

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed steady to slightly firm tone during the week under review tracking bullish cues from international palm oil market. However, lull demand for meals and in expectation of timely onset of monsoon over key oilseeds, producing regions limit upside risk in the edible oils prices.

Refined sunflower oil (Chennai) was the top gainer among the edible oil pack owing to persistent weakness in the Indian rupee against USD and firmness in the international sun oil market. Moreover, Crude palm oil 5% (Kandla based) was the second in the gainer list and quoted 1.31 percent higher to Rs 478 per 10 Kg on weekly average basis due to gains in the international palm oil market and easing palm oil stocks in the South East Asian countries. On the other side, mustard oil (Kota based) quoted steady to slight weak on weekly average basis to Rs 636 per 10 Kg, down 0.54 percent.

On the currency front, Indian rupee against USD closed at 56.49, down 1.55 percent as compared to the previous week. We expect edible oil complex to trade sideways to slightly firm tone in the coming days due to dwindling soybean supplies and supportive palm oil market.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 47.70 cents/lb to 49.20 cents/lb. CPO at BMD (June) is likely to trade in the range of 2340-22460 ringgits per tons. Focus during the coming days will be on the Malaysian palm oil ending stocks for May, Chinese soybean demand, and US soybean-planting progress.

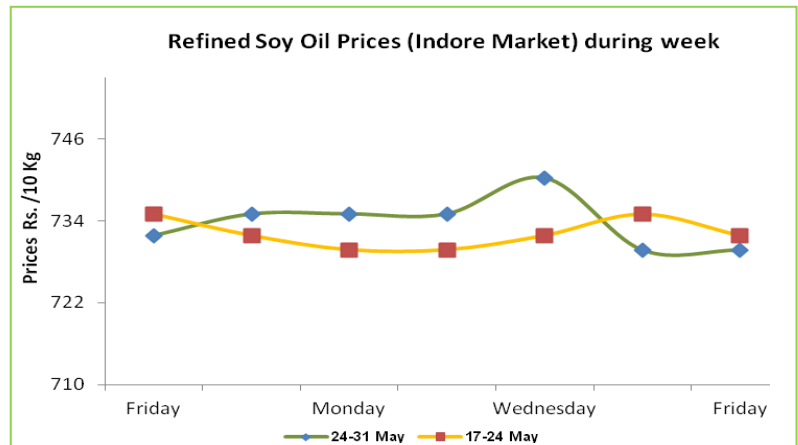
Slow soybean selling witnessed from Brazilian farmers with a report of just 5 percent of the total soybean production in Brazil have sold up, which is 35 percent less compared to the same period of last year. However, good supplies in South American countries and soybean acreage is likely to increase in US may limit excessive gains in soybean oil in the coming days. Weather over key soybean producing regions of US may determine soybean yields in US and may give fresh directional moves to the market.

Stagnant CPO production in Malaysia, in expectation of stock buildup from top palm oil buyers in the coming weeks and higher discount against soy oil may support palm oil prices in the coming days. However, palm oil production is likely to pick up in June and July onwards, support the palm oil supply prospects and may cushion excessive gains in the medium term.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to slightly weak tone owing to dull export demand for soy meals and normal demand for oils. However, dwindling soybean supplies limit downside.
- As per SEA of India, soybean area may climb 5-7 percent from 10.7 million hectares (26.4 million acres) last year due to good return in soybean compared to the cotton. The harvest was an all-time high 12.6 million metric tons last year. However, we expect soybean acreage is likely to increase by 2-3 percent in the current season.
- As per India Meteorological Department, monsoon rains are likely to reach Kerala in the next two to three days due to favorable weather conditions. The rainy season usually starts in the first week of June and likely to be normal in the current year. We expect timely onset of monsoon in the Kharif season for the country overall likely to boost the oilseed supplies prospects, which may limit upside risk in the soy oil prices in the coming months.
- We expect soy oil may trade range bound to firm tone in the coming week on normal buying and firmness in competing palm oil. However, weak demand for meals may limit excessive gains.



International Fundamentals:-

- As per the latest crop progress report released by USDA, the soybean crop has been planted at a slower pace with 44 per cent of the soybean growing areas as of 28 May 2013 which was 43 percent lower compared to the corresponding period of last year.
- Lanworth has estimated that the 2013-14 world soybean production seen at 286 million tons compared to USDA's forecast of 285.50 million tons. Lanworth has also increased its forecast for 2013-14 U.S. soybean production to 3.430 billion bushels from 3.425 billion bushels.
- Chinese soybean imports in January to April 2013 is reported to 15.4 Mln. t, fell 14.77 percent compared to the same period of the last year. Soybean oil imports decreased by 43.55 percent to 220,014 tons in Jan-Apr - Chinese Customs Department.
- Slow soybean selling witnessed from Brazilian farmers with a report of just 5 percent of the total soybean production in Brazil have sold up, which is 35 percent less compared to the same period of last year. However, good supplies in South American countries and soybean acreage is likely to increase in US may limit excessive gains in soybean oil in the coming days. Weather over key soybean producing regions of US may determine soybean yields in US and may give fresh directional moves to the market.

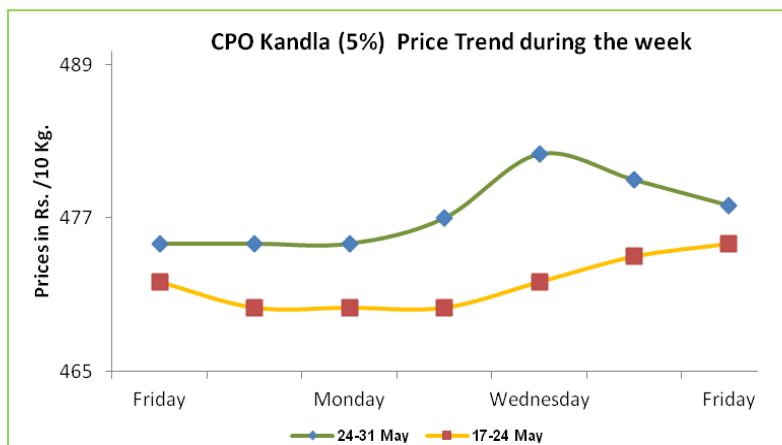
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 714-730 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured firm tone on bullish cues from international palm oil market and weak Indian rupee.
- Palm oil is likely to witness gains owing to persistent weakness in Indian rupee against US dollar and supportive international palm oil market, which is hovering near 2 months high. Indian rupee hovers near 11 month high and ended at 56.49 levels, down 1.55 percent from previous week. Meanwhile, need based demand featured from end user.
- CPO import parity hovers in the negative territory (USD -17.1 per tons) and likely to stay in the negative territory in the days ahead due to weakness in the USD/INR pair.
- At import front, Indian buyers imported 33.5 lakh tons of crude palm oil in the current oil year until April, which is 34.53 percent higher against corresponding period of last year. While, Rbd palmolein imports were lags by 4.89 percent to 8.74 lakh tons until April as compared to the same period of a last year.
- We expect domestic palm oil prices may trade range bound to firm tone. However, adequate stocks at domestic cash market may limit upside risk in the prices.



International Fundamentals:-

- Weak palm oil products exports witnessed from Malaysia during May. Cargo surveyor Societe Generale de Surveillance reported a 3.4 percent drop in the exports of Malaysian palm oil products for May to 12.48 lakh tons compared to the last month. While, market participants expecting better buying from Indian subcontinent ahead of Muslim festivities and stagnant CPO production, might support palm oil in the days ahead.

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

Palm Products	May	Apr	% Change
Crude palm oil	282,200	222,920	26.59
RBD palm oil	120,755	90,706	33.13
RBD palm olein	499,896	618,048	-19.12
RBD palm stearin	113,480	116,027	-2.20
Crude palm kernel oil	19,000	26,440	-28.14
Oleochemicals	66,485	37,377	77.88

Top Palm Products Importers	May	Apr	% Change
European Union	260,422	239,422	8.77
China	155,545	233,415	-33.36
Pakistan	34,500	34,000	1.47
United States	83,140	110,140	-24.51
India	105,800	136,999	-22.77

- Indonesia has set its export tax for crude palm oil at 9 percent for June remained unchanged from last month. Dorab Mistry told Bloomberg that palm oil might fell to RM 2000 per metric tons from July in expectation of rebuilding palm oil stockpiles from July due to peak production phase during July.
- Stagnant CPO production in Malaysia, expectation of stock build up from top palm oil buyers in the coming weeks and stiff discount against soy oil may support palm oil prices in the coming days. However, palm oil production is likely to pick up in June and July onwards, support the palm oil supply prospects and may cushion excessive gains in the medium term.

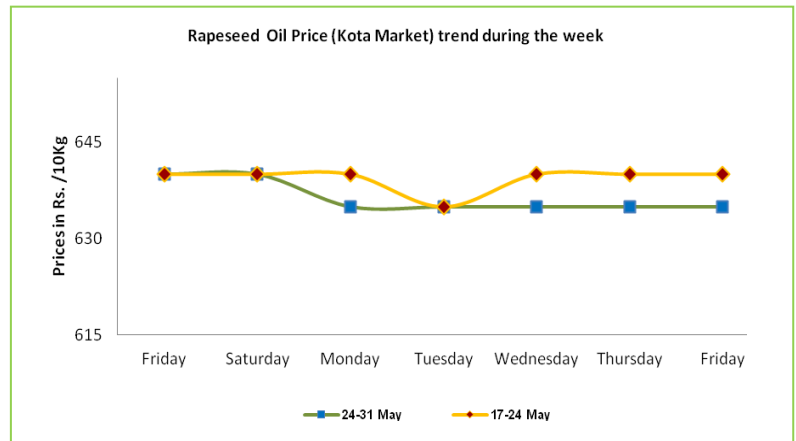
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 473-478 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Mustard oil featured range bound movement during the week at Kota market owing to average demand.
- As per sources, weak demand witnessed from oil millers and wholesalers in major cash market due to higher edible oils imports and in anticipation of normal monsoon over key oilseed producing regions. Demand from pickle industry is likely to pick up from mid June.
- 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 to firm tone in anticipation of improved buying and restricted RM seed selling due to lower prices. However, adequate mustard supplies would negate the excessive gains.



International Fundamentals:-

- Oil World forecasts global rapeseed production to 641 lakh tons, up 16 lakh tons in 2013/14 from previous estimates. Value in parenthesis are previous rapeseed production estimates wherein Canada is estimated at 145 (139) lakh tons, India at 70 (72) lakh tons, and EU-27 at 202 (192) lakh tons.
- China is likely to buy about 5 million tons of rapeseed from farmers, up from 4.37 million tons last year, State Grain Administration reported. Chinese rapeseed imports are also expected to hit a high.

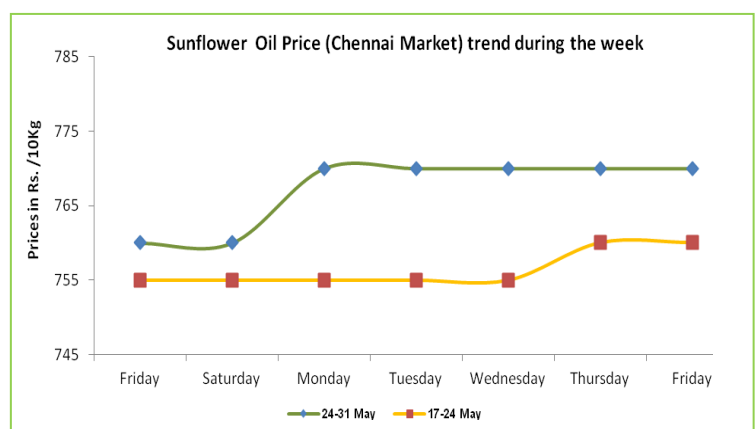
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 625-642 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured steady to slightly firm tone at its benchmark market (Chennai) during the week on normal buying.
- The SEA of India reports that crude sunflower oil imports by India reached 510,118 tons in the current oil year 2012/13 until April and was thus lower than the 607,121 tons imports against same period last year. Moreover, imports were lower on m-o-m basis in April by 1 percent to 88,368 tons.
- Normal demand witness for sun oil in Southern India and supportive international sun oil market is likely to support the domestic sun oil prices.
- We expect sunflower oil prices may trade range bound to slightly firm tone in the near term.



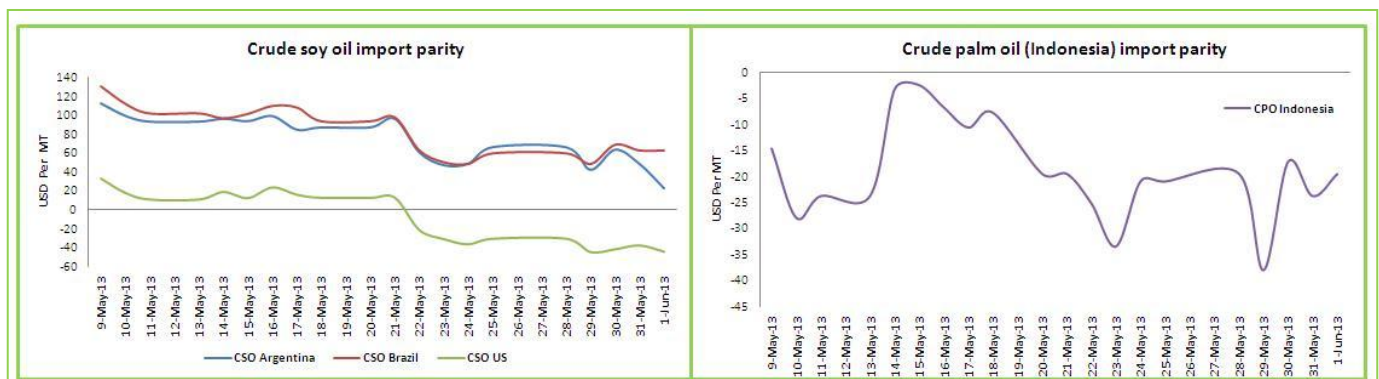
International Fundamentals:-

- Global production of sunflower seed may be 38.7 million tons, up from 36.2 million tons a year earlier. Farmers in Ukraine, planted 3.96 million hectares (9.8 million acres) of sunflowers as of May 15, while 4.7 million hectares were sown in Russia - Oil World.

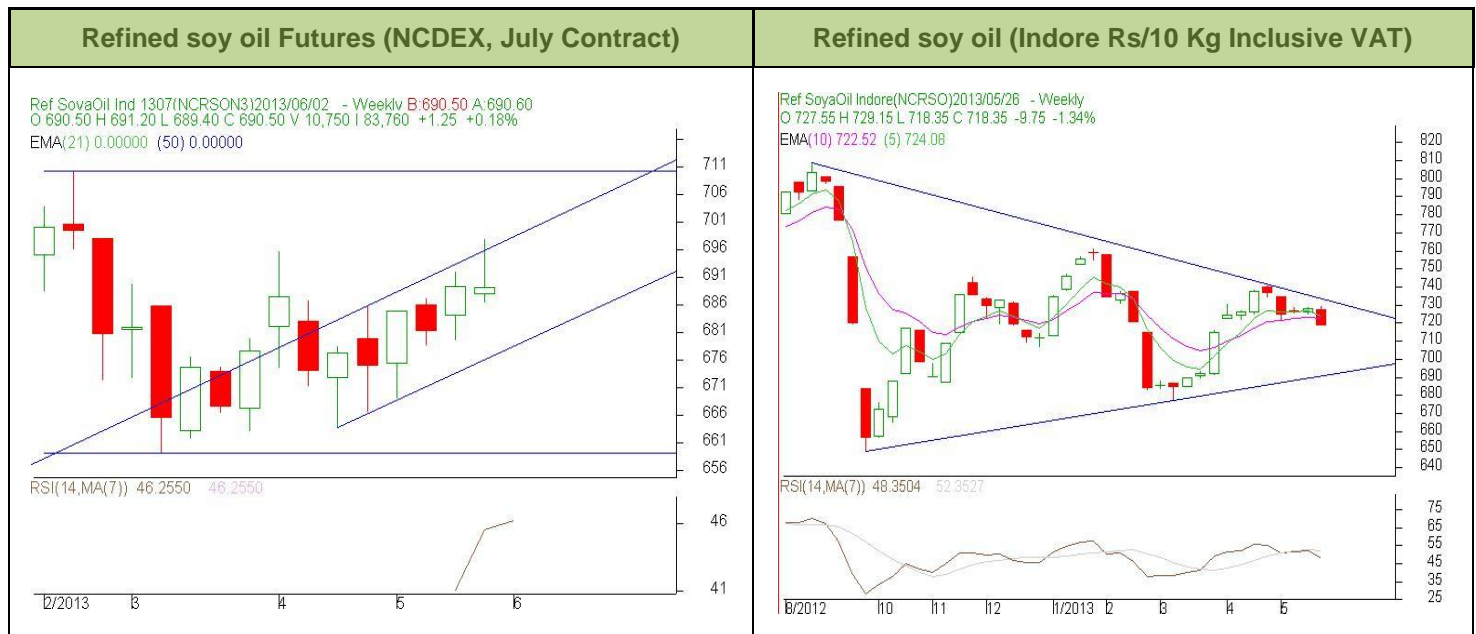
Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 763-780 per 10 Kg.

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

Landed Cost Calculation as on 31/5/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	971	966	1071	805
Freight (USD/MT)	75	65	60	25.0
C & F	1046.0	1031.0	1131.0	830.0
Weight loss (0.25% of FOB)	2.43	2.42	2.68	2.01
Finance charges (0.4% on CNF)	4.18	4.12	4.52	3.32
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	1056	1041	1142	838
CVD	0	0	0	0
Duty USD per ton	26.88	26.88	26.88	20.78
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.5375	0.5375	0.5375	0.4155
Exchange rate	56.49	56.49	56.49	56.49
Landed cost without customs duty in INR per ton	59639	58785	64489	47329
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1075	1075	1075	831
Fixed exchange rate by customs department	54.65	54.65	54.65	54.65
Duty component in INR per ton	1468.72	1468.72	1468.72	1135.35
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61781	60927	66630	49137
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	64500	64500	64500	47800
Total landed cost USD per ton	1094	1079	1180	870
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1142	1142	1142	846
Parity INR/MT (Domestic - Landed)	2719	3573	-2130	-1337
Parity USD/MT (Domestic - Landed)	48.13	63.25	-37.71	-23.67
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 soybean supplies from South American countries.

Technical Analysis (Refined soy oil Weekly 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 (July contract) at 683-686 levels.

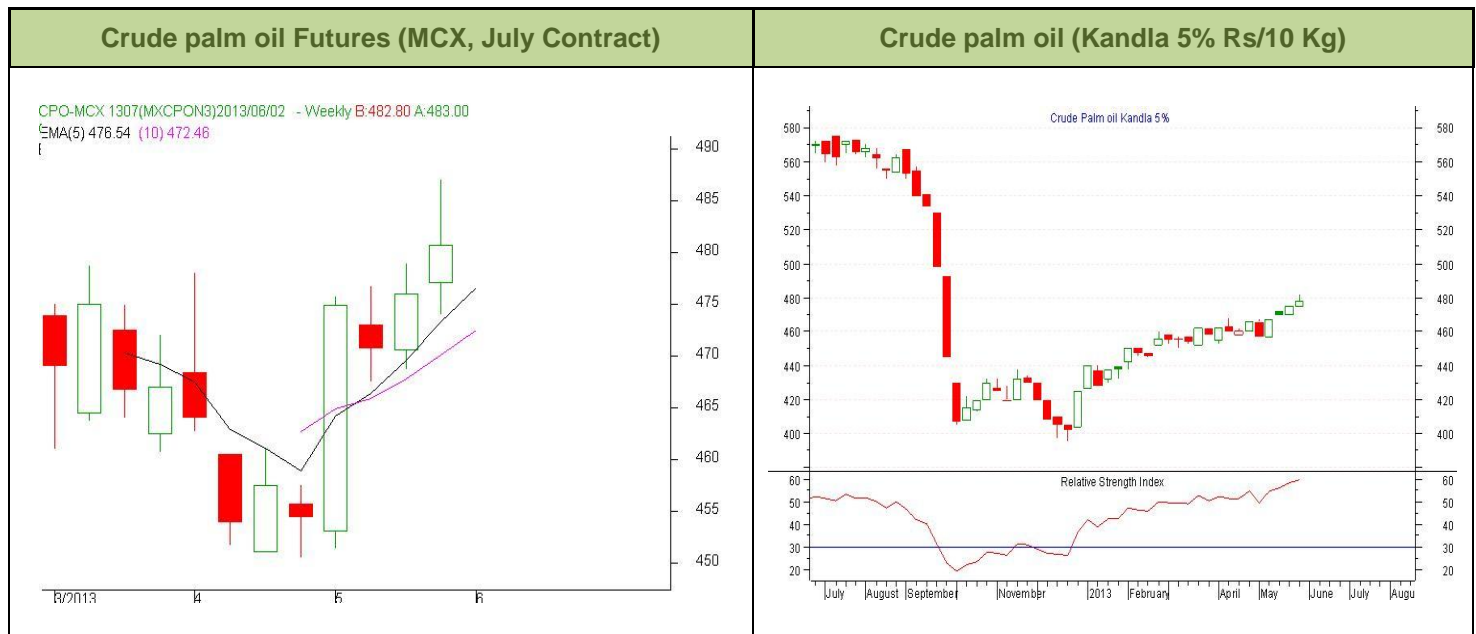
- ❖ Weekly chart of refined soy oil at NCDEX featured range bound to firm movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 679.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 700-719 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 at 683-686 levels for a target of 694 and 696 with a stop loss at 679.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
674.00	677.00	689.25	698.00	701.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 714-730 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


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

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts sideways to firm movement in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 471 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 475-488 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 475-477 for a target of 486 and 488 with a stop loss at 471 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
463	468	480.70	493	497.50

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming week. The prices are likely to stay in the range of 473-488 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		5/31/2013	5/24/2013	
Refined Soybean Oil	Kota(Loose)	685	691	-6
	Rajkot (Loose)	670	670	Unch
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	730	725	5
	Kakinada	-	-	-
	Mumbai +VAT	668	668	Unch
	Indore	695	697	-2
	Soy Degum Mumbai+VAT	640	667	-27
	SoyDegum Kandla/Mundra+VAT	645	648	-3
	Haldiya Port (Loose)	-	711	-
	Akola (Loose)	716	711	5
	Amrawati (Loose)	716	711	5
	Jalna	706	713	-7
	Nagpur	716	711	5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	520	515	5
	Hyd. RBD Palmolein VAT	496	496	Unch
	Delhi RBD Palmolein (Loose)	550	550	Unch
	Kandla CPO (5%FFA)	478	475	3
	Kakinada.RBD.Palmolein(Loose)	511	511	Unch
	Mumbai RBD Pamolein+ VAT	512	515	-3
	Kandla RBD Palmolein +VAT	508	510	-2
Refined Sunflower Oil	Mumbai + VAT	765	765	Unch
	Kandla/Mundra	690	690	Unch
	Erode (Exp. Oil)+VAT	770	755	15
	Hyderabad Exp +VAT	741	741	Unch
	Chennai (Loose)	770	760	10
	Bellary (Exp. Oil)+VAT	634	631	3
	Latur (Exp. Oil)+VAT	711	711	Unch
	Chellakere (Exp. Oil)+VAT	696	686	10
Groundnut Oil	Rajkot (Loose)	1050	1025	25
	Chennai (Loose)	1050	1040	10
	Delhi (Loose)	930	960	-30
	Hyderabad Exp +VAT	978	1072	-94
	Mumbai + VAT	1040	1080	-40

	Gondal+VAT	1020	1025	-5
	Jamnagar +VAT	1020	1050	-30
	Narsarropeth+VAT	971	1021	-50
	Prodattour+VAT	951	1001	-50
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	665	672	-7
	Alwar (Expeller Oil)(Loose)	643	649	-6
	Kota (Expeller Oil) (Loose)	635	640	-5
	Jaipur (Expeller Oil) (Loose)	640	645	-5
	Delhi (Exp. Oil) (Loose)	655	662	-7
	SriGangaNagar(ExpOil-Loose)	631	637	-6
	Hapur+VAT	725	720	5
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	695	705	-10
Refined Cottonseed Oil	Mumbai +VAT	648	645	3
	Rajkot (Loose)	640	633	7
	Delhi (Loose)	628	624	4
	Hyderabad (Loose)	620	610	10
Coconut Oil	Kangayan (Crude)	615	610	5
	Cochin	615	620	-5
	Trissur	605	592	13
Sesame Oil	Delhi	1100	1150	-50
	Mumbai	1050	1200	-150
Kardi	Mumbai	1040	1185	-145
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	455	440	15
Malaysia Palmolein USD/MT	FOB (June Shipment)	810	815	-5
	CNF (June) India	840	845	-5
Indonesia/Malaysia CPO USD/MT	FOB (June Shipment)	805	805	Unch
	CNF (June) India	830	835	-5
Argentina FOB (\$/MT)		5/30/2013	5/23/2013	Change
Crude Soybean Oil Ship		974	995	-21
Refined Soy Oil (Bulk) Ship		1008	1029	-21
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		954	975	-21
Refined Linseed Oil (Bulk) Ship		-	-	-



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