

## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

Most of the edible oils witnessed steady to slightly firm tone during the week under review tracking bullish cues from international market. However, adequate imported edible oils stocks may limit excessive gains.

Mustard oil (Kota Based) was the top gainer among the edible oil pack owing to firmness in the international palm oil market. Moreover, palm oil was the second in the gainer list and quoted 2.6 percent higher on weekly average basis due to easing palm oil stocks in the South East Asian countries. On the other side, refined sun oil quoted steady on weekly average basis due to average demand for premium oils.

On the currency front, Indian rupee against USD closed at 54.87, down 0.12 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 normal demand may support prices.

### **International Veg. Oil Market Summary**

CBOT soy oil (May) is expected to stay in the range 49.20 cents/lb to 51.20 cents/lb. CPO at BMD (June) is likely to trade in the range of 2255-2395 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.

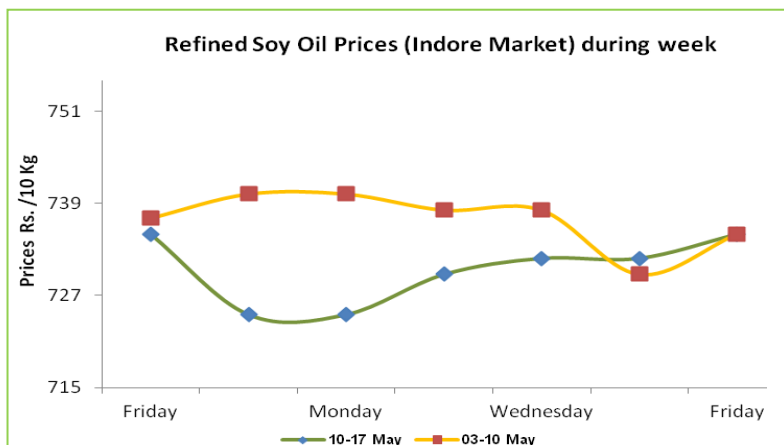
Soybean shipments from South American countries are expected to pick up in the coming days, which may support supply prospects. However, in expectation of good soybean demand from Chinese buyer may support the soy oil.

Easing Malaysian palm oil ending stocks and stiff discount against soy oil may support palm oil prices in the coming days. However, palm oil production is likely to pick up from May onwards support the palm oil supply prospects. Market participants await the Malaysian palm oil products export data, which could give fresh directional moves to the market.

### Soy oil:

#### Domestic Fundamentals:-

- Soybean oil featured steady to firm tone owing to normal demand and dwindling soybean supplies. However, dull demand for meals may limit upside.
- FMC revised the Tick size and Lot size of soybean and refined soya oil contracts that will be applicable from May 27, 2013 in all the running contracts and yet to be launched contracts in these commodities. Modified tick size and lot size for soy oil is revised to 50 paisa and 1 MT respectively and Rs 2 and 1 MT for soybean.
- Indian farmers are likely to increase soybean planting in 2013/14 owing to better soybean prices, higher returns and the need to cultivate a strong crop. Soybean planting is likely to rise mostly in the western state of Maharashtra and in some south Indian states. However, acreage may steady in Madhya Pradesh. Soybean planting is likely to rise 7 percent from last year – Industry officials.
- Indian government reduced the base import price on crude soybean oil by US \$28 per tons to US \$1,075 in line with international soy oil prices.
- We expect soy oil may trade range bound to firm tone in the coming week on normal buying and firmness in competing palm oil. However, weak demand for meals may limit excessive gains.



#### International Fundamentals:-

- As per the latest crop progress report released by USDA, the soybean crop has been planted in 6 per cent of the soybean growing areas as of 12 May 2013, advancing from 2 per cent last week. The planting is lower as compared to the 5-year average of 24 per cent.
- As per China National Grain and Oils Information Centre (CNGOIC), China's soybean production will fall 3.9 per cent in the current year to 12.3 million tons, resulting in higher imports. However, rapeseed production is likely to rise by 0.7 per cent this year to 14.1 million tons and peanut output is projected to grow 1.19 percent to 17 million tons.
- 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.

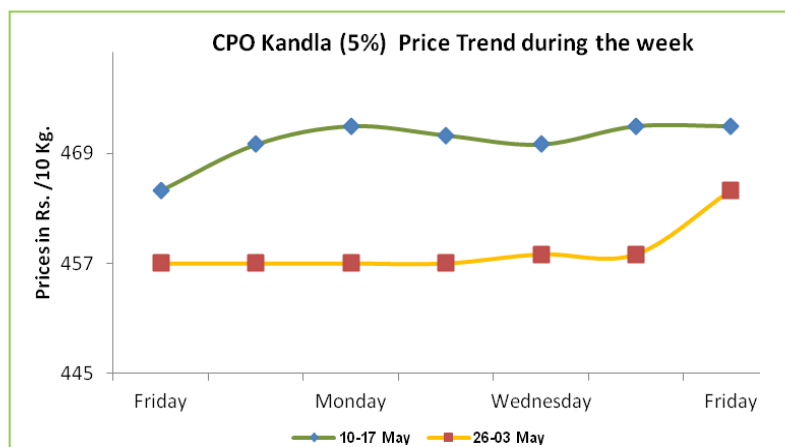
#### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 710-735 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 normal demand.
- At import front, the overall import of vegetable oils during Nov.'12 to Apr.'13 is reported at 5,138,763 tons compared to 4,603,143 i.e. up by 11.52% from the same period last year. While, Indian buyers imported 33.5 lakh tons of crude palm oil in the current oil year until April, which is 34.53 percent higher against corresponding period of last year. While, Rbd palmolein imports were lags by 4.89 percent to 8.74 lakh tons until April as compared to the same period of a last year.
- In April 2013, the monthly average price of Indonesian CPO FOB was reported at USD 773.72/ tons compared to USD 1153.41 per tons during the same month last year. Easing palm oil stocks in the South East Asian countries and cheaper palm oil products may support the palm oil demand prospects.
- We expect domestic palm oil prices may trade range bound to firm tone. However, adequate stocks at domestic cash market may limit upside risk in the prices.



#### International Fundamentals:-

- Malaysian palm oil products exports fell 3 percent to 611,277 tons for the first 15 days of May from corresponding period of last month, due to slowing demand from Indian and Chinese buyer. However, losses were curbed in anticipation of better buying ahead of festivities in the coming months - cargo surveyor Societe Generale de Surveillance.

#### **Breakdown of SGS palm export figures for 1-15 May compared to a month ago (in tons):**

Palm Products	1-15 May	1-15 Apr	% Change
Crude palm oil	121,350	93,500	29.79
RBD palm oil	44,185	74,328	-40.55
RBD palm olein	265,436	325,659	-18.49
RBD palm stearin	58,828	42,065	39.85
Crude palm kernel oil	5,000	10,550	-52.61
Oleochemicals	40,730	8,860	359.71

Top Palm Products Importers	1-15 May	1-15 Apr	% Change
European Union	131,242	66,925	96.10
China	127,545	200,315	-36.33
Pakistan	6,000	16,000	-62.50
United States	75,615	92,518	-18.27
India	71,350	90,869	-21.48

- Malaysia will set its crude palm oil export tax for June at 4.5 percent; remain unchanged from previous month May. The Southeast Asian country calculated a reference price of 2,332.02 ringgit per tons for crude palm oil for June.
- 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, palm oil production is likely to pick up from May onwards support the palm oil supply prospects. Market participants await the Malaysian palm oil products export data, which could give fresh directional moves to the market.

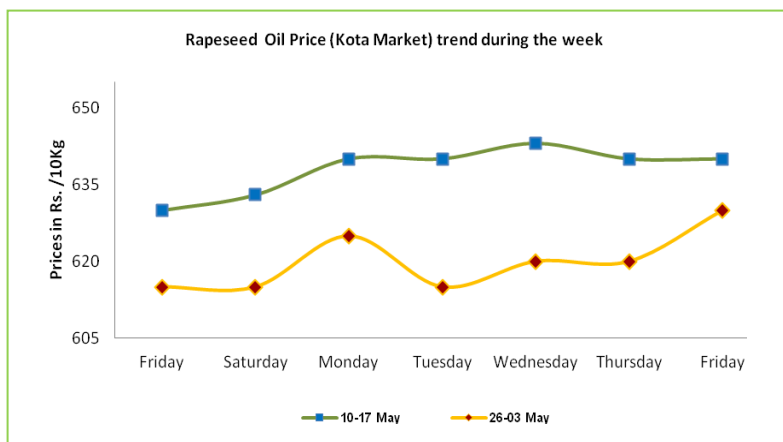
#### Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 462-480 per 10 Kg in the near term.

### Rapeseed oil:

#### Domestic Market Fundamentals

- Mustard oil featured firm tone during the week at Kota market owing to firmness in the international palm oil market.
- RM seed harvesting has been completed in Sri Ganganagar. While, normal buying witnessed in Rajasthan due to average demand in oils and adequate imported edible oils stock.
- 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 to firm tone in anticipation of improved buying and restricted RM seed selling due to lower prices. However, adequate mustard supplies 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.

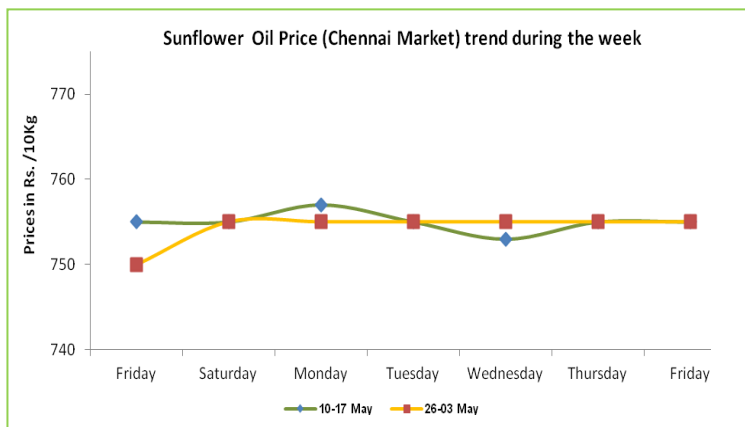
### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 630-655 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 510,118 tons in the current oil year 2012/13 until April and was thus lower than the 607,121 tons imports against same period last year. Moreover, imports were lower on m-o-m basis in April by 1 percent to 88,368 tons.
- Cheaper availability of palm oil products and higher sun seed production in European countries might weigh on the market sentiments in the coming days. However, need based buying in cash market may limit excessive losses.
- We expect sunflower oil prices may trade range bound in the near term.



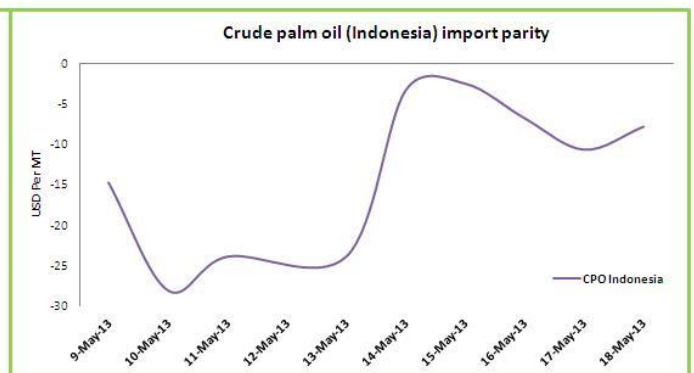
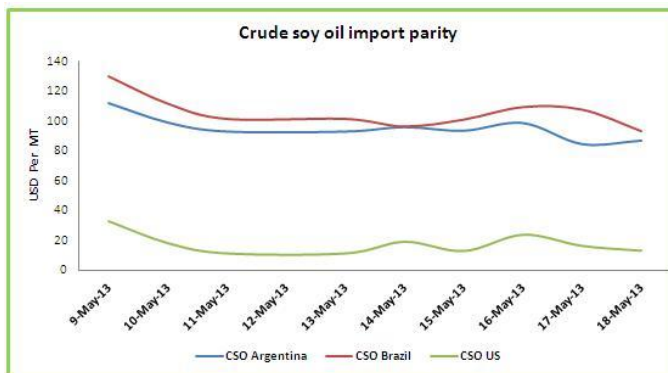
#### International Fundamentals:-

- 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.

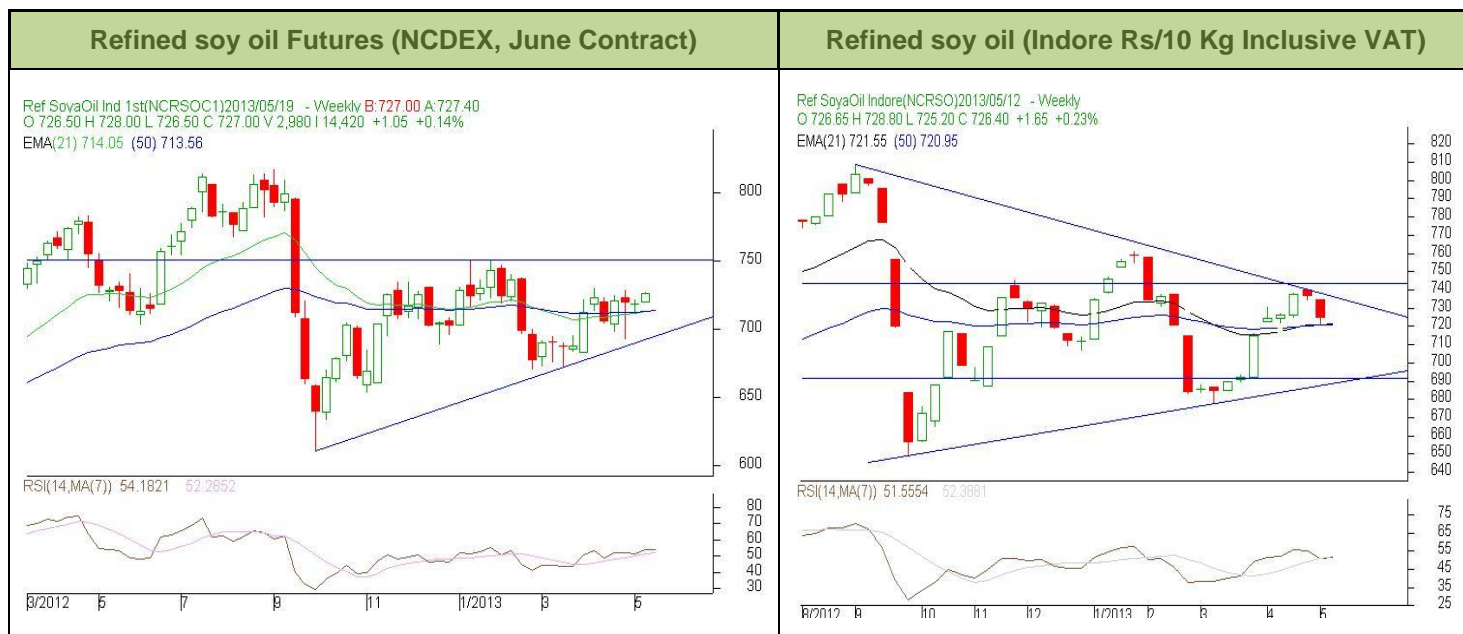
**Price Outlook:** Sunflower oil prices in Chennai may stay in the range of Rs 740-766 per 10 Kg.

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

<b>Landed Cost Calculation as on 18/5/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	998	1001	1086	800
Freight (USD/MT)	75	65	60	25.0
C & F	1073.0	1066.0	1146.0	825.0
Weight loss (0.25% of FOB)	2.50	2.50	2.72	2.00
Finance charges (0.4% on CNF)	3.99	4.00	4.34	3.20
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	1083	1076	1156	833
CVD	0	0	0	0
Duty USD per ton	26.88	26.88	26.88	20.78
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.5375	0.5375	0.5375	0.4155
Exchange rate	54.79	54.79	54.79	54.79
Landed cost without customs duty in INR per ton	59321	58938	63364	45622
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1075	1075	1075	831
Fixed exchange rate by customs department	54.65	54.65	54.65	54.65
Duty component in INR per ton	1468.72	1468.72	1468.72	1135.35
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61463	61080	65506	47431
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	66200	66200	66200	47000
Total landed cost USD per ton	1122	1115	1196	866
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1208	1208	1208	858
<b>Parity INR/MT (Domestic - Landed)</b>	<b>4737</b>	<b>5120</b>	<b>694</b>	<b>-431</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>86.45</b>	<b>93.46</b>	<b>12.66</b>	<b>-7.86</b>
Source: Agriwatch/ Reuters				


**Outlook:-**

Import parity for crude soy oil from Argentina is hovering in positive territory due to higher domestic prices as compared to the international 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 (June contract) above 705 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 705-720 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

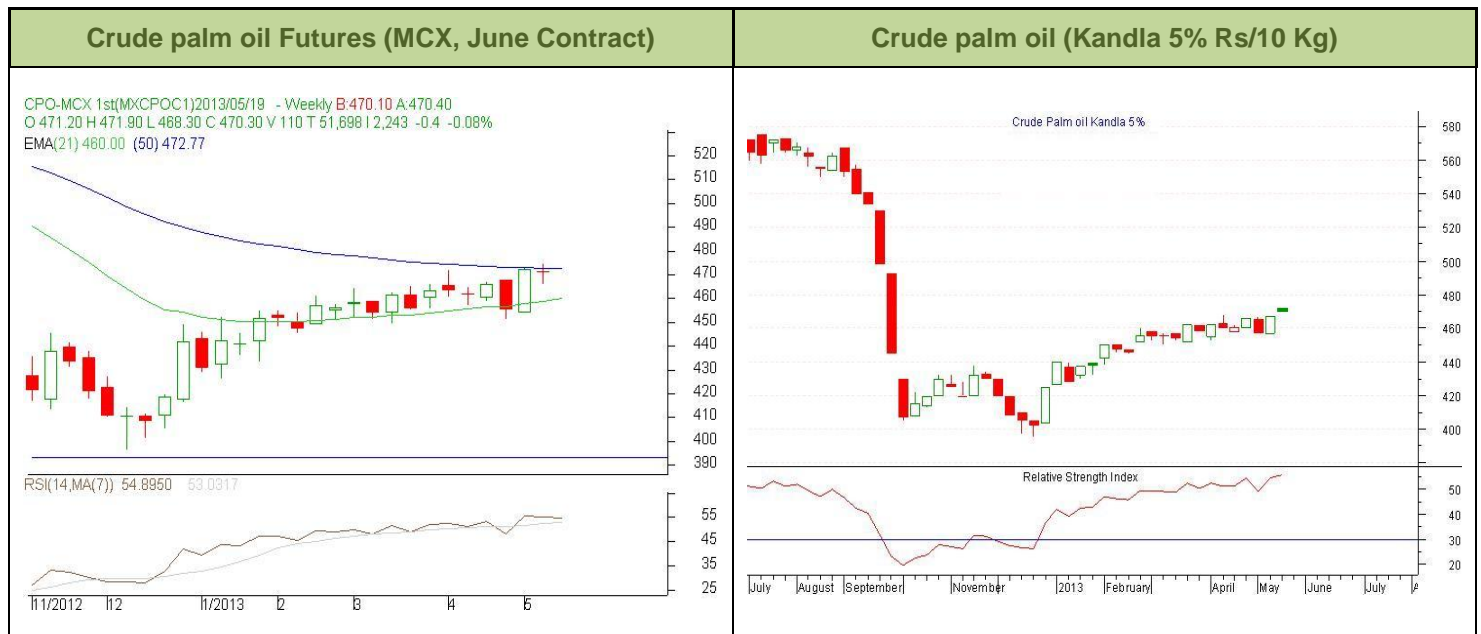
**Strategy:** Market participants are advised to go long in RSO at above 705 levels for a target of 718 and 720 with a stop loss at 698.50 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
675.00	685.00	698.90	725.00	730.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 710-735 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 463 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 466-478 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 in the range of 466-468 for a target of 475 and 478 with a stop loss at 463 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 462-480 per 10 Kg.

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		5/20/2013	5/13/2013	
Refined Soybean Oil	Kota(Loose)	690	680	10
	Rajkot (Loose)	680	675	5
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	728	725	3
	Kakinada	-	-	-
	Mumbai +VAT	660	665	-5
	Indore	700	700	Unch
	Soy Degum Mumbai+VAT	667	649	18
	SoyDegum Kandla/Mundra+VAT	665	665	Unch
	Haldiya Port (Loose)	716	711	5
	Akola (Loose)	711	711	Unch
	Amrawati (Loose)	711	711	Unch
	Jalna	711	709	2
	Nagpur	711	711	Unch
Palm Oil	Chennai.RBD.Palmolein.(Loose)	508	500	8
	Hyd. RBD Palmolein VAT	496	493	3
	Delhi RBD Palmolein (Loose)	545	535	10
	Kandla CPO (5%FFA)	472	465	7
	Kakinada.RBD.Palmolein(Loose)	501	496	5
	Mumbai RBD Pamolein+ VAT	512	504	8
	Kandla RBD Palmolein +VAT	505	500	5
Refined Sunflower Oil	Mumbai + VAT	760	780	-20
	Kandla/Mundra	675	675	Unch
	Erode (Exp. Oil)+VAT	740	735	5
	Hyderabad Exp +VAT	736	721	15
	Chennai (Loose)	755	755	Unch
	Bellary (Exp. Oil)+VAT	636	-	-
	Latur (Exp. Oil)+VAT	701	-	-
	Chellakere (Exp. Oil)+VAT	686	686	Unch
Groundnut Oil	Rajkot (Loose)	1125	1140	-15
	Chennai (Loose)	1040	1030	10
	Delhi (Loose)	960	960	Unch
	Hyderabad Exp +VAT	1125	1083	42
	Mumbai + VAT	1140	1140	Unch



	Gondal+VAT	1120	1125	-5
	Jamnagar +VAT	1120	1125	-5
	Narsarropeth+VAT	1041	1026	15
	Prodattour+VAT	1051	1001	50
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	660	645	15
	Alwar (Expeller Oil)(Loose)	646	632	14
	Kota (Expeller Oil) (Loose)	640	630	10
	Jaipur (Expeller Oil) (Loose)	649	633	16
	Delhi (Exp. Oil) (Loose)	672	653	19
	SriGangaNagar(ExpOil-Loose)	646	626	20
	Hapur+VAT	-	758	-
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	700	680	20
Refined Cottonseed Oil	Mumbai +VAT	648	642	6
	Rajkot (Loose)	635	630	5
	Delhi (Loose)	622	607	15
	Hyderabad (Loose)	620	625	-5
Coconut Oil	Kangayan (Crude)	600	610	-10
	Cochin	630	625	5
	Trissur	585	600	-15
Sesame Oil	Delhi	1250	1250	Unch
	Mumbai	1290	1260	30
Kardi	Mumbai	1230	1250	-20
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	440	440	Unch
Malaysia Palmolein USD/MT	FOB (June Shipment)	815	810	5
	CNF (June) India	840	851	-11
Indonesia/Malaysia CPO USD/MT	FOB (June Shipment)	800	800	Unch
	CNF (June) India	830	840	-10
<b>Argentina FOB (\$/MT)</b>		<b>5/19/2013</b>	<b>5/12/2013</b>	<b>Change</b>
Crude Soybean Oil Ship		998	996	2
Refined Soy Oil (Bulk) Ship		1033	1030	3
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		978	976	2
Refined Linseed Oil (Bulk) Ship		-	-	-



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