



Veg. Oil Monthly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket featured mixed tone during the month under review tracking losses at international oil and fats market and cautious buying in the major cash market.

Soybean oil (Indore based) was the top loser among the edible oil pack owing to lackluster buying and in expectation of bumper soybean crop in the current Kharif season. Moreover, losses in the international oil and fats market add pressure to the market. While, refined sunflower oil (Chennai Based) was the best performer during the month in review owing to weak Indian rupee against US dollar and better buying from wholesalers.

Soybean oil (Indore based) prices quoted lower to Rs 690.95 per 10 Kg monthly average; down 3.34 percent from last month. While, refined sunflower oil (Chennai Based) prices edged higher by 4.75 percent to Rs 836.59 per 10 Kg on monthly average basis.

On the currency front, Indian rupee against USD hovers at 58.95 levels and likely to stay in the range of 57.75-59.25 levels in the coming month.

We expect edible oil complex to trade sideways to weak tone in the coming days in expectation of good veg. oil supplies in the medium term owing to higher oilseed sowing and cautious buying from stockists.

International Veg. Oil Market Summary

CBOT soy oil (Aug) is expected to stay in the range of 41.00 cents/lb to 44.50 cents/lb. CPO at BMD (Aug) is likely to trade sideways and stay in the range of 2080-2390 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.

Exports of Malaysian palm oil products from July 1-25 fell 7 percent to 1,085,392 tonnes from 1,167,266 tonnes shipped during June 1-25 - cargo surveyor Intertek Testing Services.

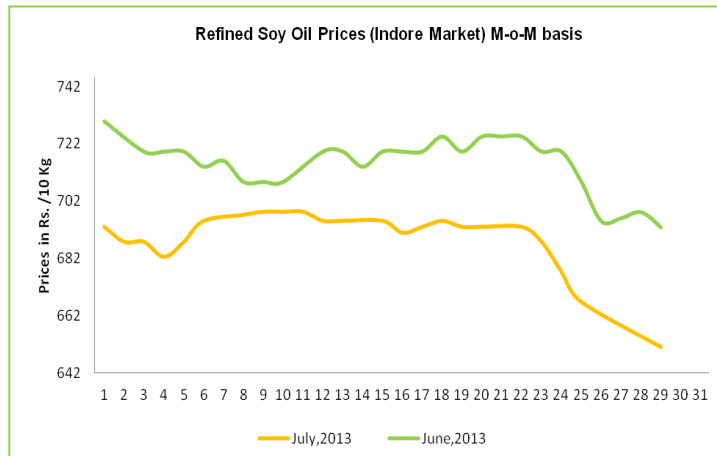
Higher soybean production in South American countries and good weather condition over key US soybean growing regions support the global soybean supplies in the medium term. However, good soybean demand from China & old US soy crop tightness may limit excessive gains.

Rise in palm oil production in June and likely to pick up in second half of the year as South East Asian countries entering into seasonally high palm oil yield phase support the palm oil supply scenario in the medium term and raise concerns about palm oil inventory levels climbing higher this month.

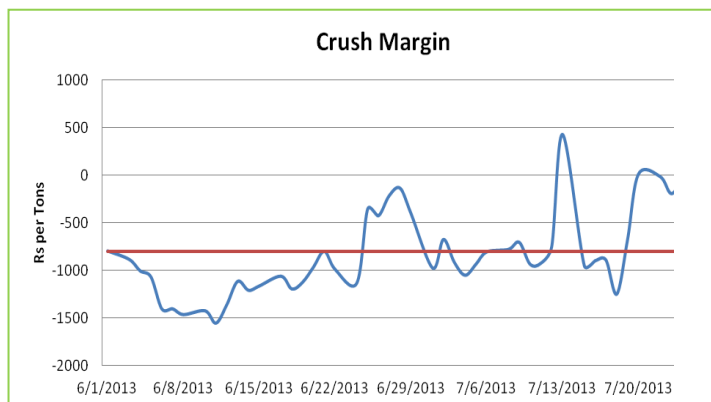
Soy oil:

Domestic Market Fundamentals

- Ref. soy oil prices featured weak tone during the month in review tracking bearish cues from international palm oil market and cautious buying in the cash market.
- SEA of India has reported that Indian buyers imported 490,486 tons of crude degummed soybean oil in the current oil year until June 2013, down 25.6 percent from last year of a corresponding period thanks to better soybean production and higher palm oil imports.
- As per Ministry of Agriculture, sown area for Kharif Soybean stood at 117.33 lakh hectares as on 25 July 2013. However, soybean sowing was 101.54 lakh hectares in the corresponding period of last year. Higher area covered in Madhya Pradesh, Maharashtra and Rajasthan compare to last year. Last year India's soybean acreage was 107.03 lakh Ha.
- As per the Fourth advance estimates of production released by Ministry of agriculture, India has produced 14.68 million tons of soybean during 2012-13. Meanwhile, Market participants expect 11.7-12.2 million tons soybean output in the current MY.
- We expect soy oil may trade with a range bound to slightly weak tone in expectation of bumper soybean crop in the current Kharif season. While, ongoing Muslim festivities may limit excessive losses.



Soybean crush margin (Indore basis):-



Outlook:-

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

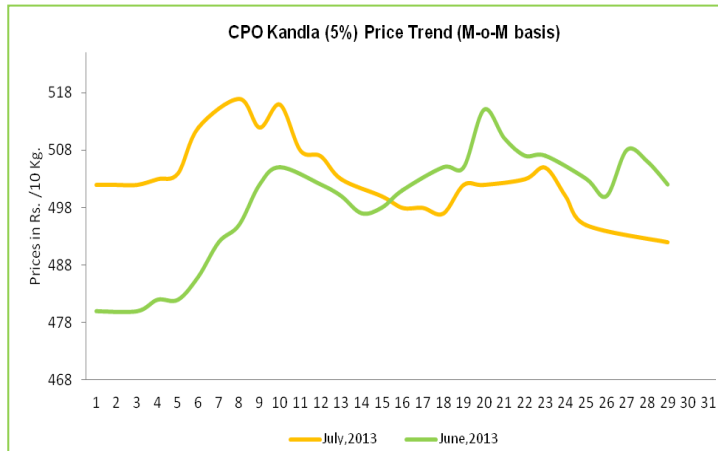
International Market Fundamentals

- China's soybean imports are likely to reach 7 million tons in July, higher than the previous month due to poor harvest and rising demand. Moreover, Chinese soybean stocks will fall to 8.0 million tons at the end of July, which is 3.8 million tons less compared to the same period of last year – Oil World.
- Brazil's government agency, CONAB has raised its estimate of the soy crop to 81.50 million tons from 81.30 million tons previously.
- As per Argentina's Agriculture Ministry report, Argentina soybean harvesting seen at 49 million tons, down from 1.2 million tons from previous estimate.
- Higher soybean production in South American countries and good weather condition over key US soybean growing regions support the global soybean supplies in the medium term. However, good soybean demand from China & old US soy crop tightness may limit excessive gains.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 630-670 per 10 Kg.

Palm oil:
Domestic Market Fundamentals

- CPO Kandla 5% prices featured firm tone in July owing to weak Indian rupee against US dollar and ongoing Ramzan festival.
- Indian buyers imported 40.8 lakh tons of crude palm oil in the current oil year until June, which is 20.35 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were higher by 27.27 percent to 15.4 lakh tons during Nov'12-Jun'13 as compared to the same period of a last year.
- Edible oils stocks as on 1 July, 2013 at various ports estimated at 6.90 lakh tons including CPO (300,000 tons), RBD Palmolein (230,000 tons), Soybean degummed Oil (80,000 tons), Crude Sunflower Oil (80,000 tons) and 13.7 lakh tons in pipelines. Total stock, both at ports and pipelines is 20.6 lakh tons compared to 19.7 lakh tons in previous month – SEA of India.
- Expected rise in oilseed production in the current season support edible oils supplies prospects and average demand against comfortable edible oil stock likely to weigh on the market sentiments in the near term.
- We expect domestic palm oil prices may trade range bound to weak tone on seasonally higher palm oil production phase in the South East Asian countries.


International Market Fundamentals

- Exports of Malaysian palm oil products from July 1-25 fell 7 percent to 1,085,392 tonnes from 1,167,266 tonnes shipped during June 1-25 - cargo surveyor Intertek Testing Services. Lackluster buying witnessed from top palm oil buyers i.e. India and China.

Breakdown of ITS palm export figures for 1-25 July compared to a month ago (in tons):

Palm Products	1-25 July	1-25 May	% Change
Crude palm oil	198,569	243,528	-18.5
RBD palm oil	101,029	111,746	-9.6
RBD palm olein	506,492	507,650	-0.2
RBD palm stearin	104,864	105,537	-0.6
Crude palm kernel oil	10,060	18,050	-44.3
Palm fatty acid distillate	30,240	33,545	-9.9

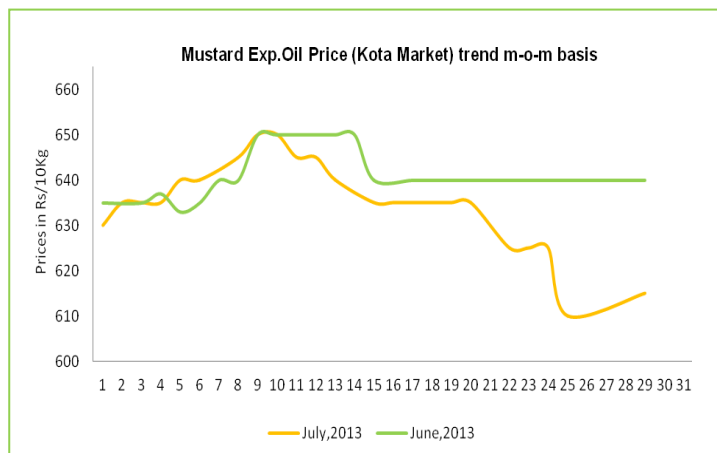
Importers	1-25 July	1-25 June	% Change
EU	163,157	220,380	-25.9
China	272,244	216,275	25.87
India & Sub. Continent	236,438	328,830	-28.9

- As per IPOA, Indonesia's June CPO and its derivatives exports fell 11 percent to 1.62 million tons compared to the previous month. During the month of June, exports of CPO and its derivatives to India totaled 404,520 tons, 170,570 tons to China, 343,270 tons to Europe Union countries and 44,250 tons to Pakistan.
- According to a Malaysian Customs Department circular, Malaysia kept its crude palm-oil export tax unchanged in August seeks to boost shipments and reduce stockpiles
- 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.
- Dull demand from top palm oil buyers i.e. India & China and South East Asian countries entering into seasonally high palm oil yield phase support the palm oil supply scenario in the medium term and raise the concerns about palm oil inventory levels climbing higher during H2, 2013.

Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 478-505 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

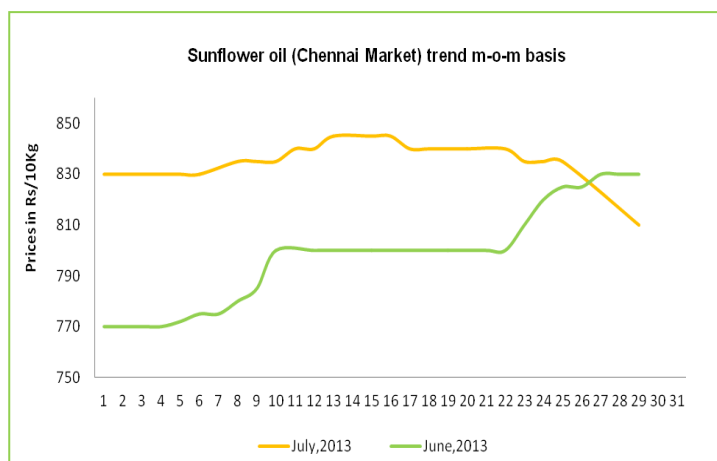
- Rapeseed oil featured sideways to weak movement during the month of July due to higher palm oil imports and on an estimated rise in the mustard seed production.
- Bearishness in the edible oil complex and higher sowing over key oilseed growing areas weigh on the market sentiments. However, excessive losses could be restricted in expectation of good demand during Ramadan.
- As per the Fourth advance estimates of production released by Ministry of agriculture, the oilseed production for 2012/13 is estimated at 31.01 million tons, up 0.31 million tons from previous estimates. Mustard seed is estimated at 7.82 million tons, up .42 million tons from previous estimates.
- We expect RM seed oil prices may trade range bound on adequate mustard supplies and higher Kharif oilseed sowing. Meanwhile, restricted RM seed selling due to lower prices would negate the excessive losses.



Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 585-635 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured steady to firm tone during the month of July on account of better buying and bullish cues from international sunflower oil market.
- Farmers in India have sown sunflower seed on 1.46 lakh hectares as of July 25, compared with 0.81 lakh hectares in the same period a year earlier. Higher sowing witnessed in Karnataka and Maharashtra due to better rains. Karnataka and Maharashtra covers 97 percent of the total sunflower seed acreage in the current season.
- At import front, SEA of India reports that crude sunflower oil imports by India reached 679,403 tons in the current oil year 2012/13 until June and were thus lower than the 820,180 tons imports against same period last year. However, imports were higher on m-o-m basis in June by 49.6 percent to 101,480 tons.
- CCEA retained the minimum support price (MSP) of sunflower seed to previous year levels of Rs 3700 per quintal.
- We expect sunflower oil prices may trade range bound in the coming month.



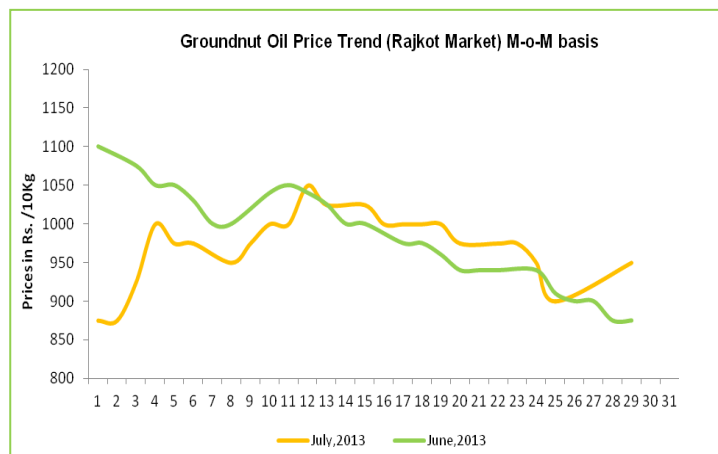
International Fundamentals:-

- Oil World forecasts global sunflower seed production in 2013/14 at 38.7 Mln. tons, slightly lower from previous forecast of 38.8 Mln tons. While higher compared to previous year which was 36.0 Mln tons. Ukraine sunflower seed production is estimate at 9.4 Mln tons, Russia at 8.6 Mln tons, EU-27 at 8.1 Mln tons, and Argentina at 3.3 Mln tons.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 770-825 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

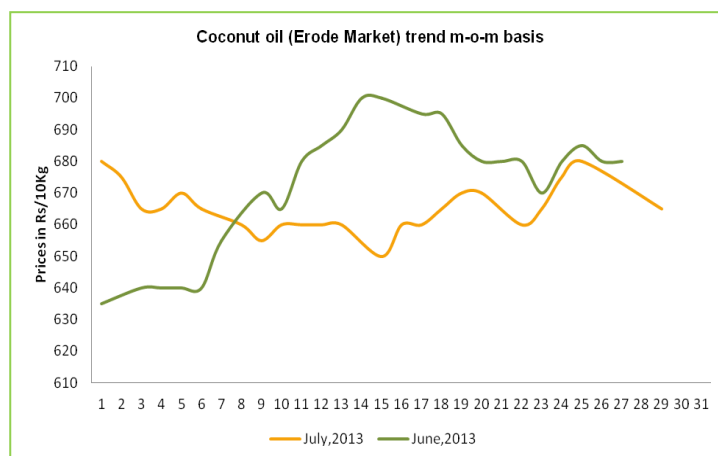
- Groundnut oil witnessed weak tone during the month of July owing to higher groundnut area coverage in Gujarat thanks to good rainfall, weak export demand and adequate supplies in the cash market.
- As per the latest report of Ministry of Agriculture, sown area for Kharif groundnut stood at 34.83 lakh hectares as on 25 July 2013. However, groundnut sowing was 25.45 lakh hectares in the corresponding period of last year. Last year India's groundnut seed acreage was 39.09 lakh Ha.
- As per trade sources, groundnut acreage is likely to surge in Gujarat by 30 percent and in Rajasthan by 15-18 percent from last year. Last year groundnut area under Gujarat and Rajasthan was 12.24 lakh Ha and 3.68 lakh Ha respectively.
- As per the Fourth advance estimates of production released by Ministry of agriculture, India has produced 4.75 million tonnes of groundnut during 2012-13.
- We expect groundnut oil prices may trade range bound to slightly weak tone in the coming month.



Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 850-960 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured steady to firm tone during the month of July tracking bullishness in the imported palm oil products and better buying from corporate buyers.
- Coconut oil (Erode basis) prices quoted lower to Rs 665 per 10 Kg on monthly averages; down 1.18 percent from last month.
- Coconut oil prices are likely to remain range bound in the coming days due to forecasts for ample domestic as well as global vegetable oil supplies and correction in the palm kernel oil prices. While; corporate buying and uneven rains over South Indian states may limit excessive losses.
- We expect coconut oil prices may trade range bound in the coming month.



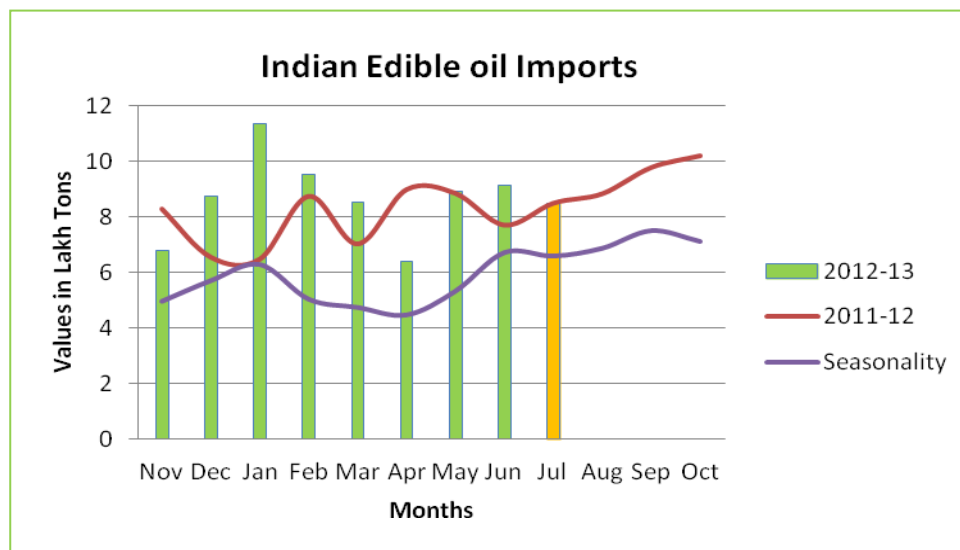
Price Outlook: We expect coconut oil (Erode) to trade in the price band of 638-675 per 10 Kg.

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.

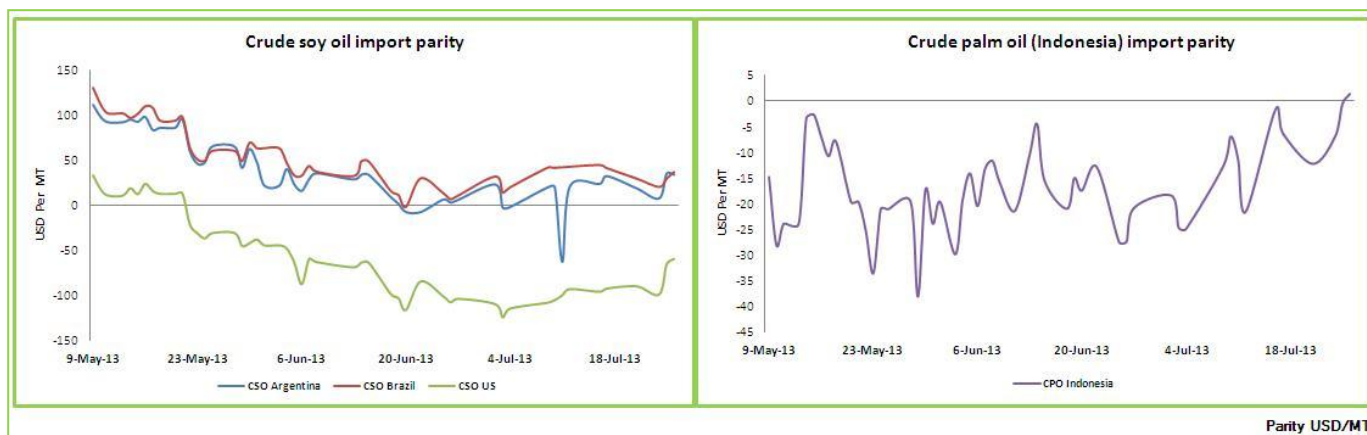
Indian edible oil imports for July 2013 projection –:


As per Solvent Extractors' Association of India, India imported 6.94 million tons of edible oils in the 2013 oil year (Nov.-Oct) until June. However, edible oils imports were 6.25 million tons in the corresponding period last year. We expect Indian edible oils imports for the month of June is likely to fall by 5-7 percent.

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

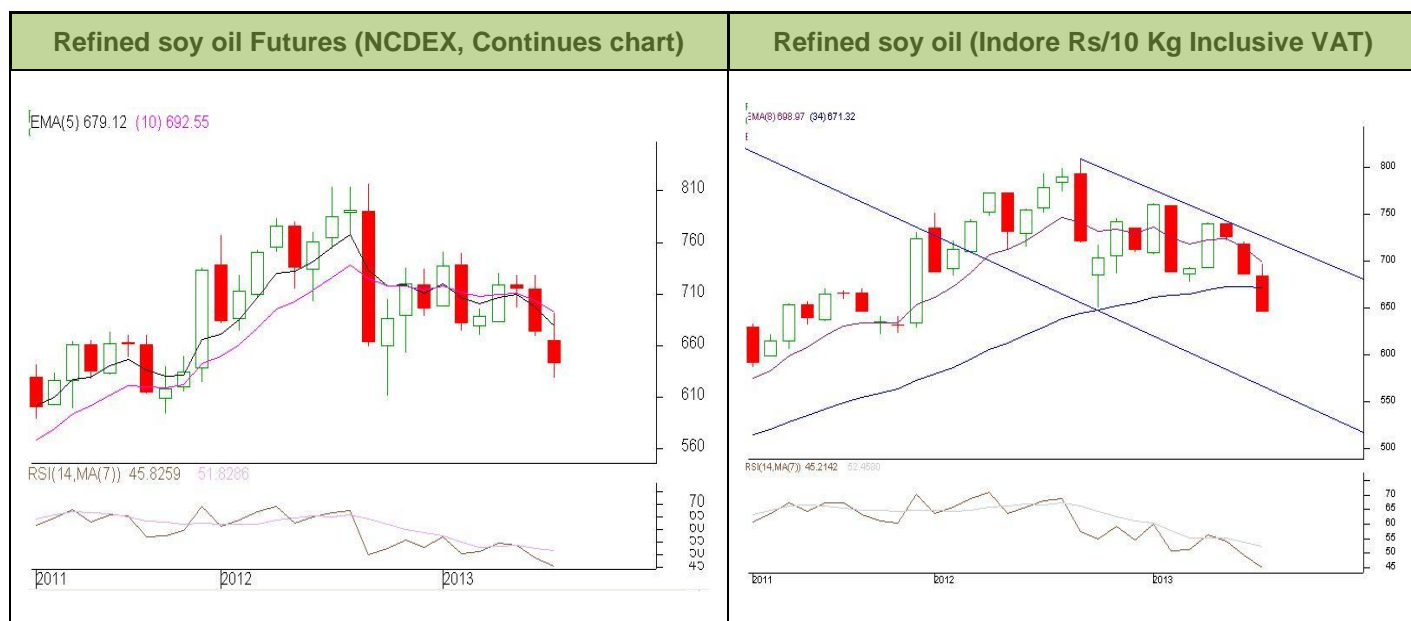
Landed Cost Calculation as on 26/7/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	860	868	968	760
Freight (USD/MT)	75	65	60	30.0
C & F	935.0	933.0	1028.0	790.0
Weight loss (0.25% of FOB)	2.15	2.17	2.42	1.90
Finance charges (0.4% on CNF)	3.74	3.73	4.11	3.16
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	944	942	1038	797
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	58.91	58.91	58.91	58.91
Landed cost without customs duty in INR per ton	55593	55476	61126	46977
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	57776	57658	63309	48914
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	59800	59800	59800	49000
Total landed cost USD per ton	981	979	1075	830
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1015	1015	1015	832
Parity INR/MT (Domestic - Landed)	2024	2142	-3509	86
Parity USD/MT (Domestic - Landed)	34.36	36.36	-59.56	1.47

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 weak tone in the days ahead. Investors are advised to Sell refined soy oil on dips (Sept. contract) on rise.

- ❖ Monthly chart of refined soy oil at NCDEX featured weakness. We expect range bound movement to slightly weak tone in the coming days.
- ❖ Any close above 658 in monthly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next month is 625-655 level in near to medium term. RSI is in oversold zone and shows no evidence of divergence with the ref. soy oil prices.

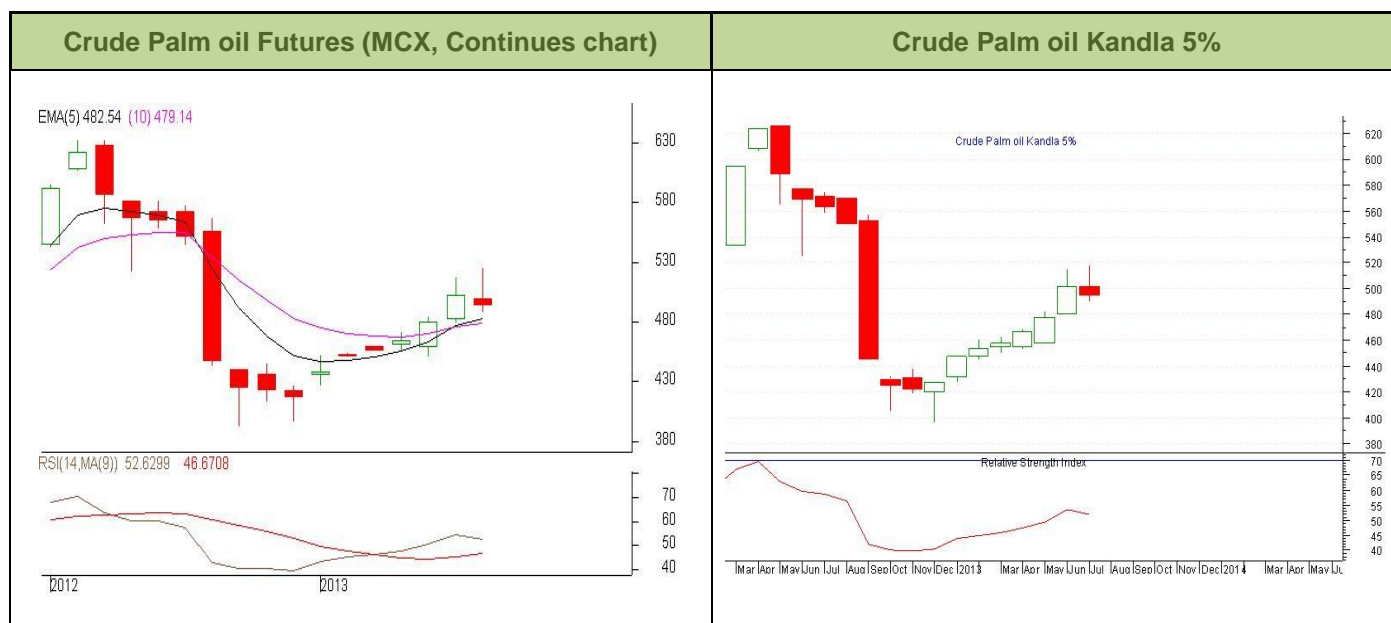
Strategy: Market participants are advised to go short in RSO below 655 for a target of 630 and 625 with a stop loss at 670 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
592	600	627	660	672

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 630-670 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 sell MCX CPO Sept 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 above 508 in monthly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next month is 470-496 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 below 496 for a target of 476 and 470 with a stop loss at 508 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
460	467	482.90	512	520

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 478-505 per 10 Kg.

Monthly spot price comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		6/29/2013	6/29/2013	
Refined Soybean Oil	Kota(Loose)	615	655	-40
	Rajkot (Loose)	600	630	-30
	Jaipur (Loose)	NA	-	-
	Hyderabad+ VAT	NA	-	-
	Delhi (Loose)	650	690	-40
	Kakinada	NA	-	-
	Mumbai +VAT	620	660	-40
	Indore	620	660	-40
	Soy Degum Mumbai+VAT	590	622	-32
	SoyDegum Kandla/Mundra+VAT	590	622	-32
	Haldiya Port (Loose)	0	-	-
	Akola (Loose)	656	698	-42
	Amrawati (Loose)	656	698	-42
	Jalna	666	701	-35
	Nagpur	656	696	-40
Palm Oil	Chennai.RBD.Palmolein.(Loose)	530	548	-18
	Hyd. RBD Palmolein VAT	510	525	-15
	Delhi RBD Palmolein (Loose)	588	570	18
	Kandla CPO (5%FFA)	492	502	-10
	Kakinada.RBD.Palmolein(Loose)	515	526	-11
	Mumbai RBD Pamolein+ VAT	517	530	-13
	Kandla RBD Palmolein +VAT	515	530	-15
Refined Sunflower Oil	Mumbai + VAT	790	805	-15
	Kandla/Mundra	710	740	-30
	Erode (Exp. Oil)+VAT	795	815	-20
	Hyderabad Exp +VAT	746	781	-35
	Chennai (Loose)	810	830	-20
	Bellary (Exp. Oil)+VAT	736	646	90
	Latur (Exp. Oil)+VAT	731	751	-20
	Chellakere (Exp. Oil)+VAT	721	741	-20
Groundnut Oil	Rajkot (Loose)	950	875	75
	Chennai (Loose)	810	880	-70
	Delhi (Loose)	800	900	-100



	Hyderabad Exp +VAT	862	883	-21
	Mumbai + VAT	960	920	40
	Gondal+VAT	NA	875	-
	Jamnagar +VAT	NA	875	-
	Narsarropeth+VAT	771	801	-30
	Prodattour+VAT	786	801	-15
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	645	660	-15
	Alwar (Expeller Oil)(Loose)	629	641	-12
	Kota (Expeller Oil) (Loose)	615	640	-25
	Jaipur (Expeller Oil) (Loose)	638	637	1
	Delhi (Exp. Oil) (Loose)	655	670	-15
	SriGangaNagar(ExpOil-Loose)	621	636	-15
	Hapur+VAT	672	704	-32
	Kolkata	NA	-	-
	Agra (Kacchi Ghani Oil) +VAT	675	700	-25
Refined Cottonseed Oil	Mumbai +VAT	630	658	-28
	Rajkot (Loose)	625	643	-18
	Delhi (Loose)	580	624	-44
	Hyderabad (Loose)	600	630	-30
Coconut Oil	Kangayan (Crude)	665	680	-15
	Cochin	700	690	10
	Trissur	680	675	5
Sesame Oil	Delhi	900	1000	-100
	Mumbai	930	1010	-80
Kardi	Mumbai	1000	1050	-50
Rice Bran Oil (4%)	Punjab	NA	NA	-
Rice Bran Oil (40%)	Delhi	NA	NA	-
Malaysia Palmolein USD/MT	FOB (June Shipment)	788	788	Unch
	CNF (June) India	820	820	Unch
Indonesia/Malaysia CPO USD/MT	FOB (June Shipment)	785	785	Unch
	CNF (June) India	818	818	Unch
Argentina FOB (\$/MT)		7/28/2013	6/28/2013	Change
Crude Soybean Oil Ship		NA	885	-
Refined Soy Oil (Bulk) Ship		NA	916	-

Sunflower Oil Ship	NA	-	-
Cottonseed Oil Ship	NA	865	-
Refined Linseed Oil (Bulk) Ship	NA	-	-

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