

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady tone during the week under review on lackluster buying interest and higher Rabi oilseed arrivals.

Mustard oil (Kota Based) was the top loser among the edible oil pack due to lackluster buying and higher mustard seed arrivals in the cash market followed by sunflower oil on lackluster buying interest in the premium edible oils space. Mustard oil (Kota Based) prices fell by 2.67 percent to Rs 656 per 10 Kg on weekly average basis and sun oil (Chennai basis) prices quoted lower to Rs 787 per 10 Kg weekly averages, down 0.69 percent compared to the last week. However, refined soy oil featured slight firm tone on bullish cues from international market and good meal demand.

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 54.32, down 0.54 percent as compared to the previous week. We expect edible oil complex to trade sideways to weak tone in the days on harvesting pressure from South American soybean crop and subdued demand in cash market. However, good demand for soy meal may limit downside risk in the prices.

International Veg. Oil Market Summary

CBOT soy oil (May) is expected to stay in the range 48.50 cents/lb to 51.50 cents/lb. CPO at BMD (May) is likely to trade in the range of 2375-2565 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.

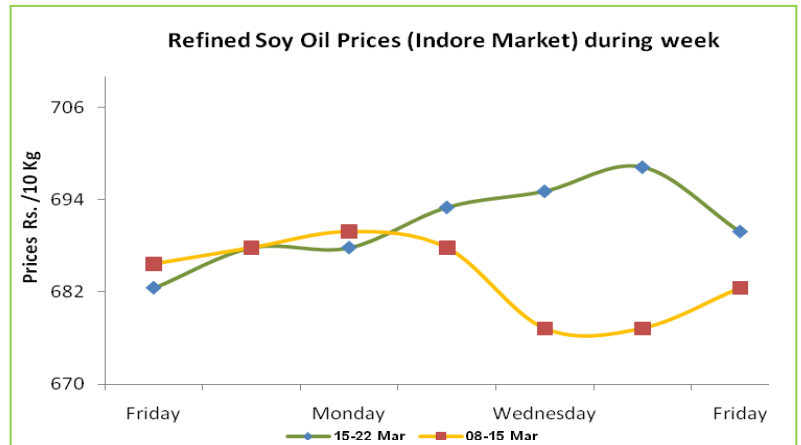
Lower soybean stocks reported in China compared to the seasonal average levels and port congestion in Brazil disrupts the soybean supplies this may limit excessive losses in the prices for the short term. However, record soybean production in South American countries and picking up harvesting pace may weigh on the market sentiment in the near to medium term.

Lower palm oil production phase and firm exports may help to ease palm oil inventories further. However, stocks levels of palm oil in the South East Asian countries are still higher compared to the seasonal stock levels, which may restrict excessive gains in the coming weeks.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to slight firm tone tracking bullish cues from international palm oil market and good meal export demand.
- 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. However, oilseeds crop is seen slightly lower at 25.61 million tonnes v/s 26 million tons last year, which consist of 15.8 million tons of production is expected to come from the kharif season and 9.79 million tons from the Rabi season – SEA of India.
- Soybean oil parity weekly average significantly widens during the week and reported Rs -8 per 10 Kg against Rs 40.7 per 10 Kg in the bygone week on better soybean prices compared to soybean meal and oil. Soy oil parity may narrow further in the coming week due to weak trend in soy oil and sideways in soy meal.
- We expect soy oil may trade range bound in the coming week on average demand. However, good demand for soy meal may limit downside risk in the prices.



International Fundamentals:-

- According to Celeres, the soybean harvest in Brazil has hit 58 per cent of the soybean acreage by March 15 compared with 48 per cent in the previous week and 55% at the corresponding period last year. The average percentage for this time of the year is 43%.
- Chinese soybean imports in January to February 2013 is reported to 7.7 Mln. t, fell 9 percent compared to the same period of the last year. Moreover, soybean oil imports decreased by 39 percent to 158,000 tons y-o-y basis - Chinese customs authorities.
- According to Oil World, despite its recent decision to cancel soybean import orders China's soybean stocks are at low levels and the combined U.S. and South American soybean shipments in March will again be below the Chinese requirements. This suggests that demand is still strong but shipments are not making a timely arrival.
- Lower soybean stocks reported in China compared to the seasonal average levels and port congestion in Brazil disrupts the soybean supplies this may limit excessive losses in the prices for the short term. However, record soybean production in South American countries and picking up harvesting pace may weigh on the market sentiment in the near to medium term.

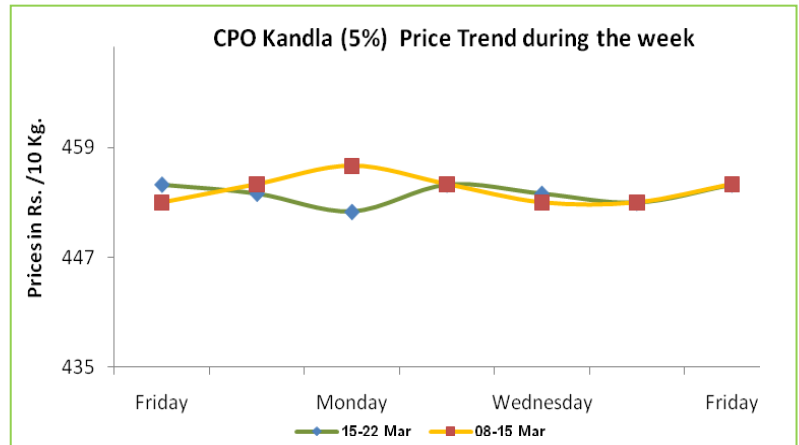
Price Outlook:

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.
- RBD Palmolein imports during Nov.'12 to Jan.'13 reported at 367,054 tons, up 10.8 percent compared to 331,124 tons during the same period of last year. Moreover, crude palm oil imports recorded at 2,325,300 tons compared to 1,798,967 tons during the same period of last year.
- As per sources, sentiment bolstered due to falling palm oil production phase in the South East Asian countries and bullish palm oil price projection by top analyst for the coming months, which may support palm oil prices in the coming days. However, adequate supplies against limited buying in the cash market may limit excessive gains.
- We expect domestic palm oil prices may trade range bound to weak tone on limited buying and adequate palm oil stocks.



International Fundamentals:-

- Malaysian palm oil products exports for March 1-20 rose 13.7 cent to 922,987 tons from 811,722 tons shipped during the corresponding period last month - cargo surveyor Societe Generale de Surveillance.

Breakdown of SGS palm export figures for 1-20 Feb. compared to a month ago (in tons):

Palm Products	1-20 Feb	1-20 Jan	% Change
Crude palm oil	105,782	239,394	-55.81
RBD palm oil	91,944	60,220	52.68
RBD palm olein	501,177	278,648	79.86
RBD palm stearin	70,538	96,744	-27.09
Crude palm kernel oil	26,761	19,686	35.94
Oleochemicals	32,690	23,110	41.45

Top Palm Products Importers	1-20 Feb	1-20 Jan	% Change
European Union	144,810	160,565	-9.81
China	285,770	214,689	33.11
Pakistan	57,000	61,400	-7.17
United States	55,693	43,360	28.44
India	67,642	107,350	-36.99

- According to the Chinese customs authorities, China's palm oil imports increased by 8.5% to 897,000 tons in the first two months of 2013 compared to the 826,000 tons imported in the same period last year. Chinese palm oil imports figures from major countries of origin (Values in tons and previous year figures in parenthesis): Indonesia 408,000 (364,000) and from Malaysia 479,000 (440,000).
- 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.
- Lower palm oil production phase and firm exports may help to ease palm oil inventories further. However, stocks levels of palm oil in the South East Asian countries are still higher compared to the seasonal stock levels, which may restrict excessive gains in the coming weeks.

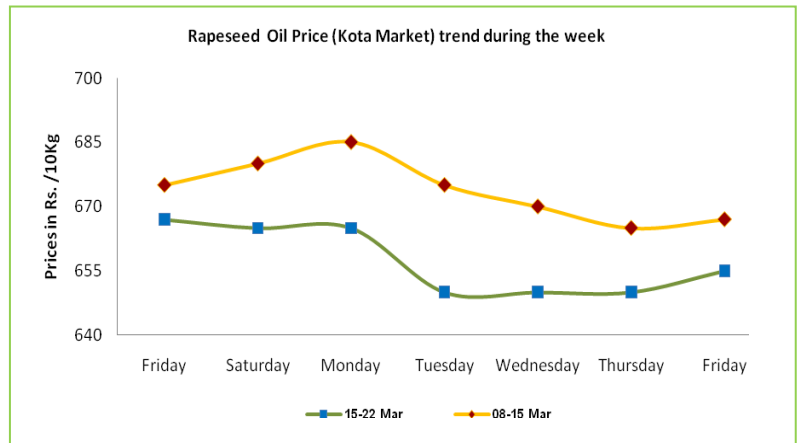
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 440-468 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured losses at Kota market during the bygone week on higher Rapeseed arrivals and bearish trend in edible oil complex.
- As per trade body, 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. 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 trade range bound in the coming days. Prices are likely to trade steady to slightly weak tone in the coming weeks.



International Fundamentals:-

- 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.

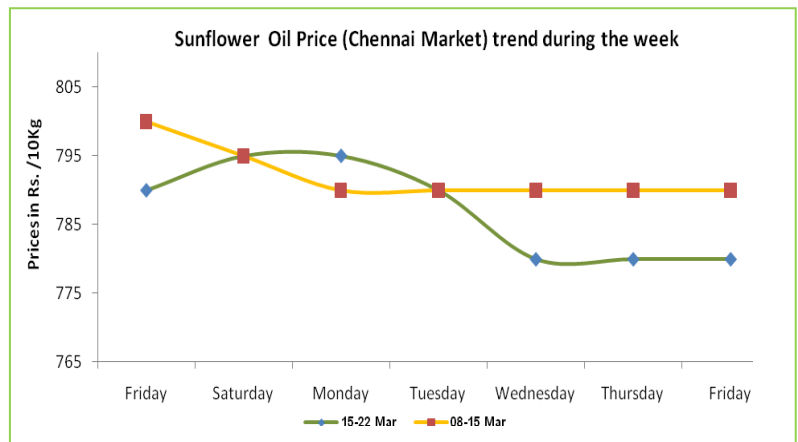
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 645-670 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week on lackluster buying from wholesalers and stockists.
- 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.



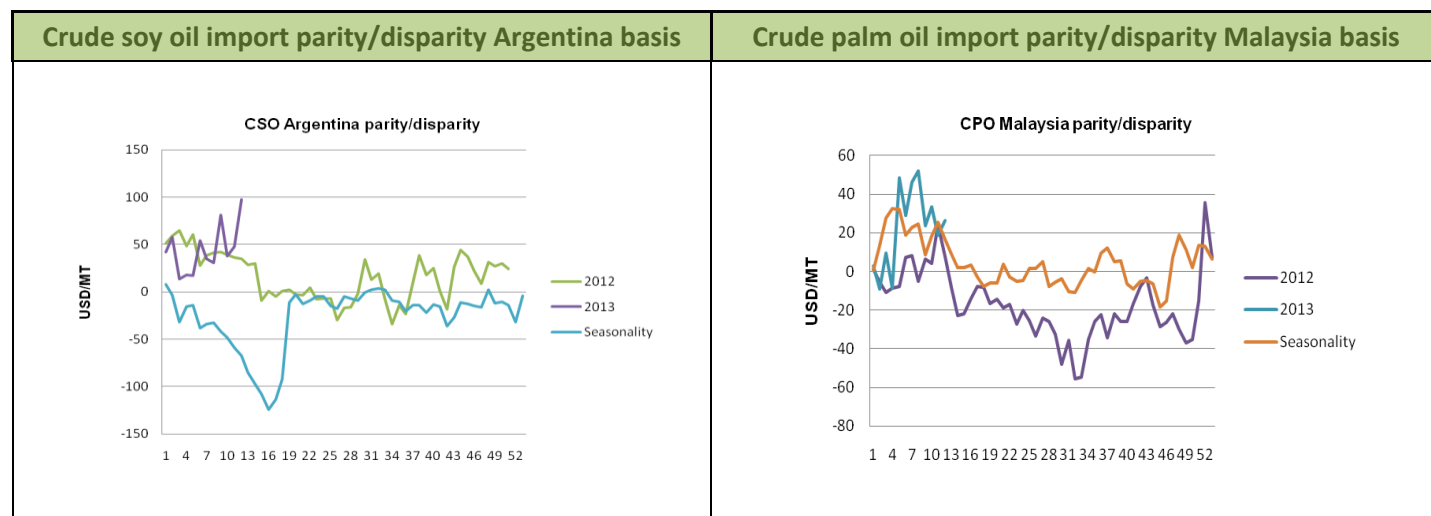
International Fundamentals:-

- 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.

Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 765-795 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

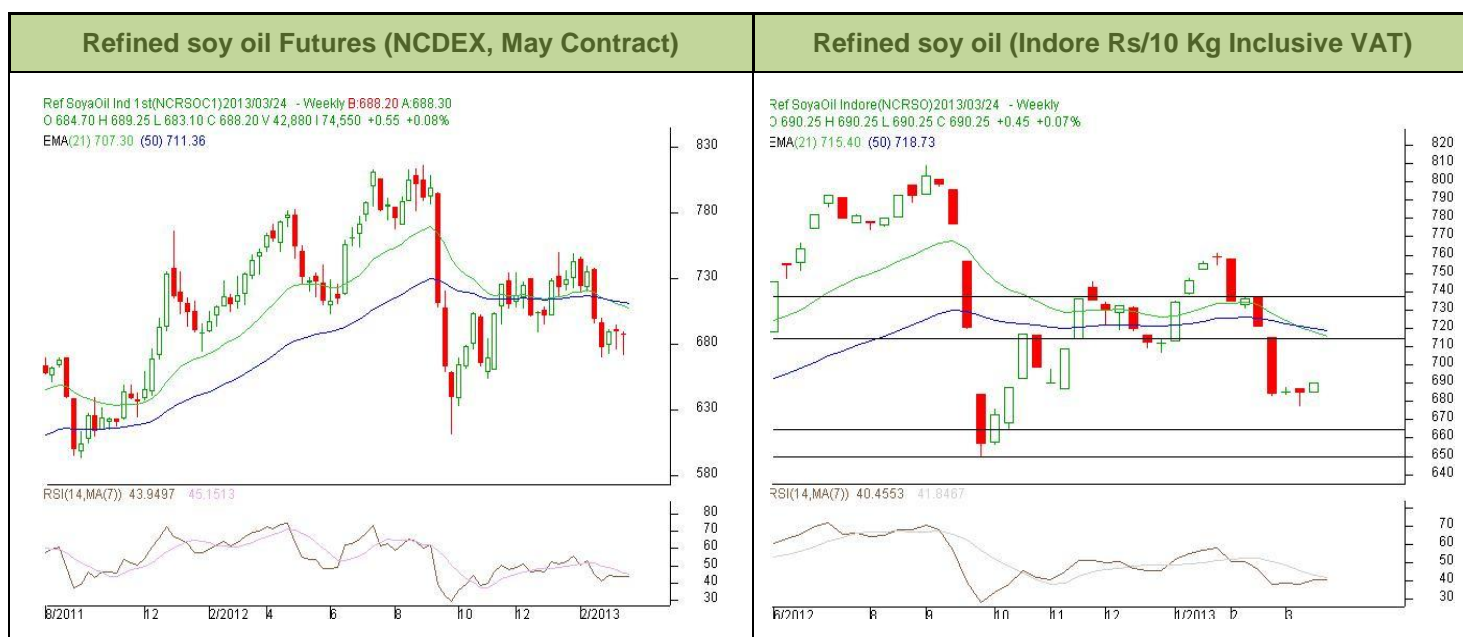
Landed Cost Calculation as on 22/3/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1011	1068	1095
Freight (USD/MT)	75	55	50
C & F	1086.0	1123.0	1145.0
Weight loss (0.25% of FOB)	2.53	2.67	2.74
Finance charges (0.4% on CNF)	4.04	4.27	4.38
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1096	1133	1156
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	54.335	54.335	54.335
Landed cost without customs duty in INR per ton	59542	61578	62787
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	61635	63672	64880
Domestic Market price INR per ton Soy Degum Kandla	66000	66000	66000
Total landed cost USD per ton	1134	1172	1194
Domestic Market price USD per ton Soy Degum Kandla	1215	1215	1215
Parity INR/MT (Domestic - Landed)	4365	2328	1120
Parity USD/MT (Domestic - Landed)	80.33	42.85	20.61
Source: Agriwatch/ Reuters , Argentina prices - Reuters			



* 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 buy refined soy oil (May. contract) between 670-673 levels.

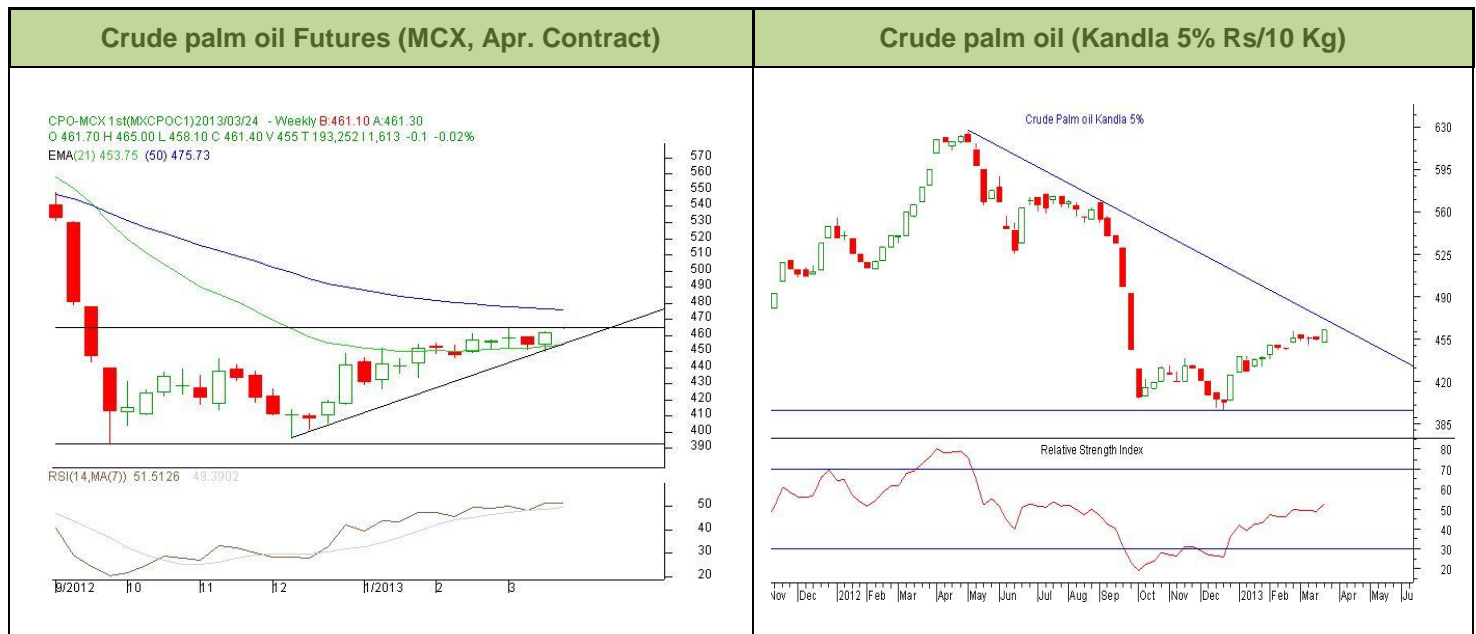
- ❖ Weekly chart of refined soy oil at NCDEX featured sideways movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 665.25 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 670-686 level 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 670-673 levels for a target of 682.50 and 686 with a stop loss at 665.25 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
655.00	659.00	678.25	689.00	692.00

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 firm tone in the coming days. Investors are advised to buy MCX CPO Apr. contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts sideways to firm movement in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 457.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 461-473 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 461-463 for a target of 471 and 473 with a stop loss at 457.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
449.00	453.00	466.70	478.00	482.00

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 440-468 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		22/3/2013	15/3/2013	
Refined Soybean Oil	Kota(Loose)	665	667	-2
	Rajkot (Loose)	670	680	-10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	695	697	-2
	Kakinada	-	-	-
	Mumbai +VAT	645	645	Unch
	Indore	657	650	7
	Soy Degum Mumbai+VAT	640	640	Unch
	SoyDegum Kandla/Mundra+VAT	660	655	5
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	664	663	1
	Amrawati (Loose)	664	663	1
	Jalna	660	659	1
	Nagpur	664	666	-2
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	510	Unch
	Hyd. RBD Palmolein VAT	495	495	Unch
	Delhi RBD Palmolein (Loose)	545	550	-5
	Kandla CPO (5%FFA)	455	455	Unch
	Kakinada.RBD.Palmolein(Loose)	501	496	5
	Mumbai RBD Pamolein+ VAT	507	505	2
	Kandla RBD Palmolein +VAT	505	505	Unch
Refined Sunflower Oil	Mumbai + VAT	775	775	Unch
	Kandla/Mundra	680	685	-5
	Erode (Exp. Oil)+VAT	755	765	-10
	Hyderabad Exp +VAT	716	716	Unch
	Chennai (Loose)	780	790	-10
	Bellary (Exp. Oil)+VAT	631	631	Unch
	Latur (Exp. Oil)+VAT	706	701	5
	Chellakere (Exp. Oil)+VAT	681	691	-10
Groundnut Oil	Rajkot (Loose)	1180	1240	-60
	Chennai (Loose)	1000	1070	-70
	Delhi (Loose)	1000	1010	-10
	Hyderabad Exp +VAT	1072	1077	-5



	Mumbai + VAT	1200	1225	-25
	Gondal+VAT	1180	1220	-40
	Jamnagar +VAT	1180	1220	-40
	Narsarropeth+VAT	1031	1061	-30
	Prodattour+VAT	1051	1081	-30
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	670	660	10
	Alwar (Expeller Oil)(Loose)	669	673	-4
	Kota (Expeller Oil) (Loose)	645	667	-22
	Jaipur (Expeller Oil) (Loose)	669	673	-4
	Delhi (Exp. Oil) (Loose)	705	720	-15
	SriGangaNagar(ExpOil-Loose)	-	686	-
	Hapur+VAT	765	-	-
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	720	740	-20
Refined Cottonseed Oil	Mumbai +VAT	605	610	-5
	Rajkot (Loose)	602	605	-3
	Delhi (Loose)	585	600	-15
	Hyderabad (Loose)	562	560	2
Sesame Oil	Delhi	1300	1300	Unch
	Mumbai	1330	1330	Unch
Coconut Oil	(Crude Rs/10kg) - Kangayan	605	630	-25
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	490	500	-10
Rice Bran Oil (4%)	Punjab	500	500	Unch
Rice Bran Oil (70%)	Delhi	-	-	-
Malaysia Palmolein USD/MT	FOB (April Shipment)	815	808	7
	CNF (April) India	853	835	18
Indonesia/Malaysia CPO USD/MT	FOB (April Shipment)	795	775	20
	CNF (April) India	825	815	10
Argentina FOB (\$/MT)		21/03/2013	14/3/2013	Change
Crude Soybean Oil Ship		1012	1030	-18
Refined Soy Oil (Bulk) Ship		1047	1066	-19
Sunflower Oil Ship		-	1110	-
Cottonseed Oil Ship		992	1010	-18
Refined Linseed Oil (Bulk) Ship		-	-	-



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