

Executive summary

Domestic Front

Most of the edible oils witnessed steady tone during the week under review on limited buying and weak cues from international oil and fats market.

Sunflower oil (Chennai Based) was the top loser among the edible oil pack due to limited buying in premium edible oils segment and weakness in the Indian rupee against US dollar makes import cheaper followed by soy oil on lackluster buying interest, and higher unsold edible oils stocks in the cash markets. Sunflower oil (Chennai Based) prices fell by 1.23 percent to Rs 791 per 10 Kg on weekly average basis and soy oil (Indore basis) prices quoted lower to Rs 684/10 Kg weekly averages, down 0.59 percent compared to the last week. However, mustard oil featured slight firm tone on renewed demand from millers.

Sown area for Rabi oilseed stood at 90.94 lakh hectares as on 14 March 2013 up 2.85 % compared to corresponding period last year - Ministry of Agriculture.

On the currency front, Indian rupee against USD closed at 54.03, up 0.25 percent as compared to the previous week. We expect edible oil complex to trade sideways to weak tone in the days on higher edible oil stocks and harvesting pressure from South American soybean crop. However, good demand for soy meal may limit downside risk in the prices.

International Front

CBOT soy oil (May) is expected to stay in the range 48.70 cents/lb to 51.90 cents/lb. CPO at BMD (May) is likely to trade sideways and stay in the range of 2315-2545 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, Argentina soybean harvesting pace, and Brazilian port activities.

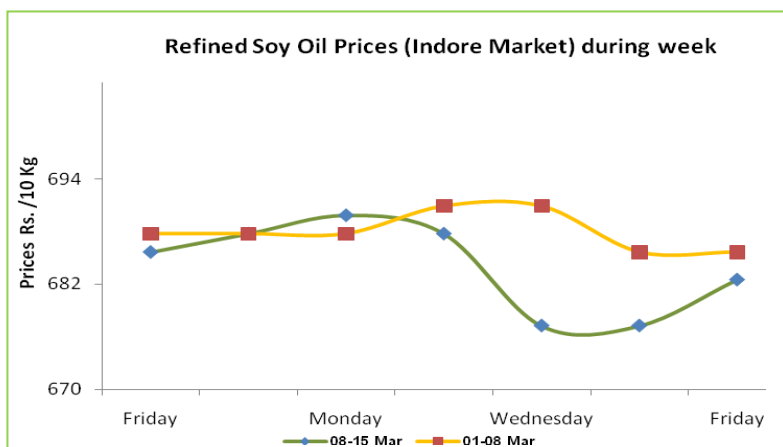
Port congestion in Brazil disrupts the soybean supplies and good soybean demand limit excessive losses in the prices for the short term. While, market participants will seek cheaper soybean cargos from South American countries and upcoming supplies from Argentina might weigh on the market sentiments in the coming weeks. Medium term outlook – higher South American soybean production favors the bears.

Mild recovery witnessed in Malaysian palm oil products exports wherein fortnightly March figures depict a rose of 4.6% m-o-m basis. Market participants expecting seasonally lower palm oil production phase and firm exports may help to ease palm oil inventories further. However, inventory levels of Palm oil in the South East Asian countries are still higher compared to the seasonal stock levels, which may restrict excessive gains.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to weak tone on lackluster buying interest and higher crushing due to positive crush margin led to higher soybean oil supply in the physical market.
- India imported veg. oils (edible and non-edible) 969,175 tons compared to 876,669 tons in February 2012, consisting of 954,176 tons of edible oils and 14,999 tons of non-edible oils i.e. up by 10.55 %. The overall import of vegetable oils during Nov.'12 to Feb.'13 is reported at 3,735,263 tons compared to 3,061,923 i.e. up by 21.99% from the same period last year - SEA of India.
- Soybean oil parity weekly average significantly widens during the week and reported Rs 40.7 per 10 Kg against Rs 22 per 10 Kg in the bygone week on better soy meal prices compared to soybean. Soybean oil parity is likely to stay in the positive zone. However, parity may slightly narrow in the coming week due to weak trend in soy oil.
- As per sources, weakness in the edible oil complex is likely to stay intact in the near term due to adequate edible oil supplies and higher oilseed arrivals.
- 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, good demand for soy meal may limit downside risk in the prices.



International Fundamentals:-

- According to Safras & Mercado, the soybean harvest in Brazil has hit 48 per cent of the estimated area in the week ended March 8 compared with 37 per cent in the previous week. The historic average for the period is 32 per cent.
- Traders have reported that farmers in Argentina are holding back their new crop soybean sales hoping that prices may climb on the CBOT. Argentine farmers have so far priced just 10 per cent of their soybean crop vs. up to 30 per cent at this time last year. Comparatively, In Brazil 60 per cent of the crop has been sold and priced by farmers who have completed more than half of their harvest.
- Port congestion in Brazil disrupts the soybean supplies and good soybean demand limit excessive losses in the prices for the short term. While, market participants will seek cheaper soybean cargos from South American countries and upcoming supplies from Argentina might weigh on the market sentiments in the coming weeks. Medium term outlook – higher South American soybean production favors the bears.

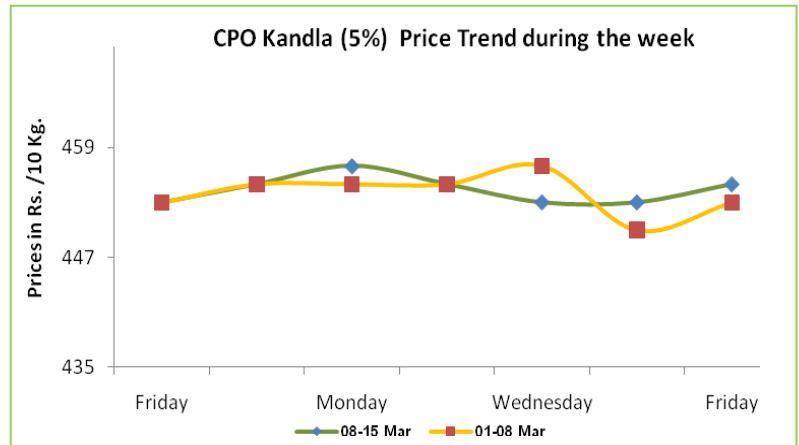
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 667-705 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured sideways on need based buying. However, adequate unsold stocks against lackluster buying limit excessive gains.
- Indian buyers imported 669,678 tons of crude palm oil in the month of February, down 7.15 percent m-o-m basis. The edible oils stock position is estimated at 1,960,000 tons consist of 1,030, 000 tons in pipeline and 930,000 tons at various ports, while stock position is surged by 11.5 percent from last month – SEA of India.
- PEC Ltd has issue a tender to import 21,300 tons of RBD palmolein for shipments by April 15 at Chennai and Tuticorin ports. The last date for submission of bids is March 21.
- Sources revealed weak palm oil buying witnessed from vanaspati units and wholesalers. Meanwhile, excessive losses could be curbed as demand may shift to cheaper palm oil products and palm oil solidifies ended with an approaching summer season.
- We expect domestic palm oil prices may trade range bound to weak tone on limited buying and adequate unsold palm oil stocks.



International Fundamentals:-

- Exports of Malaysian palm oil products for March 1 to 15 rose 4.6 percent to 678,829 tonnes from 649,045 tonnes shipped during Feb. 1 to 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	89,782	203,394	-55.86
RBD palm oil	68,394	54,020	26.61
RBD palm olein	363,087	217,801	66.71
RBD palm stearin	57,868	74,964	-22.81
Crude palm kernel oil	18,590	3,940	371.83
Oleochemicals	19,910	18,910	5.29

Top Palm Products Importers	1-15 Feb	1-15 Jan	% Change
European Union	118,450	115,535	2.52
China	206,000	158,289	30.14
Pakistan	42,000	56,400	-25.53
United States	16,385	38,460	-57.40
India	49,642	102,850	-51.73

- Indonesian palm oil exports fell 1 percent to 1.872 Mln. T in January compared to previous month. In January, palm and kernel oils exports to India totaled 808,830 tons, China 178,230 tons, the European Union 389,370 tons, Pakistan 83,480 tons, while 2,000 tons were shipped to the United States.
- Malaysia will set its crude palm oil export tax for April at 4.5 percent, unchanged from March and South East Asian country sets reference price of 2,383.84 ringgit per tons for crude palm oil for April
- Malaysian Palm Oil Board (MPOB) has reported that Malaysia's February palm oil stocks fell by 5.2 per cent to 2.44 million tons from 2.57 million tons in January 2013 but were higher as compared with 2.06 million tons of stock in February last year. In addition, palm oil production in Feb 2013 at 1.29 million tons was down 19.3 per cent from Jan 2013 and exports for the month declined by 14.9 per cent from last month.
- Mild recovery witnessed in Malaysian palm oil products exports wherein fortnightly March figures depict a rose of 4.6% m-o-m basis. Market participants expecting seasonally lower palm oil production phase and firm exports may help to ease palm oil inventories further. However, inventory levels of Palm oil in the South East Asian countries are still higher compared to the seasonal stock levels, which may restrict excessive gains.

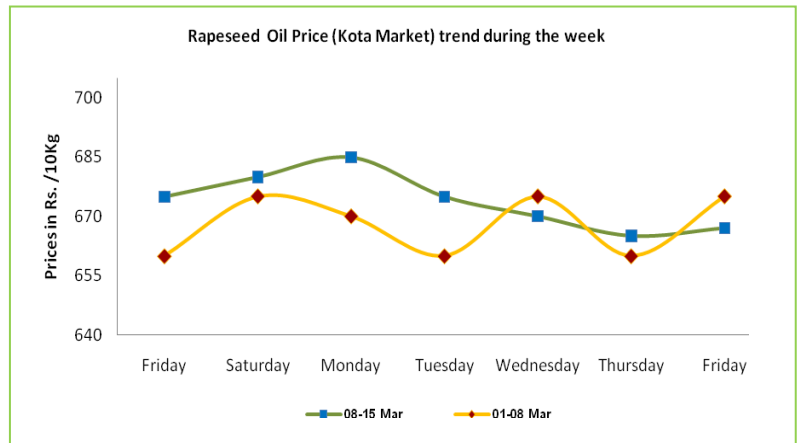
Price Outlook:

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 mild gains at Kota market during the bygone week on renewed demand from wholesalers. However, rising RM seed arrivals and on an estimated rise in mustard seed production in the current season limit excessive gains.
- Mustard oil production in India is likely to rise 27 per cent in the current oil year due to higher mustard seed output to 2.25 million tons against 1.77 million tons in the last year - Dorab Mistry
- As per Agriwatch estimates, RM seed production for 2012-13 is projected at 79 lakh ton which is higher than our previous year estimates of 65 lakh tons. While, mustard oil output seen at 29.2 lakh tons, up 22 percent from the previous oil year.
- We expect RM seed oil prices may trade range bound in the coming days. Prices are likely to trade steady to slightly weak tone in the coming weeks.



International Fundamentals:-

- UkrAgroConsult has stated that Ukraine's winter rapeseed harvest is likely to rise as much as 81 per cent this year on high the average yield potential due to favorable weather, Farmers may reap 1.93 million metric tons of winter rapeseed, compared with 1.07 million tons in 2012. About 94 per cent of winter rapeseed was in good or satisfactory condition as of the end of March.

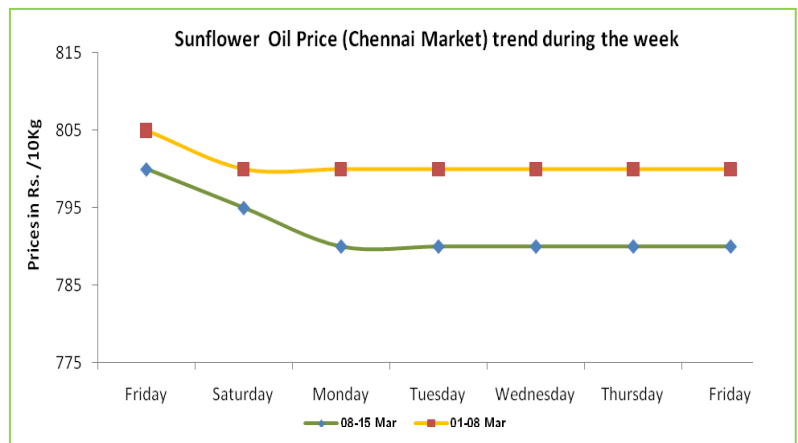
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 655-685 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week on limited buying and weak Indian rupee against US dollar makes sun oil imports cheaper.
- India imported 84,310 tons of crude sunflower oil during January, down 35.2 percent on M-o-M basis. Moreover, imports were down during Nov 12-Jan 13 by 11.3 percent to 331,095 tons compared to the same period last month.
- Sown area for Rabi Sunflower stood at 5.33 lakh hectares as on 14 Mar. 2013 up 14.6 % compared to corresponding period last year. Higher planting witnessed in Karnataka - Ministry of Agriculture.
- We expect sunflower oil prices may trade range bound to slightly weak tone in the near term.



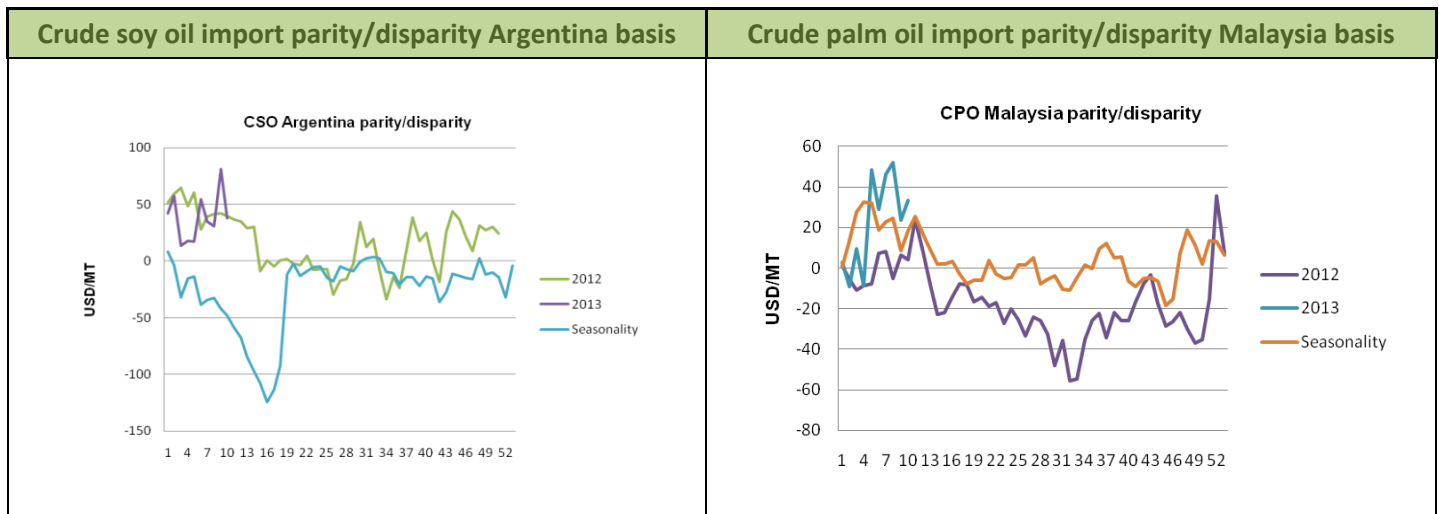
International Fundamentals:-

- 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.
- As per Argentina's Agriculture Ministry, 44 percent of sunflower seed area estimated (1.697 Mln. Ha) has been harvested as of 8 March. Harvesting pace is ahead by 5 percent compared to the last year.

Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 770-805 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

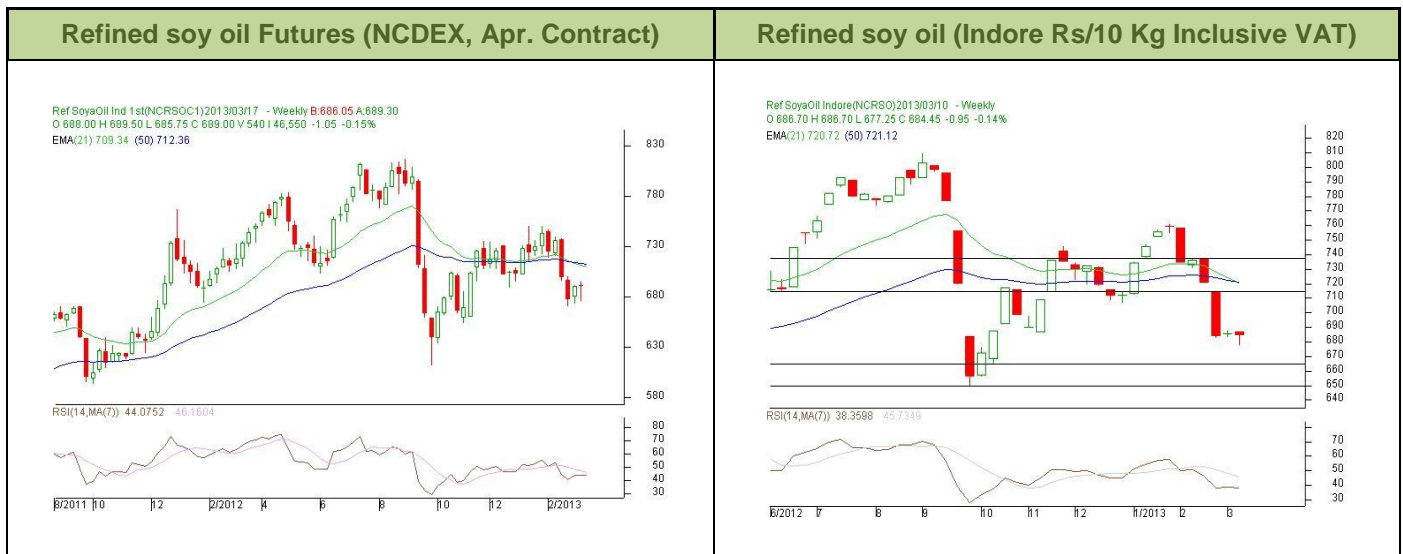
Landed Cost Calculation as on 14/3/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1030	1038	1060
Freight (USD/MT)	75	55	50
C & F	1105.0	1093.0	1110.0
Weight loss (0.25% of FOB)	2.58	2.60	2.65
Finance charges (0.4% on CNF)	4.12	4.15	4.24
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1115	1103	1120
CVD	0	0	0
Duty USD per ton	30.05	30.05	30.05
CVD value USD per ton	0	0	0
Cess (2% on duty) USD per ton	0.601	0.601	0.601
Exchange rate	54.442	54.442	54.442
Landed cost without customs duty in INR per ton	60703	60051	60987
Customs duty %	2.5%	2.5%	2.5%
Base import price	1202	1202	1202
Fixed exchange rate by customs department	55.15	55.15	55.15
Duty component in INR per ton	1657.2575	1657.2575	1657.2575
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	62797	62144	63080
Domestic Market price INR per ton Soy Degum Kandla	65500	65500	65500
Total landed cost USD per ton	1153	1141	1159
Domestic Market price USD per ton Soy Degum Kandla	1203	1203	1203
Parity INR/MT (Domestic - Landed)	2703	3356	2420
Parity USD/MT (Domestic - Landed)	49.66	61.64	44.45
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) between 677-681 levels.

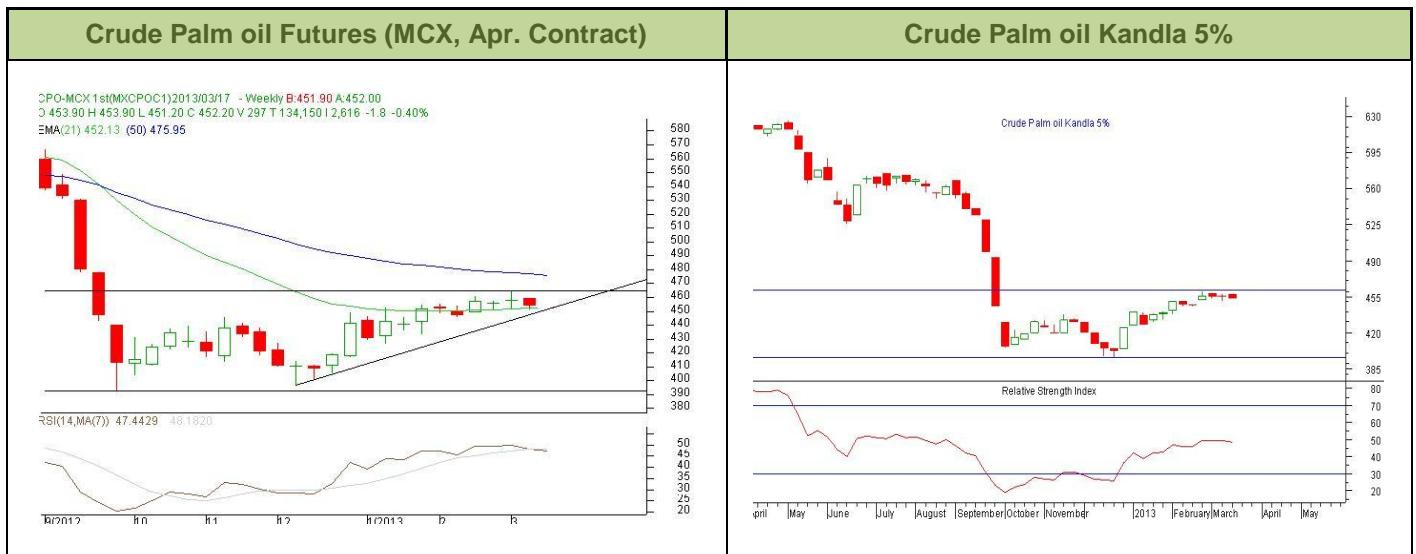
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways movement. However, primary trend depicts weakness in the market.
- ❖ Any close below 688.00 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 671-660 level in 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 677-681 levels for a target of 664 and 660 with a stop loss at 688 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
645.00	655.00	675.75	695.00	705.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 667-705 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady to weak 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 462 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 466-476 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 460-462 for a target of 454 and 450 with a stop loss at 465 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
440.00	445.00	458.50	470.00	475.00

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 438-460 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		15/3/2013	8/3/2013	
Refined Soybean Oil	Kota(Loose)	667	680	-13
	Rajkot (Loose)	680	680	Unch
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	697	703	-6
	Kakinada	-	-	-
	Mumbai +VAT	645	675	-30
	Indore	650	653	-3
	Soy Degum Mumbai+VAT	640	670	-30
	SoyDegum Kandla/Mundra+VAT	655	665	-10
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	663	683	-20
	Amrawati (Loose)	663	683	-20
	Jalna	659	679	-20
	Nagpur	666	683	-17
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	515	-5
	Hyd. RBD Palmolein VAT	495	505	-10
	Delhi RBD Palmolein (Loose)	550	555	-5
	Kandla CPO (5%FFA)	455	453	2
	Kakinada.RBD.Palmolein(Loose)	496	511	-15
	Mumbai RBD Pamolein+ VAT	505	518	-13
	Kandla RBD Palmolein +VAT	505	515	-10
Refined Sunflower Oil	Mumbai + VAT	775	790	-15
	Kandla/Mundra	685	700	-15
	Erode (Exp. Oil)+VAT	765	775	-10
	Hyderabad Exp +VAT	716	741	-25
	Chennai (Loose)	790	800	-10
	Bellary (Exp. Oil)+VAT	631	636	-5
	Latur (Exp. Oil)+VAT	701	721	-20
	Chellakere (Exp. Oil)+VAT	691	696	-5
Groundnut Oil	Rajkot (Loose)	1240	1180	60
	Chennai (Loose)	1070	1100	-30
	Delhi (Loose)	1010	980	30
	Hyderabad Exp +VAT	1077	1219	-142



	Mumbai + VAT	1225	1210	15
	Gondal+VAT	1220	1180	40
	Jamnagar +VAT	1220	1180	40
	Narsarropeth+VAT	1061	1091	-30
	Prodattour+VAT	1081	1066	15
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	660	680	-20
	Alwar (Expeller Oil)(Loose)	673	673	Unch
	Kota (Expeller Oil) (Loose)	667	675	-8
	Jaipur (Expeller Oil) (Loose)	673	671	2
	Delhi (Exp. Oil) (Loose)	720	735	-15
	SriGangaNagar(ExpOil-Loose)	686	691	-5
	Hapur+VAT	-	795	-
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	740	750	-10
Refined Cottonseed Oil	Mumbai +VAT	610	620	-10
	Rajkot (Loose)	605	615	-10
	Delhi (Loose)	600	605	-5
	Hyderabad (Loose)	560	560	Unch
Sesame Oil	Delhi	1300	1350	-50
	Mumbai	1330	1330	Unch
Coconut Oil	(Crude Rs/10kg) - Kangayan	645	635	10
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	500	520	-20
Rice Bran Oil (4%)	Punjab	500	500	Unch
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (April Shipment)	808	825	-17
	CNF (April) India	835	850	-15
Indonesia/Malaysia CPO USD/MT	FOB (April Shipment)	775	795	-20
	CNF (April) India	815	825	-10
Argentina FOB (\$/MT)		14/3/2013	7/3/2013	Change
Crude Soybean Oil Ship (Feb/Mar)		1030	1067	-37
Refined Soy Oil (Bulk) Ship (Feb/Mar)		1066	1104	-38
Sunflower Oil Ship (Feb/Mar)		1110	-	-
Cottonseed Oil Ship (Feb/Mar)		1010	1047	-37
Refined Linseed Oil (Bulk) Ship		-	-	-



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