

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 limit excessive gains.

Crude palm oil 5% (Kandla Based) was the top gainer among the edible oil pack owing to consecutive weekly gains in the international palm oil market and easing palm oil stocks in the South East Asian countries. Moreover, refined sunflower oil was the second in the gainer list and quoted 0.26 percent higher to Rs 757 per 10 Kg on weekly average basis due to normal buying and weakness in the INR against US dollar. On the other side, mustard oil quoted steady to slight weak on weekly average basis.

On the currency front, Indian rupee against USD closed at 55.63, down 1.39 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 2290-2430 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures for May, Chinese soybean demand, and logistic problems in Argentina.

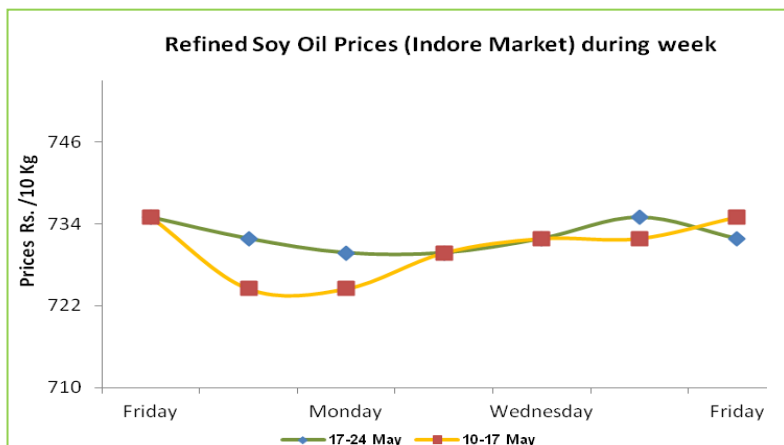
Logistic problems in Argentina, tight soybean supply in US, normal demand for soybean and in expectation of good soybean demand from Chinese buyer in May and June may support the soy oil in the near term. However, ample soybean supplies in South American countries may cap the excessive gains.

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. While, Malaysian palm oil products export data for May, which would clear the picture of the demand from top buyers.

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.
- As per India Meteorological Department, India's monsoon rains is likely to arrive on the southern coast around June 3 with an error margin of four days, a period treated as normal. Moreover, weather office expecting average monsoon in 2013 for the country overall.
- 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.
- 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:-

- Chinese soybean imports in January to April 2013 is reported to 15.4 Mln. t, fell 14.77 percent compared to the same period of the last year. Soybean oil imports decreased by 43.55 percent to 220,014 tons in Jan-Apr - Chinese Customs Department.
- Oil World has also estimated that China is likely to increase soybean imports to replenish its inventory. China is likely to import 7 million tons of soybeans in June, up from 5.6 million tons in June 2012, and 6.2 million tons in July against 5.9 million tons in July 2012.
- As per the latest crop progress report released by USDA, the soybean crop has been planted in 24 per cent of the soybean growing areas as of 19 May 2013, advancing from 6 per cent last week, but much lower than 71 per cent completion witnessed in the same period last year.
- Logistic problems in Argentina, tight soybean supply in US, normal demand for soybean and in expectation of good soybean demand from Chinese buyer in May and June may support the soy oil in the near term. However, ample soybean supplies in South American countries may cap the excessive gains.

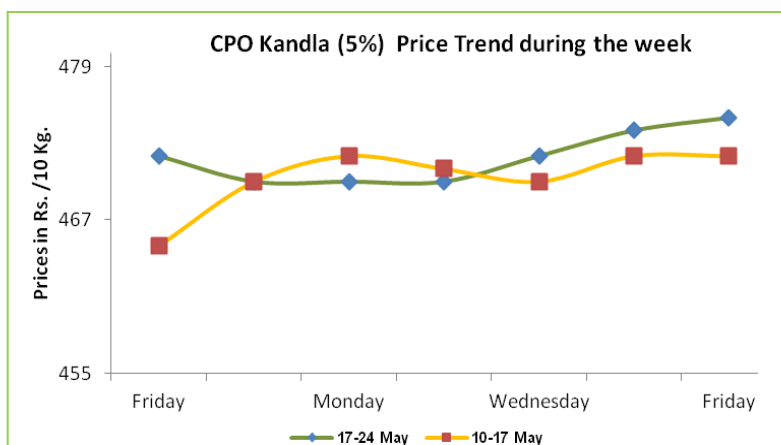
Price Outlook:

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 firm tone on bullish cues from international palm oil market and normal demand.
- Weakness in the Indian rupee against US dollar would make imports of edible oils costlier and easing palm oil stocks in the South East Asian countries, which support the sentiments. Indian rupee ended at 55.63 levels, down 1.39 percent from previous week.
- At import front, 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.
- India's MMTc Ltd has imported 18,000 tons of (RBD) palmolein at \$851.5 per tons, including CIF for immediate shipment – Reuters.
- 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:-

- Weak palm oil products exports witnessed from Malaysia during May 1-20 due to subdued demand from Chinese and Indian buyers. Cargo surveyor Societe Generale de Surveillance reported a 6.6 percent drop in the exports of Malaysian palm oil products for May 1-20 to 8.07 lakh tons compared to the last month of same period. While, market participants expecting better buying from Indian subcontinent ahead of Muslim festivities, which might support palm oil in the days ahead.

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

Palm Products	1-20 May	1-20 Apr	% Change
Crude palm oil	161,350	149,130	8.19
RBD palm oil	57,635	79,828	-27.80
RBD palm olein	370,096	423,664	-12.64
RBD palm stearin	75,953	68,016	11.67
Crude palm kernel oil	5,000	10,550	-52.61
Oleochemicals	47,050	22,180	112.13

Top Palm Products Importers	1-20 May	1-20 Apr	% Change
European Union	161,442	146,711	10.04
China	155,545	233,415	-33.36
Pakistan	34,500	34,000	1.47
United States	83,140	110,140	-24.51
India	105,800	136,999	-22.77

- Palm oil imports were up during Jan-Apr 2013 by 11.06 percent to 2.07 million tons compared to the last year of corresponding periods - Chinese customs authorities.
- Indonesia has set its export tax for crude palm oil at 9 percent for June remained unchanged from last month.
- Dorab Mistry told Bloomberg that palm oil might fell to RM 2000 per metric tons from July in expectation of rebuilding palm oil stockpiles from July due to peak production phase during July.
- 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. While, Malaysian palm oil products export data for May, which would clear the picture of the demand from top buyers.

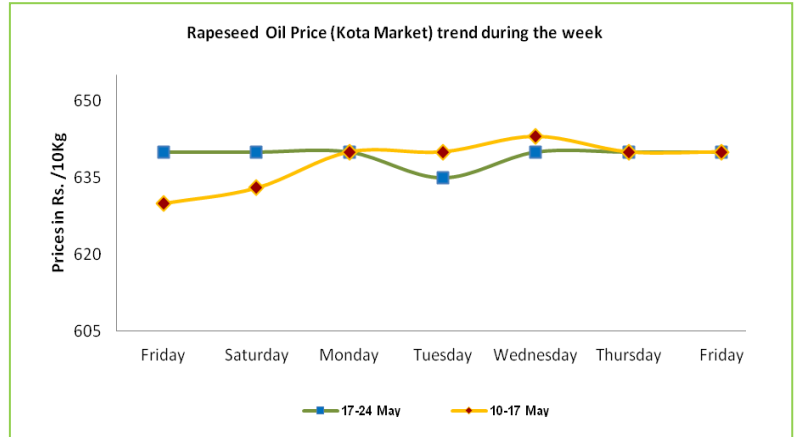
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 470-485 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Mustard oil featured range bound movement during the week at Kota market owing to weekly gains in international palm oil market and normal buying.
- Normal buying witnessed for RM seed in major cash market due to lower quotes and in anticipation of good ahead of festivities in July. However, cheaper palm oil products limit upside risk in the prices. RM seed harvesting has been completed in Sri Ganganagar.
- 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.

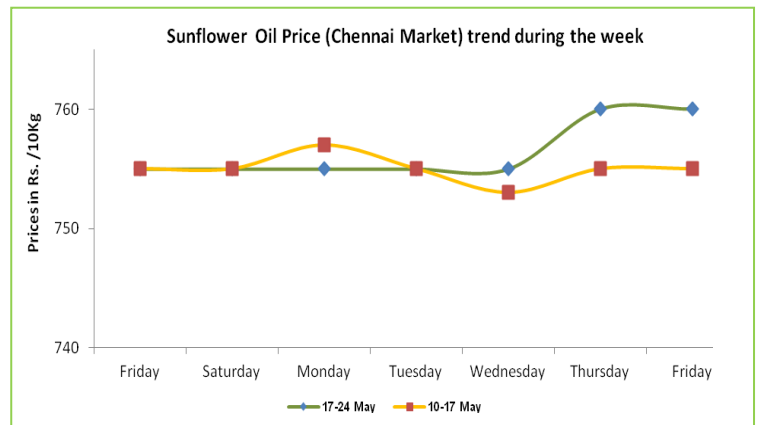
Price Outlook:

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 slightly firm tone at its benchmark market Chennai during the week on normal 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.
- As per sources, normal demand witness for sun oil in Southern India against comfortable imported sun oil stocks and expecting a range bound movement in the coming day as cheaper palm oil products pressurize the prices.
- We expect sunflower oil prices may trade range bound in the near term.



International Fundamentals:-

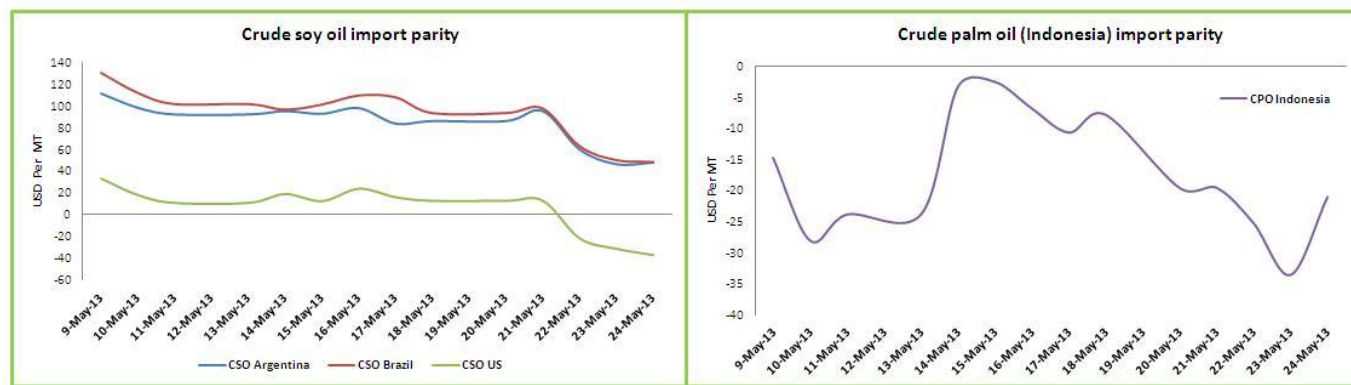
- Ukraine is likely to increase sunflower output in the current year to 9.86 million tons, up 1.29 million tons from last year in expectation of favorable weather - UkrAgroConsult.
- Ukraine's sunflower seed production seen in between 8.8-9.4 million tons, compared with 9 million tons a year. The country 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 755-770 per 10 Kg.

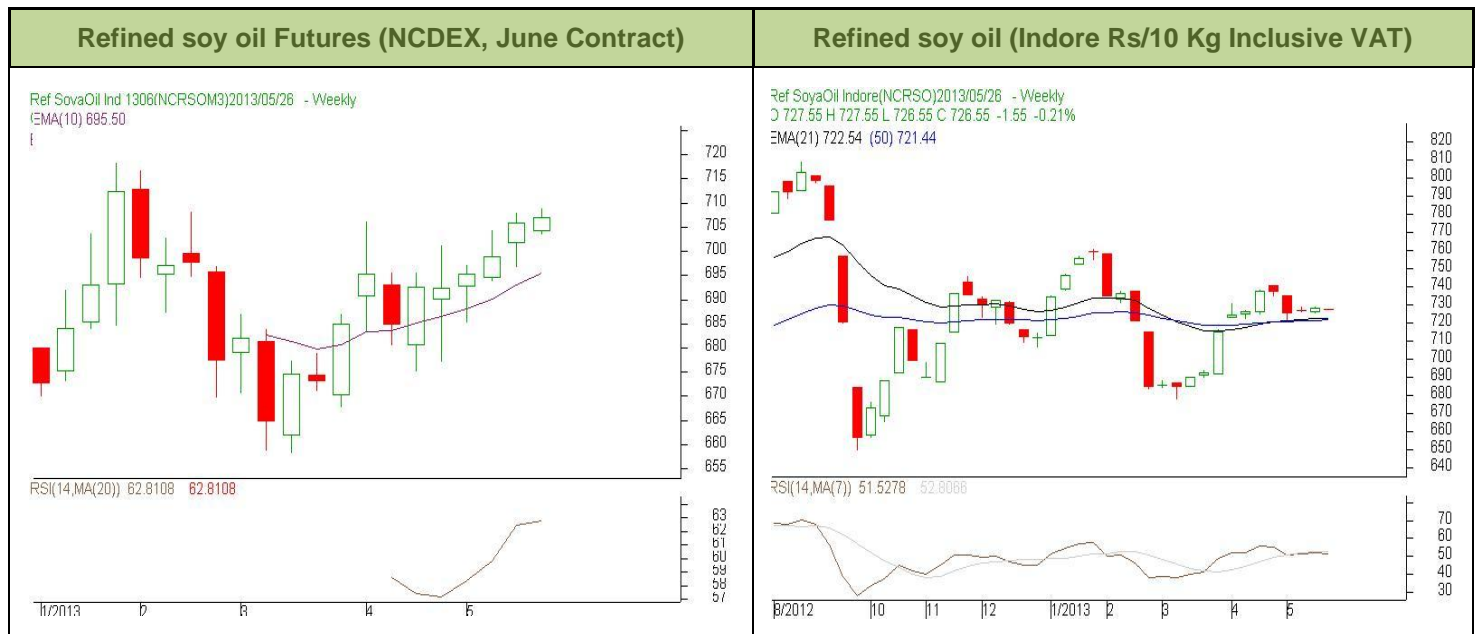
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 24/5/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	994	1003	1093	805
Freight (USD/MT)	75	65	60	30.0
C & F	1069.0	1068.0	1153.0	835.0
Weight loss (0.25% of FOB)	2.49	2.51	2.73	2.01
Finance charges (0.4% on CNF)	4.28	4.27	4.61	3.34
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	1079	1078	1164	843
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	55.6	55.6	55.6	55.6
Landed cost without customs duty in INR per ton	59991	59936	64707	46863
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	62132	62078	66849	48671
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	64800	64800	64800	47500
Total landed cost USD per ton	1117	1117	1202	875
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1165	1165	1165	854
Parity INR/MT (Domestic - Landed)	2668	2722	-2049	-1171
Parity USD/MT (Domestic - Landed)	47.98	48.96	-36.86	-21.07

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.

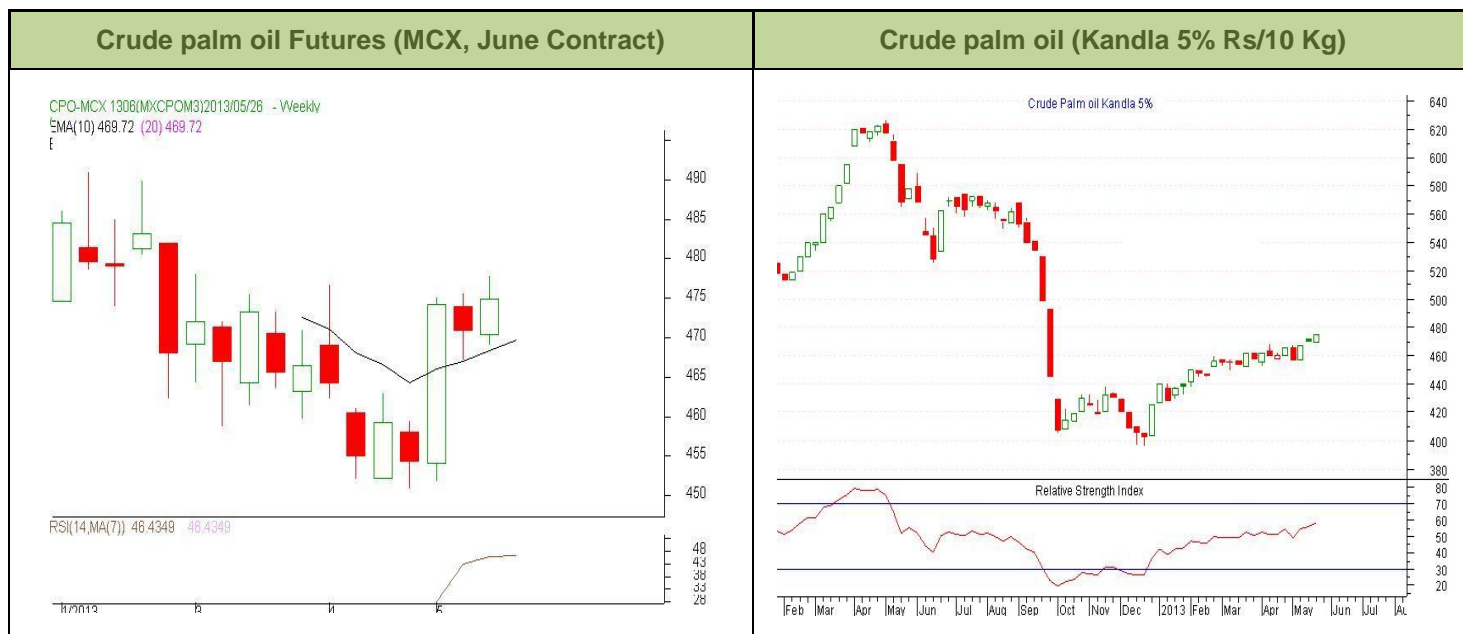
- ❖ Weekly chart of refined soy oil at NCDEX featured range bound to firm movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 694.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 700-719 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 700-703 levels for a target of 717 and 719 with a stop loss at 694.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
685.00	690.00	705.95	721.00	725.00

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 468 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 471-483 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 471-473 for a target of 480 and 483 with a stop loss at 468 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
456.00	460.00	474.20	488.00	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 470-485 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		5/24/2013	5/17/2013	
Refined Soybean Oil	Kota(Loose)	691	690	1
	Rajkot (Loose)	670	680	-10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	725	728	-3
	Kakinada	-	-	-
	Mumbai +VAT	668	660	8
	Indore	697	700	-3
	Soy Degum Mumbai+VAT	667	667	Unch
	SoyDegum Kandla/Mundra+VAT	648	665	-17
	Haldiya Port (Loose)	711	716	-5
	Akola (Loose)	711	711	Unch
	Amrawati (Loose)	711	711	Unch
	Jalna	713	711	2
	Nagpur	711	711	Unch
Palm Oil	Chennai.RBD.Palmolein.(Loose)	515	508	7
	Hyd. RBD Palmolein VAT	496	496	Unch
	Delhi RBD Palmolein (Loose)	550	545	5
	Kandla CPO (5%FFA)	475	472	3
	Kakinada.RBD.Palmolein(Loose)	511	501	10
	Mumbai RBD Pamolein+ VAT	515	512	3
	Kandla RBD Palmolein +VAT	510	505	5
Refined Sunflower Oil	Mumbai + VAT	765	760	5
	Kandla/Mundra	690	675	15
	Erode (Exp. Oil)+VAT	755	740	15
	Hyderabad Exp +VAT	741	736	5
	Chennai (Loose)	760	755	5
	Bellary (Exp. Oil)+VAT	631	636	-5
	Latur (Exp. Oil)+VAT	711	701	10
	Chellakere (Exp. Oil)+VAT	686	686	Unch
Groundnut Oil	Rajkot (Loose)	1025	1125	-100
	Chennai (Loose)	1040	1040	Unch
	Delhi (Loose)	960	960	Unch
	Hyderabad Exp +VAT	1072	1125	-53
	Mumbai + VAT	1080	1140	-60

	Gondal+VAT	1025	1120	-95
	Jamnagar +VAT	1050	1120	-70
	Narsarropeth+VAT	1021	1041	-20
	Prodattour+VAT	1001	1051	-50
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	672	660	12
	Alwar (Expeller Oil)(Loose)	649	646	3
	Kota (Expeller Oil) (Loose)	640	640	Unch
	Jaipur (Expeller Oil) (Loose)	645	649	-4
	Delhi (Exp. Oil) (Loose)	662	672	-10
	SriGangaNagar(ExpOil-Loose)	637	646	-9
	Hapur+VAT	720	-	-
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	705	700	5
Refined Cottonseed Oil	Mumbai +VAT	645	648	-3
	Rajkot (Loose)	633	635	-2
	Delhi (Loose)	624	622	2
	Hyderabad (Loose)	610	620	-10
Coconut Oil	Kangayan (Crude)	610	600	10
	Cochin	620	630	-10
	Trissur	592	585	7
Sesame Oil	Delhi	1150	1250	-100
	Mumbai	1200	1290	-90
Kardi	Mumbai	1185	1230	-45
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	440	440	Unch
Malaysia Palmolein USD/MT	FOB (June Shipment)	815	815	Unch
	CNF (June) India	845	840	5
Indonesia/Malaysia CPO USD/MT	FOB (June Shipment)	805	800	5
	CNF (June) India	835	830	5
Argentina FOB (\$/MT)		5/22/2013	5/16/2013	Change
Crude Soybean Oil Ship		995	998	-3
Refined Soy Oil (Bulk) Ship		1029	1033	-4
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		975	978	-3
Refined Linseed Oil (Bulk) Ship		-	-	-



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