

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to slightly weak tone during the week under review tracking sideways trend in the international oil and fats market.

Sunflower oil (Chennai 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, palm oil, and mustard oil featured mild losses on weekly average basis as market participants eyed on upcoming industry reports, which could give fresh directional moves to the market.

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 to slightly firm tone in the coming days due to dwindling soybean supplies and ongoing wedding season may support prices. However, average demand in the cash market may curb gains.

International Veg. Oil Market Summary

CBOT soy oil (May) is expected to stay in the range 47.50 cents/lb to 50.60 cents/lb. CPO at BMD (June) is likely to trade in the range of 2240-2370 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, Chinese soybean demand, soybean shipments from south American countries.

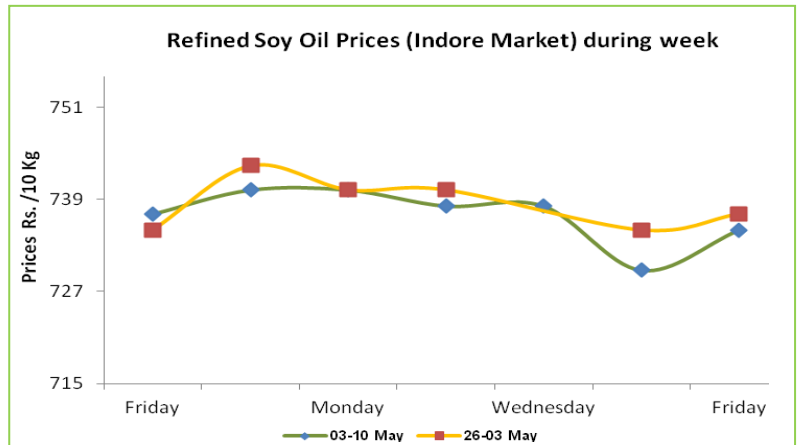
Soybean shipments from South American countries are expected to pick up in the coming days, which may support supply prospects. However, in expectation of good soybean demand from Chinese buyer may support the soy oil. While, uncertainty related to bird flu cases in China may tab on the prices.

Easing Malaysian palm oil ending stocks and stiff discount against soy oil may support palm oil prices in the coming days. However, weak buying from China and palm oil production is likely to pick up from May onwards support the palm oil supply prospects.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to slightly weak tone owing to dull demand for meals and normal buying in oils. However, dwindling soybean supplies limit downside.
- As per the third advance estimates of production released by Ministry of agriculture, the soybean production for 2012/13 is estimated at 14.1 million tons. While, Agriwatch estimated soybean output for 2012/13 at 12.5 million tons.
- At the import front, IBIS figures revealed that Indian buyers imported 0.68 lakh tons of crude soybean degummed oil in the month of April. 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.
- Sources revealed that weak demand for oil meals and lackluster buying in oils may hurt the market sentiments in the coming days. However, firmness in soybean may limit downside risk in the 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, easing palm oil stocks in South East Asian countries may support the mild gains.



International Fundamentals:-

- As per Safras e, Mercado, Brazil's farmers have harvested 97% of the soybean acreage by May 3, 2013, up 3 percent compared to last week and 97% at the corresponding period of last year. The average percentage for this time of the year is 95%.
- China imported 154.7 lakh tons of soybeans in the January-April period, down 14.8% compared with a corresponding period of a last year. While in April Chinese buyer imported 39.8 lakh tons of the soybean, up 3.6 percent compared with last month. Meanwhile, Chinese soy imports in May are seen at 56.5 lakh tons – CNGOIC.
- Soybean shipments from South American countries are expected to pick up in the coming days, which may support supply prospects. However, in expectation of good soybean demand from Chinese buyer may support the soy oil. While, uncertainty related to bird flu cases in China may tab on the prices.

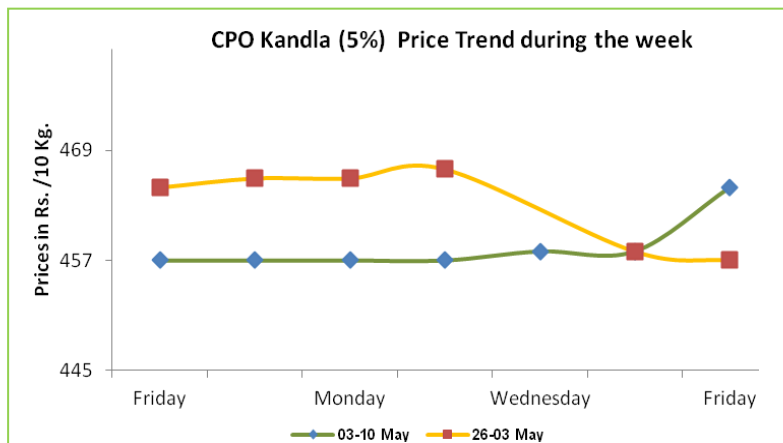
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 718-740 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured sideways to slightly weak tone on dull trade activities in the international palm oil market.
- At the import front, IBIS figures revealed that Indian buyers imported 4.06 lakh tons of crude palm oil, 2.48 lakh tons of RBD palmolein and 0.19 lakh tons of crude palm kernel oil in the month of April.
- At the tender front, MMTTC has issued an international tender to purchase 18,000 tons of refined palmolein oil, which comprises of 11,000 tons for Krishnapatnam and 7,000 tons for Kakinada delivery by 25 May. Last date for submission is 17 May.
- Easing palm oil stocks in the South East Asian countries and cheaper palm oil products may support the palm oil demand prospects. However, adequate supply in the cash market and upcoming new crop from Latin American countries may limit excessive gains.
- We expect domestic palm oil prices may trade range bound to firm tone. However, adequate stocks at domestic cash market may limit downside risk in the prices.



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, MPOB's report, Malaysian palm oil inventories for April fell 11 percent to 1.93 Mln. Tons from last month, which breach the psychological level of 2 million tons. However, palm oil production during April rose by 3 percent to 1.36 million tons – MPOB's report.
- Easing Malaysian palm oil ending stocks and stiff discount against soy oil may support palm oil prices in the coming days. However, weak buying from China and palm oil production is likely to pick up from May onwards support the palm oil supply prospects.

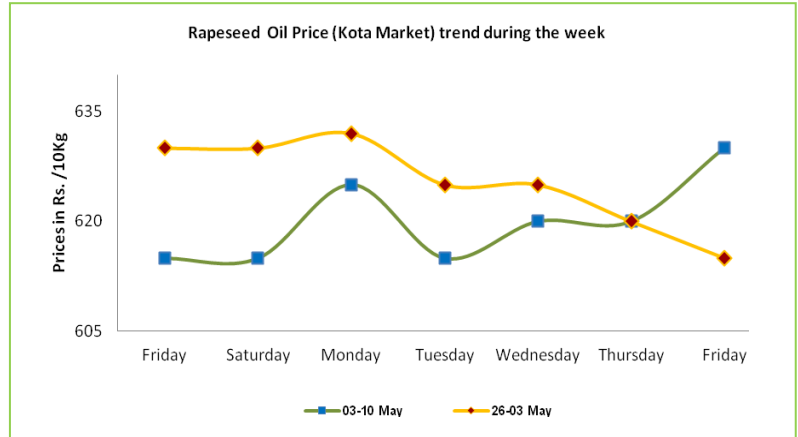
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 458-478 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 the third advance estimates of production released by Ministry of agriculture, the oilseed production for 2012/13 is estimated at 30.7 million tonnes, up 1.23 million tons, mustard seed is estimated at 7.4 million tons. 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:-

- 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.

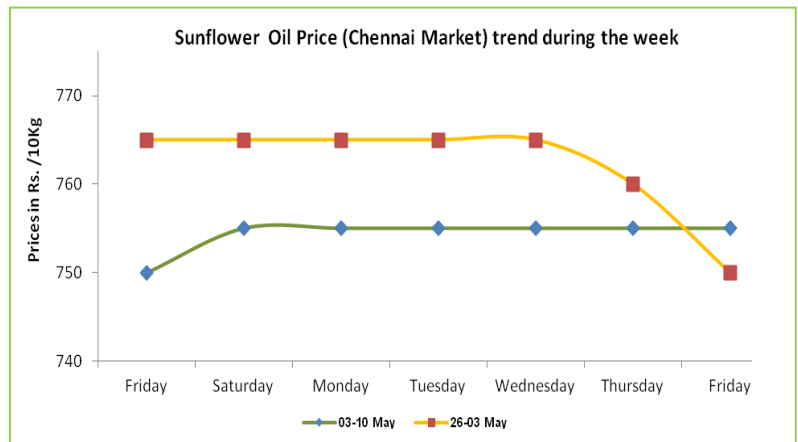
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 615-638 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 1.04 lakh tons of crude sunflower oil majorly from Ukraine in the month of April. While, 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 were 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 is likely to increase sunflower output in the current year to 9.86 million tons, up 1.29 million tons from last year in expectation of favorable weather - UkrAgroConsult.
- 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.

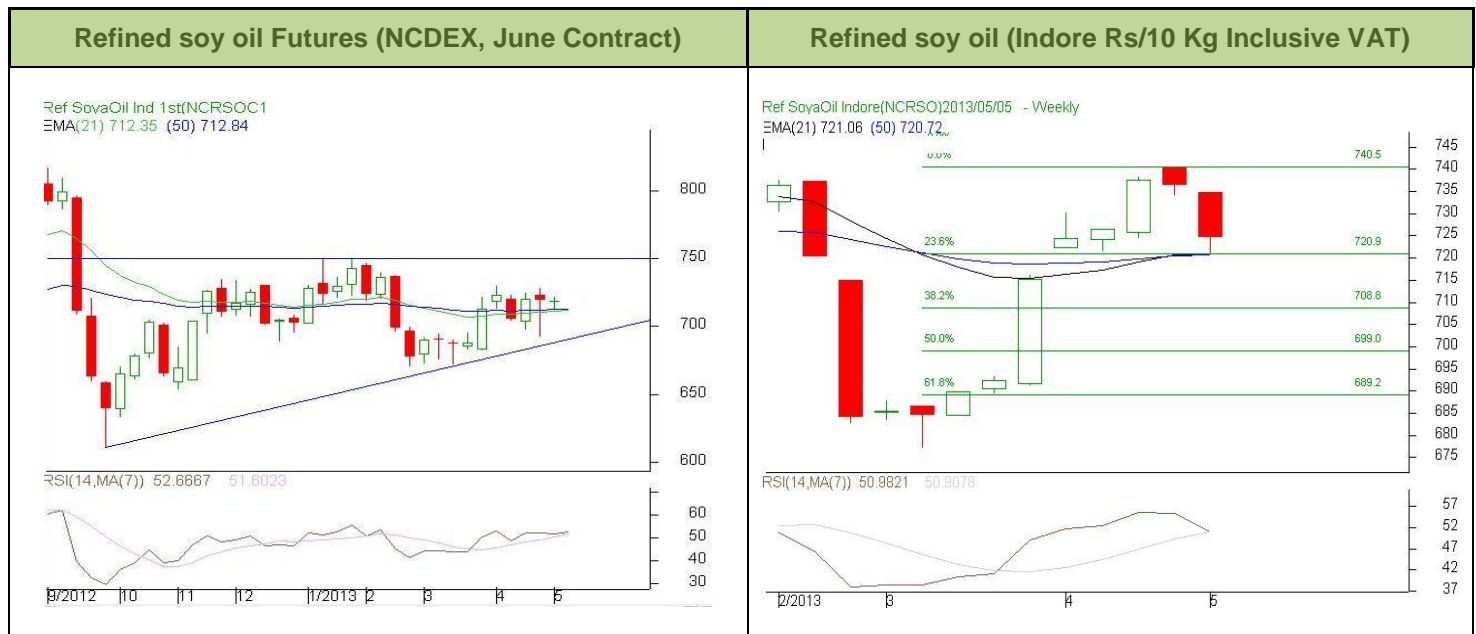
Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 740-766 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil

Landed Cost Calculation as on 10/5/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	996	993	1091	800
Freight (USD/MT)	75	65	60	40.0
C & F	1071.0	1058.0	1151.0	840.0
Weight loss (0.25% of FOB)	2.49	2.48	2.73	2.00
Finance charges (0.4% on CNF)	3.98	3.97	4.36	3.20
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	1081	1068	1162	848
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	54.54	54.54	54.54	54.54
Landed cost without customs duty in INR per ton	58941	58228	63351	46235
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	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61117	60404	65526	48030
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	66500	66500	66500	46500
Total landed cost USD per ton	1121	1108	1201	881
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1219	1219	1219	853
Parity INR/MT (Domestic - Landed)	5383	6096	974	-1530
Parity USD/MT (Domestic - Landed)	98.71	111.77	17.85	-28.06
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 691-707 levels.

- ❖ Weekly chart of refined soy oil at NCDEX featured range bound 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 691-707 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

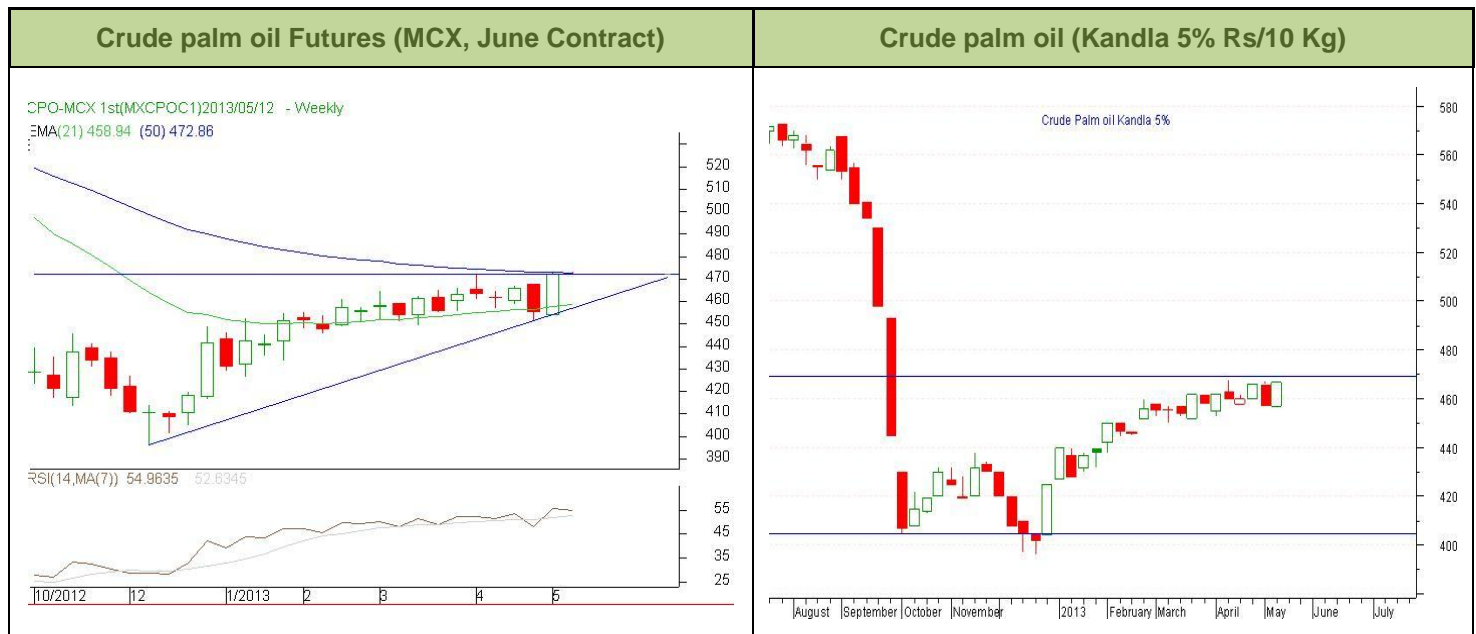
Strategy: Market participants are advised to go long in RSO at 691-694 levels for a target of 703 and 707 with a stop loss at 686.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
672.00	680.00	695.25	713.00	718.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 718-740 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 June 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 460 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 465-480 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 465-469 for a target of 478 and 480 with a stop loss at 460 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
450.00	456.00	474.20	486.00	492.00

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 458-478 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		5/10/2013	5/3/2013	
Refined Soybean Oil	Kota(Loose)	680	680	Unch
	Rajkot (Loose)	675	670	5
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	725	730	-5
	Kakinada	-	-	-
	Mumbai +VAT	665	675	-10
	Indore	700	702	-2
	Soy Degum Mumbai+VAT	649	651	-2
	SoyDegum Kandla/Mundra+VAT	665	660	5
	Haldiya Port (Loose)	711	696	15
	Akola (Loose)	711	714	-3
	Amrawati (Loose)	711	714	-3
	Jalna	709	709	Unch
	Nagpur	711	714	-3
Palm Oil	Chennai.RBD.Palmolein.(Loose)	500	500	Unch
	Hyd. RBD Palmolein VAT	493	490	3
	Delhi RBD Palmolein (Loose)	535	540	-5
	Kandla CPO (5%FFA)	465	457	8
	Kakinada.RBD.Palmolein(Loose)	496	484	12
	Mumbai RBD Pamolein+ VAT	504	505	-1
	Kandla RBD Palmolein +VAT	500	500	Unch
Refined Sunflower Oil	Mumbai + VAT	780	775	5
	Kandla/Mundra	675	680	-5
	Erode (Exp. Oil)+VAT	735	740	-5
	Hyderabad Exp +VAT	721	716	5
	Chennai (Loose)	755	750	5
	Bellary (Exp. Oil)+VAT	-	629	-
	Latur (Exp. Oil)+VAT	-	706	-
	Chellakere (Exp. Oil)+VAT	686	686	Unch
Groundnut Oil	Rajkot (Loose)	1140	1125	15
	Chennai (Loose)	1030	1050	-20
	Delhi (Loose)	960	1000	-40
	Hyderabad Exp +VAT	1083	1125	-42
	Mumbai + VAT	1140	1175	-35

	Gondal+VAT	1125	1120	5
	Jamnagar +VAT	1125	1120	5
	Narsarropeth+VAT	1026	1051	-25
	Prodattour+VAT	1001	1041	-40
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	645	648	-3
	Alwar (Expeller Oil)(Loose)	632	632	Unch
	Kota (Expeller Oil) (Loose)	630	615	15
	Jaipur (Expeller Oil) (Loose)	633	625	8
	Delhi (Exp. Oil) (Loose)	653	652	1
	SriGangaNagar(ExpOil-Loose)	626	621	5
	Hapur+VAT	758	750	8
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	680	680	Unch
Refined Cottonseed Oil	Mumbai +VAT	642	640	2
	Rajkot (Loose)	630	625	5
	Delhi (Loose)	607	612	-5
	Hyderabad (Loose)	625	620	5
Coconut Oil	Kangayan (Crude)	610	620	-10
	Cochin	625	635	-10
	Trissur	600	610	-10
Sesame Oil	Delhi	1250	1300	-50
	Mumbai	1260	1350	-90
Kardi	Mumbai	1250	1250	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	440	450	-10
Malaysia Palmolein USD/MT	FOB (April Shipment)	810	785	25
	CNF (April) India	851	815	36
Indonesia/Malaysia CPO USD/MT	FOB (April Shipment)	800	768	32
	CNF (April) India	840	805	35
Argentina FOB (\$/MT)		5/9/2013	5/2/2013	Change
Crude Soybean Oil Ship		996	983	13
Refined Soy Oil (Bulk) Ship		1030	1017	13
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		976	963	13
Refined Linseed Oil (Bulk) Ship		-	-	-



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