

## Executive Summary

### Domestic Front

*Most of the edible oils witnessed steady to weak tone during the week under review tracking bearish international oil and fats market. However, firm trend in domestic soybean and meals support soy oil prices. However, retail demand was need based.*

*Crude palm oil (Kandla Based) was the top loser among the edible oil pack due to sideways trend in international palm oil market and adequate palm oil stocks in the cash market. On the other side, refined soybean oil was the top gainer in the edible oils complex on dwindling soybean supplies and good demand for soy meal. However, mustard and sunflower quoted lower owing to arrival pressure and limited buying.*

*Crude palm oil (Kandla Based) prices fell by 0.51 percent to Rs 457.14 per 10 Kg on weekly average basis and refined soybean oil (Indore basis) prices quoted higher to Rs 700 per 10 Kg weekly averages, up 0.96 percent compared to the last week average.*

*Sown area for Rabi oilseed stood at 91.98 lakh hectares as on 28 March 2013 up 0.18 % compared to corresponding period last year - Ministry of Agriculture.*

*On the currency front, Indian rupee against USD closed at 54.80, down 0.98 percent as compared to the previous week. We expect edible oil complex to trade sideways to slightly firm tone in the coming days on renewed demand from stockists ahead of Hindu's festivities and wedding season in April. However, higher Rabi oilseed arrivals and bearishness in the international soybean market may cap excessive gains.*

### International Front

*CBOT soy oil (May) is expected to stay in the range 47.50 cents/lb to 51.50 cents/lb. CPO at BMD (May) is likely to trade in the range of 2280-2420 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, Argentina soybean-harvesting pace, and MPOB's report.*

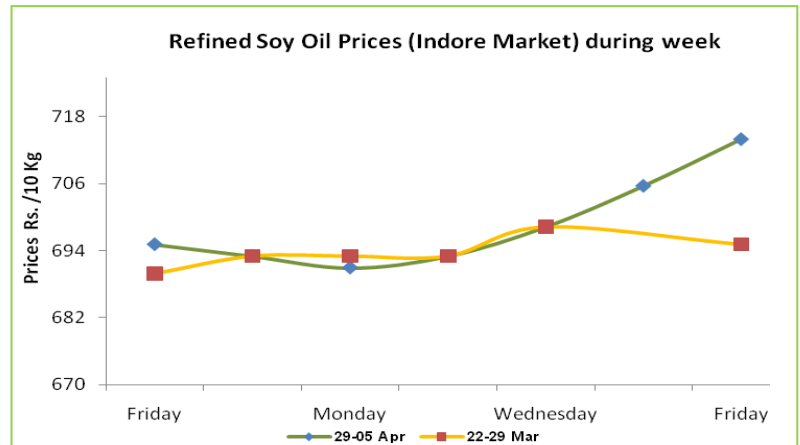
*Ongoing soybean harvesting in South American countries and bird flu in China may hamper demand prospects in the coming weeks. However, tight US soybean supply and huge delays to load and ship vessels from Brazilian ports may limit excessive losses in the soybean prices for the short term. Medium term outlook support the bears.*

*Bearish trend in international soy oil may hurt the market sentiment. However, in expectation of easing palm oil ending stocks following by lower palm oil production in Malaysia may limit excessive losses in the days ahead. Malaysian Palm Oil Board (MPOB) will release Malaysian palm oil statistics of March's that could give fresh directional moves to the market.*

### Soy oil:

#### Domestic Fundamentals:-

- Soybean oil featured steady to slight firm tone on improved buying due to thin soybean supplies in the cash market and good demand for soybean meal.
- Indian government reduced the base import price on crude soybean oil by US \$54 per tons to US \$1093 due to falling international soy oil FOB prices.
- As per sources, wholesalers and stockists is likely to cover edible oils position in the first fifteen days of April in anticipation of good demand from retail ahead of Hindu's festivals and marriage season. However, record soybean production in South American countries may limit excessive gains.
- Soybean oil parity weekly average significantly narrows during the week and reported Rs -5 per 10 Kg against Rs 31 per 10 Kg in the bygone week on better soybean prices compared to soybean meal and oils.
- We expect soy oil may trade range bound o firm tone in the coming week on normal buying and good demand for soy meal.



#### International Fundamentals:-

- Oil World has suggested that the worst of the shipment delays in the Brazilian ports may be over for now. The analyst expects exports to pick up from here on out which could help ease the tight global supply. It was also reported that a couple cargos of soybeans were shipped out of Argentina at the end of March to China.
- As per Brazilian trade ministry, Brazil's soybean exports rose to 35.4 lakh tons in March as compared with 9.59 lakh tons last month. However, soybean exports have fell by 16.5 percent, which was 42.4 lakh tons in the same month a year earlier.
- The Rosario grains exchange has kept its Argentina's soybean output estimates unchanged at 48 million tons for 2012-13. Buenos Aires Grains Exchange has reported that farmers had gathered 9.1 percent of their 2012/13 soybean as of 04 April.
- Ongoing soybean harvesting in South American countries and bird flu has reported in China, which may hamper demand prospects in the coming weeks. However, tight US soybean supply and huge delays to load and ship vessels from Brazilian ports may limit excessive losses in the soybean prices for the short term. Medium term outlook support the bears.

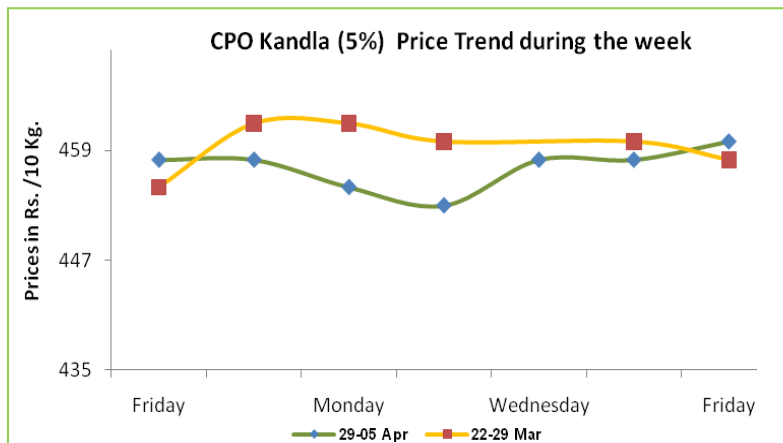
#### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 671-703 per 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% featured sideways to weak tone on bearish cues from international palm oil market and adequate palm oil stocks.
- Average demand witnessed for palm oil in the cash market and market participants covered need based position during the week. However, market participants await MPOB's report on Malaysian palm oil statistics for March, which could give fresh directional moves to the market. MPOB will release its report on 10 April.
- Indian government reduced the base import price on crude palm oil to US \$ 829, slashed US \$9 per tons, and trimmed base import price of RBD palmolein to US \$863 per tons in line with global prices. At Tender front, PEC has cancelled an international tender to import 6,300 tons of RBD palmolein.
- According to IBIS, Indian buyers imported 6.72 lakh tons of crude palm oil, 1.91 lakh tons of RBD palmolein and 0.56 lakh tons of crude palm kernel oil in the month of March.
- We expect domestic palm oil prices may trade range bound on limited buying and adequate palm oil stocks in the cash markets.



#### International Fundamentals:-

- Malaysian palm oil products exports for March wherein cargo surveyor Societe Generale de Surveillance figures depicts a surge of 5.5% m-o-m basis to 1.29 lakh tons. India imported 81,142 tons, down 48.7 percent compared to 158,250 tons during the same period of last month.

#### **Breakdown of SGS palm export figures for March compared to a month ago (in tons):**

Palm Products	Mar	Feb	% Change
Crude palm oil	143,382	386,294	-62.88
RBD palm oil	144,412	101,260	42.62
RBD palm olein	700,753	463,478	51.19
RBD palm stearin	116,408	137,774	-15.51
Crude palm kernel oil	27,190	16,890	60.98
Oleochemicals	61,090	33,438	82.70

Top Palm Products Importers	Mar	Feb	% Change
European Union	206,113	272,805	-24.45
China	401,120	246,829	62.51
Pakistan	83,500	102,900	-18.85
United States	94,437	148,603	-36.45
India	81,142	158,250	-48.73

- Indonesian palm oil and kernel exports rose 9 percent to 2.036 Mln. T in February compared to previous month. In the first two months of 2013, palm and kernel oils exports to India totaled 1.508 Mln. tons - IPOA.
- Palm oil demand is set to rise in the coming months due to attractive prices and adequate supplies compared to rival edible oils. Moreover, Global palm oil imports for 2012-2013 (Oct/Sep) are likely to rise to 43.19 million tons from 40.31 million tons in the same year ago period – Oil World.
- Bullish Malaysian palm oil export figures and in expectation of easing palm oil ending stocks following by lower production figures in South East Asian countries may support international palm oil prices for short term. Meanwhile, ongoing soybean harvesting in South American countries and could wean away demand from palm oil in the medium term.

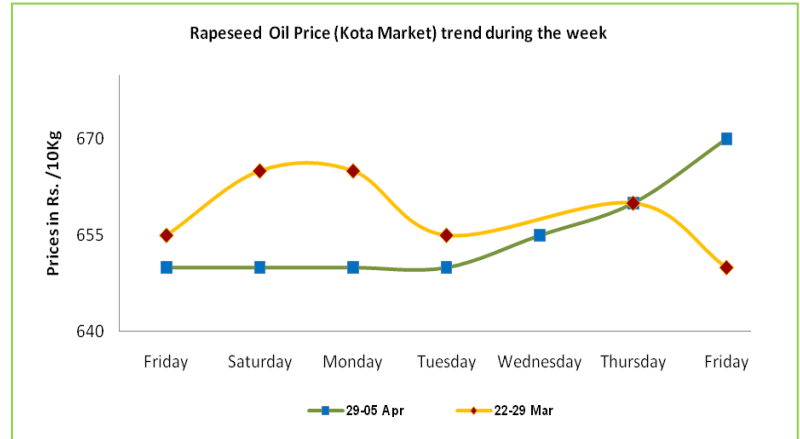
#### Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 443-465 per 10 Kg in the near term.

### Rapeseed oil:

#### Domestic Market Fundamentals

- Rapeseed oil featured steady tone at Kota market during the bygone week on higher RM seed arrivals. While, gains in soy oil limit excessive losses in RM seed oil prices.
- As per sources, good demand from millers and slow mustard seed selling by farmers featured in major cash markets of Rajasthan, in anticipation of higher prices support mustard oil prices.
- 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 – Trade body.
- 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 to slightly firm tone in the coming days. However, higher mustard arrivals may negate the excessive gains



#### International Fundamentals:-

- Canada is likely to produce 14.9 Mln. t of rapeseed in 2013/14 MY (Aug./July), up 12 percent from the previous year and exports seen at 7.8 v/s 7.2 Mln. t - US agricultural attaché

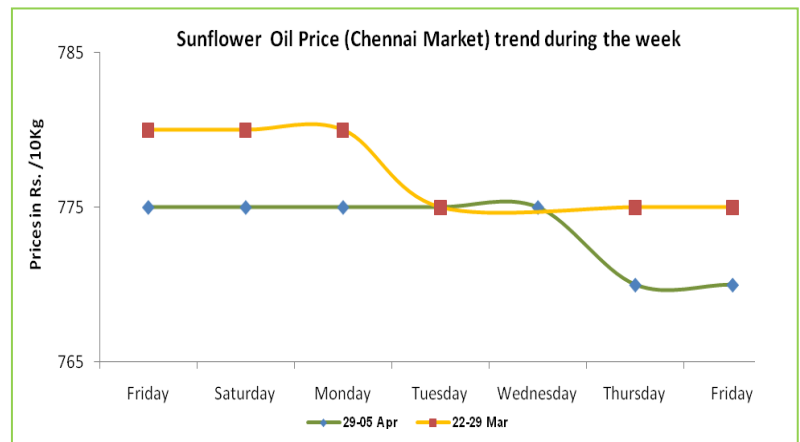
#### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 645-668 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.
- At import front, IBIS data revealed that India imported 1.27 lakh tons of crude sunflower oil majorly from Ukraine in the month of March. While, SEA of India has reported, crude sunflower oil imports were down during Nov 12-Feb 13 by 11.3 percent to 331,095 tons compared to the same period last month.
- Sown area for Rabi Sunflower stood at 5.34 lakh hectares as on 28 Mar. 2013 up 13.6 % compared to corresponding period last year. Higher planting witnessed in Karnataka, while lower sowing witnessed in A.P and Maharashtra - Ministry of Agriculture.
- We expect sunflower oil prices may trade range bound in the near term.



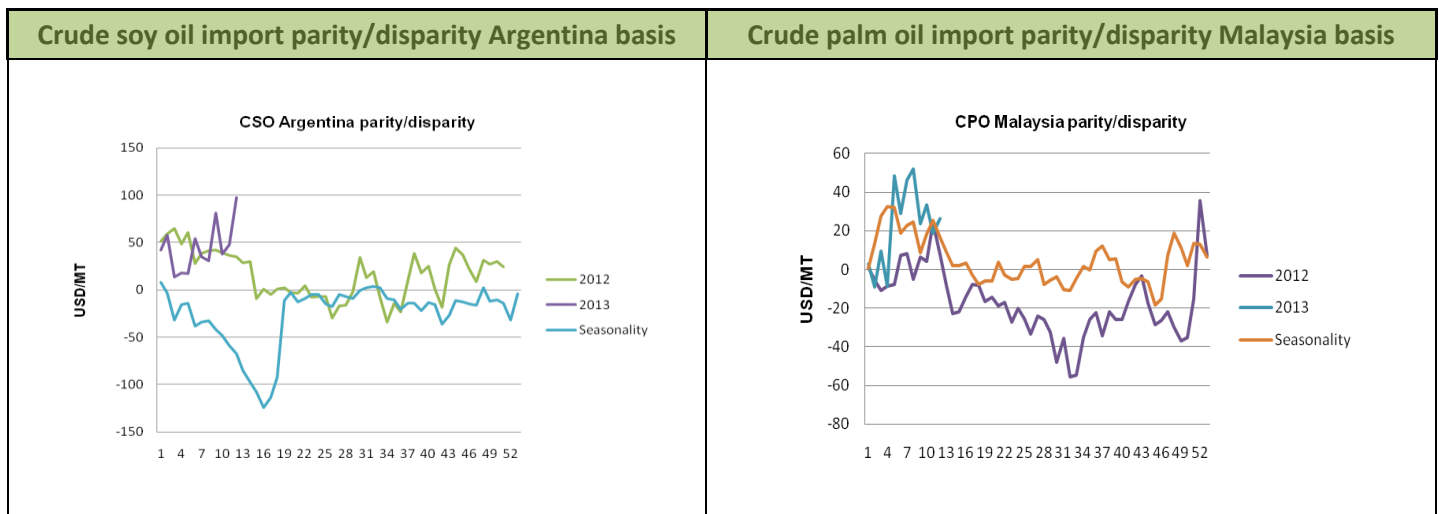
#### International Fundamentals:-

- 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 762-788 per 10 Kg.

**Landed Cost at the Indian Ports - Crude soy oil**

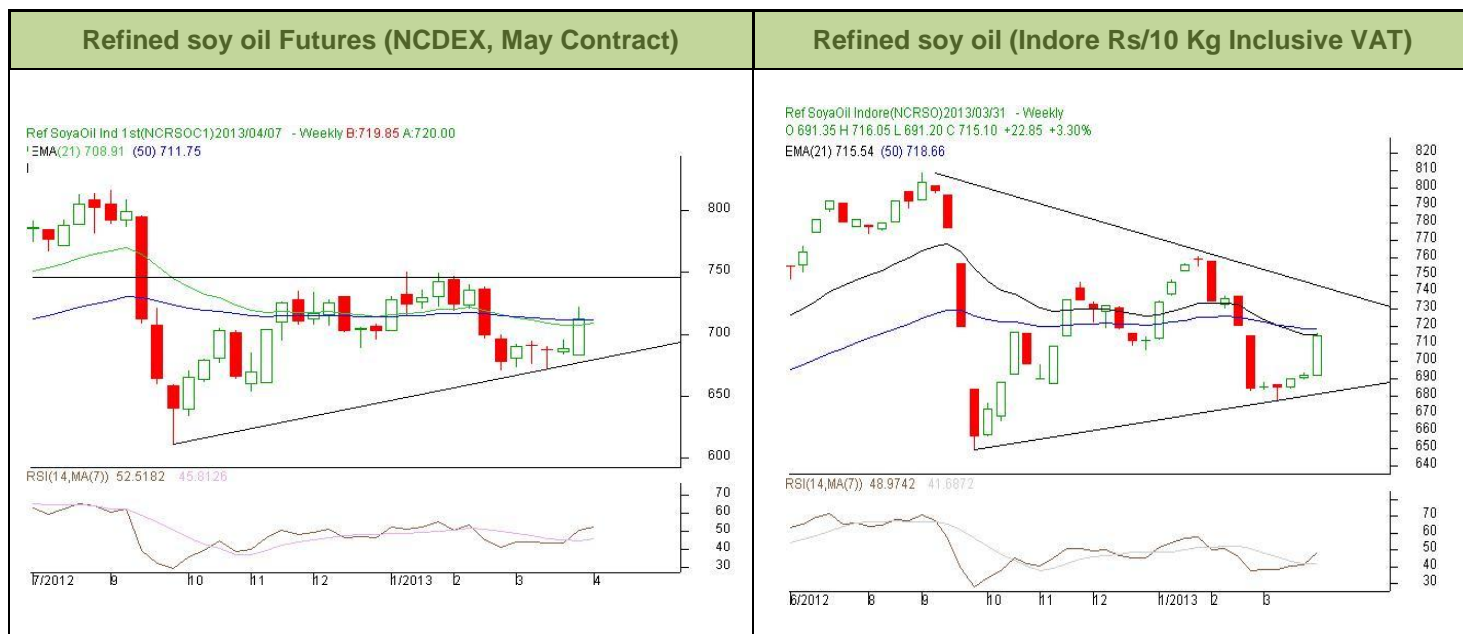
<b>Landed Cost Calculation as on 5/4/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	985.47	1003	1059
Freight (USD/MT)	75	55	50
C & F	1060.5	1058.1	1109.0
Weight loss (0.25% of FOB)	2.46	2.51	2.65
Finance charges (0.4% on CNF)	3.94	4.01	4.24
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1070	1068	1119
CVD	0	0	0
Duty USD per ton	27.325	27.325	27.325
CVD value USD per ton	0	0	0
Cess (2% on duty) USD per ton	0.5465	0.5465	0.5465
Exchange rate	54.88	54.88	54.88
Landed cost without customs duty in INR per ton	58725	58601	61422
Customs duty %	2.5%	2.5%	2.5%
Base import price	1093	1093	1093
Fixed exchange rate by customs department	55.15	55.15	55.15
Duty component in INR per ton	1506.97375	1506.97375	1506.97375
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	60668	60544	63365
Domestic Market price INR per ton Soy Degum Kandla	66000	66000	66000
Total landed cost USD per ton	1105	1103	1155
Domestic Market price USD per ton Soy Degum Kandla	1203	1203	1203
<b>Parity INR/MT (Domestic - Landed)</b>	<b>5332</b>	<b>5456</b>	<b>2635</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>97.16</b>	<b>99.43</b>	<b>48.01</b>
Source: Agriwatch/ 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 to firm tone in the days ahead. Investors are advised to buy refined soy oil (May. contract) between 691-694 levels.**

- ❖ Weekly chart of refined soy oil at NCDEX featured firm movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 683.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 691-714 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 at 691-694 levels for a target of 709 and 714 with a stop loss at 683.50 on closing basis.

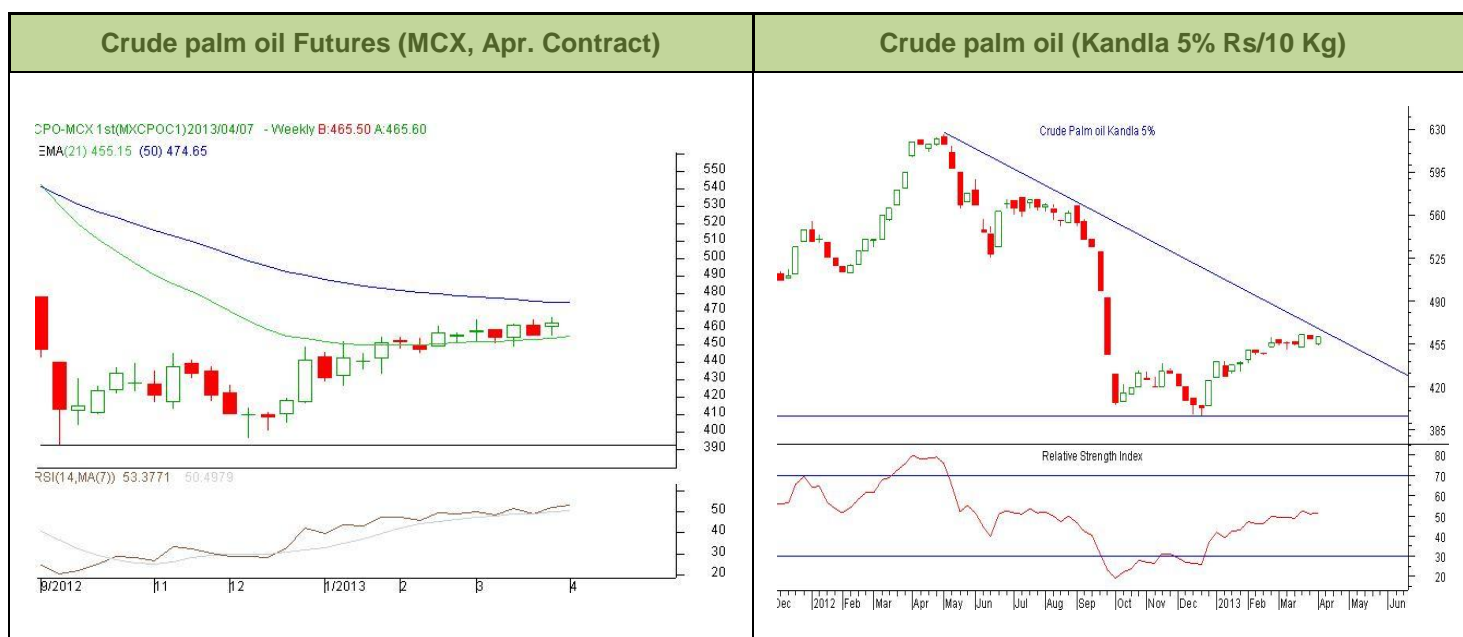
**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
669.00	676.00	697.50	718.00	723.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 700-720 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 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 461-475 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 461-464 for a target of 471 and 475 with a stop loss at 457.50 on closing basis.

#### CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
452.00	455.00	463.10	480.00	486.00

**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 450-475 per 10 Kg.

**Veg. Oil Prices at Key Spot Markets**

Commodity	Centre	Prices(Per 10 Kg)		Change
		4/8/2013	29/3/2013	
Refined Soybean Oil	Kota(Loose)	700	680	20
	Rajkot (Loose)	680	670	10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	720	710	10
	Kakinada	-	-	-
	Mumbai +VAT	680	655	25
	Indore	680	662	18
	Soy Degum Mumbai+VAT	650	650	Unch
	SoyDegum Kandla/Mundra+VAT	660	660	Unch
	Haldiya Port (Loose)	688	-	-
	Akola (Loose)	701	-	-
	Amrawati (Loose)	701	-	-
	Jalna	706	-	-
	Nagpur	701	-	-
Palm Oil	Chennai.RBD.Palmolein.(Loose)	505	510	-5
	Hyd. RBD Palmolein VAT	500	505	-5
	Delhi RBD Palmolein (Loose)	553	550	3
	Kandla CPO (5%FFA)	460	458	2
	Kakinada.RBD.Palmolein(Loose)	501	-	-
	Mumbai RBD Pamolein+ VAT	515	515	Unch
	Kandla RBD Palmolein +VAT	510	512	-2
Refined Sunflower Oil	Mumbai + VAT	775	775	Unch
	Kandla/Mundra	685	680	5
	Erode (Exp. Oil)+VAT	750	755	-5
	Hyderabad Exp +VAT	721	-	-
	Chennai (Loose)	770	775	-5
	Bellary (Exp. Oil)+VAT	633	-	-
	Latur (Exp. Oil)+VAT	711	-	-
	Chellakere (Exp. Oil)+VAT	681	-	-
Groundnut Oil	Rajkot (Loose)	1250	1200	50
	Chennai (Loose)	1050	980	70
	Delhi (Loose)	1000	1000	Unch
	Hyderabad Exp +VAT	1104	-	-





	Mumbai + VAT	1230	1210	20
	Gondal+VAT	1250	-	-
	Jamnagar +VAT	1260	-	-
	Narsarropeth+VAT	1101	-	-
	Prodattour+VAT	1121	-	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	673	672	1
	Alwar (Expeller Oil)(Loose)	661	-	-
	Kota (Expeller Oil) (Loose)	670	650	20
	Jaipur (Expeller Oil) (Loose)	663	-	-
	Delhi (Exp. Oil) (Loose)	690	695	-5
	SriGangaNagar(ExpOil-Loose)	668	-	-
	Hapur+VAT	768	-	-
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	720	710	10
Refined Cottonseed Oil	Mumbai +VAT	638	625	13
	Rajkot (Loose)	620	600	20
	Delhi (Loose)	690	600	90
	Hyderabad (Loose)	590	565	25
Coconut Oil	Kangayan (Crude)	655	620	35
	Cochin	635	620	15
	Trissur	640	615	25
Sesame Oil	Delhi	1300	1300	Unch
	Mumbai	1360	1350	10
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	500	490	10
Rice Bran Oil (4%)	Punjab	480	490	-10
Malaysia Palmolein USD/MT	FOB (April Shipment)	805	813	-8
	CNF (April) India	835	845	-10
Indonesia/Malaysia CPO USD/MT	FOB (April Shipment)	765	-	-
	CNF (April) India	805	815	-10
Argentina FOB (\$/MT)		4/7/2013	28/03/2013	Change
Crude Soybean Oil Ship		990	-	-
Refined Soy Oil (Bulk) Ship		1024	-	-
Sunflower Oil Ship		1115	-	-
Cottonseed Oil Ship		970	-	-
Refined Linseed Oil (Bulk) Ship		-	-	-



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