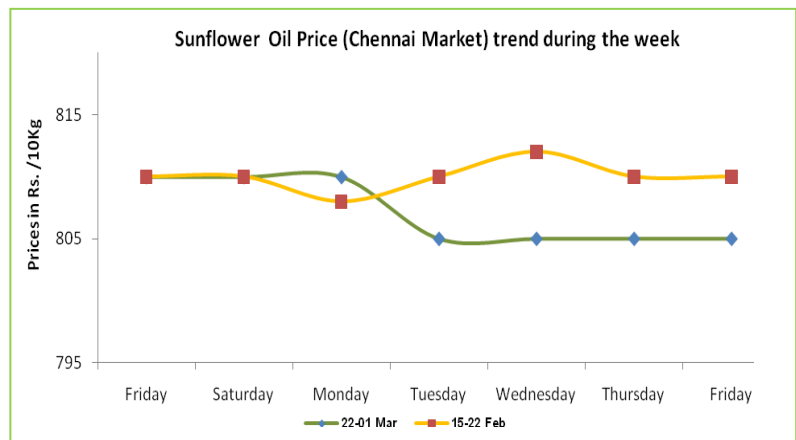
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 658-678 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady to slightly weak tone at its benchmark market Chennai during the week on limited buying and weak international sun oil market.
- Sown area for Rabi Sunflower stood at 5.16 lakh hectares as on 28 Feb. 2013 up 10.0 % compared to corresponding period last year. Higher planting witnessed in Karnataka - Ministry of Agriculture.
- 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.
- 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.
- We expect sunflower oil prices may trade range bound to slightly weak tone in the near term.



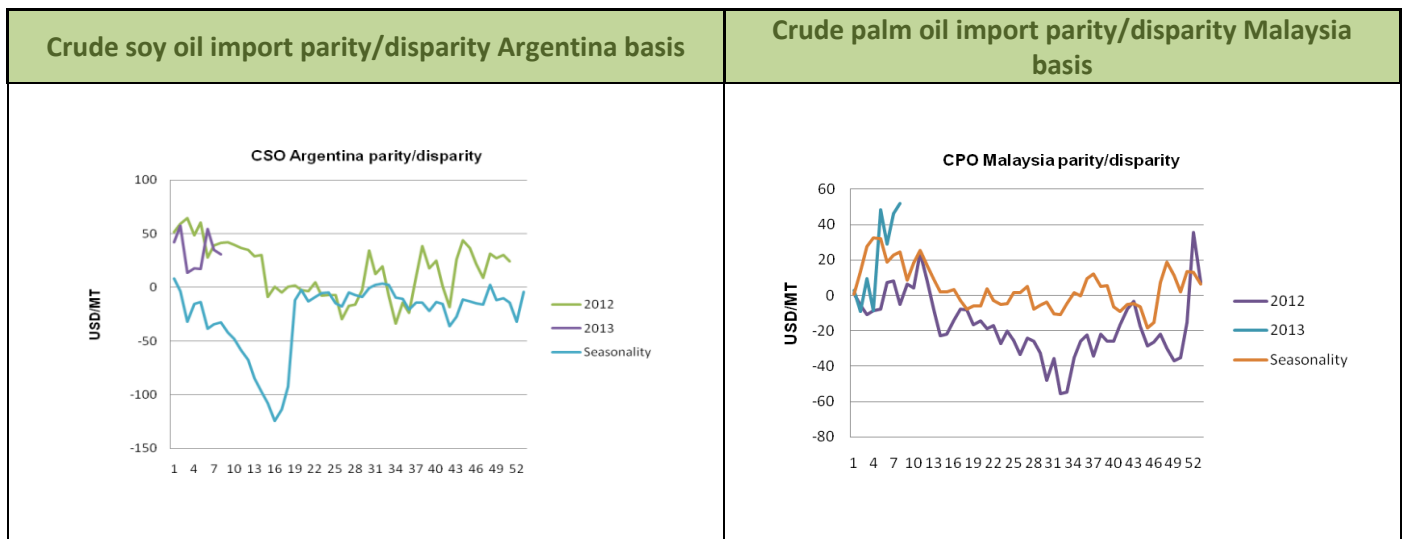
International Fundamentals:-

- Ukrainian farmers are likely to reduce the area sown for sunflower this year, following the trend of slashing area under spring crops. Decrease in sunflower area could be compensated with a larger area of rapeseed - ProAgro.

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

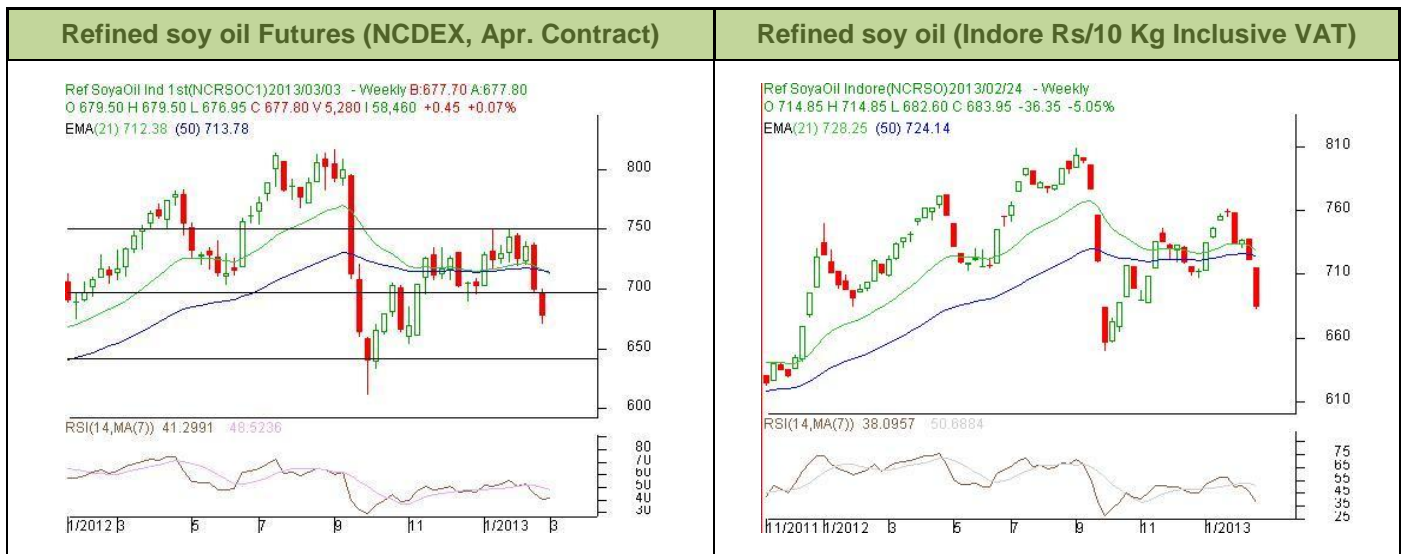
Landed Cost Calculation as on 28/2/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1060	1041	1050
Freight (USD/MT)	75	55	50
C & F	1134.8	1095.6	1099.8
Weight loss (0.25% of FOB)	2.65	2.60	2.62
Finance charges (0.4% on CNF)	4.24	4.16	4.20
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1145	1106	1110
CVD	0	0	0
Duty USD per ton	30.725	30.725	30.725
CVD value USD per ton	0	0	0
Cess (2% on duty) USD per ton	0.6145	0.6145	0.6145
Exchange rate	53.7735	53.7735	53.7735
Landed cost without customs duty in INR per ton	61574	59454	59686
Customs duty %	2.5%	2.5%	2.5%
Base import price	1229	1229	1229
Fixed exchange rate by customs department	53.50	53.50	53.50
Duty component in INR per ton	1643.7875	1643.7875	1643.7875
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	63654	61534	61766
Domestic Market price INR per ton Soy Degum Kandla	69000	69000	69000
Total landed cost USD per ton	1184	1144	1149
Domestic Market price USD per ton Soy Degum Kandla	1283	1283	1283
Parity INR/MT (Domestic - Landed)	5346	7466	7234
Parity USD/MT (Domestic - Landed)	99.42	138.84	134.53
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 to weak tone in the days ahead. Investors are advised to sell refined soy oil (Apr. contract).

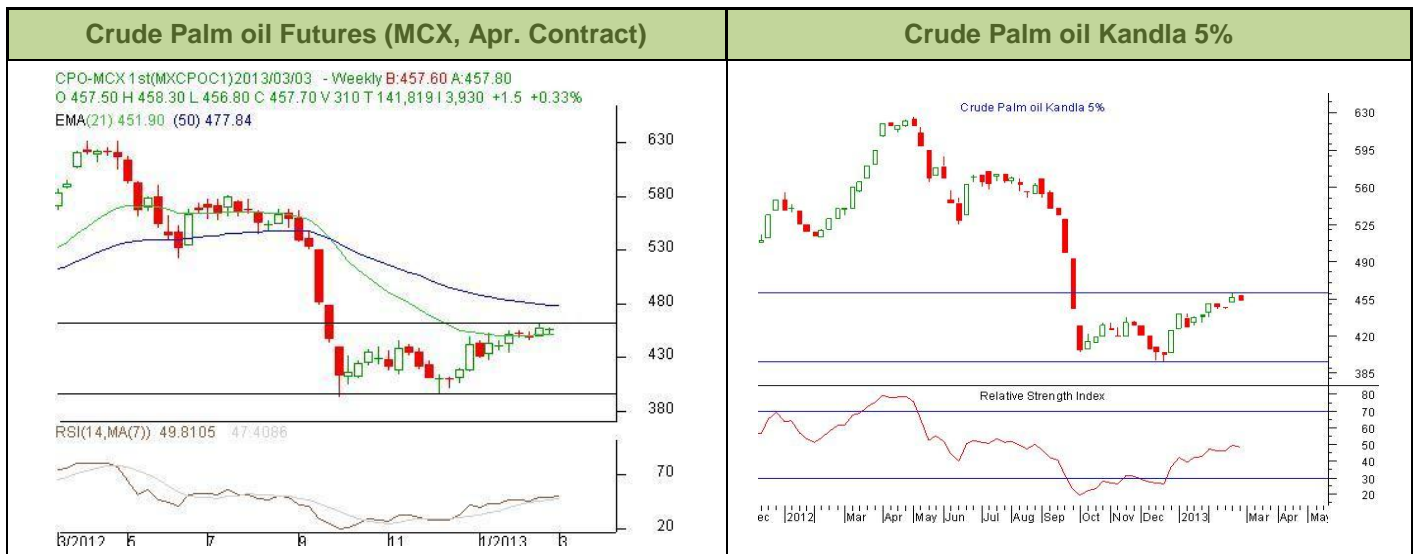
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways to weak movement. Breakout above 695-698 level may leads to 710 levels in the near term.
- ❖ Any close above 691 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 685-665 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 between 682-685 levels for a target of 670 and 665 with a stop loss at 691 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
653	660	674.15	698	710

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 667-698 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 Apr. 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 473.50 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 470-454 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 457 and 454 with a stop loss at 473.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
445	448	460.80	478	482

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)	675	705	-30
	Rajkot (Loose)	680	700	-20
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	700	740	-40
	Kakinada	-	-	-
	Mumbai +VAT	670	690	-20
	Indore	655	700	-45
	Soy Degum Mumbai+VAT	680	700	-20
	SoyDegum Kandla/Mundra+VAT	680	700	-20
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	691	716	-25
	Amrawati (Loose)	691	716	-25
	Jalna	687	712	-25
	Nagpur	691	716	-25
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	520	-10
	Hyd. RBD Palmolein VAT	-	-	-
	Delhi RBD Palmolein (Loose)	550	555	-5
	Kandla CPO (5%FFA)	453	460	-7
	Kakinada.RBD.Palmolein(Loose)	480	521	-41
	Mumbai RBD Pamolein+ VAT	512	522	-10
	Kandla RBD Palmolein +VAT	513	520	-7
Refined Sunflower Oil	Mumbai + VAT	775	790	-15
	Kandla/Mundra	695	720	-25
	Erode (Exp. Oil)+VAT	780	785	-5
	Hyderabad Exp +VAT	756	771	-15
	Chennai (Loose)	805	810	-5
	Bellary (Exp. Oil)+VAT	644	653	-9
	Latur (Exp. Oil)+VAT	731	741	-10
	Chellakere (Exp. Oil)+VAT	711	724	-13
Groundnut Oil	Rajkot (Loose)	1240	1260	-20
	Chennai (Loose)	1110	1140	-30
	Delhi (Loose)	1080	1080	Unch
	Hyderabad Exp +VAT	1156	1188	-32



	Mumbai + VAT	1230	1245	-15
	Gondal+VAT	1205	1270	-65
	Jamnagar +VAT	1205	1270	-65
	Narsarropeth+VAT	1091	1101	-10
	Prodattour+VAT	1101	1141	-40
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	685	740	-55
	Alwar (Expeller Oil)(Loose)	679	779	-100
	Kota (Expeller Oil) (Loose)	660	730	-70
	Jaipur (Expeller Oil) (Loose)	681	755	-74
	Delhi (Exp. Oil) (Loose)	745	800	-55
	SriGangaNagar(ExpOil-Loose)	696	751	-55
	Hapur+VAT	810	849	-39
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	760	805	-45
Refined Cottonseed Oil	Mumbai +VAT	620	615	5
	Rajkot (Loose)	610	625	-15
	Delhi (Loose)	600	620	-20
	Hyderabad (Loose)	-	-	-
Sesame Oil	Delhi	1350	1400	-50
	Mumbai	1350	1350	Unch
Coconut Oil	(Crude Rs/10kg) - Kangayan	605	655	-50
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	530	540	-10
Rice Bran Oil (4%)	Punjab	510	510	Unch
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (Apr Shipment)	810	853	-43
	CNF (Mar) India	858	875	-17
Indonesia/Malaysia CPO USD/MT	FOB (Apr Shipment)	790	815	-25
	CNF (Mar) India	815	830	-15
Argentina FOB (\$/MT)		2/7/2013	1/31/2013	Change
Crude Soybean Oil Ship (Feb/Mar)		1050	1130	-80
Refined Soy Oil (Bulk) Ship (Feb/Mar)		1086	1169	-83
Sunflower Oil Ship (Feb/Mar)		1130	-	-
Cottonseed Oil Ship (Feb/Mar)		1030	1110	-80
Refined Linseed Oil (Bulk) Ship		-	-	-



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