



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. Coconut, palm, sunflower and mustard featured gains. While, soy and groundnut oil quoted lower on m-o-m basis.

Groundnut oil (Rajkot based) was the top loser among the edible oil basket owing to higher groundnut area coverage in Gujarat thanks to good rainfall, and adequate supplies in the cash market. While, coconut oil (Kangayan Based) was the best performer during September due to weak copra arrivals and lean season.

Coconut oil (Kangayan based) prices quoted lower to Rs 811 per 10 Kg monthly average; up 13.0 percent from last month. While, groundnut oil (Rajkot Based) prices edged lower by 12.5 percent to Rs 832 per 10 Kg on monthly average basis.

On the currency front, Indian rupee against USD closed at 62.6, up 5.04 percent as compared to the previous month which makes imported edible oils cheaper.

We expect edible oil complex to trade sideways to slightly firm tone in the coming days in expectation of better buying ahead of festivities and soybean crop loss in Madhya Pradesh. However, better domestic as well as in international veg. oil supplies forecast for the current year may limit excessive gains. Factors to watch in the coming days will be on import duty structure of crude oils and Indian rupee against US dollar.

International Veg. Oil Market Summary

CBOT soy oil (Dec) is expected to stay in the range of 39.00 cents/lb to 43.50 cents/lb. CPO at BMD (Nov) 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 US soybean production estimates.

Exports of Malaysian palm oil products in September rose 2.1 percent to 1,530,292 tons from 1,498,755 tons shipped in August - cargo surveyor Intertek Testing Services.

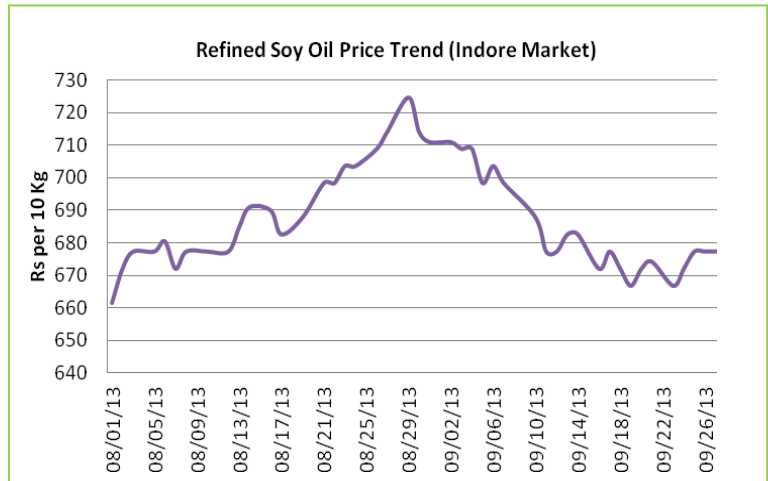
On the international front, talk of better soybean yield over key soy producing regions of US rains and new US soybean crop arrivals likely to curb bulls in the soybean and oil prices in the days ahead. However, market participants eye on the upcoming USDA's WASDE report and US soybean yields estimates for the current crop year.

Seasonally high palm oil yield phase in South East Asian countries 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. However, good demand from top palm oil buyers, i.e. India, China may limit losses in the palm oil prices at BMD.

Soy oil:

Domestic Market Fundamentals

- Ref. soy oil prices featured weak tone during the month in review owing to better soybean production estimates for 2013/14 MY and appreciating Indian rupee against US dollar. While, crop loss concern over key soybean growing areas of MP and Rajasthan limit downside.
- As per Agriwatch estimates, average yield to soybean in India would be around 1107 kg/Hectare. As on 3 Oct. 2013, soybean seed sowing area was reported at 122.20 lakh hectares. Considering the above factors soybean production for 2013-14 is projected at 135.2 lakh tons which are higher than last year production estimates of 125 lakh tons. Soy oil output for 2013/14 oil year seen at 22.49 lakh tons, up 7.9 percent from the previous oil year.
- As per India's Farm Minister, kharif oilseeds output is seen at 23.93 million tons in the 2013/14 crop year owing to higher soybean output and has been estimated at 15.68 million tons, up 6.8 percent from a year earlier. While, Adani Wilmar pegged soybean output at 13.5-14 million tons.
- Indian government has extended by one year the limit up to which traders can stock oilseeds and vegetable oils to help curb rising food prices. The federal cabinet approved the decision, which will help the state governments to check hoarding. Import tariff value on crude soybean oil sets at \$966 per tons, up \$3 per tons from previous base import price.
- As per sources, quality of seed is low compared to the last year and having high moisture content. Moreover, rains over key soybean growing regions of Madhya Pradesh disrupt harvesting which may delay arrivals in the cash market. Base import price on crude soybean oil increased to US \$ 951 per tons from US \$ 928 per tons.
- We expect soy oil may trade with a range bound to slightly firm tone in expectation of better buying ahead of festivities. While, bumper soybean crop in the current Kharif season may cap excessive gains.



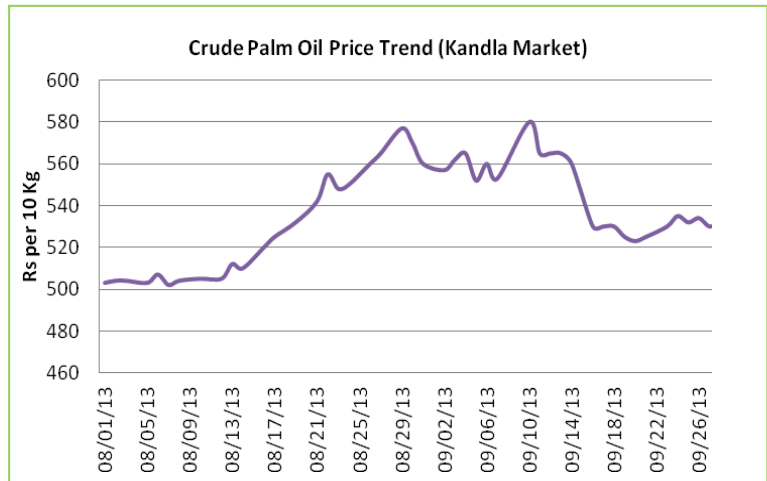
International Market Fundamentals

- As per USDA, soybean harvesting in the US was reported as 3 percent was completed. This was behind the five-year average of 9 per cent.
- As per latest release by Abiove, the Brazilian soybean crushing from Feb '13 till July '13 was seen at 19.3 million tons, down 7 percent from last year. Abiove had also raised its soybean export estimate to 40.5 million tons from the 39 million it forecast in June.
- As per the General Administration of Customs of China, China imported 6.37 million tons of soybeans in August 2013, down 11.5 percent from 7.20 million tons in July 2013.
- On the international front, talk of better soybean yield over key soy producing regions of US rains and new US soybean crop arrivals likely to curb bulls in the soybean and oil prices in the days ahead. However, market participants eye on the upcoming USDA's WASDE report and US soybean yields estimates for the current crop year.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 678-708 per 10 Kg.

Palm oil:
Domestic Market Fundamentals

- CPO Kandla 5% prices featured correction at higher quotes due to need based demand and seasonally higher palm oil production phase in the South East Asian countries.
- At the import front, IBIS figures revealed that Indian buyers imported 4.24 lakh tons of crude palm oil, 4.01 lakh tons of RBD palmolein and 0.3 lakh tons of crude palm kernel oil in the month of September. On the supply side, Indian buyers imported 48.2 lakh tons of crude palm oil in the current oil year until August, which is 7.1 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were also higher at 19.01 lakh tons during Nov'12-Aug'13 as compared to the same period of a last year.
- As per Dorab Mistry, palm oil imports for 2013/14 oil year seen at 8.3 million tons, against 8.35 million tons in 2012/13 as local buyers may turn to soy oil and sunflower oil to supply domestic refiners.
- Palm oil demand at major cash markets was normal. However, rebound in the Indian rupee, rising Malaysian palm oil inventories and on hopes of good world, soybean production may hurt the market sentiments.
- The Indian Government has sets new base import price on crude palm oil to US \$ 809, decreased by US \$18 per tons in line with global prices and hiked base import price on refined palmolein by \$3 per tons to US \$ 886 per tons.
- 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

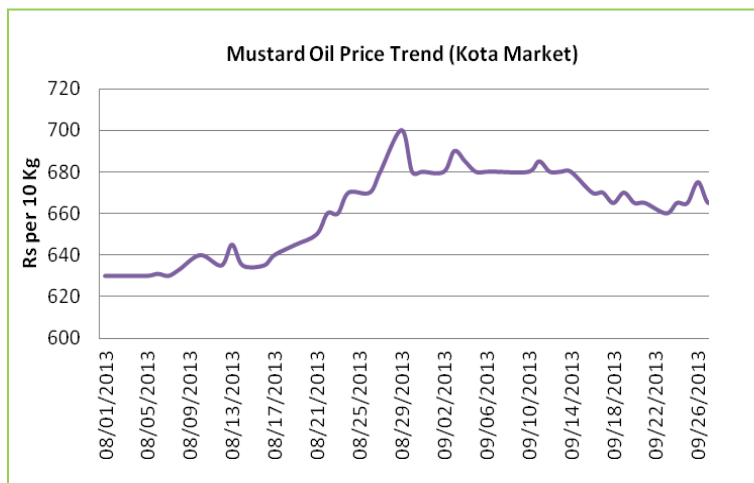
- Exports of Malaysian palm oil products in September rose 2.1 percent to 1,530,292 tons from 1,498,755 tons shipped in August - cargo surveyor Intertek Testing Services.
- Crude palm oil prices are likely to fall to 2,100-2,150 ringgit per tons in the fourth quarter of 2013 due to higher production in Indonesia and Malaysia offsetting higher demand from the bio-fuel sector – Mielke.
- Indonesia's August exports of crude palm oil and its derivatives slipped 7 percent to 1.48 million tons compared with the previous month.
- As per data released by the Malaysian Palm Oil Board (MPOB), palm oil inventories rose 0.11 percent in August to 1.665 million tons, the consecutive rise in stockpiles noticed as production of the oil surged by 3.64 percent to 1.73 million tons in August. Exports rose 7.8 percent to 1.52 million tons in August from a month ago.
- Seasonally high palm oil yield phase in South East Asian countries 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. However, good demand from top palm oil buyers, i.e. India, China may limit losses in the palm oil prices at BMD.

Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 500-535 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- Rapeseed oil featured sideways movement during the month of September on hopes of better kharif oilseeds production estimates and need based demand in oil complex.
- On the supply side, As per the Fourth advance estimates of production released by Ministry of agriculture, 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. Meanwhile, the government target mustard seed production forecast for 2013/14 sets at 7.49 million tons.
- As per sources, need based demand in the mustard oil, good supplies in cash market amid higher Kharif oilseed supply likely to pressurize the mustard oil prices in the near term.
- We expect RM seed oil prices may trade range bound.



International Front

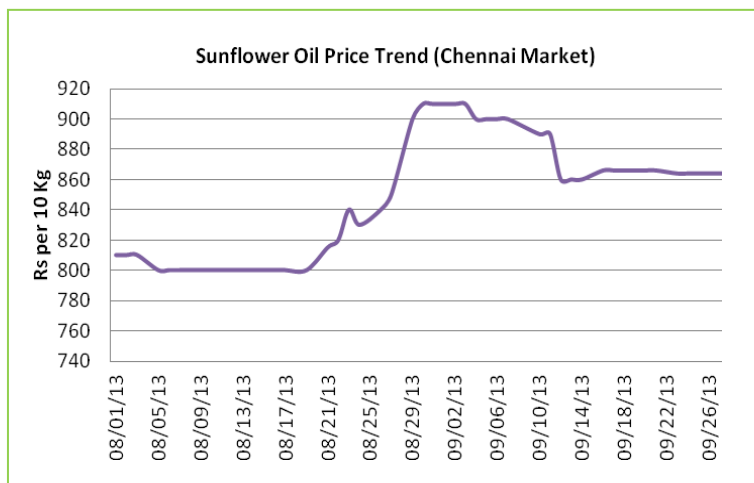
- As per Chinese government authorities, China has allowed the crushers to import rapeseed from Russia to meet increasing demand. China's rapeseed imports in June-May 2013-14 are likely to reach 3.59 million tons, up 54 per cent from 2012/13.

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

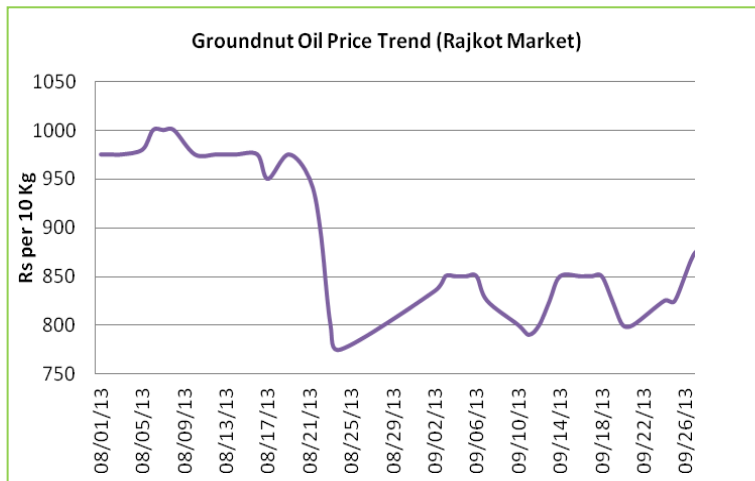
- Sunflower oil featured range bound to slightly firm tone during the month of September due to supportive domestic fundamentals.
- As per the first advance estimates of Production of Oilseeds for 2013-14, kharif sunflower seed output is seen at 0.126 million tons in the 2013/14. However, last year sunflower production was 0.151 million tons.
- At import front, IBIS data revealed that India imported 0.60 lakh tons of crude sunflower oil majorly from Ukraine in the month of September. While, SEA of India reports that crude sunflower oil imports by India reached 804,893 tons in the current oil year 2012-13 until August and were thus lower than the 969,181 tons imports against same period last year. However, imports were higher on m-o-m basis in August at 63,101 tons compared with 62,300 tons in July.
- 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 820-880 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

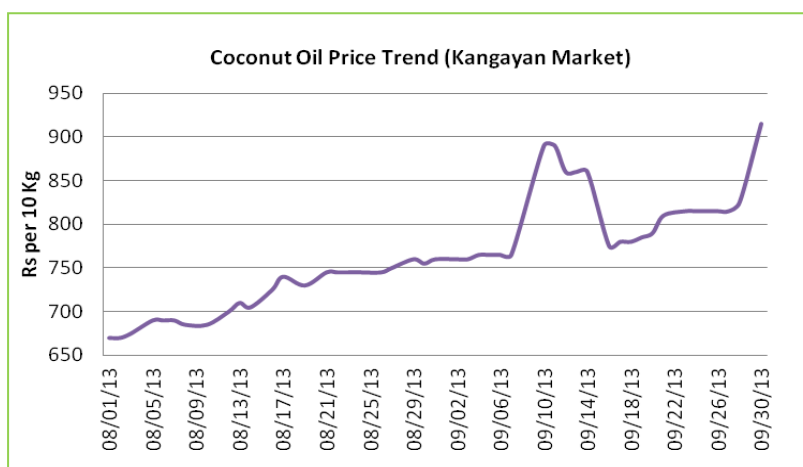
- Groundnut oil witnessed weak tone during the month of September owing to higher groundnut area coverage in Gujarat thanks to good rainfall, and adequate supplies in the cash market.
- As per the first advance estimates of Production of Oilseeds for 2013-14, kharif oilseeds output is seen at 23.93 million tons in the 2013/14 crop year owing to higher oilseed acreage and groundnut production has been estimated at 5.569 million tons, up 2.46 million tons from a year earlier.
- As per the latest report of Ministry of Agriculture, sown area for Kharif groundnut stood at 42.97 lakh hectares as on 12 Sep. 2013. However, groundnut sowing was 37.97 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. Moreover, new crop arrivals registered in the market of Rajasthan and Gujarat. However, better buying could witness at lower quotes.
- 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 830-950 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured quoted steady to firm tone at its benchmark market Erode during the week owing to weak copra arrivals and better buying from corporate.
- Coconut oil prices are likely to remain range bound to firm tone in the coming days due to lean copra season, lower arrivals and ahead of festivities in the month of October. While, forecasts for ample domestic as well as global vegetable oil supplies may limit excessive gains.
- We expect coconut oil prices may trade range bound to firm bias in the coming month.



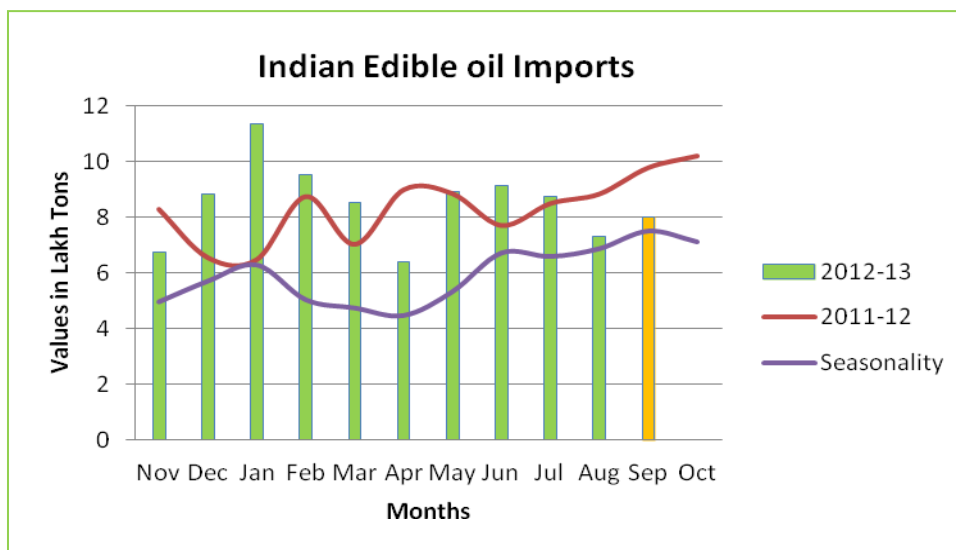
Price Outlook: We expect coconut oil (Erode) to trade in the price band of 875-935 per 10 Kg.

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

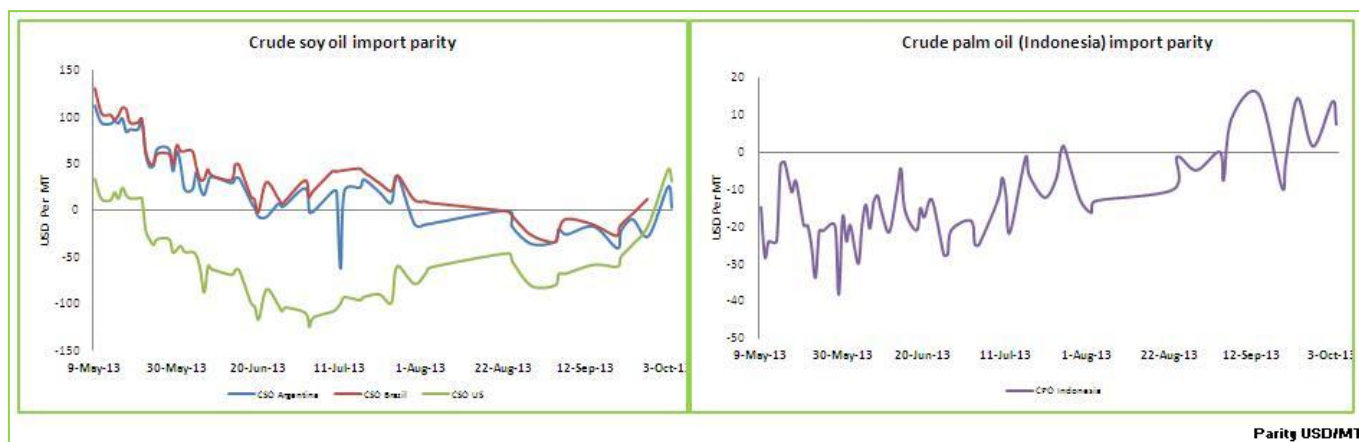
Net edible oil output would likely be 8.20 Million MT in 2012/13 on the back of higher soybean and mustard seed production in the current oil year. An increment of 22 percent gains in mustard oil production and 4.7 percent in soybean oil witnessed in the current oil year. On import front, edible oil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


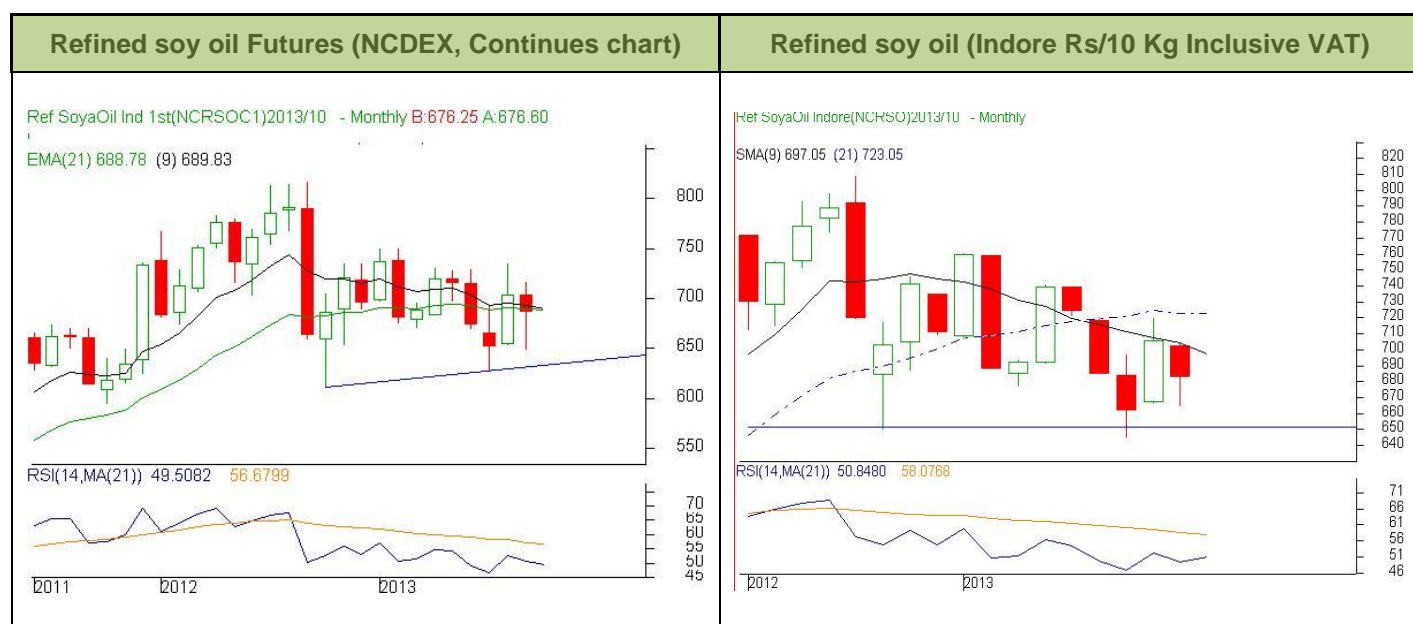
As per Solvent Extractors' Association of India, India imported 8.54 million tons of edible oils in the 2013 oil year (Nov.-Oct) until August. However, edible oils imports were 7.98 million tons in the corresponding period last year. We expect Indian edible oils imports for the month of September is likely to rise by 10-12 percent.

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

Landed Cost Calculation as on 04/10/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	887	NA	874	755
Freight (USD/MT)	75	65	60	45.0
C & F	962.0	65.0	934.0	800.0
Weight loss (0.25% of FOB)	2.22	-	2.19	1.89
Finance charges (0.4% on CNF)	3.85	0.26	3.74	3.20
Insurance (0.3% of C&F)	3	0	3	2
CIF (Indian Port - Kandla)	971	-	943	807
CVD	0	0	0	0
Duty USD per ton	24.15	24.15	24.15	20.23
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.483	0.483	0.483	0.4045
Exchange rate	61.4	61.4	61.4	61.4
Landed cost without customs duty in INR per ton	59616	-	57883	49580
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	966	966	966	809
Fixed exchange rate by customs department	63.80	63.80	63.80	63.80
Duty component in INR per ton	1540.77	1540.77	1540.77	1290.36
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61830	-	60097	51543
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62000	62000	62000	52000
Total landed cost USD per ton	1007	-	979	839
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1010	1010	1010	847
Parity INR/MT (Domestic - Landed)	170	-	1903	457
Parity USD/MT (Domestic - Landed)	2.77	-	30.99	7.44
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 days.

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 (Nov. contract).

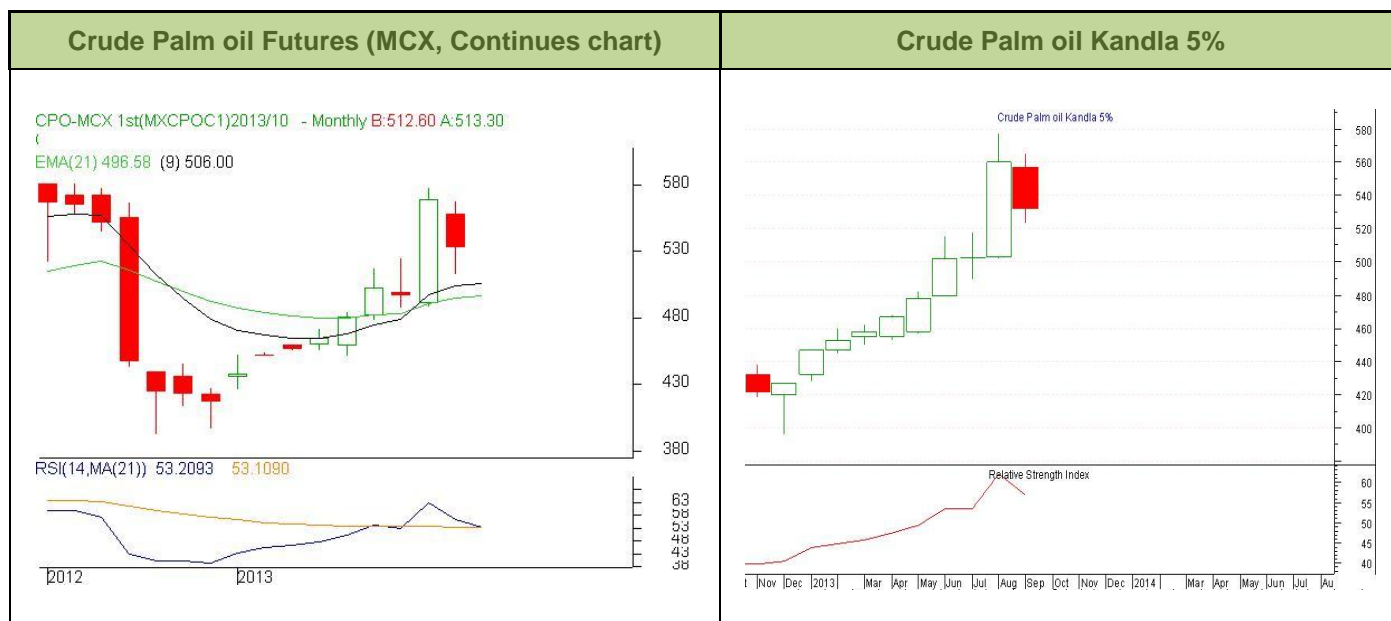
- ❖ Monthly chart of refined soy oil at NCDEX featured firmness. We expect range bound movement to firm tone in the coming days.
- ❖ Any close below 642 in monthly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next month is 660-698 level in 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 long in RSO above 660 for a target of 692 and 698 with a stop loss at 642 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
630.00	640.00	681.05	708.00	721.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 678-708 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)


Outlook - Prices may trade with a weak tone in the coming days. Investors are advised to sell MCX CPO Nov. contract.

- ❖ Candlestick Monthly chart of crude palm oil at MCX depicts losses. We expect prices may consolidate in near term.
- ❖ Any close above 533 in monthly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next month is 515-480 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 515 for a target of 485 and 480 with a stop loss at 533 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
470.00	480.00	521.20	535.00	544.00

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 500-535 per 10 Kg.

Monthly spot price comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		9/30/2013	8/31/2013	
Refined Soybean Oil	Kota(Loose)	650	680	-30
	Rajkot (Loose)	645	NA	-
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	700	730	-30
	Kakinada	NA	NA	-
	Mumbai +VAT	660	680	-20
	Indore	645	677	-32
	Soy Degum Mumbai+VAT	620	655	-35
	SoyDegum Kandla/Mundra+VAT	622	648	-26
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	694	721	-27
	Amrawati (Loose)	694	721	-27
	Jalna	686	716	-30
	Nagpur	694	721	-27
Palm Oil	Chennai.RBD.Palmolein.(Loose)	562	630	-68
	Hyd. RBD Palmolein VAT	550	605	-55
	Delhi RBD Palmolein (Loose)	615	660	-45
	Kandla CPO (5%FFA)	532	560	-28
	Kakinada.RBD.Palmolein(Loose)	561	601	-40
	Mumbai RBD Pamolein+ VAT	563	600	-37
	Kandla RBD Palmolein +VAT	570	600	-30
Refined Sunflower Oil	Mumbai + VAT	790	830	-40
	Kandla/Mundra	740	750	-10
	Erode (Exp. Oil)+VAT	820	885	-65
	Hyderabad Exp +VAT	776	801	-25
	Chennai (Loose)	840	910	-70
	Bellary (Exp. Oil)+VAT	731	736	-5
	Latur (Exp. Oil)+VAT	746	746	Unch
	Chellakere (Exp. Oil)+VAT	726	771	-45
Groundnut Oil	Rajkot (Loose)	825	NA	-
	Chennai (Loose)	780	810	-30
	Delhi (Loose)	760	800	-40



	Hyderabad Exp +VAT	841	878	-37
	Mumbai + VAT	870	860	10
	Gondal+VAT	NA	800	-
	Jamnagar +VAT	NA	800	-
	Narsarropeth+VAT	660	720	-60
	Prodattour+VAT	701	776	-75
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	682	708	-26
	Alwar (Expeller Oil)(Loose)	672	686	-14
	Kota (Expeller Oil) (Loose)	675	680	-5
	Jaipur (Expeller Oil) (Loose)	682	698	-16
	Delhi (Exp. Oil) (Loose)	703	710	-7
	SriGangaNagar(ExpOil-Loose)	671	681	-10
	Hapur+VAT	710	673	37
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	710	735	-25
Refined Cottonseed Oil	Mumbai +VAT	668	685	-17
	Rajkot (Loose)	650	NA	-
	Delhi (Loose)	650	640	10
	Hyderabad (Loose)	620	600	20
Coconut Oil	Kangayan (Crude)	915	760	155
	Cochin	840	750	90
	Trissur	NA	790	-
Sesame Oil	Delhi	860	900	-40
	Mumbai	860	915	-55
Kardi	Mumbai	1000	1050	-50
Rice Bran Oil (40%)	Delhi	510	NA	-
Rice Bran Oil (4%)	Punjab	540	520	20
Malaysia Palmolein USD/MT	FOB (October Shipment)	765	793	-28
	CNF (October Shipment) India	815	815	Unch
Indonesia CPO USD/MT	FOB (November Shipment)	748	765	-17
	CNF (October Shipment) India	805	805	Unch
Argentina FOB (\$/MT)		10/2/2013	9/3/2013	Change
Crude Soybean Oil Ship		NA	898	-
Refined Soy Oil (Bulk) Ship		NA	929	-



Sunflower Oil Ship	NA	NA	-
Cottonseed Oil Ship	NA	878	-
Refined Linseed Oil (Bulk) Ship	NA	NA	-

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