



Veg. Oil Monthly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket featured firm tone during the month under review tracking gains at international oil and fats market and weak Indian rupee makes edible oil imports costlier.

Coconut oil (Kangayan based) was the top gainer among the edible oil basket owing to better buying from corporate, weak Indian rupee and lower copra arrivals. While, refined sunflower oil (Chennai Based) was the worst performer during the month in review owing to limited buying at higher quotes.

Coconut oil (Kangayan based) prices quoted lower to Rs 716 per 10 Kg monthly average; up 7.6 percent from last month. While, refined sunflower oil (Chennai Based) prices edged lower by 1.69 percent to Rs 819 per 10 Kg on monthly average basis.

On the currency front, Indian rupee against USD closed at 65.92, up 9.15 percent as compared to the previous month which makes imported edible oils costlier. We expect edible oil complex to trade sideways to slightly weak tone in the coming days in expectation of good veg. oil supplies in the medium term on hopes of higher oilseed production. However, weak Indian rupee and weather concern over US Midwest may limit excessive gains.

International Veg. Oil Market Summary

CBOT soy oil (Oct) is expected to stay in the range of 41.90 cents/lb to 43.80 cents/lb. CPO at BMD (Oct) is likely to trade sideways and stay in the range of 2250-2480 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.

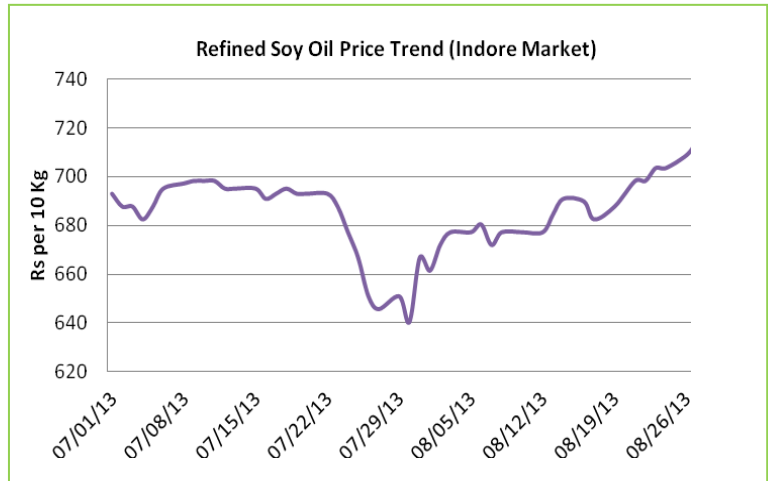
Exports of Malaysian palm oil products in August rose 6.5 percent to 1,498,755 tonnes from 1,406,935 tonnes shipped during July, cargo surveyor Intertek Testing Services

Rains forecast over US Midwest in the coming weeks may support crop yield prospects and likely to curb gains in the soybean and oil prices in the days ahead. US soybean yields and demand from top buyers would be the key factors to be watch in the coming days.

Better buying from top palm oil buyers, i.e. Europe, China and weather concern over key US soybean areas may support the palm oil at BMD for short term. However, 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 the second half of 2013.

Soy oil: Domestic Market Fundamentals

- Ref. soy oil prices featured firm tone during the month in review owing to depreciating Indian rupee against US dollar and crop loss concern over key soybean growing areas of MP and Rajasthan.
- On the supply side, sown area for Kharif Soybean stood at 121.72 lakh hectares as on 29 Aug. However, soybean sowing was 106.83 lakh ha in the corresponding period last year. Higher area covered in Madhya Pradesh, Maharashtra and Rajasthan compared to last year. Last year India's total soybean acreage was 107.03 lakh Ha.
- According to data released by SEA of India, India's vegetable oil imports in July stood at 889,493 tons, down 6.1 percent from the previous month. India imported 874,703 tons of edible oils and 14,790 tons of non-edible oils last month.
- Base import price on crude soybean oil increased to US \$ 951 per tons from US \$ 928 per tons. As per sources new soybean crop arrivals noticed in some areas of Maharashtra and new crop arrivals from Rajasthan and MP likely to hit market in the coming 10-15 days.
- 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, weak Indian rupee may limit excessive gains.



International Market Fundamentals

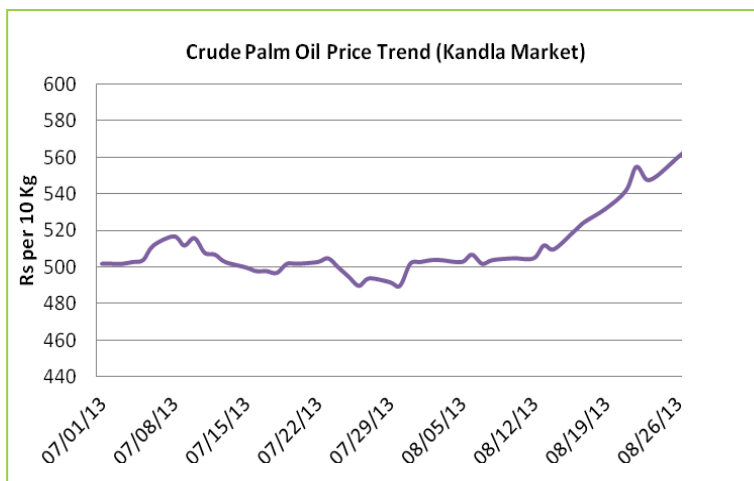
- As per the latest crop progress report released by USDA, the soybean crop condition declined in 14 of the top 18 producing states. 58 percent of the crop was rated at Good to Excellent condition, down from 62 percent in the previous week. Soybean blooming was reported at 96 per cent, up 4 per cent from last week but lower than 5-year average of 98 percent. Soybeans setting pods was reported at 84 percent which was up by 12 percent from previous week but lower than 5 year average of 90 percent.
- On the supply side, USDA pegged the 2013/14 ending stocks at 220 million bushels from the July estimate of 295 million and from trade estimates at 263 million. Planted acreage was estimated at 77.2 million acres vs. 77.7 million in July and the national average yield was pegged at just 42.6 bushels per acre vs. 44.5 in July.
- Rains forecast over US Midwest in the coming weeks may support crop yield prospects and likely to curb gains in the soybean and oil prices in the days ahead. US soybean yields and demand from top buyers would be the key factors to be watch in the coming days.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 680-710 per 10 Kg.

Palm oil:

Domestic Market Fundamentals

- CPO Kandla 5% prices featured firm tone in August owing to weak Indian rupee against US dollar and dry weather concern over US Midwest.
- Indian Government has revised tariff value on crude palm oil to US \$ 833, increased by US \$25 per tons in line with global prices and also increased base import price on refined palmolein by \$25 per tons to US \$ 882 per tons.
- Edible oils stocks as on 1 August, 2013 at various ports estimated at 610,000 tons (CPO 230,000 tons, RBD Palmolein 180,000 tons, Degummed Soybean Oil 140,000 tons, Crude Sunflower Oil 60,000 tons) and about 1,380,000 tons in pipelines. Total stock, both at ports and pipelines is 1,990,000 tons compared to 2,060,000 tons in previous month – SEA Of India.
- On the demand side, palm oil demand at major cash markets were need based, market participants remain reluctant to take higher position due to fluctuation in the Indian rupee against US dollar.
- 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.



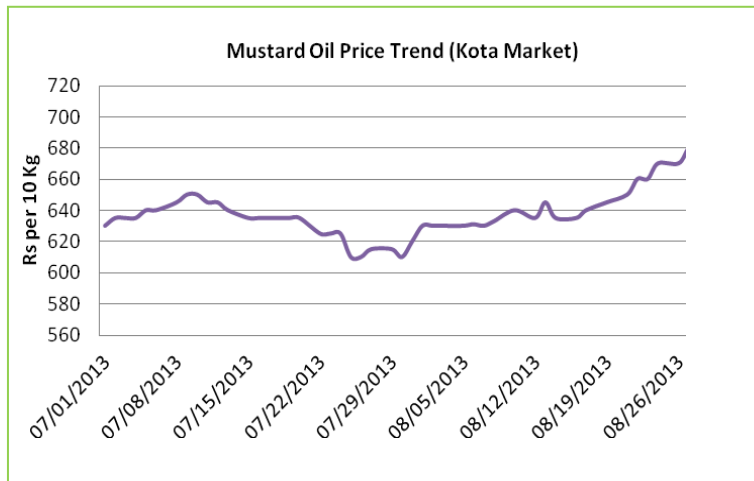
International Market Fundamentals

- Exports of Malaysian palm oil products in August rose 6.5 percent to 1,498,755 tonnes from 1,406,935 tonnes shipped during July, cargo surveyor Intertek Testing Services. Better buying witnessed from top palm oil buyers i.e. China and European countries.
- As per Reuter's survey, Malaysia's August palm oil stocks likely grew to 1.73 million tons, up 4 percent from previous month. Moreover, survey depicts that production may surge by 5 percent from a month ago to 1.76 million tons. MPOB's report will be released on September 10.
- On the supply side, palm oil inventories rose 1.0 percent in July to 1.66 million tons, the first rise since December as production of the oil surged by 18.21 percent to 1.67 million tons in July. Exports rose 0.53 percent to 1.42 million tons in July from a month ago - Malaysian Palm Oil Board (MPOB).
- Indonesia has cut its export tax for crude palm oil to 9 percent for September down from 10.5 percent in August - Ministry.
- Better buying from top palm oil buyers, i.e. Europe, China and weather concern over key US soybean areas may support the palm oil at BMD for short term. However, 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 the second half of 2013.

Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 530-570 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

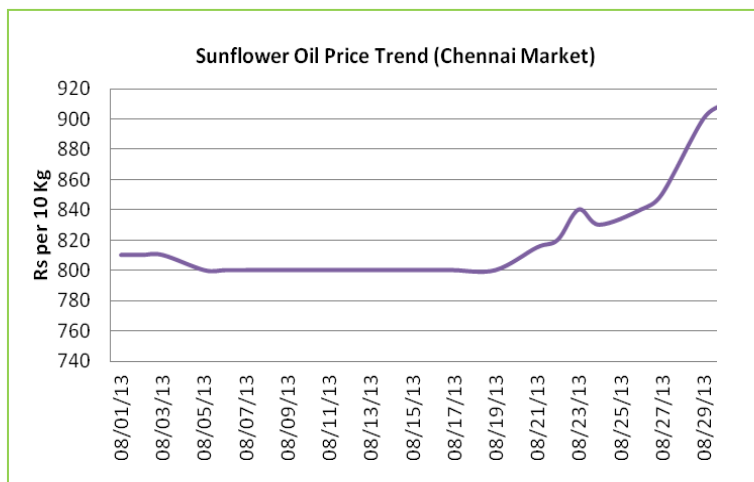
- Rapeseed oil featured sideways to firm movement during the month of August due to bullish edible oil complex and better buying during the festivities.
- Bullishness witnessed in the mustard oil prices at major spot market due to gains in the edible oil complex, and supportive international oil and fats market. However, upcoming new kharif crop arrivals in the coming weeks likely to restrict excessive gains.
- On the supply side, 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. 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 slightly weak tone.



Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 640-670 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

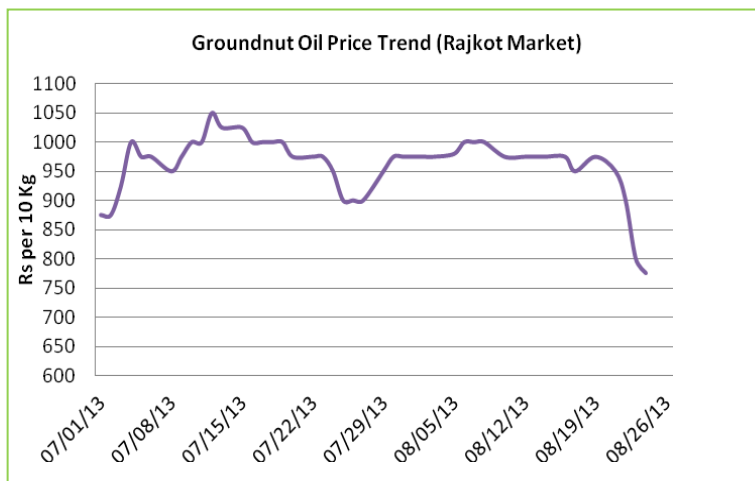
- Sunflower oil featured steady to firm tone during the month of August on account of weak Indian rupee against US dollar and bullish cues from international sunflower oil market.
- Planting of sunflower seed in the current season has progressed to 2.23 lakh hectares as of Aug 29, compared with 1.97 lakh hectares in the same period a year earlier. Higher sowing witnessed in states of Karnataka and Maharashtra due to better rainfall. Karnataka and Maharashtra covers 95 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 741,703 tons in the current oil year 2012-13 until July and were thus lower than the 900,281 tons imports against same period last year. However, imports were lower on m-o-m basis in July at 62,300 tons compared with 101,480 tons in June. We expect sunflower oil prices may trade with steady note in the near term.
- We expect sunflower oil prices may trade range bound in the coming month.



Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 870-910 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

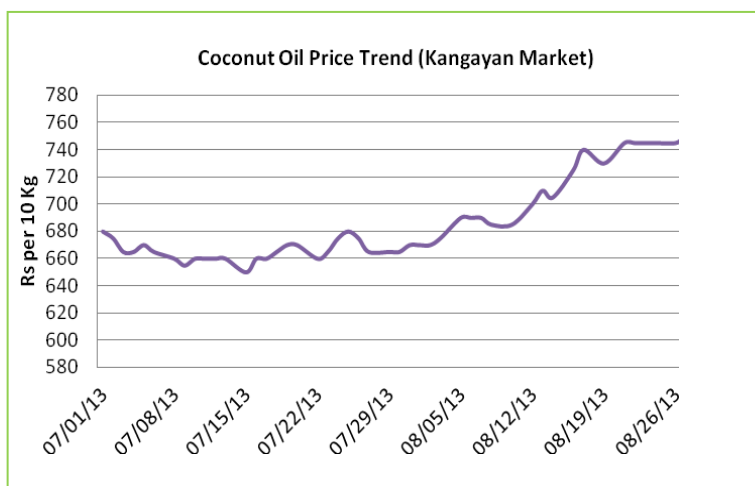
- Groundnut oil witnessed weak tone during the month of August owing to higher groundnut area coverage in Gujarat thanks to good rainfall, and adequate supplies in the cash market.
- As per the latest report of Ministry of Agriculture, sown area for Kharif groundnut stood at 41.71 lakh hectares as on 29 Aug 2013. However, groundnut sowing was 37.02 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, crop conditions are good over key groundnut producing regions of Gujarat and Rajasthan. Lower groundnut oil quotes offered by stockists may favor bulls for short term. While, on hopes of higher groundnut seed production in the current year may curb excessive gains.
- 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 tone in the coming month.



Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 820-950 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured steady to firm tone during the month of August tracking bullish cues from international palm oil market, better buying from corporate buyers amid weak copra arrivals.
- Coconut oil (Erode basis) prices quoted higher to Rs 716 per 10 Kg on monthly averages; down 7.6 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. While; gains in the competing palm kernel oil prices, corporate buying and weak Indian rupee may support the bulls for short term.
- We expect coconut oil prices may trade range bound in the coming month.



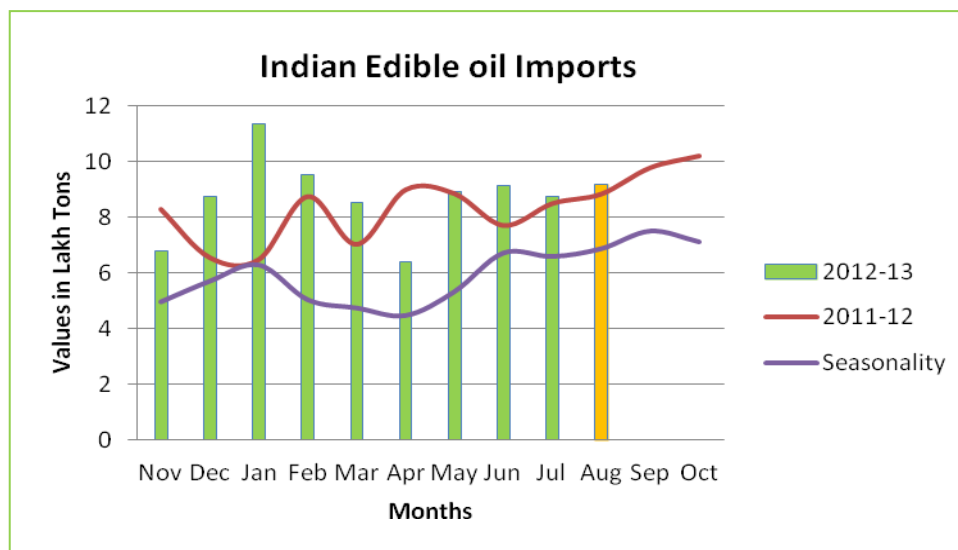
Price Outlook: We expect coconut oil (Erode) to trade in the price band of 710-760 per 10 Kg.

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

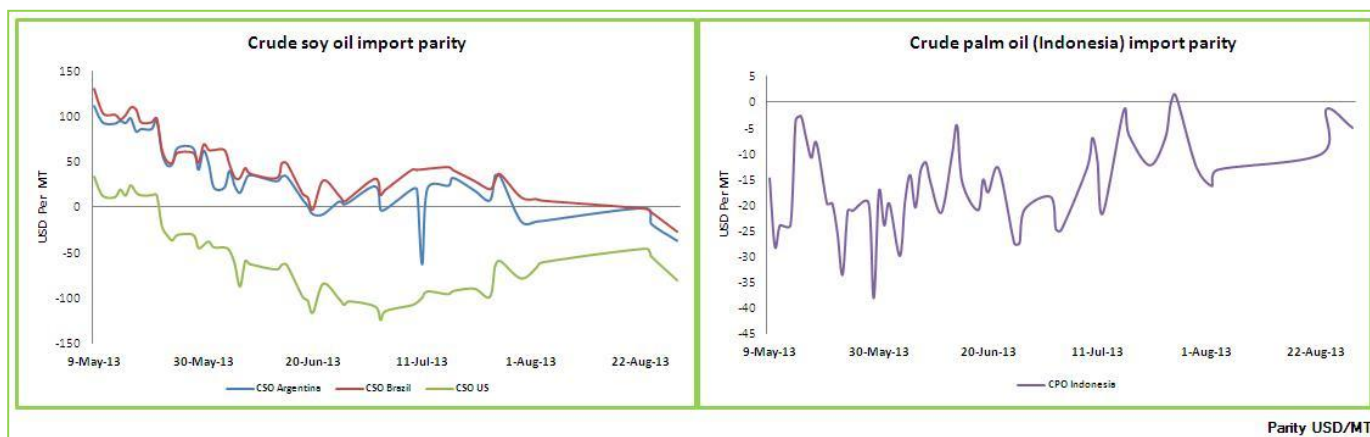
Net edible oil output would likely be 8.20 Million MT in 2012/13 on the back of higher soybean and mustard seed production in the current oil year. An increment of 22 percent gains in mustard oil production and 4.7 percent in soybean oil witnessed in the current oil year. On import front, edible oil 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 August 2013 projection –:


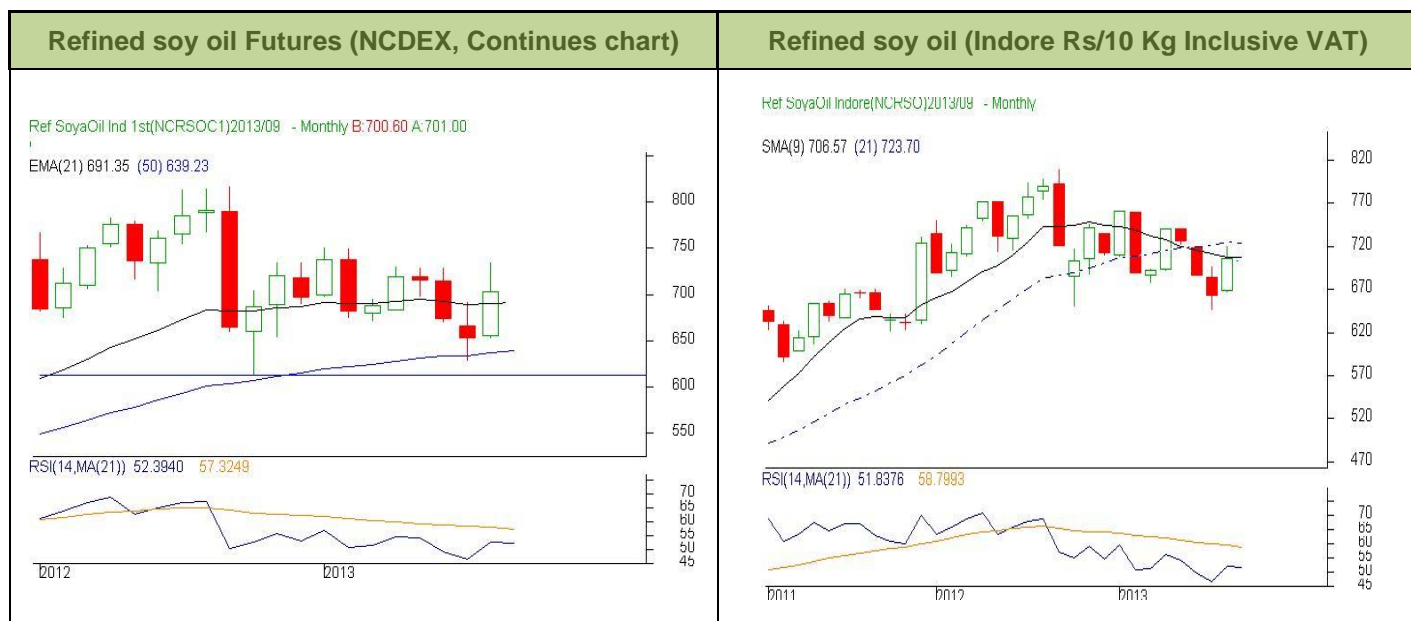
As per Solvent Extractors' Association of India, India imported 7.81 million tons of edible oils in the 2013 oil year (Nov.-Oct) until July. However, edible oils imports were 7.10 million tons in the corresponding period last year. We expect Indian edible oils imports for the month of August is likely to rise by 4-6 percent.

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

Landed Cost Calculation as on 29/8/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	901.36	901.7	960.32	780
Freight (USD/MT)	75	65	60	40.0
C & F	976.4	966.7	1020.3	820.0
Weight loss (0.25% of FOB)	2.25	2.25	2.40	1.95
Finance charges (0.4% on CNF)	3.91	3.87	4.08	3.28
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	985	976	1030	828
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	67.7	67.7	67.7	67.7
Landed cost without customs duty in INR per ton	66715	66056	69722	56035
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1020	1020	1020	854
Fixed exchange rate by customs department	61.90	61.90	61.90	61.90
Duty component in INR per ton	1578.45	1578.45	1578.45	1321.57
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	68966	68308	71973	58029
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	66500	66500	66500	57700
Total landed cost USD per ton	1019	1009	1063	857
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	982	982	982	852
Parity INR/MT (Domestic - Landed)	-2466	-1808	-5473	-329
Parity USD/MT (Domestic - Landed)	-36.43	-26.70	-80.84	-4.86
Source: Agriwatch/ Reuters				


Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory due to lower domestic prices as compared to the international prices. We expect import parity to be in the negative side in the coming week.

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 (Oct. contract) on rise.

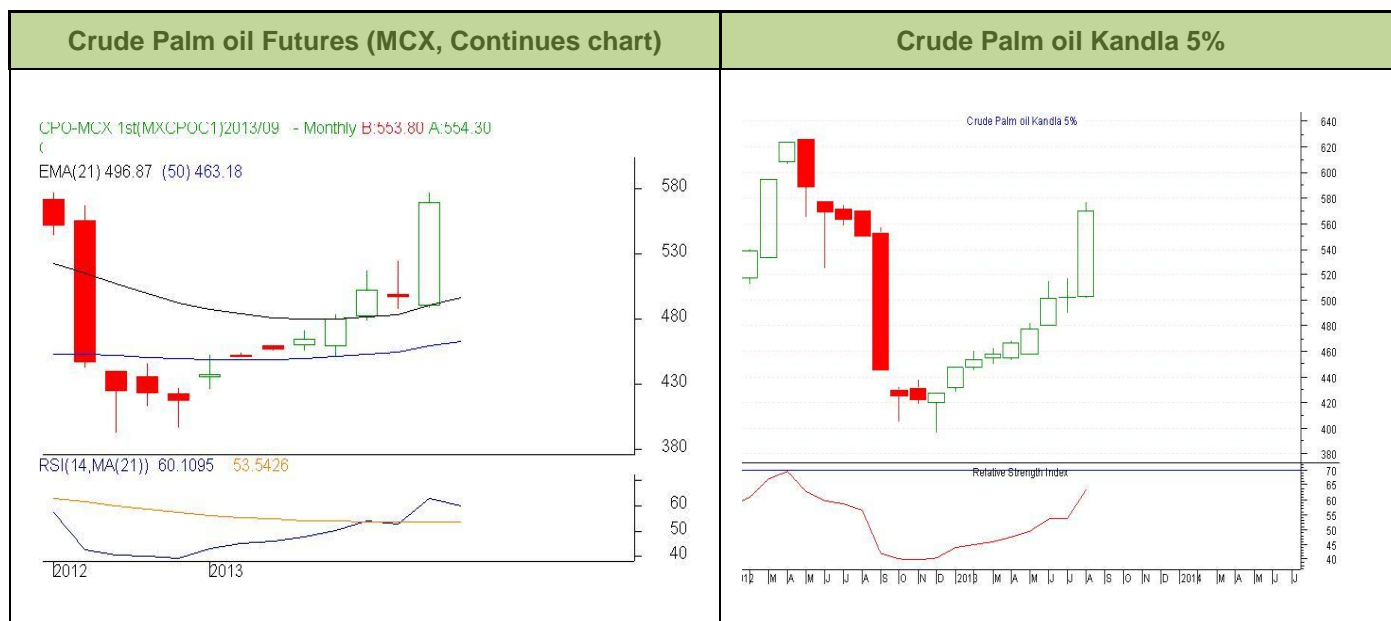
- ❖ Monthly chart of refined soy oil at NCDEX featured firmness. We expect range bound movement to slightly weak tone in the coming days.
- ❖ Any close above 714.50 in monthly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next month is 660-698 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 698 for a target of 665 and 660 with a stop loss at 714.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
650.00	657.00	681.75	712.00	720.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 680-710 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 Oct contract.

- ❖ Candlestick Monthly chart of crude palm oil at MCX depicts gains. We expect prices may consolidate in near term.
- ❖ Any close above 563.50 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 554 for a target of 535 and 530 with a stop loss at 563.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
520.00	525.00	542.50	570.00	581.00

Spot Market outlook: Crude palm oil 5% is likely to trade sideways tone in the coming month. The prices are likely to stay in the range of 530-570 per 10 Kg.

Monthly spot price comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		8/31/2013	7/31/2013	
Refined Soybean Oil	Kota(Loose)	680	620	60
	Rajkot (Loose)	NA	610	-
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	730	660	70
	Kakinada	NA	NA	-
	Mumbai +VAT	680	628	52
	Indore	677	635	42
	Soy Degum Mumbai+VAT	655	580	75
	SoyDegum Kandla/Mundra+VAT	648	580	68
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	721	661	60
	Amrawati (Loose)	721	661	60
	Jalna	716	661	55
	Nagpur	721	661	60
Palm Oil	Chennai.RBD.Palmolein.(Loose)	630	535	95
	Hyd. RBD Palmolein VAT	605	510	95
	Delhi RBD Palmolein (Loose)	660	568	92
	Kandla CPO (5%FFA)	560	502	58
	Kakinada.RBD.Palmolein(Loose)	601	526	75
	Mumbai RBD Pamolein+ VAT	600	530	70
	Kandla RBD Palmolein +VAT	600	530	70
Refined Sunflower Oil	Mumbai + VAT	830	800	30
	Kandla/Mundra	750	710	40
	Erode (Exp. Oil)+VAT	885	795	90
	Hyderabad Exp +VAT	801	751	50
	Chennai (Loose)	910	810	100
	Bellary (Exp. Oil)+VAT	736	738	-2
	Latur (Exp. Oil)+VAT	746	736	10
	Chellakere (Exp. Oil)+VAT	771	721	50
Groundnut Oil	Rajkot (Loose)	NA	975	-
	Chennai (Loose)	810	800	10
	Delhi (Loose)	800	800	Unch
	Hyderabad Exp +VAT	878	862	16

	Mumbai + VAT	860	970	-110
	Gondal+VAT	800	NA	-
	Jamnagar +VAT	800	NA	-
	Narsarropeth+VAT	720	751	-31
	Prodattour+VAT	776	781	-5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	708	645	63
	Alwar (Expeller Oil)(Loose)	686	633	53
	Kota (Expeller Oil) (Loose)	680	620	60
	Jaipur (Expeller Oil) (Loose)	698	648	50
	Delhi (Exp. Oil) (Loose)	710	665	45
	SriGangaNagar(ExpOil-Loose)	681	636	45
	Hapur+VAT	673	675	-2
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	735	680	55
Refined Cottonseed Oil	Mumbai +VAT	685	635	50
	Rajkot (Loose)	NA	635	-
	Delhi (Loose)	640	615	25
	Hyderabad (Loose)	600	600	Unch
Coconut Oil	Kangayan (Crude)	760	670	90
	Cochin	750	700	50
	Trissur	790	685	105
Sesame Oil	Delhi	900	910	-10
	Mumbai	915	930	-15
Kardi	Mumbai	1050	1000	50
Rice Bran Oil (40%)	Delhi	NA	480	-
Rice Bran Oil (4%)	Punjab	520	485	35
Malaysia Palmolein USD/MT	FOB (September Shipment)	793	750	43
	CNF (September Shipment) India	815	800	15
Indonesia/Malaysia CPO USD/MT	FOB (October Shipment)	765	730	35
	CNF (September Shipment) India	805	795	10
Argentina FOB (\$/MT)		8/30/2013	7/31/2013	Change
Crude Soybean Oil Ship		898	840	58
Refined Soy Oil (Bulk) Ship		929	869	60
Sunflower Oil Ship		NA	NA	-



Cottonseed Oil Ship	878	820	58
Refined Linseed Oil (Bulk) Ship	NA	NA	-

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