

## Executive Summary

### Domestic Veg. Oil Market Summary

*Most of the edible oils witnessed steady to slightly firm tone during the week under review tracking gains in the international palm oil market and renewed demand from wholesalers.*

*Mustard oil (Kota Based) was the top loser among the edible oil pack owing to subdued demand from stockists and cheaper palm oil products hurt the market sentiments. On the other side, refined soybean oil quoted steady to firm tone in the edible oils complex due dwindling soybean supplies in the cash market and improved buying from stockists.*

*Mustard oil (Kota Based) prices fell by 2.80 percent to Rs 633 per 10 Kg on weekly average basis and refined sunflower oil (Chennai basis) prices quoted steady to Rs 765 per 10 Kg weekly averages, unchanged from the last week average.*

*On the currency front, Indian rupee against USD closed at 54.37, down 0.88 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 48.80 cents/lb to 51.80 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 ending stocks and production figures estimates, Chinese soybean demand, and port congestion situation in Brazil.*

*On the global economic front, Sluggish HSBC PMI data activated a selloff in the international commodity markets during the week. However, bullish US initial jobless claim check downside. China's factory sector growth fell in April to 50.50 from 51.60 in March.*

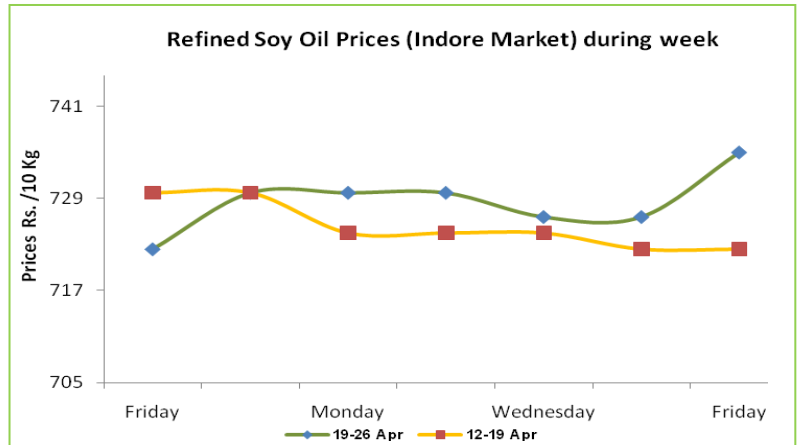
*Slow soybean offloading by Argentine farmers and delay in soybean shipments from South American countries may support the mild gains in the international soybean market for the short term. However, upcoming new soybean crop from South American countries and uncertainty related Chinese soybean demand might limit upside risk in the prices.*

*Better palm oil buying from Indian and European 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.
- Dwindling soybean supplies, normal demand from solvent extractors amid upcoming wedding season support the market sentiments. However, weak export demand for soybean meals and domestic soy meal is offered at premium compared to the international market (Argentina) may limit excessive gains in soy oil and meal.
- Soybean oil parity weekly average narrow significantly during the week and reported at Rs -50 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. Subdued demand for oil and meals is likely to support soy oil disparity in the coming days.
- 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:-

- Lanworth has improved its outlook for 2013-14 US soybean production to 3.420 billion bushels from 3.380 billion bushels on higher estimated yields.
- The Buenos Aires Grains Exchange has kept its estimate of Argentina's 2012-13 soybeans output unchanged at 48.5 million tons.
- Chinese soybean imports in January to March 2013 is reported to 11.5 Mln. t, fell 13 percent compared to the same period of the last year. Moreover, soybean oil imports decreased by 37 percent to 189,377 tons y-o-y basis - Chinese customs authorities.
- Slow soybean offloading by Argentine farmers and delay in soybean shipments from South American countries may support the mild gains in the international soybean market for the short term. However, upcoming new soybean crop from South American countries and uncertainty related Chinese soybean demand might limit upside risk in the prices.

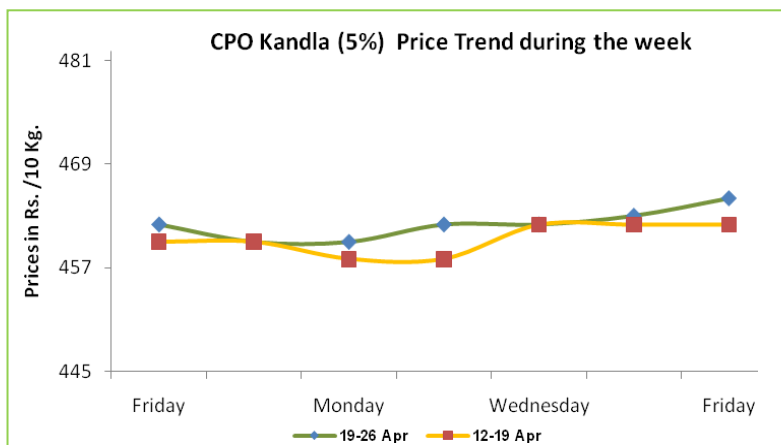
#### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 725-745 per 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% featured sideways to slightly firm tone on bullish cues from international palm oil market.
- Solvent Extractors of India has recommended the Indian government to increase import duty on crude edible oils to 12.5 % from 7.5 % at present due to higher palm oil products imports. However, government has no proposal to increase import duty on edible oils. At import front, India imported 31.2 lakh tons of crude palm oil in the current oil year until March which is 50 percent higher against corresponding period of last year. While, Rbd palmolein imports were lags by 24.4 percent to 6.20 lakh tons until March as compared to the same period of a last year.
- At the tender front, STC has issued an international tender to purchase 30,000 tons of RBD palmolein for May delivery and shipment 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 firm tone in expectation of easing palm oil ending stocks in the South East Asian countries. However, adequate stocks at domestic cash market may limit upside.



#### International Fundamentals:-

- Malaysian palm oil products export for April 1-25 rose 2.7 percent to 10.8 lakh tons from 10.5 lakh tons in the March 1-25 period. India imports 173,999 tons of Malaysian palm oil products in April 1-25, up 114.4 percent from same period of a last month - Societe Generale de Surveillance

#### **Breakdown of ITS palm export figures for 1-25 April compared to a month ago (in tons):**

Palm Products	1-25 Apr	1-25 Mar	% Change
Crude palm oil	196,120	114,782	70.86
RBD palm oil	82,156	104,994	-21.75
RBD palm olein	523,283	560,907	-6.71
RBD palm stearin	93,942	90,938	3.30
Crude palm kernel oil	12,550	18,590	-32.49
Oleochemicals	26,430	38,540	-31.42

Top Palm Products Importers	1-25 Apr	1-25 Mar	% Change
European Union	195,923	155,873	25.69
China	310,315	323,870	-4.19
Pakistan	51,100	63,000	-18.89
United States	113,200	66,837	69.37
India	173,999	81,142	114.44

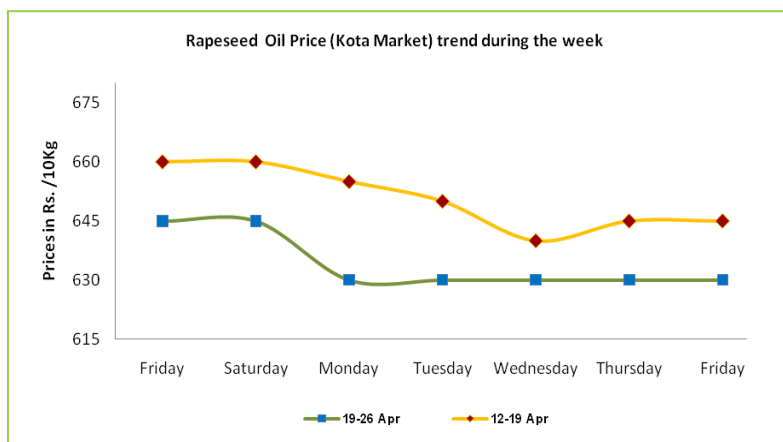
- According to the Chinese customs authorities, China's palm oil imports increased by 5.43 percent to 1,487,788 tons in the first three months of 2013 compared to the last year same period. Meanwhile, Chinese palm oil imports were 591,223 tons, up 1.13 percent on m-o-m basis.
- Malaysian Palm Oil Board (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. Moreover, we expect palm oil inventories to further ease in April and may touch 20.5-21 lakh tons level, which could underpin international palm oil market in the near term. On the other side, palm oil production is likely to pick up from May onwards, which may support palm oil supply prospects in the medium term.
- Better palm oil buying from Indian and European 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 tab on the prices.

#### Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 445-469 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.
- 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 may limit excessive losses in the coming days.
- Spread between mustard oil and palm oil prices (Mumbai based) is hovering at Rs 148 per 10 Kg as of 25 April 2013, which depicts that spread decreased as mustard oil traded lower vs. palm oil during last couple of weeks. However, renewed demand could witness at lower quotes.
- 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.
- 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:-

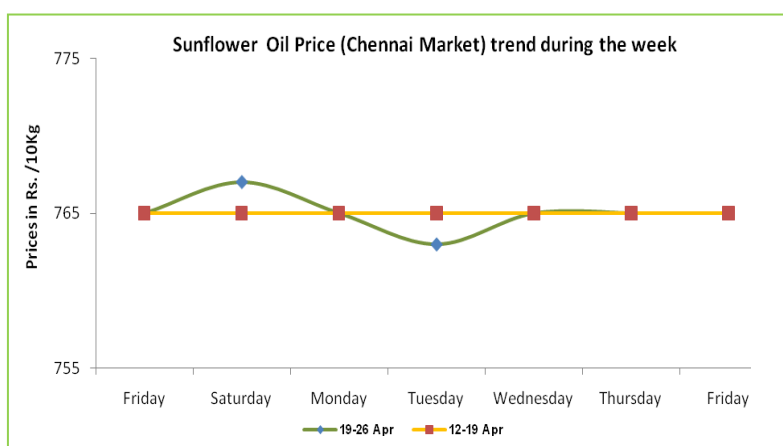
- According to the Statistics Canada survey, Canola seeding will fall 11.1 percent to 19.1 million acres from 2012 in expectation of oilseed-cereal rotation.
- According to the Informa Economics, global rapeseed production for 2013/14 (Jun/May) seen at 65.4 Mln. T, unchanged from the previous estimate. 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.
- As per sources, sideways trend in the international sun oil market and cheaper availability of palm oil products might weigh on the market sentiments in the coming days.
- 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.
- We expect sunflower oil prices may trade range bound to weak tone in the near term.



### International Fundamentals:-

- Ukraine's sunflower seed production seen in between 8.8-9.4 million tons, compared with 9 million tons a year. The country is the world's largest producer of sunflower seed – Oil World.

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

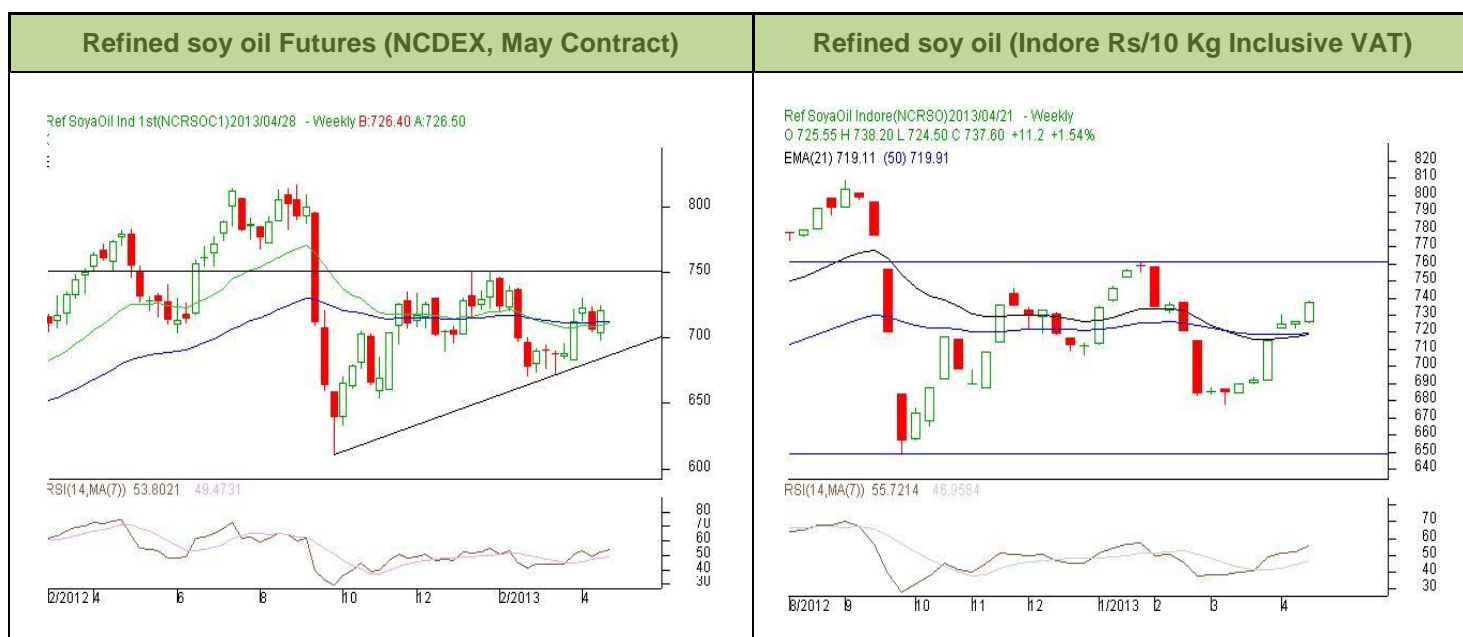
**Landed Cost at the Indian Ports - Crude soy oil**

<b>Landed Cost Calculation as on 26/4/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	1010	1022	1097	778
Freight (USD/MT)	75	65	60	37.0
C & F	1085.0	1087.0	1157.0	815.0
Weight loss (0.25% of FOB)	2.53	2.56	2.74	1.95
Finance charges (0.4% on CNF)	4.04	4.09	4.39	3.11
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	1095	1097	1168	823
CVD	0	0	0	0
Duty USD per ton	27.35	27.35	27.35	20.68
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.547	0.547	0.547	0.4135
Exchange rate	54.29	54.29	54.29	54.29
Landed cost without customs duty in INR per ton	59438	59551	63389	44654
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1094	1094	1094	827
Fixed exchange rate by customs department	54.50	54.50	54.50	54.50
Duty component in INR per ton	1490.58	1490.58	1490.58	1126.79
Clearing charges INR per ton	353	353	353	353
Brokerage INR per ton	83	83	83	83
Total landed cost INR per ton	61364	61477	65316	46216
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	66000	66000	66000	46500
Total landed cost USD per ton	1130	1132	1203	851
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1216	1216	1216	857
<b>Parity INR/MT (Domestic - Landed)</b>	<b>4636</b>	<b>4523</b>	<b>684</b>	<b>284</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>85.39</b>	<b>83.30</b>	<b>12.61</b>	<b>5.22</b>
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 715-718 levels.**

- ❖ Weekly chart of refined soy oil at NCDEX featured firm movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 709 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 715-733 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 715-718 levels for a target of 730 and 733 with a stop loss at 709 on closing basis.

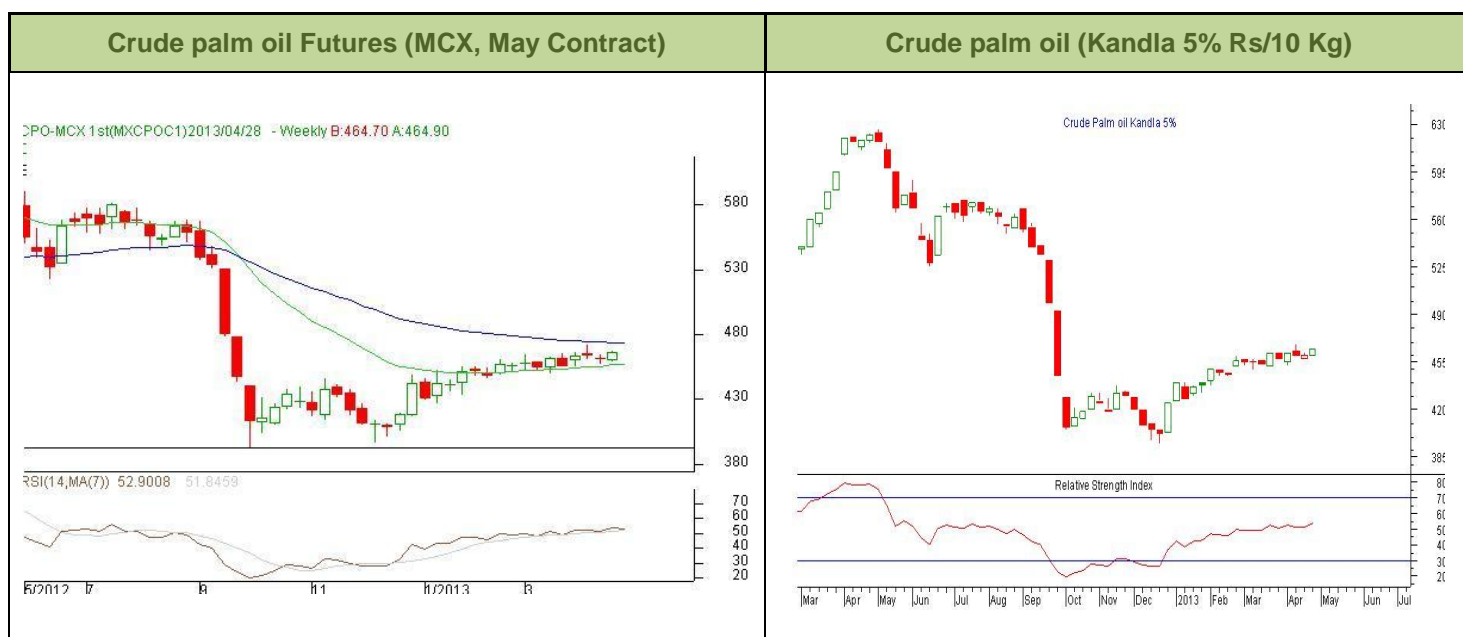
#### RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
695.00	705.00	720.45	742.00	748.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 725-745 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 to firm movement in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 456 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 459-471 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 459-461 for a target of 468 and 471 with a stop loss at 456 on closing basis.

#### CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
450.00	453.00	462.70	472.00	476.00

**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 445-469 per 10 Kg.

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		4/26/2013	4/19/2013	
Refined Soybean Oil	Kota(Loose)	695	700	-5
	Rajkot (Loose)	690	690	Unch
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	735	730	5
	Kakinada	-	-	-
	Mumbai +VAT	675	675	Unch
	Indore	700	688	12
	Soy Degum Mumbai+VAT	-	650	-
	SoyDegum Kandla/Mundra+VAT	660	670	-10
	Haldiya Port (Loose)	697	-	-
	Akola (Loose)	716	714	2
	Amrawati (Loose)	716	714	2
	Jalna	709	716	-7
	Nagpur	716	714	2
Palm Oil	Chennai.RBD.Palmolein.(Loose)	500	500	Unch
	Hyd. RBD Palmolein VAT	495	505	-10
	Delhi RBD Palmolein (Loose)	552	550	2
	Kandla CPO (5%FFA)	465	462	3
	Kakinada.RBD.Palmolein(Loose)	496	493	3
	Mumbai RBD Pamolein+ VAT	512	510	2
	Kandla RBD Palmolein +VAT	508	510	-2
Refined Sunflower Oil	Mumbai + VAT	770	770	Unch
	Kandla/Mundra	685	685	Unch
	Erode (Exp. Oil)+VAT	745	750	-5
	Hyderabad Exp +VAT	726	731	-5
	Chennai (Loose)	765	765	Unch
	Bellary (Exp. Oil)+VAT	634	636	-2
	Latur (Exp. Oil)+VAT	711	711	Unch
	Chellakere (Exp. Oil)+VAT	686	691	-5
Groundnut Oil	Rajkot (Loose)	1200	1220	-20
	Chennai (Loose)	1100	1100	Unch
	Delhi (Loose)	1050	1050	Unch
	Hyderabad Exp +VAT	1167	1188	-21
	Mumbai + VAT	1220	1210	10



	Gondal+VAT	1210	1225	<b>-15</b>
	Jamnagar +VAT	1210	1225	<b>-15</b>
	Narsarropeth+VAT	1121	1121	<b>Unch</b>
	Prodattour+VAT	1081	1091	<b>-10</b>
<b>Rapeseed Oil</b>	Mumbai (Exp. Oil) +VAT	663	676	<b>-13</b>
	Alwar (Expeller Oil)(Loose)	651	674	<b>-23</b>
	Kota (Expeller Oil) (Loose)	630	645	<b>-15</b>
	Jaipur (Expeller Oil) (Loose)	640	664	<b>-24</b>
	Delhi (Exp. Oil) (Loose)	658	668	<b>-10</b>
	SriGangaNagar(ExpOil-Loose)	636	646	<b>-10</b>
	Hapur+VAT	763	763	<b>Unch</b>
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	700	710	<b>-10</b>
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	648	645	<b>3</b>
	Rajkot (Loose)	630	636	<b>-6</b>
	Delhi (Loose)	624	627	<b>-3</b>
	Hyderabad (Loose)	630	605	<b>25</b>
<b>Coconut Oil</b>	Kangayan (Crude)	620	630	<b>-10</b>
	Cochin	640	640	<b>Unch</b>
	Trissur	610	615	<b>-5</b>
<b>Sesame Oil</b>	Delhi	1300	1300	<b>Unch</b>
	Mumbai	1360	1370	<b>-10</b>
<b>Kardi</b>	Mumbai	1250	1250	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	Delhi	-	-	-
<b>Rice Bran Oil (4%)</b>	Punjab	450	480	<b>-30</b>
<b>Malaysia Palmolein USD/MT</b>	FOB (April Shipment)	798	790	<b>8</b>
	CNF (April) India	835	825	<b>10</b>
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (April Shipment)	778	-	-
	CNF (April) India	815	805	<b>10</b>
<b>Argentina FOB (\$/MT)</b>		<b>4/25/2013</b>	<b>4/18/2013</b>	<b>Change</b>
Crude Soybean Oil Ship		999	1018	<b>-19</b>
Refined Soy Oil (Bulk) Ship		1033	1053	<b>-20</b>
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		979	998	<b>-19</b>
Refined Linseed Oil (Bulk) Ship		-	-	-



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