



Veg. Oil Monthly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket featured steady to firm tone during the month under review on better buying from wholesalers and persistent weakness in the Indian rupee against US dollar.

Groundnut oil (Rajkot basis) was the top loser among the edible oil pack owing to lackluster buying from repackers, higher groundnut supplies from Rajasthan and demand shift to cheaper palm oil products. While, Coconut oil (Erode Based) was the best performer during the month in review owing to gains in the palm oil prices and supportive copra fundamentals. While, crude palm oil (Kandla based) and refined sunflower oil featured gain on m-o-m in line with the international market and weak Indian rupee against US dollar.

Groundnut oil (Rajkot based) prices quoted lower to Rs 983 per 10 Kg monthly average; down 9.73 percent from last month. While, coconut oil (Erode Based) prices edged higher by 9.8 percent to Rs 671 per 10 Kg on monthly average basis.

On the currency front, Indian rupee against USD closed at 59.38, down 5.12 percent as compared to the previous month which makes imported edible oils dearer and on the other hand it fetch higher returns from oil meals export.

We expect edible oil complex to trade sideways to firm tone in the coming days in expectation of good demand during Ramadan. However, higher oilseed sowing in the current season and better rains over key oilseed producing regions supports the crop prospects.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 45.50 cents/lb to 49.50 cents/lb. CPO at BMD (July) is likely to trade sideways to slightly firm tone and stay in the range of 2300-2525 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil export figures, South East Asian palm oil ending stocks and Weather over key soybean producing regions of US.

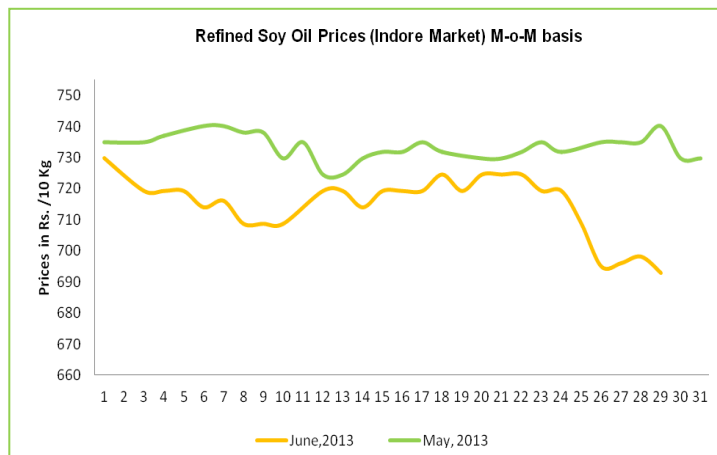
As per cargo surveyor Intertek Testing Services Cargo report depicts a 7 percent gains in the exports of Malaysian palm oil products for June to 13.5 lakh tons compared to the last month

Record soybean production in South American countries and in expectation of higher US soybean output in the current season; support the global soybean supplies. However, lower US soybean stocks and good soybean demand from China may limit downside risk in the soy oil prices in the days ahead.

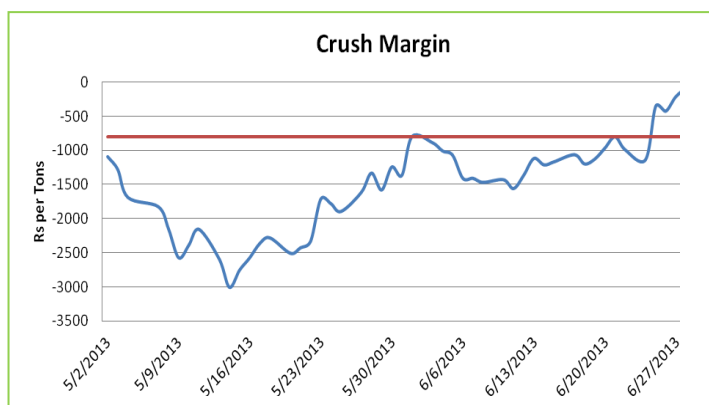
Better buying from Asian buyers, easing Malaysian palm oil inventories are the price supportive factors, which may buoy palm oil prices in the near term. However, palm oil production is likely to pick up in June and July onwards and good supply of competing soy oil, support the global edible oil supply scenario, which may cushion excessive gains in the medium term.

Soy oil: Domestic Market Fundamentals

- Ref. soy oil prices featured slight firm during the month in review tracking bullish cues from international palm oil market. However, weak demand for meals limits excessive gains.
- The Cabinet Committee on Economic Affairs (CCEA) has raised the minimum support price (MSP) of soybean (yellow) has been increased by Rs. 320 per quintal to Rs. 2,560 per quintal, while the MSP of soybean (black) by Rs.300 per quintal to Rs. 2500 per quintal.
- IBIS data revealed that India imported 0.83 lakh tons of crude soybean oil majorly from Argentina and Brazil in the month of June. Base price of crude soybean oil has been reduced to USD 1020 per tons from USD 1043 per tons earlier inline with the global prices. Base price of crude soybean oil has been reduced to USD 1020 per tons from USD 1043 per tons earlier inline with the global prices.
- As per the latest report of Ministry of Agriculture, sown area for Kharif Soybean stood at 42.86 lakh hectares as on 27 June 2013. However, soybean sowing was 6.30 lakh hectares in the corresponding period of last year.
- We expect soy oil may trade with a range bound to slightly firm tone in expectation of stock build up from wholesalers ahead of Ramadan. However, normal monsoon forecast and adequate edible oils supplies may limit upside.



Soybean crush margin (Indore basis):-



Outlook:-

Crush margin (Indore) disparity narrows during the month on higher relative gains in soybean oil and meal prices compared to soybean prices. We expect crush margin disparity is likely to remain near to positive zone. Crushers are in comfortable state above-800 levels.

International Market Fundamentals

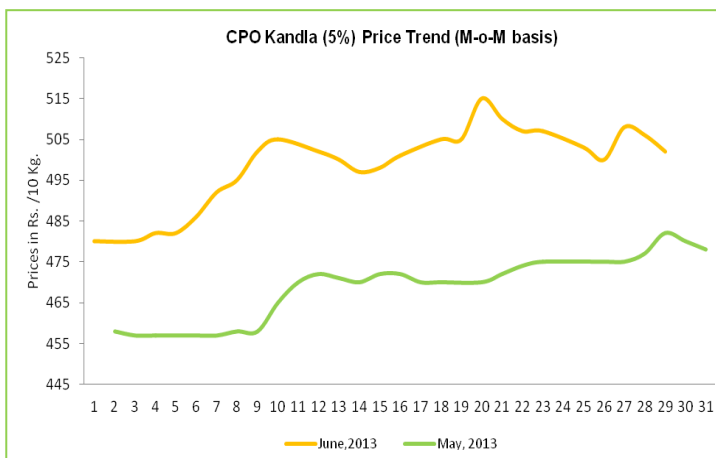
- As per the latest USDA crop progress report, the US soybean crop has been planted in 96 per cent of the soybean growing areas as of 30 Jun 2013, advancing from 92 per cent last week, but lower than 100 per cent completion witnessed in the same period last year. The planting pace is slower as compared to the 5-year average of 98 per cent. The emergence is reported at 91 per cent, behind 5-year average of 94 per cent and 99 per cent last year. About 26 per cent of the planted crop is rated as fair and 67 per cent as good to excellent condition.
- US Soybean stocks in all positions as on June 1, 2013 totaled 435 million bushels, down 35 percent from the corresponding period last year. On-farm stocks totaled 171 million bushels, down 4 percent from a year ago. Off-farm stocks, at 263 million bushels, are down 46 percent from a year ago - USDA.
- Record soybean production in South American countries and in expectation of higher US soybean output in the current season; support the global soybean supplies. However, lower US soybean stocks and good soybean demand from China may limit downside risk in the soy oil prices in the days ahead.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 680-705 per 10 Kg.

Palm oil:

Domestic Market Fundamentals

- CPO Kandla 5% prices featured firm tone in June owing to easing palm oil inventories in the South East Asian countries and weak Indian rupee against US dollar.
- At the import front, IBIS figures revealed that Indian buyers imported 3.48 lakh tons of crude palm oil, 3.31 lakh tons of RBD palmolein and 0.39 lakh tons of crude palm kernel oil in the month of June. While, Indian importers imported 37.3 lakh tons of crude palm oil in the current oil year until May, which is 23.9 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were higher by 14.8 percent to 12.4 lakh tons until May as compared to the same period of a last year.
- The Indian government has increased the tariff value of crude palm oil to USD 854 per tons, up USD 2 per tons from earlier. Moreover, tariff values of crude palmolein, RBD palmolein were also raised to USD 875 a tons and USD 878 per tons, respectively.
- Supportive Malaysian palm oil fundamentals, in expectation of good demand during Ramadan and weak Indian rupee against US dollar are likely to buoy the palm oil prices in the near term.
- We expect domestic palm oil prices may trade range bound to firm tone in expectation of good demand during Muslim festivities.



International Market Fundamentals

- Positive palm oil products exports reported from Malaysia for June. cargo surveyor Intertek Testing Services Cargo report depicts a 7 percent gains in the exports of Malaysian palm oil products for June to 13.5 lakh tons compared to the last month.

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

Palm Products	June	May	% Change
Crude palm oil	279,768	282,220	-0.9
RBD palm oil	133,716	107,962	23.85
RBD palm olein	576,380	508,831	13.3
RBD palm stearin	123,887	139,653	-11.3
Crude palm kernel oil	18,050	19,870	-9.2
Palm fatty acid distillate	38,620	53,220	-27.4

Importers	June	May	% Change
EU	260,225	192,743	35.0
China	271,375	226,390	19.9
India & Sub. Continent	376,530	365,736	3.0

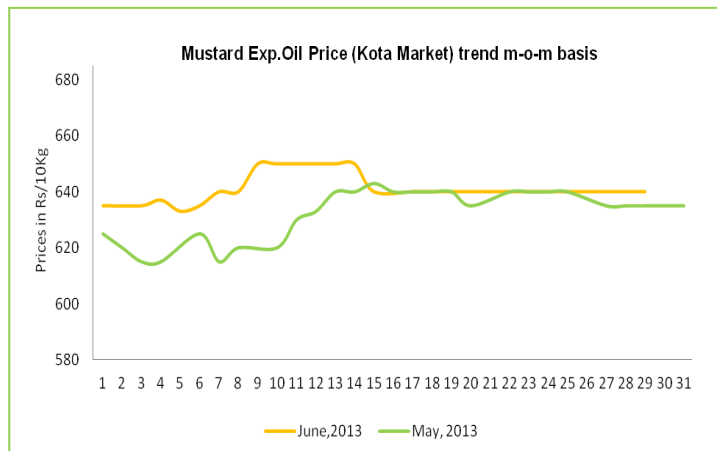
- As per Reuters survey, Malaysian palm oil inventories is likely to further ease in June and may touch 17.4, lakh tons down 4.2 percent from May level. However, palm oil production is likely to surge by 6 percent in June from the previous month, its biggest jump so far this year, to 14.7 lakh tons due to seasonally higher palm oil production in June.
- As per trade ministry, Indonesia has set its export tax for crude palm oil at 10.5 percent for July, up from 9 percent in June.
- Malaysia will set its crude palm oil export tax for July at 4.5 percent, unchanged since March. Moreover, Southeast Asian country calculated a reference price of 2,382.32 ringgit per tons for crude palm oil for July.
- Better buying from Asian buyers, easing Malaysian palm oil inventories are the price supportive factors, which may buoy palm oil prices in the near term. However, palm oil production is likely to pick up in June and July onwards and good supply of competing soy oil, support the global edible oil supply scenario, which may cushion excessive gains in the medium term.

Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 506-528 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured sideways movement during the month of June due to higher palm oil imports and on an estimated rise in the mustard seed production.
- Better rains over key oilseed producing regions, subdued demand against adequate mustard oil supply and higher Kharif oilseed sowing weigh on the market sentiments. However, slight gains could be witness in expectation of good demand during Ramadan.
- 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 anticipation of improved buying and restricted RM seed selling due to lower prices. However, adequate mustard supplies and higher Kharif oilseed sowing would negate the excessive gains.

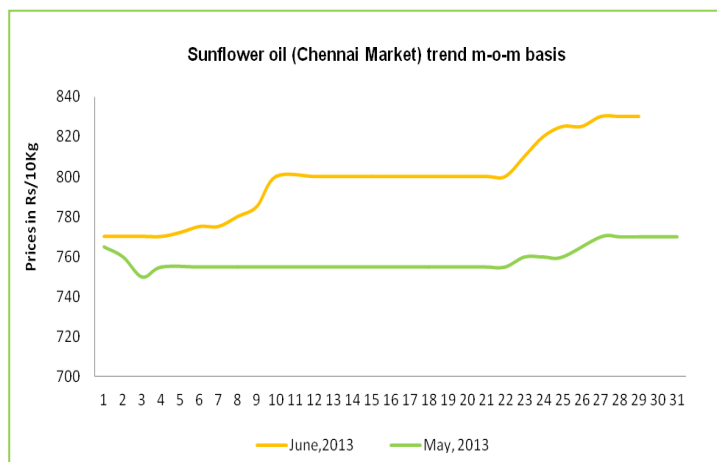


Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 610-658 per 10 Kg.

Sunflower oil:

Domestic Market Fundamentals

- Sunflower oil featured steady to firm tone during the month of June on account of better buying and bullish cues from international sunflower oil market.
- At import front, IBIS data revealed that India imported 1.56 lakh tons of crude sunflower oil majorly from Ukraine in the month of June. While, Crude sunflower oil imports by India reached 577,923 tons in the current oil year 2012/13 until May and were thus lower than the 732,321 tons imports against same period of the last year - SEA of India.
- CCEA retained the minimum support price (MSP) of sunflower seed to previous year levels of Rs 3700 per quintal.
- As per the latest report of Ministry of Agriculture, sown area for Kharif Sunflower seed stood at 0.55 lakh hectares as on 27 June 2013 up 111.5 % compared to corresponding period last year, which was 0.26 lakh hectares. Higher sowing witnessed in Karnataka due to better rains.
- We expect sunflower oil prices may trade range bound in the coming month.



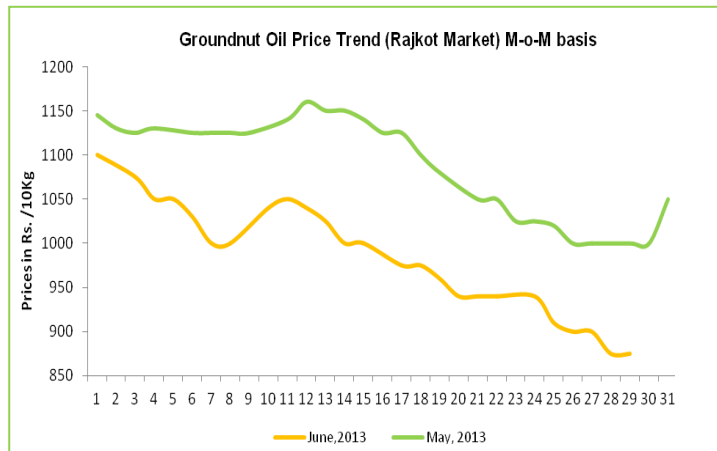
International Fundamentals:-

- Sunflower seed crop in Black Sea region seen at 22.2 million tons in 2013/14 season, up 15.02 percent from last year due to increased sowing area and favorable weather conditions – UkrAgroConsult.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 780-845 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

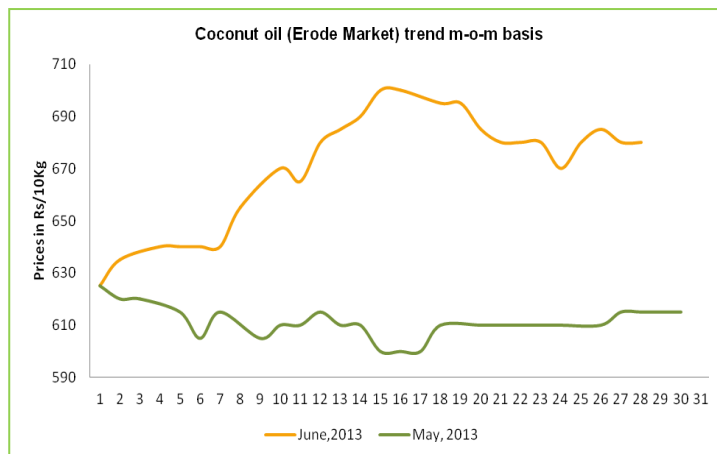
- Groundnut oil witnessed weak tone during the month of June owing to higher groundnut area coverage in Gujarat thanks to good rainfall, weak export demand and adequate supplies in the cash market. Groundnut oil (Rajkot basis) prices quoted lower to Rs 983 per 10 Kg monthly averages; down 9.73 percent from last month.
- As per the latest report of Ministry of Agriculture, sown area for Kharif groundnut stood at 15.75 lakh hectares as on 27 June 2013. However, groundnut sowing was 4.22 lakh hectares in the corresponding period of last year.
- Sowing of groundnut has been done in 14.1 lakh hectares as on July 1 against 2.2 lakh hectares in the corresponding period of last year - Gujarat's Agriculture Department.
- As per sources, adequate groundnut stock and cheaper availability of palm and cottonseed oil likely to weigh on the groundnut oil price in the coming month. However, renewed demand from wholesalers could witness at lower quotes.
- We expect groundnut oil prices may trade range bound in the coming month.



Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 850-1000 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured steady to firm tone during the month of June tracking bullishness in the imported palm oil products and better buying.
- Coconut oil (Erode basis) prices quoted higher to Rs 670 per 10 Kg on monthly averages; up 9.7 percent from last month.
- Sources revealed that coconut oil prices are likely to remain range bound to slight firm tone in the coming days due supportive international palm kernel oil prices. While; better rains over South Indian states support the yield prospects.
- New copra supplies likely to hit the market in the coming two months. While, stockists have an adequate stock position.
- We expect coconut oil prices may trade range bound in the coming month.



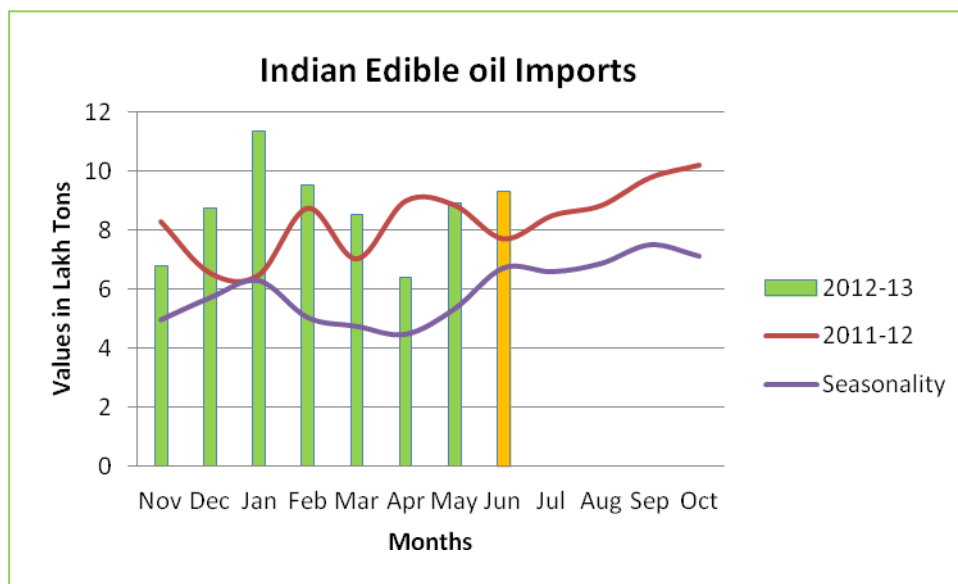
Price Outlook: We expect coconut oil (Erode) to trade in the price band of 630-665 per 10 Kg.

Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2010-11	2011-12	2012-13	% Change
Value in million tons				
Beginning Stock	0.67	0.64	1.21	89.06
Production	8.10	7.82	8.20	4.86
Imports	8.37	9.98	10.00	0.20
Total Supply	17.14	18.46	19.54	5.85
Exports
Total Demand(Consumption)	16.50	17.25	18.10	4.93
Ending Stock	0.64	1.21	1.44	19.01

Balance Sheet Highlights

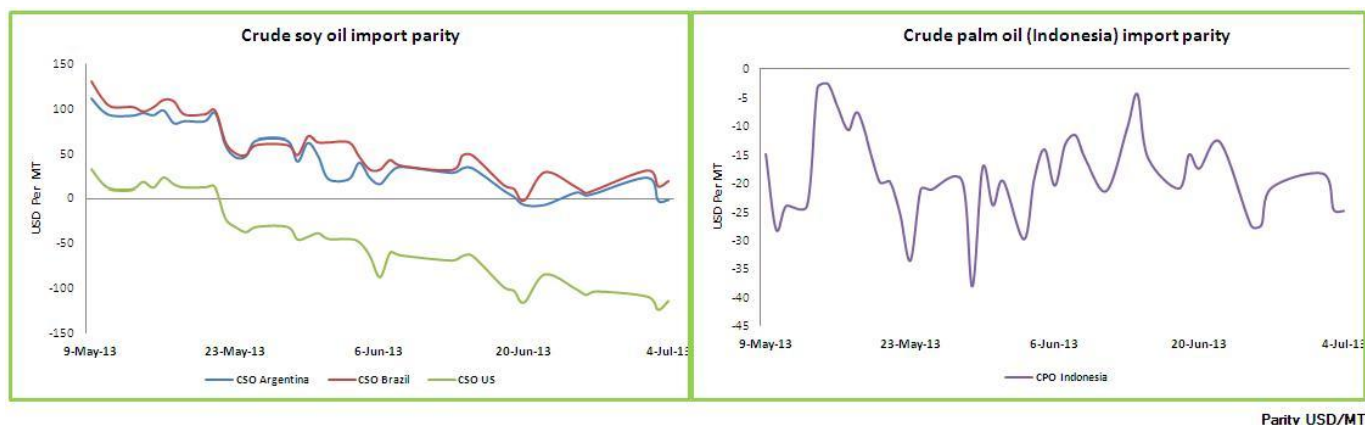
Net edible oil output would likely be 8.20 Million MT in 2012/13 on the back of higher soybean and mustard seed production in the current oil year. An increment of 22 percent gains in mustard oil production and 4.7 percent in soybean oil witnessed in the current oil year. On import front, edible oil imports likely to rise by 0.20 percent compared to previous year. Total demand of Indian edible oil is likely to grow at a rate of 4.93%. Ending stocks are projected higher compared to 2012-13 at 1.44 million tons.

Indian edible oil imports for June 2013 projection –:


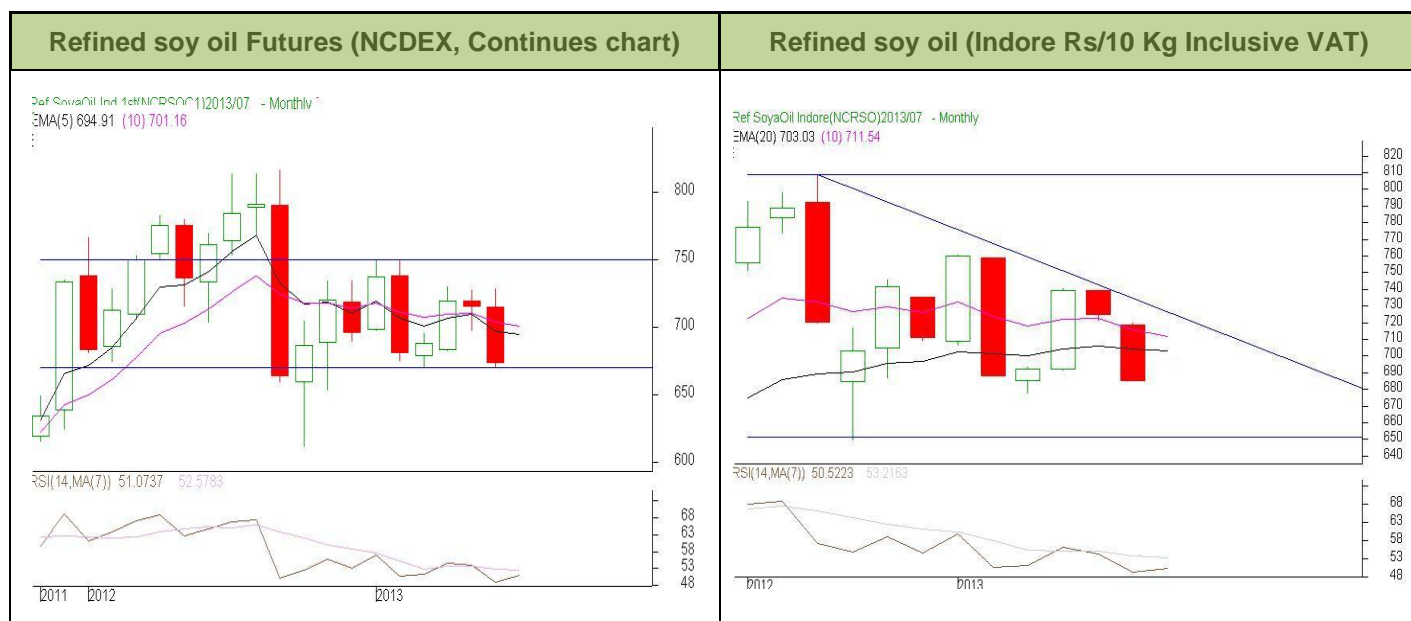
As per Solvent Extractors' Association of India, India imported 6.03 million tons of edible oils in the 2013 oil year (Nov.-Oct) until May. However, edible oils imports were 5.48 million tons in the corresponding period last year. We expect Indian edible oils imports for the month of June is likely to be rise by 6-8 percent.

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

Landed Cost Calculation as on 4/7/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	903	892	1030	788
Freight (USD/MT)	75	65	60	34.0
C & F	978.0	957.0	1090.0	822.0
Weight loss (0.25% of FOB)	2.26	2.23	2.58	1.97
Finance charges (0.4% on CNF)	3.91	3.83	4.36	3.29
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	987	966	1100	830
CVD	0	0	0	0
Duty USD per ton	25.50	25.50	25.50	21.35
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.51	0.51	0.51	0.427
Exchange rate	60.09	60.09	60.09	60.09
Landed cost without customs duty in INR per ton	59315	58043	66111	49858
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1020	1020	1020	854
Fixed exchange rate by customs department	59.20	59.20	59.20	59.20
Duty component in INR per ton	1509.60	1509.60	1509.60	1263.92
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61498	60225	68294	51795
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	61400	61400	61400	50300
Total landed cost USD per ton	1023	1002	1137	862
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1022	1022	1022	837
Parity INR/MT (Domestic - Landed)	-98	1175	-6894	-1495
Parity USD/MT (Domestic - Landed)	-1.63	19.55	-114.73	-24.88
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 South American soybean oil prices.

Technical Analysis (Refined soy oil Monthly 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 on dips (Aug. contract).

- ❖ Monthly chart of refined soy oil at NCDEX featured consolidation. We expect range bound movement in the coming days.
- ❖ Any close below 674 in monthly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next month is 684-707 level in near to medium term. RSI is in between neutral and oversold zone and shows no evidence of divergence with the ref. soy oil prices.

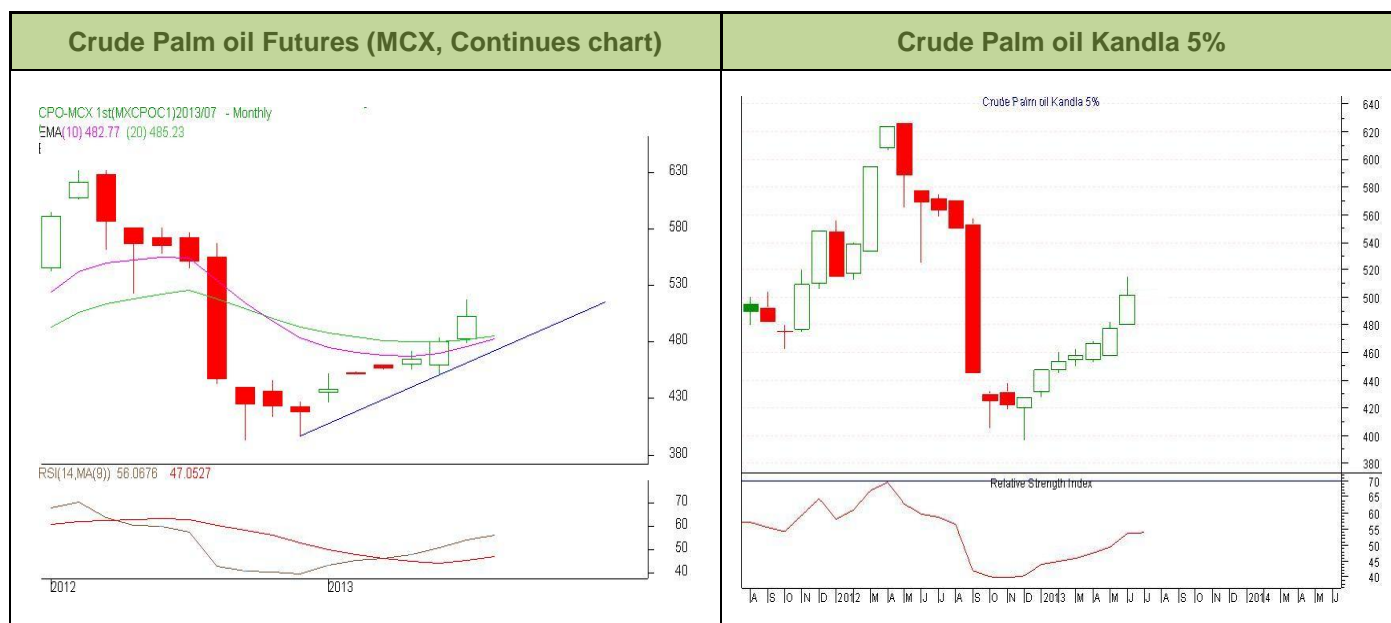
Strategy: Market participants are advised to go long in RSO in the range of 677-680 for a target of 695 and 698 with a stop loss at 669.5 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
660	667	684.15	710	718

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 680-705 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)



Outlook - Prices may trade with a firm tone in the coming days. Investors are advised to buy MCX CPO Aug contract.

- ❖ Candlestick Monthly chart of crude palm oil at MCX depicts bullishness. We expect prices may trade with a steady to firm tone in near term.
- ❖ Any close below 501.50 in monthly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next month is 508-530 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 508-511 for a target of 526 and 530 with a stop loss at 501.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
478	489	512.90	532	542

Spot Market outlook: Crude palm oil 5% is likely to trade sideways to firm tone in the coming month. The prices are likely to stay in the range of 506-528 per 10 Kg.

Monthly spot price comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		6/29/2013	5/31/2013	
Refined Soybean Oil	Kota(Loose)	655	685	-30
	Rajkot (Loose)	630	670	-40
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	690	730	-40
	Kakinada	-	-	-
	Mumbai +VAT	660	668	-8
	Indore	660	695	-35
	Soy Degum Mumbai+VAT	622	640	-18
	SoyDegum Kandla/Mundra+VAT	622	645	-23
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	698	716	-18
	Amrawati (Loose)	698	716	-18
	Jalna	701	706	-5
	Nagpur	696	716	-20
Palm Oil	Chennai.RBD.Palmolein.(Loose)	548	520	28
	Hyd. RBD Palmolein VAT	525	496	29
	Delhi RBD Palmolein (Loose)	570	550	20
	Kandla CPO (5%FFA)	502	478	24
	Kakinada.RBD.Palmolein(Loose)	526	511	15
	Mumbai RBD Pamolein+ VAT	530	512	18
	Kandla RBD Palmolein +VAT	530	508	22
Refined Sunflower Oil	Mumbai + VAT	805	765	40
	Kandla/Mundra	740	690	50
	Erode (Exp. Oil)+VAT	815	770	45
	Hyderabad Exp +VAT	781	741	40
	Chennai (Loose)	830	770	60
	Bellary (Exp. Oil)+VAT	646	634	12
	Latur (Exp. Oil)+VAT	751	711	40
	Chellakere (Exp. Oil)+VAT	741	696	45
Groundnut Oil	Rajkot (Loose)	875	1050	-175
	Chennai (Loose)	880	1050	-170
	Delhi (Loose)	900	930	-30
	Hyderabad Exp +VAT	883	978	-95



	Mumbai + VAT	920	1040	-120
	Gondal+VAT	875	1020	-145
	Jamnagar +VAT	875	1020	-145
	Narsarropeth+VAT	801	971	-170
	Prodattour+VAT	801	951	-150
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	660	665	-5
	Alwar (Expeller Oil)(Loose)	641	643	-2
	Kota (Expeller Oil) (Loose)	640	635	5
	Jaipur (Expeller Oil) (Loose)	637	640	-3
	Delhi (Exp. Oil) (Loose)	670	655	15
	SriGangaNagar(ExpOil-Loose)	636	631	5
	Hapur+VAT	704	725	-21
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	700	695	5
Refined Cottonseed Oil	Mumbai +VAT	658	648	10
	Rajkot (Loose)	643	640	3
	Delhi (Loose)	624	628	-4
	Hyderabad (Loose)	630	620	10
Coconut Oil	Kangayan (Crude)	680	615	65
	Cochin	690	615	75
	Trissur	675	605	70
Sesame Oil	Delhi	1000	1100	-100
	Mumbai	1010	1050	-40
Kardi	Mumbai	1050	1040	10
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	490	455	35
Malaysia Palmolein USD/MT	FOB (June Shipment)	788	810	-22
	CNF (June) India	820	840	-20
Indonesia/Malaysia CPO USD/MT	FOB (June Shipment)	785	805	-20
	CNF (June) India	818	830	-12
Argentina FOB (\$/MT)		6/28/2013	5/30/2013	Change
Crude Soybean Oil Ship		885	974	-89
Refined Soy Oil (Bulk) Ship		916	1008	-92
Sunflower Oil Ship		-	-	-

Cottonseed Oil Ship	865	954	-89
Refined Linseed Oil (Bulk) Ship	-	-	-

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