

Executive Summary

Domestic Veg. Oil Market Summary

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

Crude palm oil (Kandla) was the top gainer among the edible oil pack owing to persistent weakness in the Indian rupee against USD and firmness in the international palm oil market. Moreover, refined soy oil (Indore based) was the worst performer, quoted 2.21 percent lower to Rs 718 per 10 Kg on weekly average basis due to dull demand for meals, and need based buying in oils. On the other side, mustard oil (Kota based) and sunflower oil Chennai featured steady on weekly average basis.

On the currency front, Indian rupee against USD closed at 57.06, down 1.00 percent as compared to the previous week. We expect edible oil complex to trade sideways to slightly firm tone in the coming days owing to persistent weakness in the Indian rupee 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 49.60 cents/lb. CPO at BMD (June) is likely to trade in the range of 2370-2510 ringgits per tons. Focus during the coming days will be on the USDA's WASDE report, Chinese soybean demand, and US soybean-planting progress.

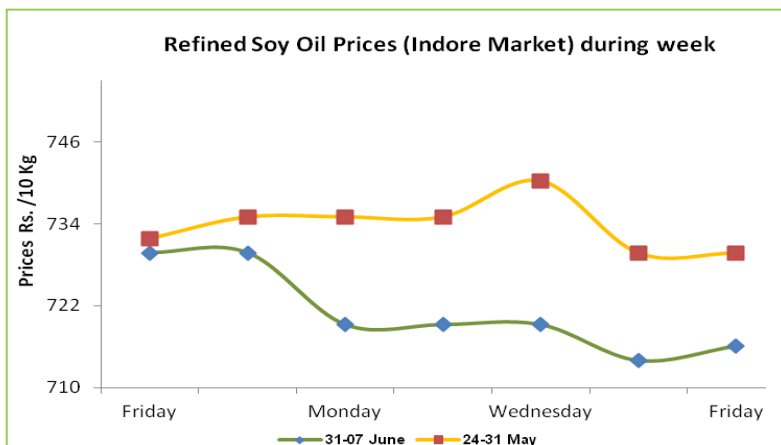
Good soy supplies in South American countries and farmers may switch to soybeans due to slower-than-normal pace of corn sowing in U.S, which may lead to higher soybean acreage in the current year. However, in expectation of good demand from China may limit downside risk in the soy oil prices in the days ahead. Weather over key soybean producing regions of US may determine soybean yields in US and may give fresh directional moves to the market.

Easing palm oil inventories 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.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to weak tone owing to dull export demand for soy meals and normal demand for oils. However, firmness in the palm oil limits downside.
- At the import front, IBIS figures revealed that Indian buyers imported 0.66 lakh tons of crude soybean oil (degummed) in the month of May.
- The import tariff value of crude soybean oil has been kept unchanged at \$1075 per tons. Crude soy oil parity is likely to stay in the positive territory in the coming days owing to good soy oil supplies from South America.
- 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.
- We expect soy oil may trade with a steady to slightly firm bias in expectation of stock build up from wholesalers ahead of Ramadan. However, normal monsoon forecast and adequate edible oils supplies may limit upside.



International Fundamentals:-

- As per the latest crop progress report released by USDA, soybean has been planted 57% as of 2 June 2013 in the soybean growing regions of US, up 13% from the last week but lower by 17% from the 5-year average period. Meanwhile, soybean has emerged 31%, higher by 17% from the last week but lower 35% from the last 5-year average.
- The Trade Ministry in Brazil has estimated the Brazilian soybean exports in May 2013 at a record of 7.95 million tons, up from 7.15 million April 2013. Reportedly, U.S. soybean acreage for the 2013-14 season are expected to rise above expectations due to the planting delays across the Midwest that have forced farmers to switch from corn to soybeans.
- Good supplies in South American countries and farmers may switch to soybeans due to slower-than-normal pace of corn sowing in U.S, which may lead to higher soybean acreage in US. However, in expectation of good demand from China may limit downside risk in the soy oil prices in the days ahead. Weather over key soybean producing regions of US may determine soybean yields in US and may give fresh directional moves to the market.

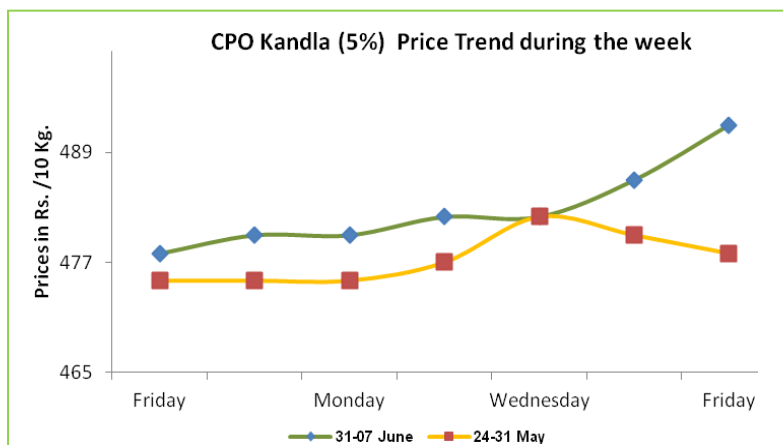
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 695-715 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 persistent weakness in the Indian rupee.
- At the import front, IBIS figures revealed that Indian buyers imported 4.42 lakh tons of crude palm oil, 4.15 lakh tons of RBD palmolein and 0.30 lakh tons of crude palm kernel oil in the month of April. While SEA of India has reported 44.2 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. Meanwhile, 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.
- The Indian Government has hiked base import price on crude palm oil to US \$ 843, increased by US \$12 per tons in line with global prices and base import price on refined palmolein increased to US \$ 863 per tons.
- Weakness in the Indian rupee against US dollar and easing palm oil ending stocks in the South East Asian counties may support the sentiments. However, adequate supplies in domestic cash market may limit gains.
- We expect domestic palm oil prices may trade range bound to firm tone in expectation of stock build up by wholesalers ahead of Muslim festivities.



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

- On the supply side, MPOB's report, Malaysian palm oil inventories for May fell 5.1 percent to 1.82 Mln. Tons from last month, which is below the psychological level of 2 million tons. However, palm oil production during May rose by 1.3 percent to 1.38 million tons – MPOB's report.
- Easing palm oil inventories 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.

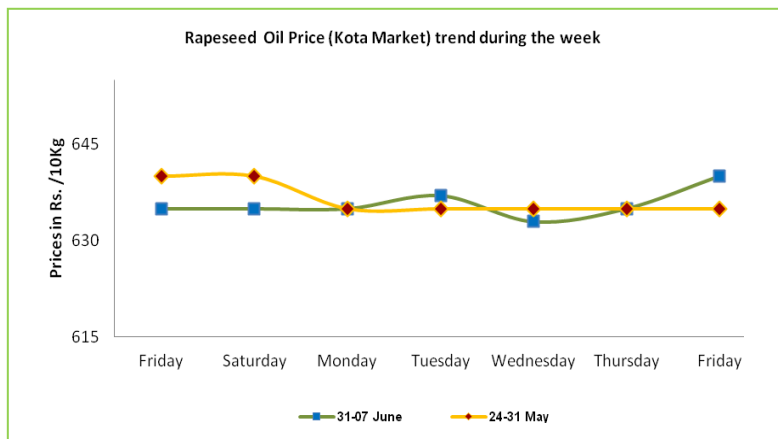
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 485-502 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.

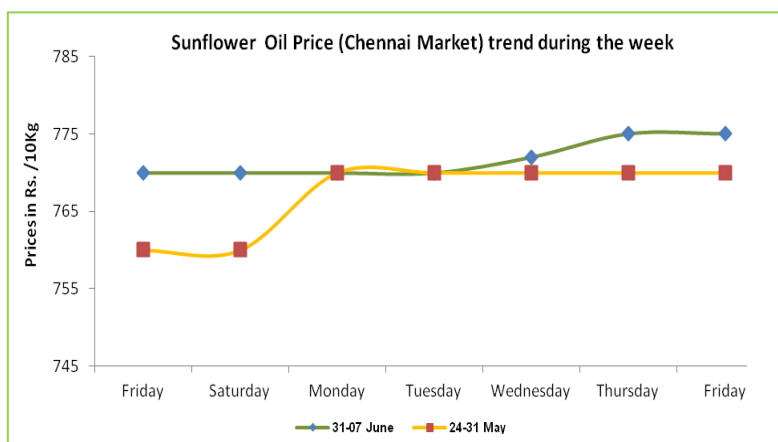
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 632-652 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.
- At import front, IBIS data revealed that India imported 1.01 lakh tons of crude sunflower oil majorly from Ukraine in the month of May. While, 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 were 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 sideways in the coming days.
- We expect sunflower oil prices may trade range bound to slightly firm tone in the near term.



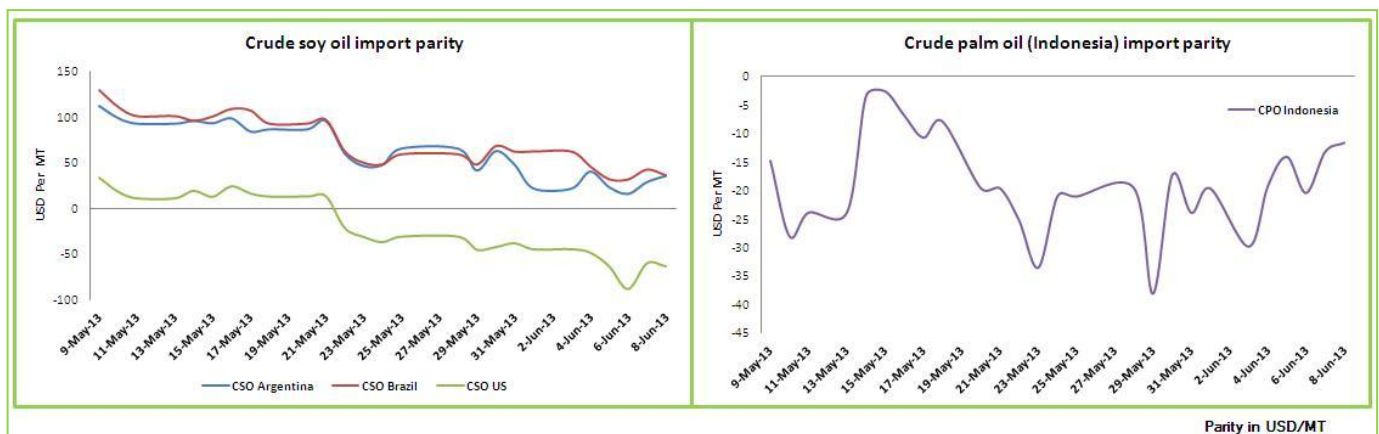
International Fundamentals:-

- 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 765-790 per 10 Kg.

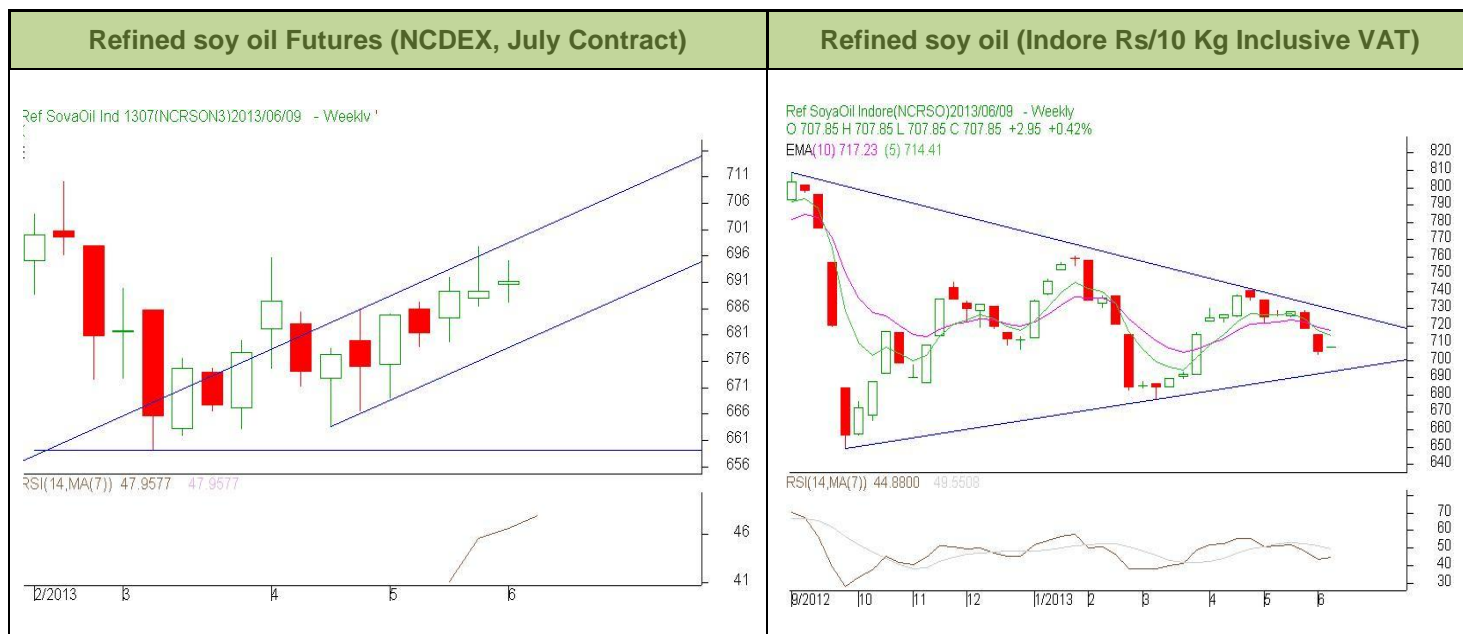
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 08/6/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	957	966	1070	810
Freight (USD/MT)	75	65	60	35.0
C & F	1032.0	1031.0	1130.0	845.0
Weight loss (0.25% of FOB)	2.39	2.42	2.68	2.03
Finance charges (0.4% on CNF)	4.13	4.12	4.52	3.38
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	1042	1041	1141	853
CVD	0	0	0	0
Duty USD per ton	26.88	26.88	26.88	21.08
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.5375	0.5375	0.5375	0.4215
Exchange rate	56.65	56.65	56.65	56.65
Landed cost without customs duty in INR per ton	59008	58952	64614	48319
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1075	1075	1075	843
Fixed exchange rate by customs department	55.30	55.30	55.30	55.30
Duty component in INR per ton	1486.19	1486.19	1486.19	1165.45
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61167	61111	66773	50157
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	63200	63200	63200	49500
Total landed cost USD per ton	1080	1079	1179	885
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1116	1116	1116	874
Parity INR/MT (Domestic - Landed)	2033	2089	-3573	-657
Parity USD/MT (Domestic - Landed)	35.89	36.88	-63.08	-11.61
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 690-694 levels.

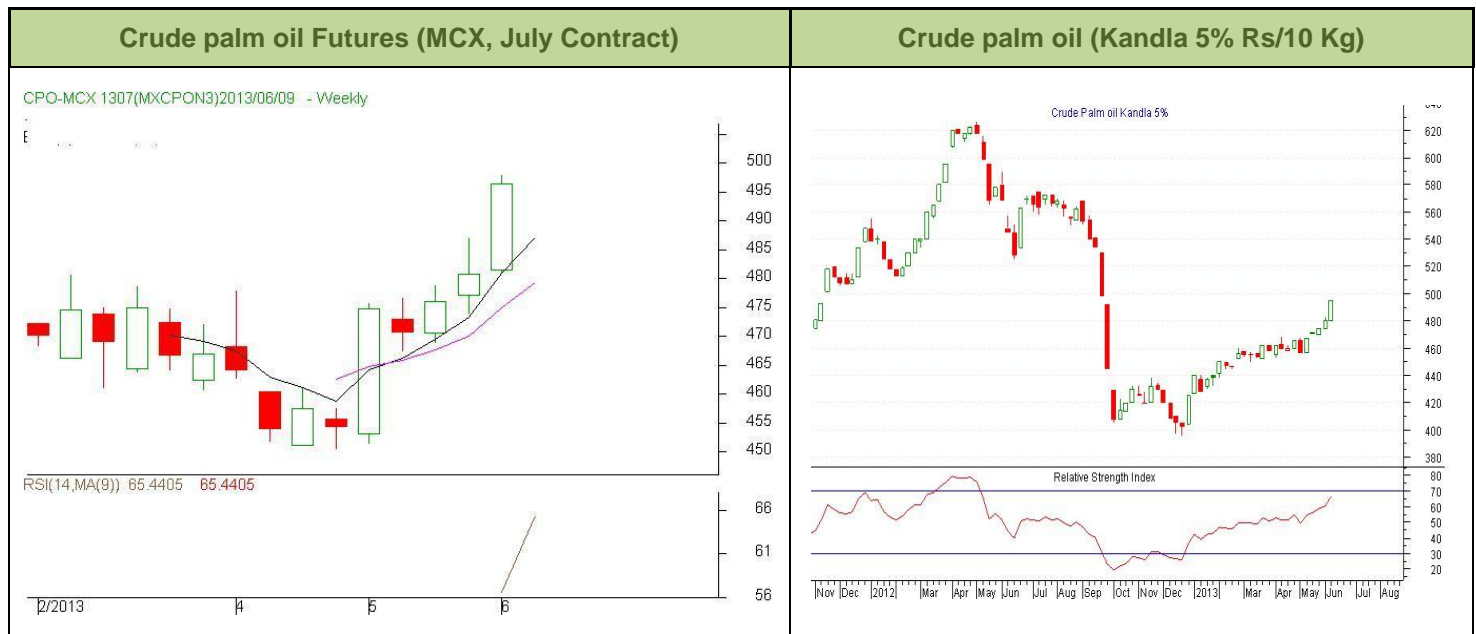
- ❖ Weekly chart of refined soy oil at NCDEX featured range bound to firm movement. However, primary trend depicts consolidation in the market.
- ❖ Any close below 687 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 690-702 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 690-694 levels for a target of 700 and 702 with a stop loss at 687 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
680	685	691.25	706	710

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 695-715 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 487.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 491-502 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 491-494 for a target of 500 and 502 with a stop loss at 487.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
480	484	495.50	504	508

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 485-502 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		6/7/2013	5/31/2013	
Refined Soybean Oil	Kota(Loose)	678	685	-7
	Rajkot (Loose)	680	670	10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	721	730	-9
	Kakinada	-	-	-
	Mumbai +VAT	662	668	-6
	Indore	682	695	-13
	Soy Degum Mumbai+VAT	632	640	-8
	SoyDegum Kandla/Mundra+VAT	632	645	-13
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	711	716	-5
	Amrawati (Loose)	711	716	-5
	Jalna	703	706	-3
	Nagpur	711	716	-5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	529	520	9
	Hyd. RBD Palmolein VAT	510	496	14
	Delhi RBD Palmolein (Loose)	560	550	10
	Kandla CPO (5%FFA)	492	478	14
	Kakinada.RBD.Palmolein(Loose)	510	511	-1
	Mumbai RBD Pamolein+ VAT	522	512	10
	Kandla RBD Palmolein +VAT	518	508	10
Refined Sunflower Oil	Mumbai + VAT	768	765	3
	Kandla/Mundra	690	690	Unch
	Erode (Exp. Oil)+VAT	775	770	5
	Hyderabad Exp +VAT	746	741	5
	Chennai (Loose)	775	770	5
	Bellary (Exp. Oil)+VAT	631	634	-3
	Latur (Exp. Oil)+VAT	706	711	-5
	Chellakere (Exp. Oil)+VAT	706	696	10
Groundnut Oil	Rajkot (Loose)	1000	1050	-50
	Chennai (Loose)	1030	1050	-20
	Delhi (Loose)	900	930	-30
	Hyderabad Exp +VAT	999	978	21

	Mumbai + VAT	1060	1040	20
	Gondal+VAT	1030	1020	10
	Jamnagar +VAT	-	1020	-
	Narsarropeth+VAT	1001	971	30
	Prodattour+VAT	951	951	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	665	665	Unch
	Alwar (Expeller Oil)(Loose)	643	643	Unch
	Kota (Expeller Oil) (Loose)	640	635	5
	Jaipur (Expeller Oil) (Loose)	641	640	1
	Delhi (Exp. Oil) (Loose)	660	655	5
	SriGangaNagar(ExpOil-Loose)	636	631	5
	Hapur+VAT	716	725	-9
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	705	695	10
Refined Cottonseed Oil	Mumbai +VAT	645	648	-3
	Rajkot (Loose)	650	640	10
	Delhi (Loose)	630	628	2
	Hyderabad (Loose)	600	620	-20
Coconut Oil	Kangayan (Crude)	640	615	25
	Cochin	635	615	20
	Trissur	640	605	35
Sesame Oil	Delhi	970	1100	-130
	Mumbai	980	1050	-70
Kardi	Mumbai	1050	1040	10
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	460	455	5
Malaysia Palmolein USD/MT	FOB (June Shipment)	828	810	18
	CNF (June) India	855	840	15
Indonesia/Malaysia CPO USD/MT	FOB (June Shipment)	810	805	5
	CNF (June) India	840	830	10
Argentina FOB (\$/MT)		6/6/2013	5/30/2013	Change
Crude Soybean Oil Ship		960	974	-14
Refined Soy Oil (Bulk) Ship		994	1008	-14
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		940	954	-14



Refined Linseed Oil (Bulk) Ship	-	-	-
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