

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to firm tone during the week under review due to easing Malaysian palm oil stocks and firmness in domestic meals support the market sentiments. However, average demand for edible oils in the physical market limit upside risk in the prices.

Refined soybean oil (Indore Based) was the top gainer among the edible oil pack due to dwindling soybean supplies and firm trend in meals. On the other side, refined sunflower oil was the top loser in the edible oils complex on subdued demand in premium edible oils and weak international market. However, mustard and palm oil quoted higher owing to bullish MPOB's report.

Refined soybean oil (Indore Based) prices rose by 4.38 percent to Rs 729 per 10 Kg on weekly average basis and refined sunflower oil (Chennai basis) prices quoted lower to Rs 766 per 10 Kg weekly averages, down 1.00 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 54.51, down 0.54 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 Veg. Oil Market Summary

CBOT soy oil (May) is expected to stay in the range 48.50 cents/lb to 50.50 cents/lb. CPO at BMD (May) is likely to trade in the range of 2270-2400 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, Argentina soybean-harvesting pace, and port congestion situation in Brazil.

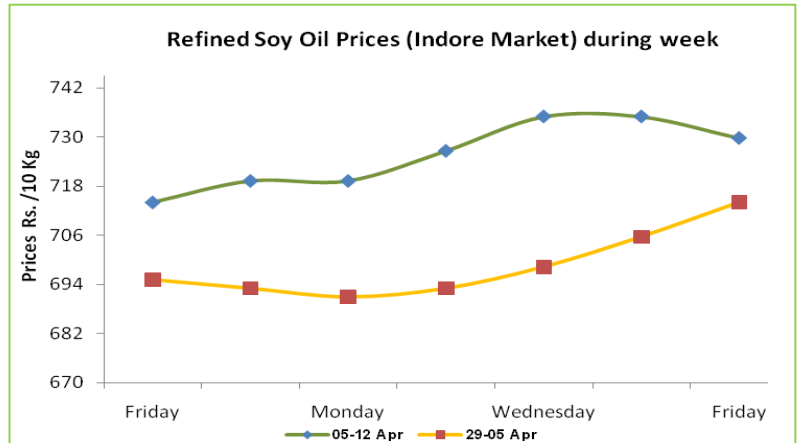
Tight US soybean supply, logistical bottlenecks in Brazil amid slow pace of soybean harvesting in Argentina due to weather concern may support the mild gains in the international soybean market for the short term. However, upcoming new soybean crop from South American countries and bird flu has reported in China, may limit excessive gains. Medium term outlook (1-2 months) support the mild bears.

Easing palm oil ending stocks following by better Malaysian export figures support palm oil fundamentals for short term. However, palm oil inventories still at the higher level compared to the March's 3-year average, which is 1.74 million tons. Medium term outlook (2 months) support the sideways to slightly weak tone due to higher palm oil production imminent to gain by the mid April. However, better buying from Indian and Chinese buyers may limit excessive gains.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to firm tone on improved buying due to dwindling soybean supplies and slow selling by farmers in the cash market.
- Indian buyers imported 850,906 metric tons of dibble oils in March, up 21 percent compared to the previous year. However, on m-o-m basis lags 10.9 percent. Total stock, both at ports and in pipelines to 2,100,000 tons comprises of 8.5 lakh tons at ports and 12.5 lakh tons in the pipeline which is higher than the monthly consumption.
- As per India's Meteorological Department, India is likely to get normal monsoon rains this year. Moreover, there is no signal of El Nino. (Source - Dow Jones)
- Average demand for soybean oil in the cash market and soy meal is offered at premium compared to the international market might weigh on the market sentiment for short term. However, dwindling soybean supplies and good demand from oil millers may limit excessive losses.
- We expect soy oil may trade range bound in the coming week on normal buying and sideways trend in the international market. However, upcoming marriage season may limit downside.



International Fundamentals:-

- Brazilian farmers have harvested 76% of the estimated soybean acreage as of April 5, up 4 percent from previous week. However, soybean harvesting lags on y-o-y basis by 3 percent by April 5, 2013. The average percentage for this time of the year is 70% - Safras e Mercado. While, Buenos Aires Grains Exchange reported 24 percent soy harvesting has been done in Argentina.
- China imported 3.84 million tons of soybeans in March, down 20.5% from a year earlier and down 13.4 percent in the first three months of the year compared to the same period last year. However, we expect soybean demand from China is expected to surge in the coming months with an advent of new supplies from Latin American countries. However, if rising bird flu cases continue in China that could hurt global soy meal demand in the coming days.
- Tight US soybean supply, logistical bottlenecks in Brazil amid slow pace of soybean harvesting in Argentina due to weather concern may support the mild gains in the international soybean market for the short term. However, upcoming new soybean crop from South American countries and bird flu has reported in China, which may limit excessive gains. Medium term outlook (1-2 months) support the bears.

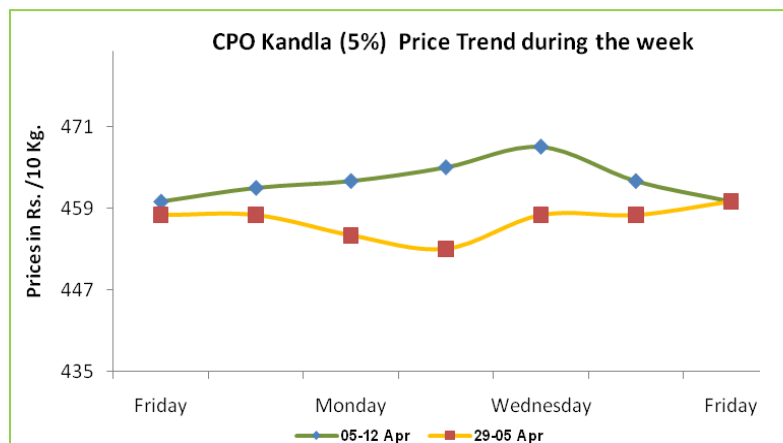
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 700-720 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured sideways to firm tone on bullish cues from international palm oil market and easing palm oil stocks in the South East Asian countries.
- At the import front, SEA of India has reported, crude palm oil imports were up during Nov 12-Mar 13 by 50.72 percent to 3,120,450 tons compared to the same period last year. While, RBD palmolein imports fell by 25 percent in the current oil year 2012/13 till march to 620,698 tons against same period of the 2012.
- Ready to use palm oil quoted higher during the week owing to normal demand and persistent falling in Malaysian palm oil inventories since the beginning of the year, which is likely to support palm oil prices in the near term. At the tender front, PEC has issued an international tender to import 6,300 tons of RBD palmolein from Indonesia/ or Malaysia and shipment to be required in between April 15-25.
- USDA raised the India's palm oil imports forecast to 8.5 million tons; up 500,000 tons compared to its previous estimate owing to cheaper palm oil boost demand prospects.
- We expect domestic palm oil prices may trade range bound to slightly firm tone persistent easing palm oil stock in top palm producing countries and ongoing Hindu's festivities.



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

- Malaysian Palm Oil Board (MPOB) has reported that Malaysia's March palm oil stocks fell by 10.9 per cent to 2.17 million tons from 2.44 million tons in February 2013 but were higher as compared with 1.96 million tons of stock in March last year. In addition, palm oil production in March 2013 at 1.32 million tons was up 2.3 per cent from Feb 2013.
- Easing palm oil ending stocks following by better Malaysian export figures support palm oil fundamentals for short term. However, palm oil inventories still at the higher level compared to the March's 3-year average, which is 1.74 million tons. Medium term outlook (2 months) support the sideways to slightly weak tone due to higher palm oil production imminent to gain with the commencement of mid April. However, better buying from Indian and Chinese buyers may limit excessive gains.

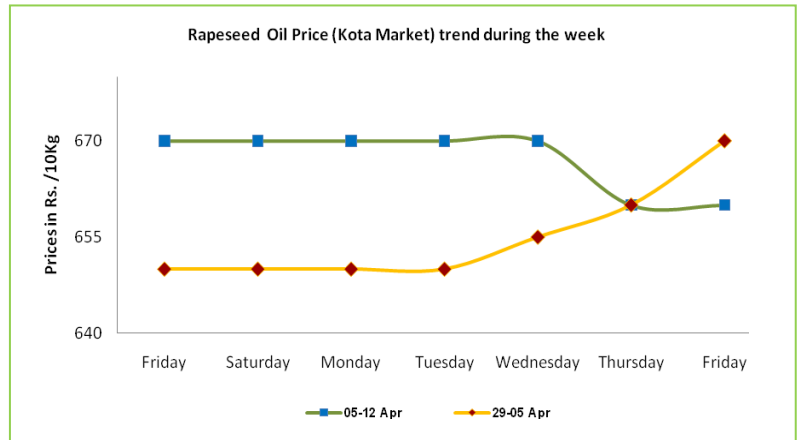
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 440-467 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured steady to slightly firm tone at Kota market during the by gone week tracking gains in soy oil. While, higher RM seed arrivals limit excessive losses in RM seed oil prices.
- As per sources, firm trend in soybean oil and good demand from millers amid slow mustard seed selling by farmers may support mustard oil in the coming days. However, good palm oil supply and on an estimated rise in the mustard seed production may limit upside.
- As per SEA of India, Rapeseed production is estimated at 7.3 million tons against 6 million tons last year. Meanwhile, mustard oil output seen at 23.43 lakh tons in 2012/13 oil year. 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:-

- According to the Informa Economics, global rapeseed production for 2013/14 (Jun/May) seen at 65.4 Mln. T, unchanged from the previous estimate. Value in parenthesis are previous rapeseed production estimates wherein Canadian RM seed production estimate pegged at 15.8 (16.5) Mln. T, EU-27 at 20.7 (20.7) Mln. T, in China at 13.8 (12.8) Mln. T and in India at 7.0 (7.0) Mln. T.

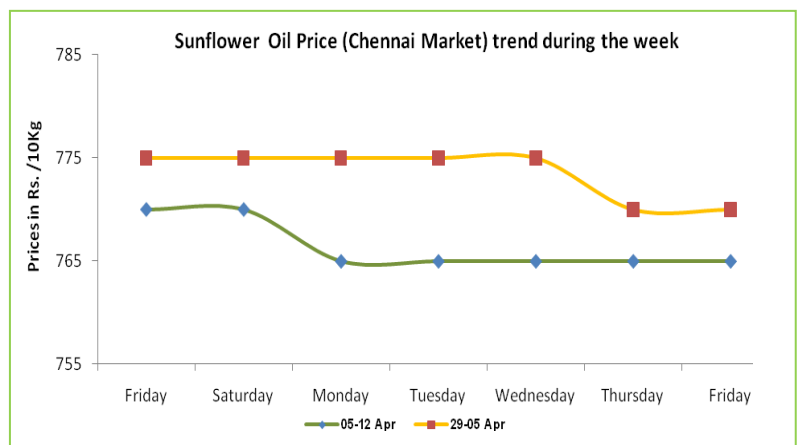
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 652-680 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.
- The SEA of India reports that crude sunflower oil imports by India reached 421,750 tons in the current oil year 2012/13 until March and was thus lower than the 477,583 t imports against same period last year. Moreover, imports were lower on m-o-m basis in March by 12.9 percent to 90,655 tons.
- 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 to 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.

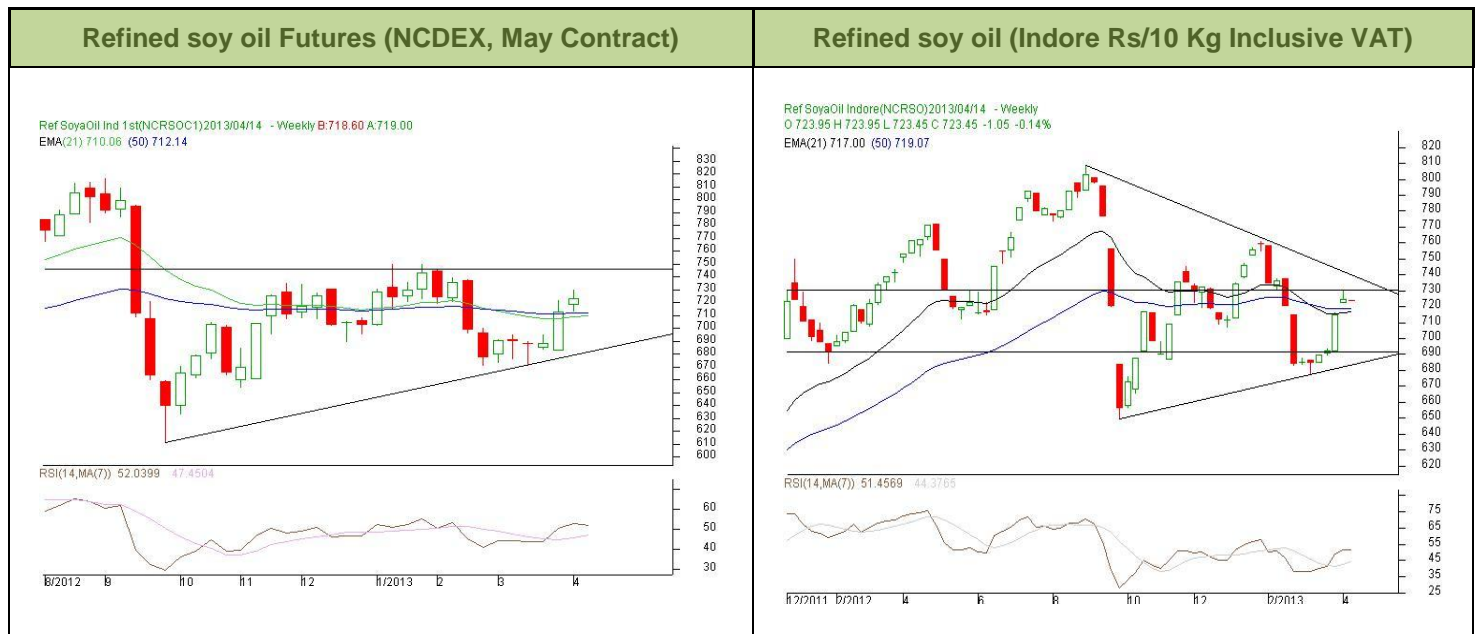
Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 755-775 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 12/4/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1035.5	1031.1	1086.2
Freight (USD/MT)	75	55	50
C & F	1110.5	1086.1	1136.2
Weight loss (0.25% of FOB)	2.59	2.58	2.72
Finance charges (0.4% on CNF)	4.14	4.12	4.34
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1121	1096	1147
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	54.44	54.44	54.44
Landed cost without customs duty in INR per ton	61005	59670	62425
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	62947	61613	64368
Domestic Market price INR per ton Soy Degum Kandla	68000	68000	68000
Total landed cost USD per ton	1156	1132	1182
Domestic Market price USD per ton Soy Degum Kandla	1249	1249	1249
Parity INR/MT (Domestic - Landed)	5053	6387	3632
Parity USD/MT (Domestic - Landed)	92.81	117.33	66.71
Source: Agriwatch/ Reuters			

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 691-695 levels.

- ❖ Weekly chart of refined soy oil at NCDEX featured firm movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 686.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 691-710 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

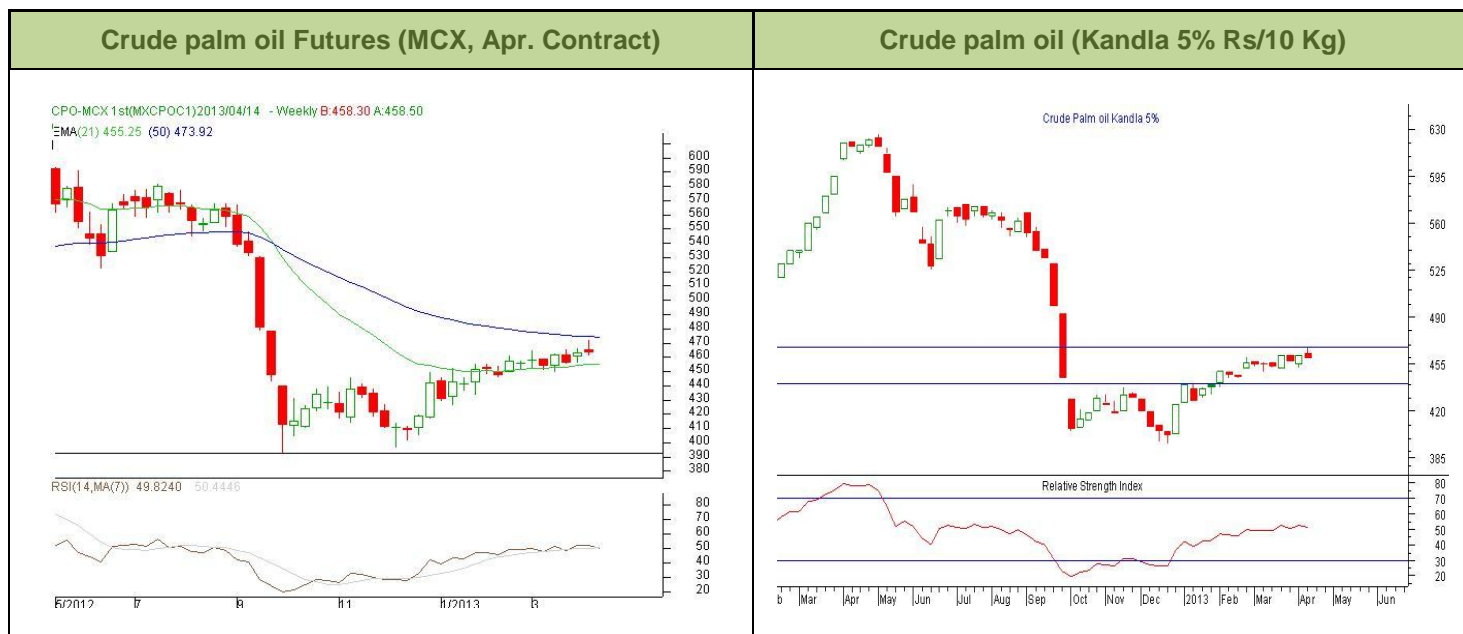
Strategy: Market participants are advised to go long in RSO at 691-695 levels for a target of 706 and 710 with a stop loss at 686.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
672.00	678.00	708.55	718.00	721.00

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 May. contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts sideways movement in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close below 445.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 450-465 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 450-452 for a target of 462 and 465 with a stop loss at 445.50 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 440-467 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		4/12/2013	4/5/2013	
Refined Soybean Oil	Kota(Loose)	695	700	-5
	Rajkot (Loose)	690	680	10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	730	720	10
	Kakinada	-	-	-
	Mumbai +VAT	685	680	5
	Indore	695	680	15
	Soy Degum Mumbai+VAT	648	650	-2
	SoyDegum Kandla/Mundra+VAT	680	660	20
	Haldiya Port (Loose)	-	688	-
	Akola (Loose)	721	701	20
	Amrawati (Loose)	721	701	20
	Jalna	719	706	13
	Nagpur	721	701	20
Palm Oil	Chennai.RBD.Palmolein.(Loose)	510	505	5
	Hyd. RBD Palmolein VAT	510	500	10
	Delhi RBD Palmolein (Loose)	565	553	12
	Kandla CPO (5%FFA)	460	460	Unch
	Kakinada.RBD.Palmolein(Loose)	506	501	5
	Mumbai RBD Pamolein+ VAT	518	515	3
	Kandla RBD Palmolein +VAT	520	510	10
Refined Sunflower Oil	Mumbai + VAT	785	775	10
	Kandla/Mundra	690	685	5
	Erode (Exp. Oil)+VAT	755	750	5
	Hyderabad Exp +VAT	741	721	20
	Chennai (Loose)	765	770	-5
	Bellary (Exp. Oil)+VAT	639	633	6
	Latur (Exp. Oil)+VAT	716	711	5
	Chellakere (Exp. Oil)+VAT	-	681	-
Groundnut Oil	Rajkot (Loose)	1240	1250	-10
	Chennai (Loose)	1080	1050	30
	Delhi (Loose)	1050	1000	50
	Hyderabad Exp +VAT	1156	1104	52



	Mumbai + VAT	1230	1230	Unch
	Gondal+VAT	1240	1250	-10
	Jamnagar +VAT	1230	1260	-30
	Narsarropeth+VAT	1121	1101	20
	Prodattour+VAT	1081	1121	-40
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	685	673	12
	Alwar (Expeller Oil)(Loose)	666	661	5
	Kota (Expeller Oil) (Loose)	660	670	-10
	Jaipur (Expeller Oil) (Loose)	666	663	3
	Delhi (Exp. Oil) (Loose)	685	690	-5
	SriGangaNagar(ExpOil-Loose)	661	668	-7
	Hapur+VAT	762	768	-6
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	725	720	5
Refined Cottonseed Oil	Mumbai +VAT	655	638	17
	Rajkot (Loose)	632	620	12
	Delhi (Loose)	630	620	10
	Hyderabad (Loose)	620	590	30
Coconut Oil	Kangayan (Crude)	630	655	-25
	Cochin	640	635	5
	Trissur	620	640	-20
Sesame Oil	Delhi	1300	1300	Unch
	Mumbai	1370	1360	10
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	490	500	-10
Rice Bran Oil (4%)	Punjab	480	480	Unch
Malaysia Palmolein USD/MT	FOB (April Shipment)	813	805	8
	CNF (April) India	840	835	5
Indonesia/Malaysia CPO USD/MT	FOB (April Shipment)	780	765	15
	CNF (April) India	815	805	10
Argentina FOB (\$/MT)		4/11/2013	4/4/2013	Change
Crude Soybean Oil Ship		1024	990	34
Refined Soy Oil (Bulk) Ship		1059	1024	35
Sunflower Oil Ship		-	1115	-
Cottonseed Oil Ship		1004	970	34



Refined Linseed Oil (Bulk) Ship	1044	-	-
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