



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

Coconut oil (Kangayan based) was the best performer among the edible oil pack due to weak copra arrivals in the market and good demand during the festivities. While, sunflower oil quoted lower at Chennai market owing to higher sun oil imports and limited buying at higher quotes.

Coconut oil (Kangayan based) prices quoted higher to Rs 1048 per 10 Kg monthly average; up 11 percent from last month. While, sunflower oil (Chennai Based) prices edged lower by 6.2 percent to Rs 760 per 10 Kg on monthly average basis.

On the currency front, Indian rupee against USD closed at 62.43, down 1.51 percent as compared to the previous month.

We expect edible oil complex to trade sideways to slightly firm tone in the coming days in expectation of good demand due to marriage season, and active soybean buying from the oil millers against lower supplies. However, strong Indian rupee and Iranian nuclear deal may limit excessive gains in the edible oil complex.

International Veg. Oil Market Summary

CBOT soy oil (Dec) is expected to stay in the range of 38.90 cents/lb to 43.70 cents/lb. CPO at BMD (Jan) is likely to trade sideways and stay in the range of 2480-2715 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.

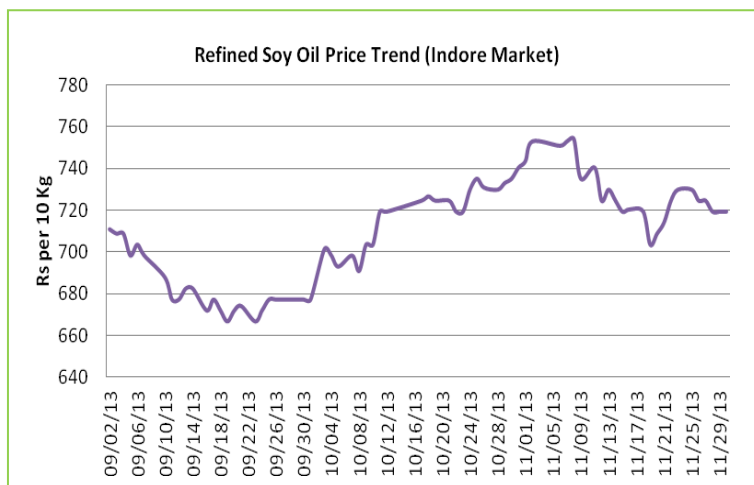
Exports of Malaysian palm oil products for Nov. 1-25 fell 2.3 percent to 1,230,878 tons from 1,259,841 tons shipped during Oct. 1-25 - cargo surveyor Societe Generale de Surveillance.

On the international front, favorable weather conditions over South American soybean growing regions, better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in soy oil prices. However, good demand from china may limit excessive losses in bean and bean oil in the coming days.

Slower pace of palm oil production in South East Asian countries and in expectation of good biofuel demand may support the palm oil prices. However, rising Malaysian palm oil inventories and uncertain palm oil demand as palm oil solidifies in cold may limit excessive gains.

Soy oil:
Domestic Market Fundamentals

- Ref. soy oil prices featured firm tone during the month in review owing to soybean crop loss concern over key soybean growing areas of MP and Rajasthan. While, strong Indian rupee, and Iranian soy meal buyers may switch to South American countries due to Iranian nuclear deal and higher prices of Indian meals comparative to global soy meal prices.
- At the import front, IBIS figures revealed that India imported 0.46 lakh tons of crude soybean degummed oil in Nov 1-24, 2013 majorly from Brazil and Argentina. While Indian buyers imported 1,091,311 tons in the 2012-13 oil year (Nov-Oct). 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. Crude soy oil Argentina basis hovering near to US \$ 45 per tons.
- Upcoming marriage season, winter seasonal demand and active soybean buying from the oil millers against lower supplies may prop up the soy oil prices in the near to medium term. However, talk of Iranian soy meal buyers may switch to Argentinean and Brazilian buyers due to lower quotes and nuclear deal between Iran and global powers.
- As per Agriwatch second estimates, average yield to soybean in India would be around 1,033 kg/Hectare. Soybean seed sowing area was reported at 123.0 lakh hectares. Considering the above factors soybean production for 2013-14 is projected at 127.12 lakh tons which are higher than last year production estimate of 125 lakh tons.
- We expect soy oil may trade with a range bound to slightly firm tone in expectation of better buying.


International Market Fundamentals

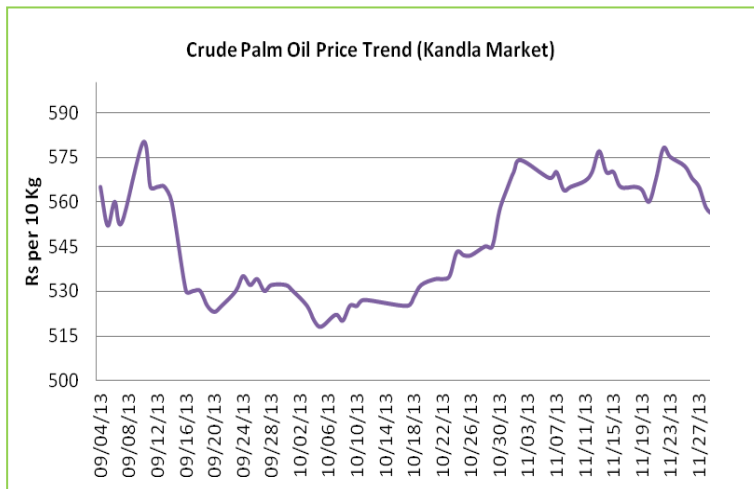
- As per AgRural, soybean sowing in Brazil advanced to 79 percent complete (as on Nov 22), slightly above the 78 percent mark a year earlier but behind the five-year average of 81 percent. Planting is 96 percent complete in top producing state Mato Grosso.
- The Buenos Aires Grain Exchange predicts Argentina's total planted soybean area for the 2014 harvest at 20.45 million ha, up 0.25 million ha from the previous forecast. While, last year Argentinean farmers planted 19.7 million ha of soybean.
- Soybean crush in Argentina totaled to 29.9 million tons in January to October 2013, up 0.8 million tons crushed in the corresponding period of the last year – Oil World.
- As per China's Ministry of Commerce, China is likely to import 5.95 million tons of soybeans in November 2013, up from its previous forecast of 2.97 million tons. Besides, the ministry also revised down its estimate for October soybean imports from 5.21 million tons to 4.53 million tons
- On the international front, favorable weather conditions over South American soybean growing regions, better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in soy oil prices. However, good demand from china may limit excessive losses in bean and bean oil in the coming days.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 685-725 per 10 Kg.

Palm oil:

Domestic Market Fundamentals

- CPO Kandla 5% prices featured range bound movement on positive cues from international palm oil market and good demand at cash market. While, strong Indian rupee limit upside.
- At the import front, IBIS figures revealed that Indian buyers imported 4.95 lakh tons of crude palm oil, 1.54 lakh tons of RBD palmolein, 1.0 lakh tons of crude sunflower oil and 0.19 lakh tons of crude palm kernel oil during 1-24 Nov. 2013 majorly from Indonesia, Malaysia and Thailand. Moreover, Indian buyers imported 58.89 lakh tons of crude palm oil in the 2012-13 oil year(Nov-Oct), which is 1.93 percent lower against corresponding period of last year. Meanwhile, RBD palmolein imports were also higher at 22.2 lakh tons during 2012-13 oil year (Nov-Oct), up 41 percent compared to the last year (SEA of India).
- Edible oils stock as on 1 Nov. 2013 at various ports of India is estimated at 5.2 lakh tons which consist of (CPO 2.6 lakh tons, RBD Palmolein 85,000 tons, soybean degummed Oil 1.1 lakh tons, Crude Sunflower Oil 60,000 tons, Rapeseed Oil 5,000 tons) and 8.8 lakh tons in pipelines (SEA of India).
- Indian Government has revised the tariff value for of crude palm oil to US \$ 914 increased by US \$65 per tons and raised base import price on refined palmolein by \$60 per tons to US \$ 960 per tons.
- We expect domestic palm oil prices may trade range bound to firm tone.



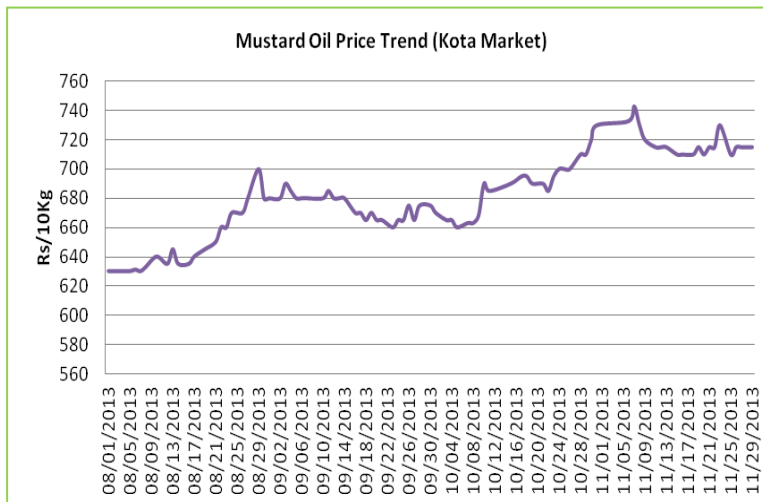
International Market Fundamentals

- BMD witnessed gains on m-o-m basis in expectation of good biofuel demand which may support the palm oil prices in the coming months. Crude palm oil at BMD December contract ended at RM 2,615 per tons, up by 107 points from last month. Exports of Malaysian palm oil products for Nov. 1-25 fell 2.3 percent to 1,230,878 tons from 1,259,841 tons shipped during Oct. 1-25 - cargo surveyor Societe Generale de Surveillance. India imported 274,945 tons of palm oil products during Nov. 1-25 from Malaysia.
- Malaysia--Palm oil will likely advance to 3,000 ringgit (\$929) a metric ton by next March in expectation of 2.5 million tons biodiesel consumption rise in Asia and if Brazil ups its biodiesel mandate. On the palm oil production front, in the current year palm-oil output in Malaysia sets at 19.5 million tons, while Indonesia's output likely to reach 27.5 million tons. In 2014, palm oil output seen in the range of 19.5 million-19.7 million tons in Malaysia - Dorab Mistry.
- As per Indonesian Palm Oil Association (GAPKI), palm oil output in Indonesia seen at 28.5 million tons next year, up 6 percent from 2013. Moreover, global palm oil prices would average between \$850, \$950 due to global economy recovers, and new biodiesel rule.
- As per the Malaysian Palm Oil Board (MPOB) palm oil statistics report, palm oil stocks in October 2013 grew by 3.46 percent to 1,845,312 tons against a revised 1,783,530 tons at the end of September. Palm oil output increased 3.14 percent to 1.97 million tons in October. Moreover, Exports were up 3.3% on m-o-m basis at 1.66 million tons.
- Slower pace of palm oil production in South East Asian countries and in expectation of good biofuel demand may support the palm oil prices. However, rising Malaysian palm oil inventories and uncertain palm oil demand as palm oil solidifies in cold may limit excessive gains.

Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 545-580 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

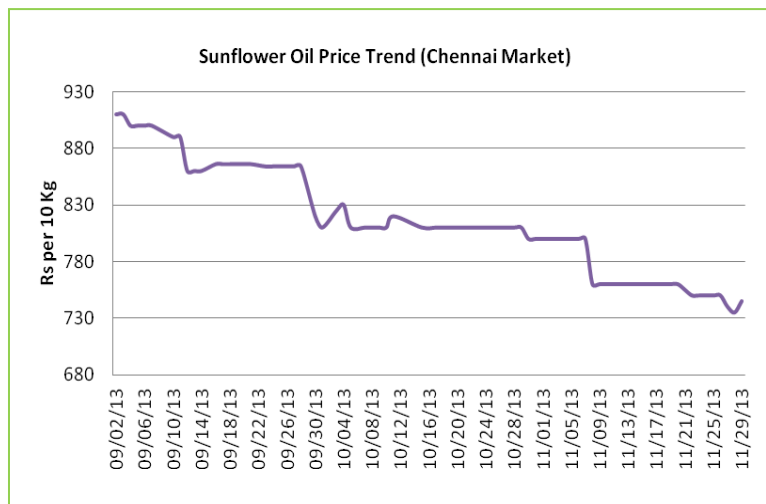
- Rapeseed oil featured sideways movement during the month of November due to gains in the competing soy oil prices. While, the higher sowing reports limit excessive gains.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 60.74 lakh hectares as on 28 Nov. 2013, up 3.58 lakh hectares compared to the corresponding period last year.
- 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 0.42 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, higher mustard seed planting and average demand may support the bears for short term. However, seasonal demand for oils may cap excessive downside. We expect RM seed oil prices may trade range bound.



Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 690-735 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

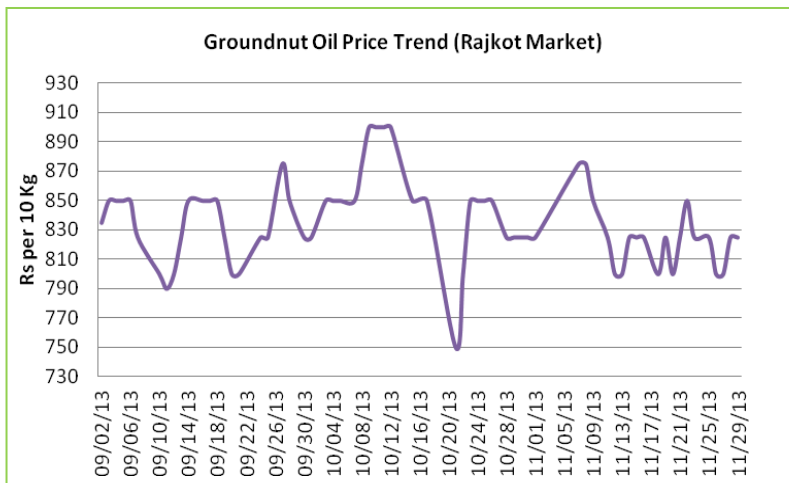
- Sunflower oil featured range bound to weak tone during the month of October and November due to higher sun oil imports and weakness in the international market.
- As per Ministry of Agriculture, sown area for Rabi sunflower seed stood at 2.85 lakh hectares as on 28 Nov. 2013, down 0.54 lakh hectares compared to the corresponding period last year.
- At import front, Indian buyers imported one lakh tons of crude sunflower oil during 1-24 days of November majorly from Ukraine and Argentina. While, SEA of India reports that crude sunflower oil imports by India reached 9.73 lakh tons in the oil year 2012-13 and were thus lower than the 11.34 lakh tons imports against same period last year. However, imports were higher on m-o-m basis in October at 1.19 lakh tons compared with 48,498 tons in September.
- 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 715-755 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

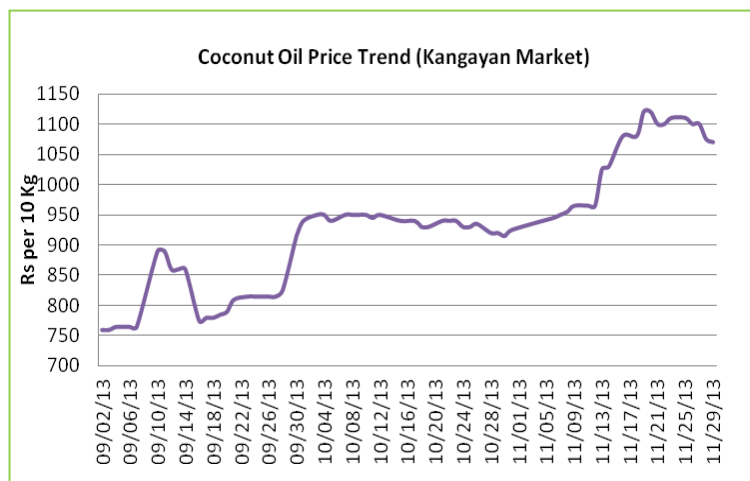
- Groundnut oil witnessed steady tone during the month of November owing to higher groundnut seed production in Gujarat thanks to good rainfall, and ongoing arrival of Kharif crop in the cash market.
- As per sources, average export demand for groundnut seed, good raw material availability for crushing and need-based demand at cash market may pressurize the groundnut oil prices in the near term. However, lower quotes of groundnut oil may support the retail demand in the coming days.
- As per survey conducted by SEA of India, groundnut production could be around 25.95 lakh tons. While, last year groundnut production was seven lakh tons. As per Agriwatch, groundnut oil production for 2013-14 marketing year is projected at six lakh tons which are higher than last year production estimate of 3.28 lakh tons.
- 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 790-870 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured steady to firm tone at its benchmark market Kangayan during the month in review due to lower arrivals of copra, shortage of copra for crushing, good demand during festivities and active buying from stockists
- As per sources, moderate copra supplies, limited buying at higher quotes, and profit booking by stockists likely to support the bears for the short term. However, lean season and coconut crop damage in Philippines may limit excessive losses in the domestic prices.
- We expect coconut oil prices may trade range bound to firm bias in the coming month.



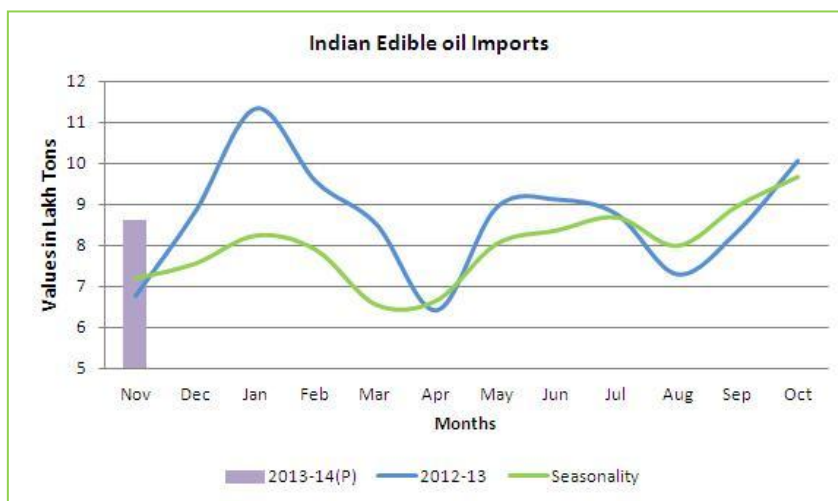
Price Outlook: We expect coconut oil (Erode) to trade in the price band of 1020-1125 per 10 Kg.

Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2011-12	2012-13	2013-2014	% Change
Beginning Stock	0.61	1.10	1.58	44.36
Production	7.82	8.20	8.69	5.98
Imports	9.98	10.38	10.50	1.16
Total Supply	18.41	19.68	20.77	5.58
Exports
Total Demand(Consumption)	17.31	18.09	18.93	4.63
Ending Stock	1.10	1.58	1.84	16.36

Balance Sheet Highlights

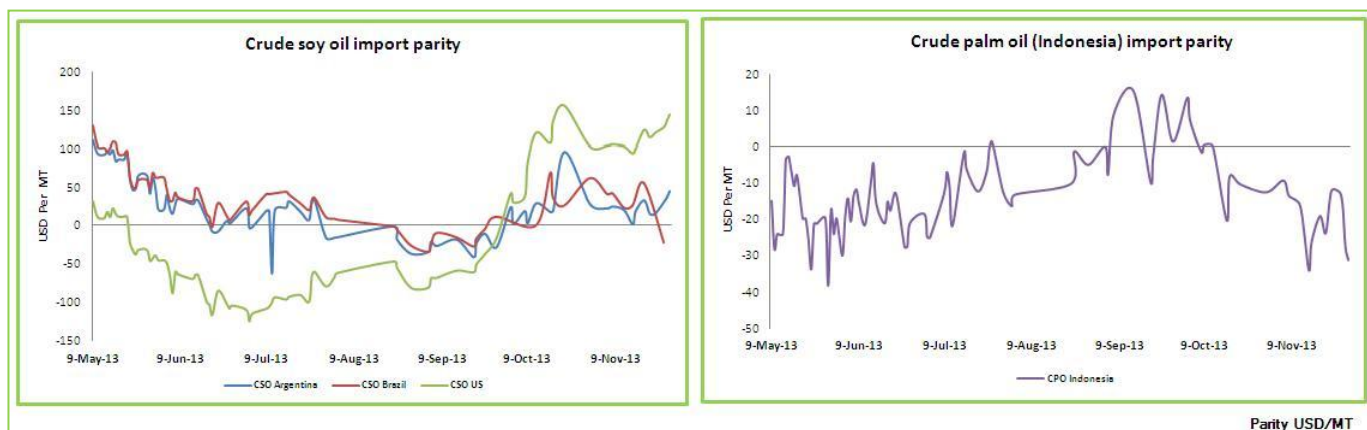
Net edible oil output would likely be 8.81 Million MT in 2013/14. An increment of 1.22 percent gains in soy oil production. On import front, edible oil imports likely to rise by 1.16 percent compared to previous year. Total demand of Indian edible oil is likely to grow at a rate of 4.63%. Ending stocks are projected higher compared to 2013-14 at 1.84 million tons.

Indian edible oil imports for November 2013 projection –:


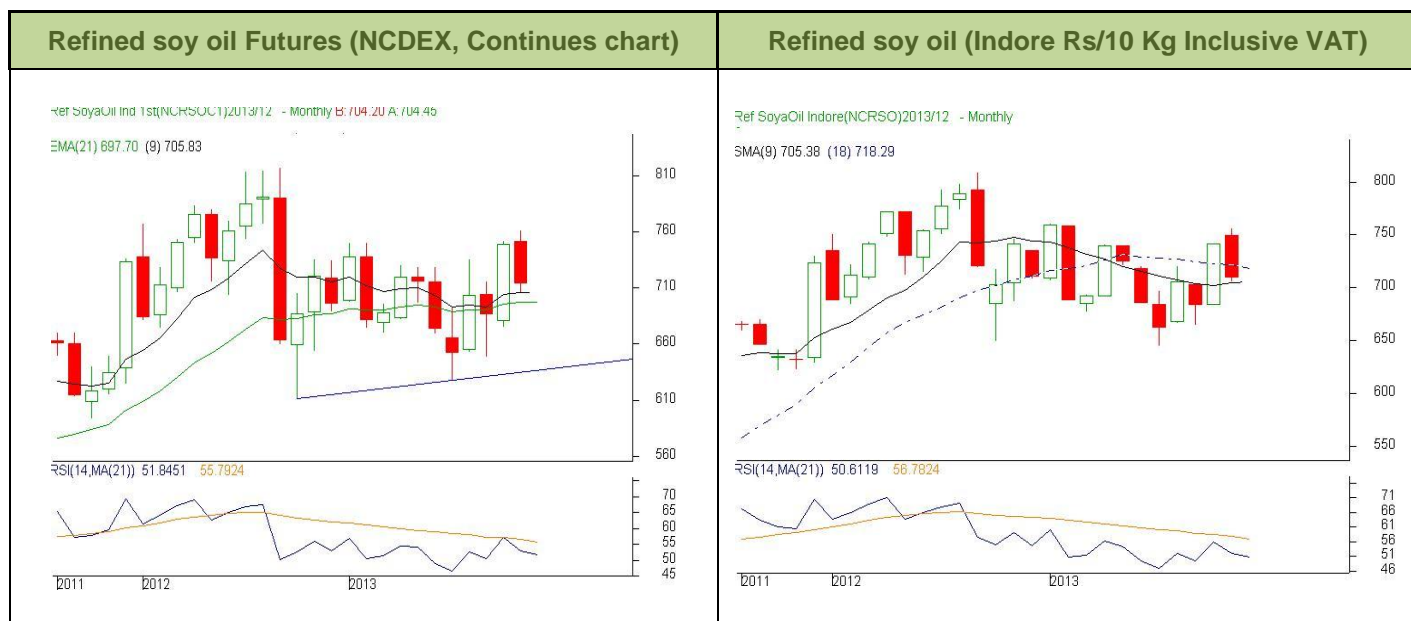
As per Solvent Extractors' Association of India, India imported 10.3 million tons of edible oils in the 2013 oil year (Nov.-Oct). However, edible oils imports were 9.98 million tons in the corresponding period last year. We expect Indian edible oils imports for the month of November is likely to 8.5-8.75 lakh tons.

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

Landed Cost Calculation as on 29/11/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	916	NA	NA	865
Freight (USD/MT)	75	65	60	15.0
C & F	991.0	65.0	60.0	880.0
Weight loss (0.25% of FOB)	2.29	-	-	2.16
Finance charges (0.4% on CNF)	3.96	0.26	0.24	3.52
Insurance (0.3% of C&F)	3	0	0	3
CIF (Indian Port - Kandla)	1000	-	-	888
CVD	0	0	0	0
Duty USD per ton	25.58	25.58	25.58	22.85
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.5115	0.5115	0.5115	0.457
Exchange rate	62.39	62.39	62.39	62.39
Landed cost without customs duty in INR per ton	62404	-	-	55422
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1023	1023	1023	914
Fixed exchange rate by customs department	63.10	63.10	63.10	63.10
Duty component in INR per ton	1613.78	1613.78	1613.78	1441.84
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	64691	-	-	57537
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	67200	67200	67200	55600
Total landed cost USD per ton	1037	-	-	922
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1077	1077	1077	891
Parity INR/MT (Domestic - Landed)	2509	-	-	-1937
Parity USD/MT (Domestic - Landed)	40.22	-	-	-31.05
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 (Jan. contract).

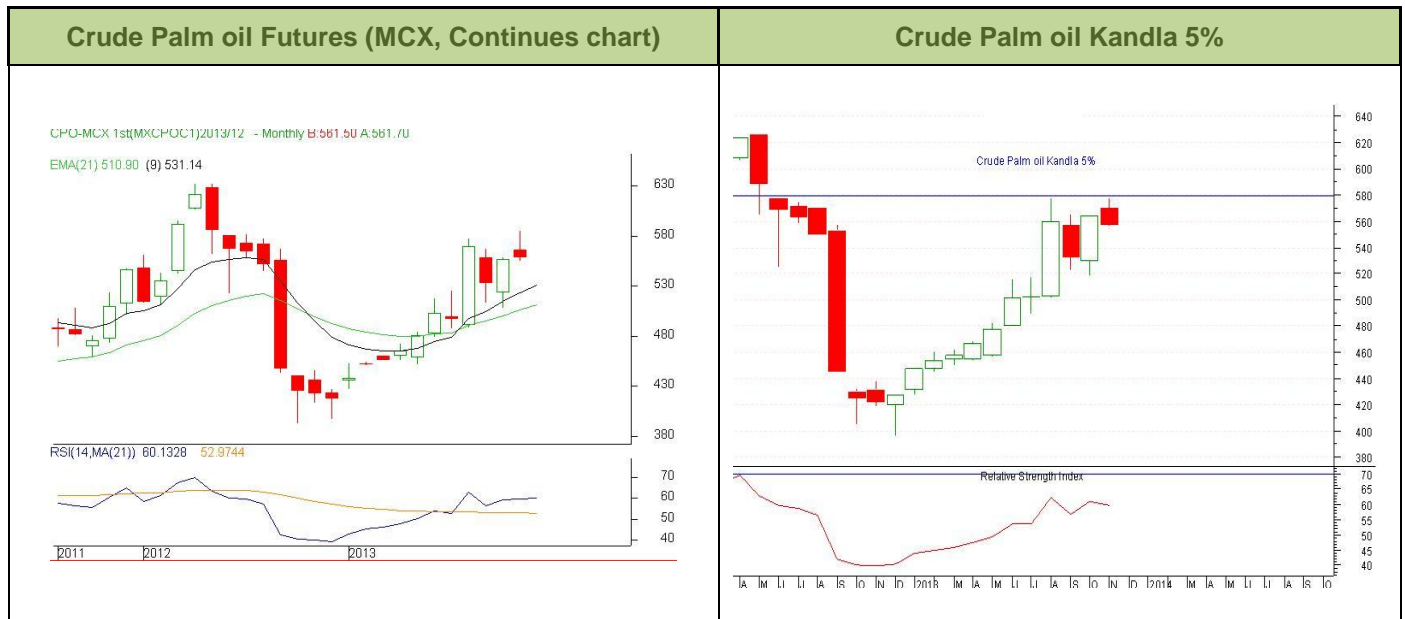
- ❖ Monthly chart of refined soy oil at NCDEX featured weakness. We expect range bound movement to firm tone in the coming days.
- ❖ Any close below 670.80 in monthly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next month is 690-728 level 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 above 690 for a target of 722 and 728 with a stop loss at 670.80 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
660.00	675.00	717.45	737.00	748.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 685-725 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)


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

- ❖ Candlestick Monthly chart of crude palm oil at MCX depicts gains. We expect prices may gains further in near term.
- ❖ Any close below 545 in monthly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next month is 558-585 level in near to medium term. RSI is in between neutral and overbought zone, shows no evidence of divergence in line with the CPO prices.

Strategy: Market participants are advised to go long in CPO above 558 for a target of 580 and 585 with a stop loss at 545 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
535.00	542.00	568.00	590.00	605.00

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 545-580 per 10 Kg.

Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		11/30/2013	10/31/2013	
Refined Soybean Oil	Kota(Loose)	701	720	-19
	Rajkot (Loose)	NA	695	-
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	725	760	-35
	Kakinada	NA	NA	-
	Mumbai +VAT	670	710	-40
	Indore	685	705	-20
	Soy Degum Mumbai+VAT	670	675	-5
	SoyDegum Kandla/Mundra+VAT	670	675	-5
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	696	741	-45
	Amrawati (Loose)	696	741	-45
	Jalna	701	746	-45
	Nagpur	706	751	-45
Palm Oil	Chennai.RBD.Palmolein.(Loose)	600	605	-5
	Hyd. RBD Palmolein VAT	600	585	15
	Delhi RBD Palmolein (Loose)	620	640	-20
	Kandla CPO (5%FFA)	557	564	-7
	Kakinada.RBD.Palmolein(Loose)	593	596	-3
	Mumbai RBD Pamolein+ VAT	595	600	-5
	Kandla RBD Palmolein +VAT	590	600	-10
Refined Sunflower Oil	Mumbai + VAT	720	810	-90
	Kandla/Mundra	665	690	-25
	Erode (Exp. Oil)+VAT	735	800	-65
	Hyderabad Exp +VAT	696	731	-35
	Chennai (Loose)	740	800	-60
	Bellary (Exp. Oil)+VAT	661	691	-30
	Latur (Exp. Oil)+VAT	676	716	-40
	Chellakere (Exp. Oil)+VAT	656	671	-15
Groundnut Oil	Rajkot (Loose)	NA	825	-
	Chennai (Loose)	750	810	-60
	Delhi (Loose)	750	750	Unch



	Hyderabad Exp +VAT	815	852	-37
	Mumbai + VAT	850	850	Unch
	Gondal+VAT	NA	850	-
	Jamnagar +VAT	NA	850	-
	Narsarropeth+VAT	670	710	-40
	Prodattour+VAT	716	741	-25
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	717	722	-5
	Alwar (Expeller Oil)(Loose)	716	699	17
	Kota (Expeller Oil) (Loose)	711	730	-19
	Jaipur (Expeller Oil) (Loose)	728	726	2
	Delhi (Exp. Oil) (Loose)	735	745	-10
	SriGangaNagar(ExpOil-Loose)	720	715	5
	Hapur+VAT	770	775	-5
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	760	770	-10
Refined Cottonseed Oil	Mumbai +VAT	660	698	-38
	Rajkot (Loose)	NA	695	-
	Delhi (Loose)	630	670	-40
	Hyderabad (Loose)	NA	NA	-
Coconut Oil	Kangayan (Crude)	1080	925	155
	Cochin	1100	945	155
	Trissur	1100	950	150
Sesame Oil	Delhi	1250	1100	150
	Mumbai	1370	1040	330
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	590	580	10
Malaysia Palmolein USD/MT	FOB	845	840	5
	CNF India	875	880	-5
Indonesia CPO USD/MT	FOB	865	855	10
	CNF India	880	890	-10
Argentina FOB (\$/MT)		11/29/2013	10/30/2013	Change
Crude Soybean Oil Ship		923	941	-18
Refined Soy Oil (Bulk) Ship		955	974	-19



Sunflower Oil Ship	NA	NA	-
Cottonseed Oil Ship	903	921	-18
Refined Linseed Oil (Bulk) Ship	NA	NA	-

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