

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to weak tone during the week under review due to huge losses in the commodity market and lackluster buying in the physical market. However, mild gains in CBOT soy oil market and firmness in domestic soybean and meals limit downside risk in the edible oils prices.

Mustard oil (Kota Based) was the top loser among the edible oil pack on an estimated rise in mustard seed production in the current oil year and subdued demand from stockists. On the other side, refined sunflower oil quoted steady in the edible oils complex on lackluster buying against comfortable stocks and sideways trend in the international sun oil market.

Mustard oil (Kota Based) prices fell by 2.69 percent to Rs 649 per 10 Kg on weekly average basis and refined sunflower oil (Chennai basis) prices quoted lower to Rs 765 per 10 Kg weekly averages, down Rs 1 per 10 Kg compared to the last week average.

On the global economic front, International Monetary Fund forecasts global GDP growth at 3.3 %, up 0.1 percent in 2013 from last year and expected a growth rate of 4 percent in 2014.

On the currency front, Indian rupee against USD closed at 53.89, up 1.12 percent as compared to the previous week. We expect edible oil complex to trade sideways in the coming days on firm trend in meal and in anticipation of higher consumption in the upcoming wedding season. However, average demand for oils in the cash market and range bound movement 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 (June) is likely to trade in the range of 2250-2390 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.

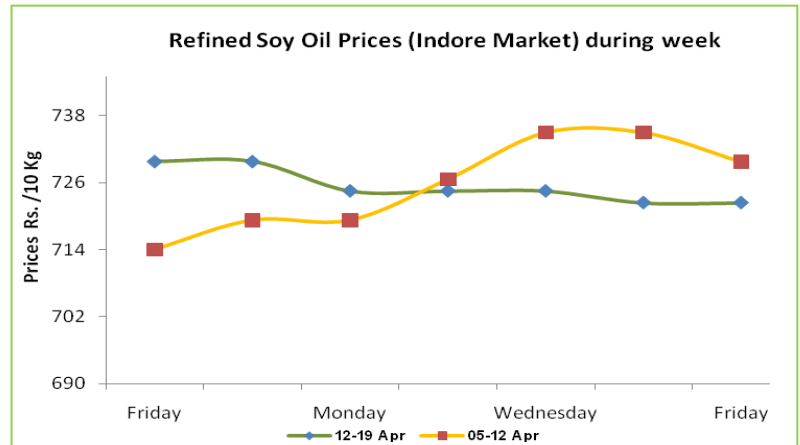
Port congestion in Brazil and tight US soybean supply may support the mild gains in the international soybean market for the short term. However, upcoming new soybean crop from South American countries and rising bird flu cases in China may limit upside risk in the prices. Medium term outlook support the bears.

Better palm oil buying from Indian importers and easing palm oil ending stocks trend may support palm oil prices for short term. Medium term outlook - palm oil production is expected to gain in the coming months and new oilseed supplies from top producing countries may limit excessive gains in the global palm oil prices.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to slightly firm tone owing to dwindling soybean supplies and slow soybean selling by farmers in the cash market.
- Normal demand witnessed for soybean oil in the cash market and domestic soy meal is offered at premium compared to the international market (Argentina) which might weigh on the market sentiment in the coming days. However, dwindling soybean supplies may limit excessive losses. Indian government increased the base import price on crude soybean oil by US \$1 per tons to US \$1094 due to mild gains in international soy oil FOB prices.
- Soybean oil parity weekly average narrow during the week and reported at Rs 10 per 10 Kg against Rs 3 per 10 Kg in the bygone week on relatively higher gains in soybean compared to soy meal and oil prices. Soybean oil parity is likely to stay in the positive zone.
- 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:-

- According to data released by Clarivi, Brazil's soybean harvest has reached 84.4 per cent of the total area planted, up from 78 per cent a week earlier, but slower as compared to 86.9 per cent harvest in the same period last year. While, Buenos Aires Grains Exchange reported 24 percent soy harvesting has been done in Argentina.
- Oil World has reported that Chinese soybean imports would likely to be around 59 million tons of soybean in the current marketing year starts from Oct 1 which is smaller than previously estimated owing to insufficient shipments from South America. Moreover, USDA also trimmed its forecast for China's 2012-13 soybean imports to 61 million tons from 63 million previously. With a 6 million tons monthly consumption, we expect china is likely to import soybean around 60-61 million tons in the current 2012/13 MY, higher from previous MY. However, uncertainty related to bird flu in China might hurts soy meal and soybean demand in China.
- Port congestion in Brazil and tight US soybean supply may support the mild gains in the international soybean market for the short term. However, upcoming new soybean crop from South American countries and rising bird flu cases in China may limit upside risk in the prices. Medium term outlook support the bears.

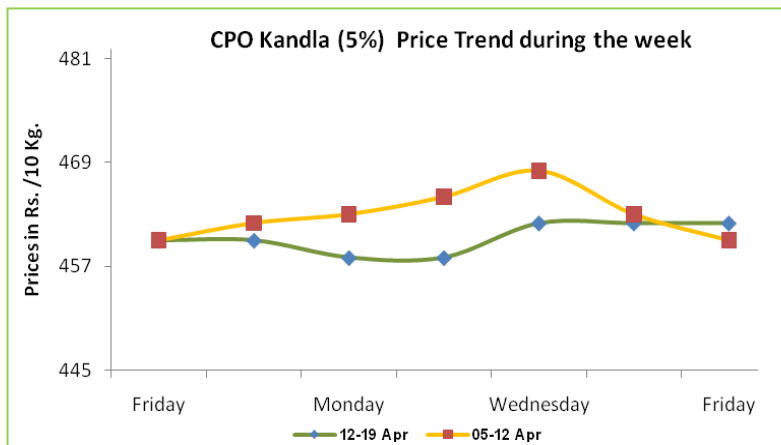
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 708-732 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured sideways to slightly weak tone on bearish cues from international palm oil market and huge losses in commodity market hurt the market sentiments.
- Indian government sets base import price on crude palm oil at US \$ 827 and reduced base import price on palmolein crude as well as refined to US \$ 864 per tons and US \$867 per tons in line with global prices.
- Trade sources revealed that good demand witnessed from the vanaspati millers and wholesalers in anticipation of better buying from end user ahead of wedding season, Hindu's festivities amid uptrend in domestic soy oil support the market sentiments. 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.
- At the tender front, STC has issued an international tender to purchase 30,000 tons of RBD palmolein for May delivery and shipment was required by 31 May for the western port. The last date for submission of bids is on April 29
- We expect domestic palm oil prices may trade range bound to slightly weak tone in expectation of higher palm production in the South East Asian countries and lower than expected Malaysian export figures. However, higher discount against other edible oils may limit downside.



International Fundamentals:-

- Malaysian palm oil products exports for 1-20 April wherein fell 4.9 % on m-o-m basis to 0.882 million tons. India and subcontinent imported 196,630 tons, up 21.3 percent compared to 162,040 tons during the same period of last month - cargo surveyor Intertek Testing Services. Besides, weak demand witnessed from Chinese and European buyers.

Breakdown of ITS palm export figures for 1-20 April compared to a month ago (in tons):

Palm Products	1-20 Apr	1-20 Mar	% Change
Crude palm oil	157,280	112,580	76.1
RBD palm oil	81,075	67,210	-55.95
RBD palm olein	405,980	501,225	2.4
RBD palm stearin	64,031	79,730	-33.3
Crude palm kernel oil	9,050	18,590	38.5
Palm fatty acid distillate	53,110	31,200	-43.3

Importers	1-20 Apr	1-20 Mar	% Change
European Union	141,056	145,075	-2.7
China	224,470	281,870	22.2
India	196,630	162,040	36.9

- Malaysia will set its crude palm oil export tax for May at 4.5 percent, remain unchanged from previous month and the reference price is set at 2,347.26 ringgit per tons for crude palm oil for May.
- 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.
- Better palm oil buying from Indian importers and easing palm oil ending stocks trend may support palm oil prices for short term. Medium term outlook - palm oil production is expected to gain in the coming months and new oilseed supplies from top producing countries may limit excessive gains in the global palm oil prices.

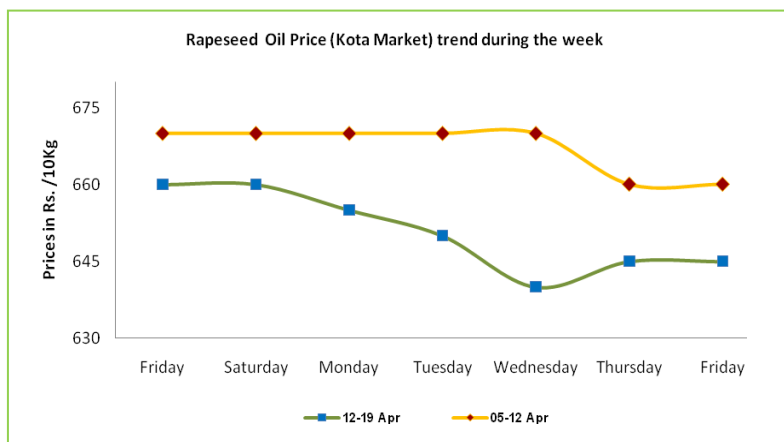
Price Outlook:

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

- Mustard oil featured weak tone during the week at Kota market due to higher mustard seed production in the current oil year and subdued demand.
- As per sources, higher palm oil products imports and lackluster buying interest weigh on the cash market. However, slow selling by the farmers featured in the cash market, which limits excessive losses.
- USDA lowers its Indian mustard oil import estimate to 45,000 tons, down 50,000 tons in its report owing to higher mustard seed production in India and cheaper palm oil product looks attractive against other edible oil. 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. However, higher mustard arrivals would 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.

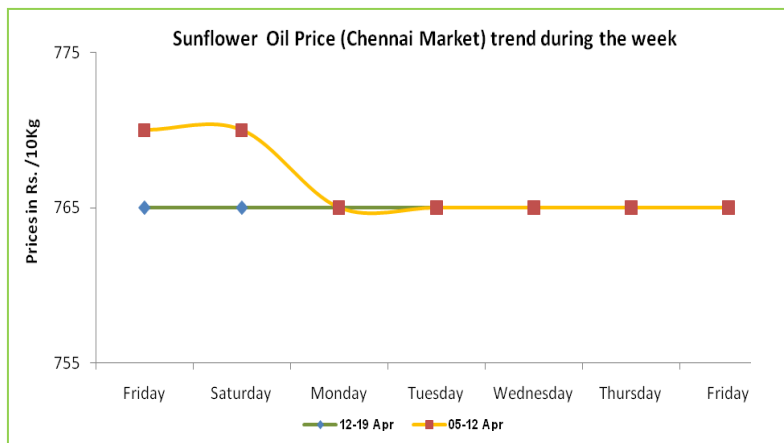
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 635-665 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.
- As per sources, weak demand witnessed for sunflower oil, and imported crude sunflower oil at Southern Indian port weigh on the market sentiments.
- 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:-

- As per UkrAgroConsult, Ukraine's sunflower seed production is estimated at 95.1 lakh tons, up by 9 percent from last year owing to higher sunflower seed yields and farmers were likely to sow 53 lakh hectares of sunflower this year against 57 lakh hectares in 2012.

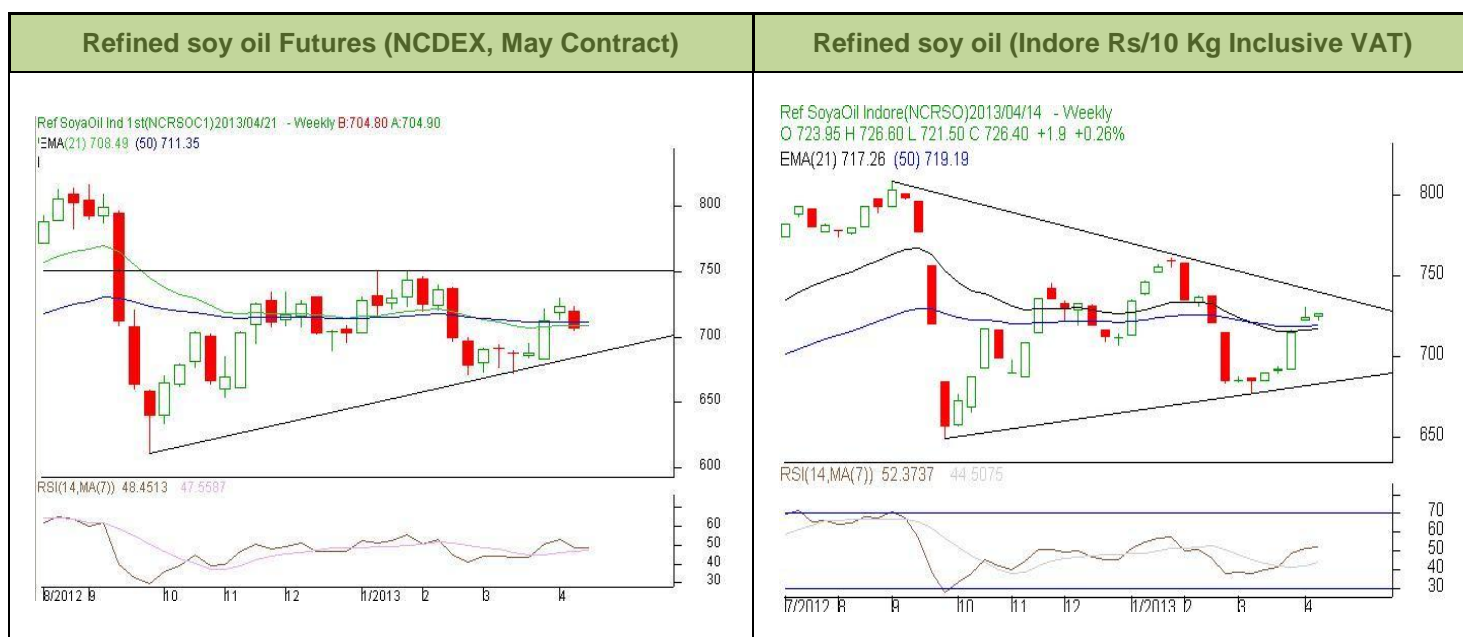
Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 750-770 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 18/4/2013	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1014.46	1018	1083
Freight (USD/MT)	75	55	50
C & F	1089.5	1073.3	1133.0
Weight loss (0.25% of FOB)	2.54	2.55	2.71
Finance charges (0.4% on CNF)	4.06	4.07	4.33
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1099	1083	1143
CVD	0	0	0
Duty USD per ton	27.35	27.35	27.35
CVD value USD per ton	0	0	0
Cess (2% on duty) USD per ton	0.547	0.547	0.547
Exchange rate	54.02	54.02	54.02
Landed cost without customs duty in INR per ton	59385	58511	61769
Customs duty %	2.5%	2.5%	2.5%
Base import price	1094	1094	1094
Fixed exchange rate by customs department	55.15	55.15	55.15
Duty component in INR per ton	1508.3525	1508.3525	1508.3525
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	61330	60456	63713
Domestic Market price INR per ton Soy Degum Kandla	67000	67000	67000
Total landed cost USD per ton	1135	1119	1179
Domestic Market price USD per ton Soy Degum Kandla	1240	1240	1240
Parity INR/MT (Domestic - Landed)	5670	6544	3287
Parity USD/MT (Domestic - Landed)	104.97	121.15	60.85
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 slightly firm tone in the days ahead. Investors are advised to buy refined soy oil (May. contract) between 695-698 levels.

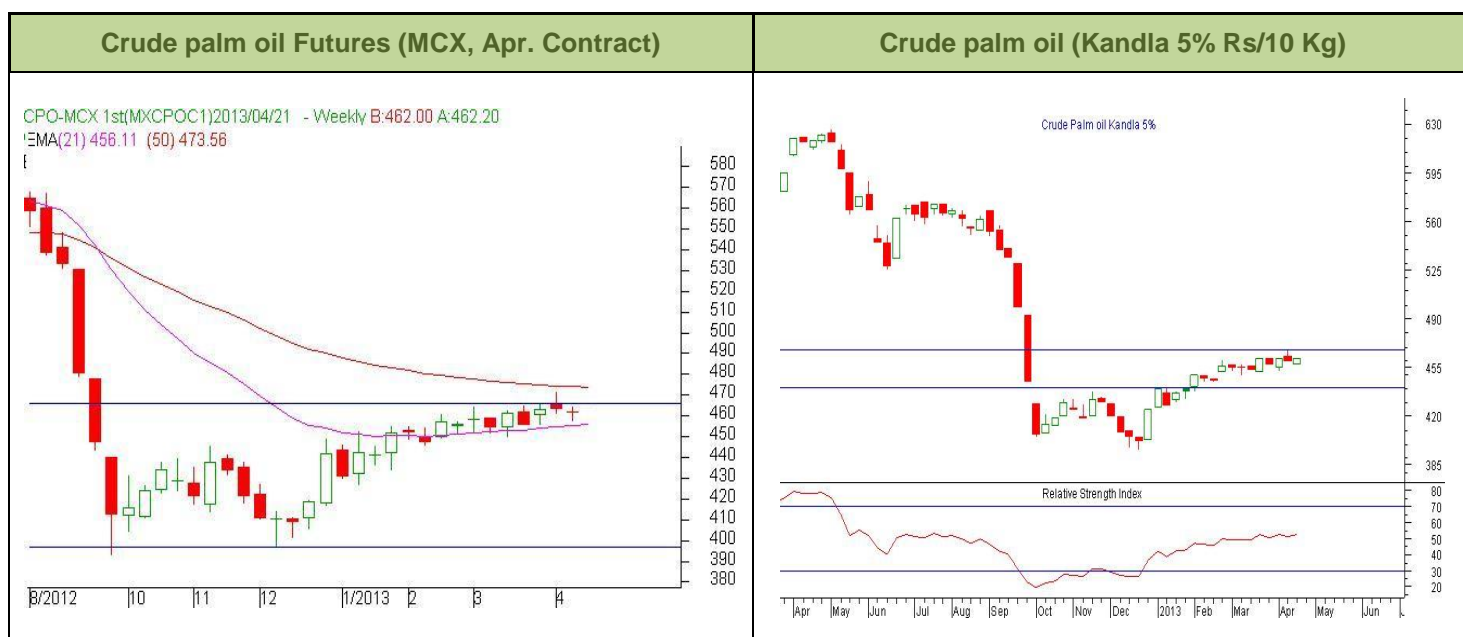
- ❖ Weekly chart of refined soy oil at NCDEX featured firm movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 690 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 695-711 level in 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 695-698 levels for a target of 708 and 711 with a stop loss at 690 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
672.00	678.00	705.65	721.00	725.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 708-732 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
437.00	442.00	455.30	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 440-467 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		4/18/2013	4/12/2013	
Refined Soybean Oil	Kota(Loose)	700	695	5
	Rajkot (Loose)	690	690	Unch
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	730	730	Unch
	Kakinada	-	-	-
	Mumbai +VAT	675	685	-10
	Indore	688	695	-7
	Soy Degum Mumbai+VAT	650	648	2
	SoyDegum Kandla/Mundra+VAT	670	680	-10
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	714	721	-7
	Amrawati (Loose)	714	721	-7
	Jalna	716	719	-3
	Nagpur	714	721	-7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	500	510	-10
	Hyd. RBD Palmolein VAT	505	510	-5
	Delhi RBD Palmolein (Loose)	550	565	-15
	Kandla CPO (5%FFA)	462	460	2
	Kakinada.RBD.Palmolein(Loose)	493	506	-13
	Mumbai RBD Pamolein+ VAT	510	518	-8
	Kandla RBD Palmolein +VAT	510	520	-10
Refined Sunflower Oil	Mumbai + VAT	770	785	-15
	Kandla/Mundra	685	690	-5
	Erode (Exp. Oil)+VAT	750	755	-5
	Hyderabad Exp +VAT	731	741	-10
	Chennai (Loose)	765	765	Unch
	Bellary (Exp. Oil)+VAT	636	639	-3
	Latur (Exp. Oil)+VAT	711	716	-5
	Chellakere (Exp. Oil)+VAT	691	-	-
Groundnut Oil	Rajkot (Loose)	1220	1240	-20
	Chennai (Loose)	1100	1080	20
	Delhi (Loose)	1050	1050	Unch
	Hyderabad Exp +VAT	1188	1156	32
	Mumbai + VAT	1210	1230	-20

	Gondal+VAT	1225	1240	-15
	Jamnagar +VAT	1225	1230	-5
	Narsarropeth+VAT	1121	1121	Unch
	Prodattour+VAT	1091	1081	10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	676	685	-9
	Alwar (Expeller Oil)(Loose)	674	666	8
	Kota (Expeller Oil) (Loose)	645	660	-15
	Jaipur (Expeller Oil) (Loose)	664	666	-2
	Delhi (Exp. Oil) (Loose)	668	685	-17
	SriGangaNagar(ExpOil-Loose)	646	661	-15
	Hapur+VAT	763	762	1
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	710	725	-15
Refined Cottonseed Oil	Mumbai +VAT	645	655	-10
	Rajkot (Loose)	636	632	4
	Delhi (Loose)	627	630	-3
	Hyderabad (Loose)	605	620	-15
Coconut Oil	Kangayan (Crude)	630	630	Unch
	Cochin	640	640	Unch
	Trissur	615	620	-5
Sesame Oil	Delhi	1300	1300	Unch
	Mumbai	1370	1370	Unch
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	-	490	-
Rice Bran Oil (4%)	Punjab	480	480	Unch
Malaysia Palmolein USD/MT	FOB (April Shipment)	790	813	-23
	CNF (April) India	825	840	-15
Indonesia/Malaysia CPO USD/MT	FOB (April Shipment)	-	780	-
	CNF (April) India	805	815	-10
Argentina FOB (\$/MT)		4/17/2013	4/11/2013	Change
Crude Soybean Oil Ship		1026	1024	2
Refined Soy Oil (Bulk) Ship		1062	1059	3
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		1006	1004	2
Refined Linseed Oil (Bulk) Ship		-	1044	-



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