

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed 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 soy and mustard oil 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 sun oil (Chennai based) was the second gainer in the list. CPO Kandla 5% quoted 3.34 percent higher to Rs 499 per 10 Kg on weekly average basis and refined sun oil witnessed 2.91 percent gains on weekly average basis.

On the currency front, Indian rupee against USD closed at 57.51, down 0.80 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. However, adequate imported edible oil stocks may limit excessive gains

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 47.80 cents/lb to 49.80 cents/lb. CPO at BMD (June) is likely to trade in the range of 2360-2520 ringgits per tons. Focus during the coming days will be on the US weather over key soybean growing region, Chinese soybean demand, US soybean-planting progress, and Malaysian palm oil export figures.

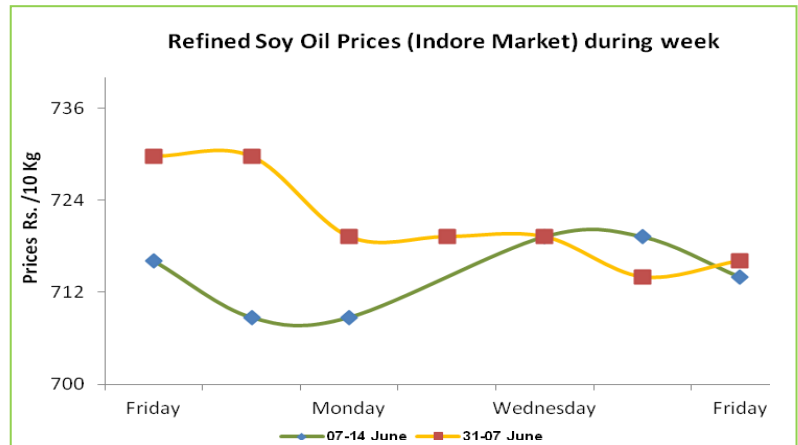
Good supplies in South American countries and farmers may switch to soybeans due to slower-than-normal pace of corn sowing in U.S; support the soybean supplies in US. However, in expectation of good demand from China may limit downside risk in the soy oil prices in the days ahead. Weather over key soybean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

Easing palm oil inventories in Malaysia, expectation of stock build up from top palm oil buyers in the coming weeks and poor start to the US soybean-planting season are the price supportive factors, which may buoy palm oil prices in the near term. 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 tone owing to dull export demand for soy meals and normal demand for oils.
- At the import front, Indian buyers imported 892,006 tons of edible oils in May 2013, consisting of 382,034 tons of CPO, 373,837 tons of RBD palmolein, 52,392 tons of soy oil degummed and 83,803 tons of other edible oils. The overall import of edible oils during Nov.'12 to May'13 is reported at 60,30,829 tons - SEA of India.
- As per Indian weather department, India's monsoon recorded higher than average levels for the second week ended June 12, which was 35 percent above average.



In the first week, the rainfall was 28 percent above average, figures depicts timely onset of the seasonal rains over the southern India and may cover the key oilseed producing regions of India timely, which may support oilseed crop prospects.

- 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:-

- USDA pegged the 2013-14 soybean ending stocks at 265 million bushels, unchanged from the May estimate. Crush and export figures were left unchanged. Planted acreage was estimated at 77.1 million acres and yield at 44.5 bushels per acre i.e. a production forecast of 3.390 billion bushels. Chinese import demand was at 69 million tons as compared with 59 million tons for the 2012-13 season.
- As per the latest crop progress report released by USDA, the soybean crop has been planted in 71 per cent of the soybean growing areas as of 9 June 2013, advancing from 57 per cent last week, but lower than the 5-year average of 84 per cent. Soybean emergence is reported at 48 per cent compared with 31 per cent last week and 5-year average of 67 percent.
- Good supplies in South American countries and farmers may switch to soybeans due to slower-than-normal pace of corn sowing in U.S; support the soybean supplies 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.

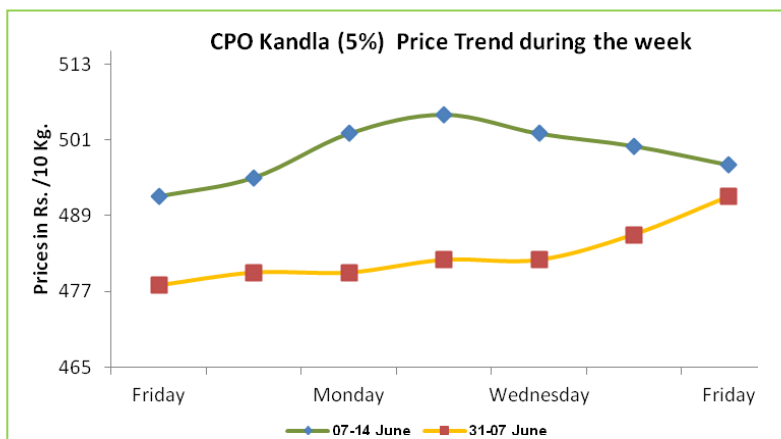
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 705-722 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 import front, Indian buyers imported 37.3 lakh tons of crude palm oil in the current oil year until May, which is 23.9 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were higher by 14.8 percent to 12.4 lakh tons until May as compared to the same period of a last year.
- Easing palm oil inventories in the Southeast Asian countries, on anticipation of good demand in the coming days, as buyers will stock up ahead of a Ramadan and depreciating Indian rupee against US dollar support the market sentiments. However, adequate imported edible oils supplies may limit excessive 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. However, profit booking could be seen at higher levels.



International Fundamentals:-

- Positive palm oil products exports reported from Malaysia for the first 10 days of June. Cargo surveyor Societe Generale de Surveillance report depicts a 6.1 percent gains in the exports of Malaysian palm oil products for 1-10 June to 4.0 lakh tons compared to the same period of last month.

Breakdown of SGS palm export figures for 1-10 June compared to a month ago (in tons):

Palm Products	1-10 June	1-10 May	% Change
Crude palm oil	78,090	70,670	10.50
RBD palm oil	22,360	19,141	16.82
RBD palm olein	182,815	177,112	3.22
RBD palm stearin	47,555	25,385	87.34
Crude palm kernel oil	14,550	3,000	385.00
Oleochemicals	14,345	33,330	-56.96

Top Palm Products Importers	1-10 June	1-10 May	% Change
European Union	74,000	75,785	-2.36
China	39,450	103,020	-61.71
Pakistan	57,150	6,000	852.50
United States	37,815	45,820	-17.47
India	66,500	54,000	23.15

- 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 poor start to the US soybean-planting season are the price supportive factors, which may buoy palm oil prices in the near term. 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.

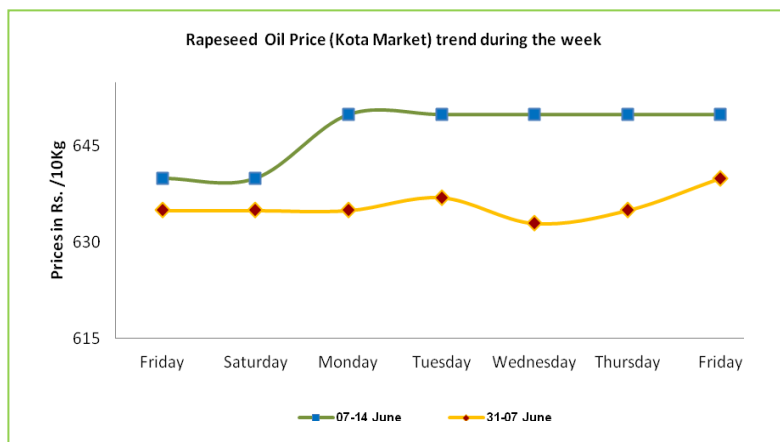
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 494-512 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Mustard oil featured range bound to firm tone during the week at Kota market due to of weak Indian rupee and renewed demand.
- Normal buying interest feature in the market. However, timely onset of rains forecast over the key oilseeds growing regions and higher ready to use, palm oil imports curb the bulls. Demand from pickle industry is likely to pick up during the monsoon, which may edge slight gains.
- 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:-

- As per Oil World, European Union's rapeseed harvest will rise to 19.72 million tons in 2012-13 from 19.31 million tons in the previous year as larger German and east EU output will offset the weak British and French harvests.
- 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.

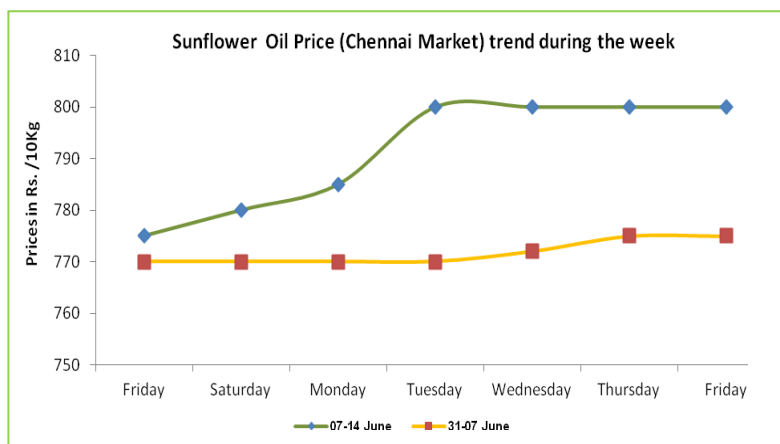
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 635-668 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured firm tone at its benchmark market Chennai during the week on weak Indian rupee against USD and better buying.
- SEA of India reports that crude sunflower oil imports by India reached 577,923 tons in the current oil year 2012/13 until May and were thus lower than the 732,321 tons imports against same period last year. Moreover, imports were lower on m-o-m basis in May by 23.26 percent to 67,805 tons.
- Good demand witness for sun oil in Southern India, weakness in the Indian rupee against US dollar supports the market sentiments. We expect sunflower oil prices may trade sideways to firm tone in the coming days in anticipation of stock build up ahead of Muslim festivities.
- We expect sunflower oil prices may trade range bound to firm tone in the near term.



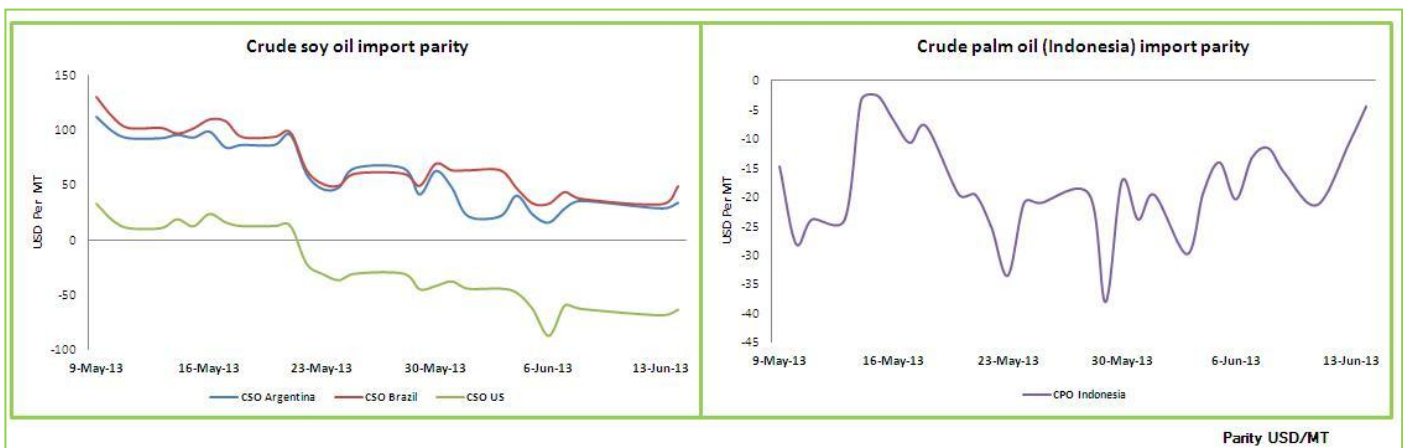
International Fundamentals:-

- As per Ukragroconsult, crude sunflower oil production was 1.2 million tons during the first quarter of 2013, down 5.8% from the same period last year. The sunflower oil production in Ukraine for 2012/2013 MY (September-August 2012/13) is estimated at 3.6 million tons down 0.2 million tons from last year owing to the lower sunflower seed production.

Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 780-810 per 10 Kg.

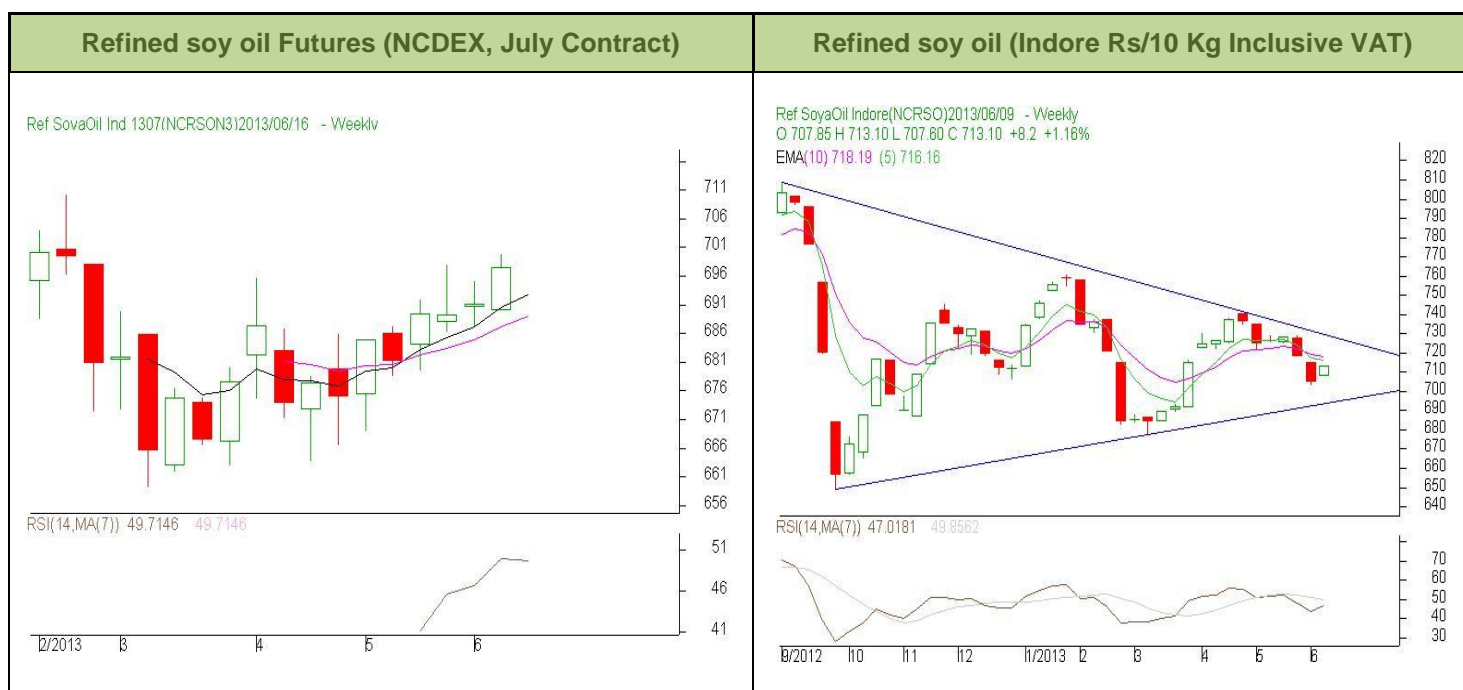
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 14/06/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	943	939	1055	800
Freight (USD/MT)	75	65	60	25.0
C & F	1018.0	1004.0	1115.0	825.0
Weight loss (0.25% of FOB)	2.36	2.35	2.64	2.00
Finance charges (0.4% on CNF)	4.07	4.02	4.46	3.30
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	1027	1013	1125	833
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	57.74	57.74	57.74	57.74
Landed cost without customs duty in INR per ton	59327	58512	64983	48084
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1075	1075	1075	843
Fixed exchange rate by customs department	56.85	56.85	56.85	56.85
Duty component in INR per ton	1527.84	1527.84	1527.84	1198.11
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61528	60713	67184	49956
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	63500	63500	63500	49700
Total landed cost USD per ton	1066	1051	1164	865
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1100	1100	1100	861
Parity INR/MT (Domestic - Landed)	1972	2787	-3684	-256
Parity USD/MT (Domestic - Landed)	34.16	48.27	-63.80	-4.43
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 693-696 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 693-709 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

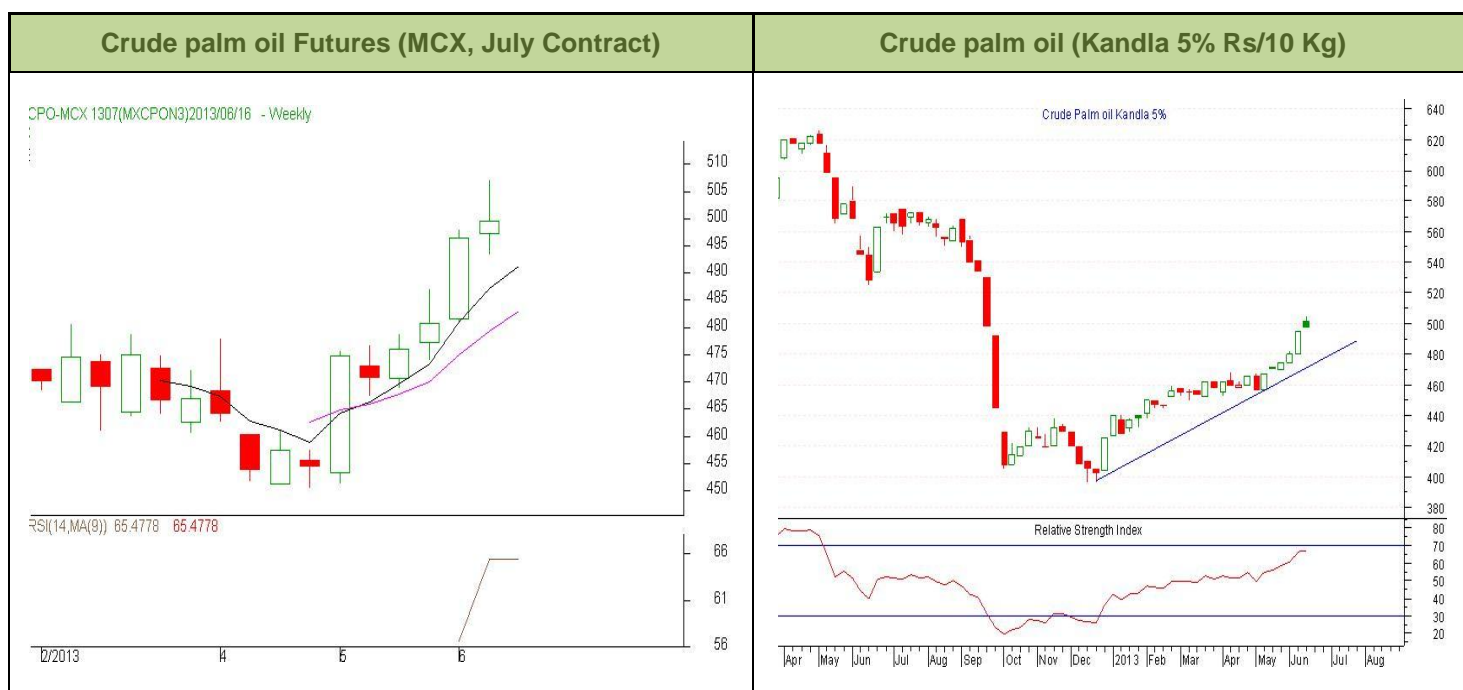
Strategy: Market participants are advised to go long in RSO at 693-696 levels for a target of 706 and 709 with a stop loss at 687 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
681	685	697.50	710	714

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 705-722 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 492.75 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 496-509 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 496-499 for a target of 507 and 509 with a stop loss at 492.75 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
484	488	499.50	512	515

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 494-512 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		6/17/2013	6/16/2013	
Refined Soybean Oil	Kota(Loose)	680	680	Unch
	Rajkot (Loose)	660	660	Unch
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	-	-	-
	Kakinada	-	-	-
	Mumbai +VAT	670	670	Unch
	Indore	685	680	5
	Soy Degum Mumbai+VAT	635	635	Unch
	SoyDegum Kandla/Mundra+VAT	635	635	Unch
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	711	711	Unch
	Amrawati (Loose)	711	711	Unch
	Jalna	709	709	Unch
	Nagpur	711	711	Unch
Palm Oil	Chennai.RBD.Palmolein.(Loose)	538	535	3
	Hyd. RBD Palmolein VAT	505	-	-
	Delhi RBD Palmolein (Loose)	-	-	-
	Kandla CPO (5%FFA)	498	497	1
	Kakinada.RBD.Palmolein(Loose)	521	521	Unch
	Mumbai RBD Pamolein+ VAT	530	535	-5
	Kandla RBD Palmolein +VAT	528	535	-7
Refined Sunflower Oil	Mumbai + VAT	790	790	Unch
	Kandla/Mundra	730	735	-5
	Erode (Exp. Oil)+VAT	785	785	Unch
	Hyderabad Exp +VAT	761	761	Unch
	Chennai (Loose)	800	800	Unch
	Bellary (Exp. Oil)+VAT	636	636	Unch
	Latur (Exp. Oil)+VAT	741	731	10
	Chellakere (Exp. Oil)+VAT	711	711	Unch
Groundnut Oil	Rajkot (Loose)	1000	1000	Unch
	Chennai (Loose)	1000	1000	Unch
	Delhi (Loose)	-	-	-
	Hyderabad Exp +VAT	988	999	-11

	Mumbai + VAT	1020	1030	-10
	Gondal+VAT	1000	1025	-25
	Jamnagar +VAT	1000	1025	-25
	Narsarropeth+VAT	951	961	-10
	Prodattour+VAT	946	941	5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	666	670	-4
	Alwar (Expeller Oil)(Loose)	651	651	Unch
	Kota (Expeller Oil) (Loose)	640	650	-10
	Jaipur (Expeller Oil) (Loose)	645	644	1
	Delhi (Exp. Oil) (Loose)	-	-	-
	SriGangaNagar(ExpOil-Loose)	651	651	Unch
	Hapur+VAT	726	724	2
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	710	710	Unch
Refined Cottonseed Oil	Mumbai +VAT	667	667	Unch
	Rajkot (Loose)	658	655	3
	Delhi (Loose)	-	-	-
	Hyderabad (Loose)	625	-	-
Coconut Oil	Kangayan (Crude)	700	690	10
	Cochin	680	650	30
	Trissur	680	670	10
Sesame Oil	Delhi	-	-	-
	Mumbai	960	960	Unch
Kardi	Mumbai	1050	1050	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	460	460	Unch
Malaysia Palmolein USD/MT	FOB (July Shipment)	815	815	Unch
	CNF (June) India	850	840	10
Indonesia/Malaysia CPO USD/MT	FOB (July Shipment)	795	800	-5
	CNF (June) India	835	825	10
Argentina FOB (\$/MT)		6/16/2013	6/15/2013	Change
Crude Soybean Oil Ship		947	938	9
Refined Soy Oil (Bulk) Ship		980	971	9
Sunflower Oil Ship		1120	-	-
Cottonseed Oil Ship		927	918	9



Refined Linseed Oil (Bulk) Ship	-	-	-
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