

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to slightly weak tone during the week under review tracking losses in the international palm oil market and cautious buying 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 due dwindling soybean supplies in the cash market.

Mustard oil (Kota Based) prices fell by 1.54 percent to Rs 625 per 10 Kg on weekly average basis and refined sunflower oil (Chennai basis) prices quoted lower to Rs 762 per 10 Kg weekly averages, down 0.44 percentage from the last week. While, refined soybean oil (Indore) quoted firm to Rs 738 per 10 Kg, up 1.32 % on weekly basis.

On the currency front, Indian rupee against USD closed at 53.93, up 0.44 percent as compared to the previous week. We expect edible oil complex to trade sideways in the coming days on cautious buying in the edible oil complex and average demand in the cash market. However, ongoing wedding season may curb downside.

International Veg. Oil Market Summary

CBOT soy oil (May) is expected to stay in the range 48.20 cents/lb to 51.20 cents/lb. CPO at BMD (June) is likely to trade in the range of 2210-2370 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil ending stocks and production figures estimates, Chinese soybean demand, vessel shipments from south American countries and Malaysian polls.

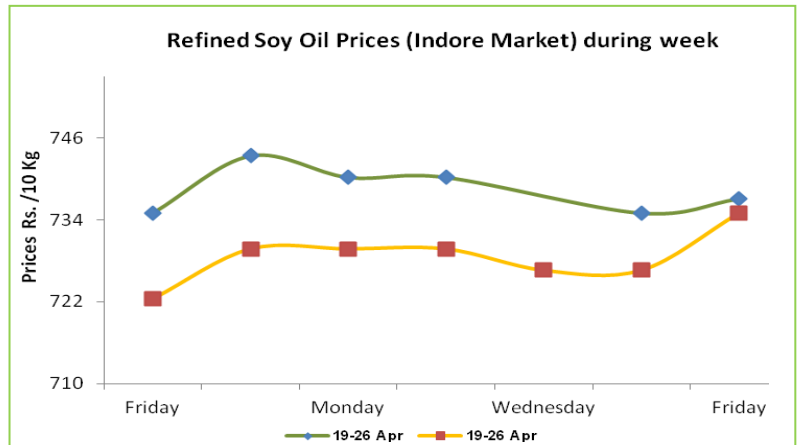
Soybean shipments from South American countries are expected to pick up in the coming days, which may support supply prospects and rising bird flu cases in China may hamper Chinese demand for soybean could tab on global soy oil and meal prices.

Drop in Malaysian palm oil products export and weak buying from China may weigh on the market sentiments for short term. Medium term outlook - palm oil production is expected to gain in the coming months and upcoming new oilseed supplies from top South American countries may tab on the prices. However, palm oil offered at higher discount, which could limit excessive losses.

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.
- Indian government reduced the base import price on crude soybean oil by US \$9 per tons to US \$1,103 due to gains in the international soy oil FOB prices. While, SEA has reported that Indian buyers imported 248,728 tons of crude degummed soybean oil in the current oil year until March 2013, up 2.9 percent from last year of a corresponding period.
- Cautious buying witnessed from wholesalers and stockists due to average demand in the cash market. However, thin soybean supplies and normal buying from oil millers support bean and oil sentiments for short term. However, medium term outlook support the range bound to slightly weak tone in soy oil.
- We expect soy oil may trade range bound in the coming week on normal buying and sideways trend in the international market. However, ongoing marriage season may limit downside risk in the prices.



International Fundamentals:-

- As per Safras & Mercado, the 2012-13 soybean harvest has advanced to 94 percent of the estimated area as on 26 April 2013 from 86 percent in the previous week. Harvesting is over in the top producing state of Mato Grosso. The farmers have reportedly sold 66 percent of their soybean crop. Shipments are picking up pace as logistical hurdles are easing in the Brazilian ports.
- As per Buenos Aires Grains Exchange, Argentina's soybean yields are better than expected as the 2012/13 harvest advances and farmers have harvested 66.2 percent of the 19.7 million hectares planted with soybeans, up 10 percent from a week earlier.
- Soybean shipments from South American countries are expected to pick up in the coming days, which may support supply prospects and rising bird flu cases in China may hamper Chinese demand for soybean could tab on global soy oil and meal prices.

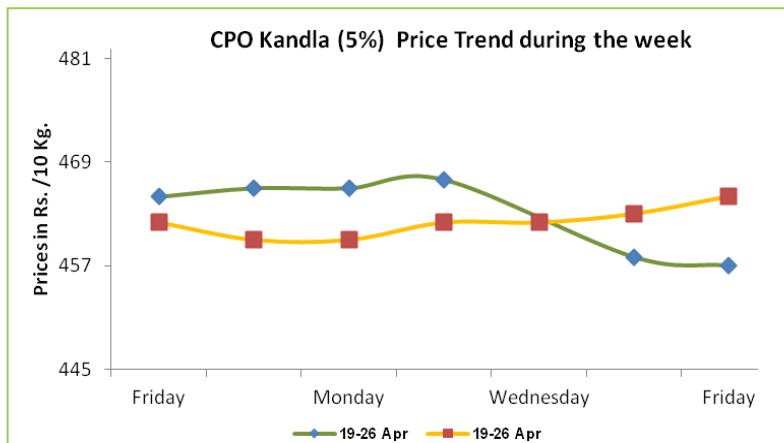
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 714-728 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.
- The Indian Government has lowered base import price on crude palm oil to US \$ 824, slashed US \$3 per tons in line with global prices and reduced base import price on refined palmolein by \$6 per tons to US \$ 861 per tons.
- At the tender front, STC has issued an international tender to purchase 30,000 tons of refined palmolein for delivery in June and the shipments are required to the western port of Mumbai by June 13. The last date for submission of bids is on May 10. STC discard the previous tender to import refined palmolein due to only one bid for the tender.
- We expect domestic palm oil prices may trade range bound to slightly weak tone due to adequate stocks at domestic cash market. However, in expectation of easing palm oil ending stocks in the South East Asian countries and stiff discount against soy oil may limit excessive losses.



International Fundamentals:-

- Malaysian palm oil products export for April fell 5.6 percent to 10.8 lakh tons from 12.9 lakh tons in the March period. India imports 189,999 tons of Malaysian palm oil products in April, up 134.16 percent from last month - Societe Generale de Surveillance

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

Palm Products	Apr	Mar	% Change
Crude palm oil	222,920	143,382	55.47
RBD palm oil	90,706	144,412	-37.19
RBD palm olein	618,048	700,753	-11.80
RBD palm stearin	116,027	116,408	-0.33
Crude palm kernel oil	26,440	27,190	-2.76
Oleochemicals	37,377	61,090	-38.82

Top Palm Products Importers	Apr	Mar	% Change
European Union	239,422	206,113	16.16
China	355,042	401,120	-11.49
Pakistan	51,100	83,500	-38.80
United States	113,200	94,437	19.87
India	189,999	81,142	134.16

- Indonesia cut its export tax for crude palm oil for May to 9 percent from 10.5 percent in April – Indonesian Ministry.
- On the supply side, Malaysian palm oil inventories is likely to further ease in April and may touch 20.5-21.0 lakh tons level, down from March level. However, palm oil production is likely to pick up from May onwards support the palm oil supply prospects.
- Drop in Malaysian palm oil products export and weak buying from China may weigh on the market sentiments for short term. Medium term outlook - palm oil production is expected to gain in the coming months and upcoming new oilseed supplies from top South American countries may tab on the prices. However, palm oil offered at higher discount, which could limit excessive losses.

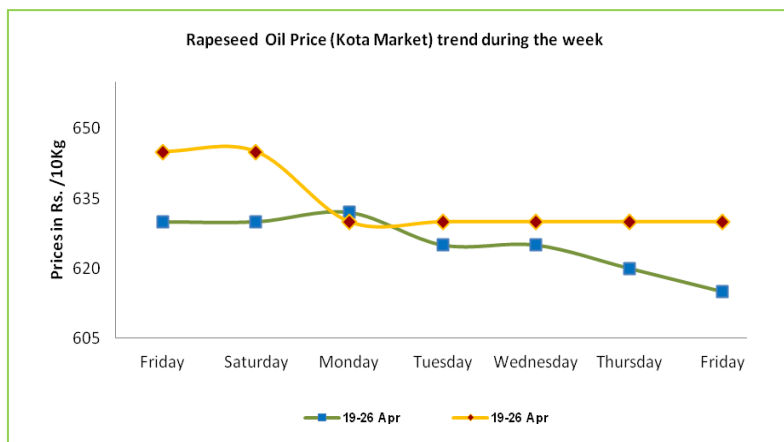
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 446-460 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.
- Weak cues from Malaysian palm oil market and decline in buying support against adequate supplies weigh on the market sentiments. Weekly average spread between mustard oil and palm oil prices (Mumbai based) is hovering at Rs 144 per 10 Kg, narrow by Rs 7 per 10 Kg. 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:-

- Oil World forecasts global rapeseed production to 641 lakh tons, up 16 lakh tons in 2013/14 from previous estimates. Value in parenthesis are previous rapeseed production estimates wherein Canada is estimated at 145 (139) lakh tons, India at 70 (72) lakh tons, and EU-27 at 202 (192) lakh tons.
- 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.

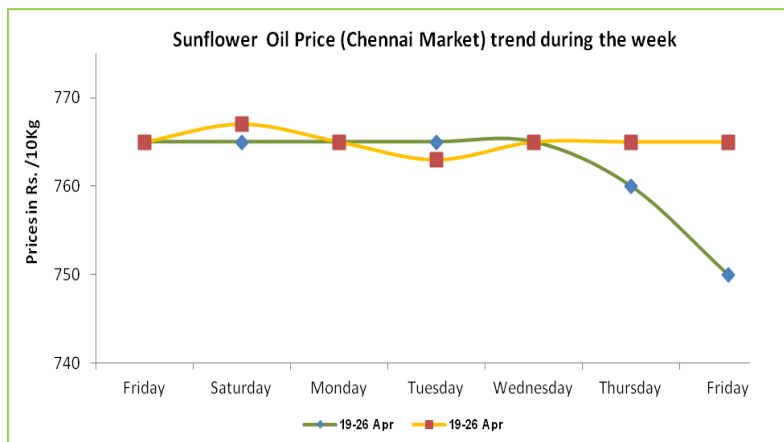
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 600-625 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.
- Weekly losses in the Malaysian palm oil, cheaper availability of palm oil in the domestic spot market weigh on the sunflower oil prices. Moreover, adequate availability of sunflower oil is likely to tab on the sun oil prices 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.
- 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.

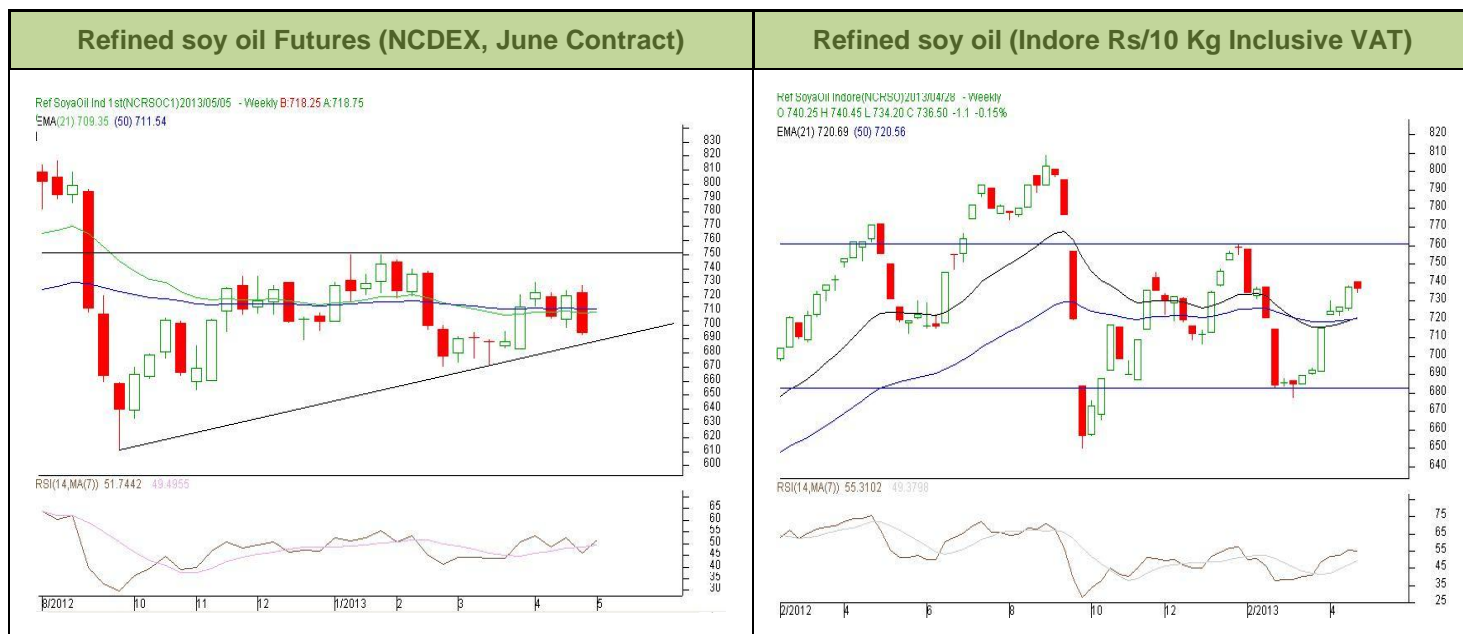
Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 740-766 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 04/5/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	996	985	1081	775
Freight (USD/MT)	75	65	60	33.0
C & F	1071.0	1050.0	1141.0	808.0
Weight loss (0.25% of FOB)	2.49	2.46	2.70	1.94
Finance charges (0.4% on CNF)	3.98	3.94	4.32	3.10
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	1081	1060	1151	815
CVD	0	0	0	0
Duty USD per ton	27.58	27.58	27.58	20.60
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.5515	0.5515	0.5515	0.412
Exchange rate	53.8	53.8	53.8	53.8
Landed cost without customs duty in INR per ton	58141	57004	61948	43872
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1103	1103	1103	824
Fixed exchange rate by customs department	54.50	54.50	54.50	54.50
Duty component in INR per ton	1502.84	1502.84	1502.84	1122.70
Clearing charges INR per ton	353	353	353	353
Brokerage INR per ton	83	83	83	83
Total landed cost INR per ton	60080	58943	63887	45431
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	66000	66000	66000	45700
Total landed cost USD per ton	1117	1096	1187	844
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1227	1227	1227	849
Parity INR/MT (Domestic - Landed)	5920	7057	2113	269
Parity USD/MT (Domestic - Landed)	110.04	131.18	39.28	5.01
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 tone in the days ahead. Investors are advised to buy refined soy oil (June contract) between 679-683 levels.

- ❖ Weekly chart of refined soy oil at NCDEX featured weak movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 673 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 679-698 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

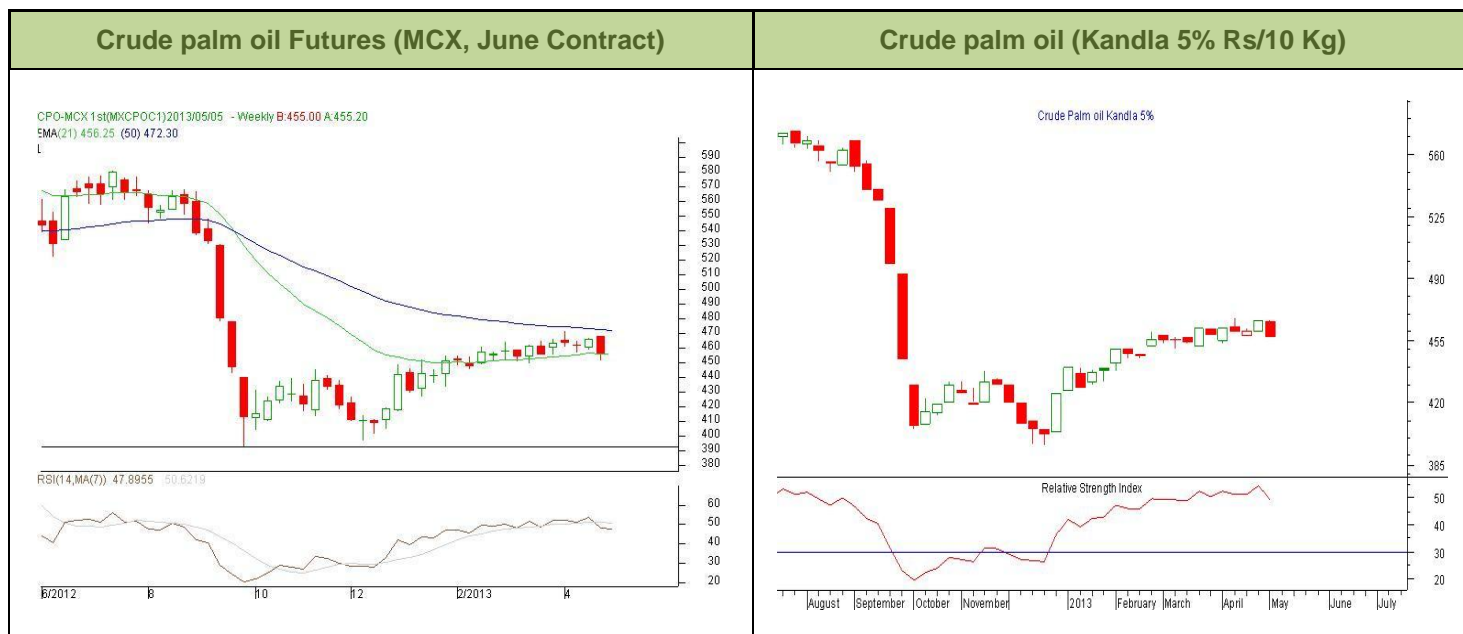
Strategy: Market participants are advised to go long in RSO at 679-683 levels for a target of 695 and 698 with a stop loss at 673 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
660.00	669.00	679.45	706.00	715.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 714-728 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)



Outlook - Prices may trade with a steady to weak tone in the coming days. Investors are advised to Sell MCX CPO June contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts sideways to weak movement in the prices. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 464 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 460-445 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 short in CPO 458-460 for a target of 450 and 445 with a stop loss at 464 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
434.00	438.00	454.20	465.00	470.0

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 446-460 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		5/3/2013	4/26/2013	
Refined Soybean Oil	Kota(Loose)	680	695	-15
	Rajkot (Loose)	670	690	-20
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	730	735	-5
	Kakinada	-	-	-
	Mumbai +VAT	675	675	Unch
	Indore	702	700	2
	Soy Degum Mumbai+VAT	651	-	-
	SoyDegum Kandla/Mundra+VAT	660	660	Unch
	Haldiya Port (Loose)	696	697	-1
	Akola (Loose)	714	716	-2
	Amrawati (Loose)	714	716	-2
	Jalna	709	709	Unch
	Nagpur	714	716	-2
Palm Oil	Chennai.RBD.Palmolein.(Loose)	500	500	Unch
	Hyd. RBD Palmolein VAT	490	495	-5
	Delhi RBD Palmolein (Loose)	540	552	-12
	Kandla CPO (5%FFA)	457	465	-8
	Kakinada.RBD.Palmolein(Loose)	484	496	-12
	Mumbai RBD Pamolein+ VAT	505	512	-7
	Kandla RBD Palmolein +VAT	500	508	-8
Refined Sunflower Oil	Mumbai + VAT	775	770	5
	Kandla/Mundra	680	685	-5
	Erode (Exp. Oil)+VAT	740	745	-5
	Hyderabad Exp +VAT	716	726	-10
	Chennai (Loose)	750	765	-15
	Bellary (Exp. Oil)+VAT	629	634	-5
	Latur (Exp. Oil)+VAT	706	711	-5
	Chellakere (Exp. Oil)+VAT	686	686	Unch
Groundnut Oil	Rajkot (Loose)	1125	1200	-75
	Chennai (Loose)	1050	1100	-50
	Delhi (Loose)	1000	1050	-50
	Hyderabad Exp +VAT	1125	1167	-42
	Mumbai + VAT	1175	1220	-45

	Gondal+VAT	1120	1210	-90
	Jamnagar +VAT	1120	1210	-90
	Narsarropeth+VAT	1051	1121	-70
	Prodattour+VAT	1041	1081	-40
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	648	663	-15
	Alwar (Expeller Oil)(Loose)	632	651	-19
	Kota (Expeller Oil) (Loose)	615	630	-15
	Jaipur (Expeller Oil) (Loose)	625	640	-15
	Delhi (Exp. Oil) (Loose)	652	658	-6
	SriGangaNagar(ExpOil-Loose)	621	636	-15
	Hapur+VAT	750	763	-13
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	680	700	-20
Refined Cottonseed Oil	Mumbai +VAT	640	648	-8
	Rajkot (Loose)	625	630	-5
	Delhi (Loose)	612	624	-12
	Hyderabad (Loose)	620	630	-10
Coconut Oil	Kangayan (Crude)	620	620	Unch
	Cochin	635	640	-5
	Trissur	610	610	Unch
Sesame Oil	Delhi	1300	1300	Unch
	Mumbai	1350	1360	-10
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	450	450	Unch
Malaysia Palmolein USD/MT	FOB (April Shipment)	785	798	-13
	CNF (April) India	815	835	-20
Indonesia/Malaysia CPO USD/MT	FOB (April Shipment)	768	778	-10
	CNF (April) India	805	815	-10
Argentina FOB (\$/MT)		5/2/2013	4/25/2013	Change
Crude Soybean Oil Ship		983	999	-16
Refined Soy Oil (Bulk) Ship		1017	1033	-16
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		963	979	-16
Refined Linseed Oil (Bulk) Ship		-	-	-



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