

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed losses during the week under review tracking correction in the international palm oil market and timely onset of monsoon over key oilseeds, producing regions.

Refined Sunflower oil (Chennai) was the top gainer among the edible oil pack owing to depreciating Indian rupee against USD and bullish cues from the international sun oil market. Moreover, mustard oil (Kota based) was the worst performer in the list. Mustard oil quoted 1.39 percent lower to Rs 635 per 10 Kg on weekly average basis.

Sown area for Kharif oilseed stood at 60.69 lakh hectares as on 27 June 2013. However, oilseeds sowing were 11.8 lakh hectares in the corresponding period of last year – Ministry Of Agriculture.

On the currency front, Indian rupee against USD closed at 59.38, down 0.15 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 upcoming Muslim festivities and supportive palm oil fundamentals. However, adequate global edible oil supply and need based demand in cash market may limit excessive gains.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 45.75 cents/lb to 47.50 cents/lb. CPO at BMD (Aug) is likely to trade in the range of 2300-2470 ringgits per tons. Focus during the coming days will be on the US weather over key soybean growing region, Chinese soybean demand, and Malaysian palm oil inventories.

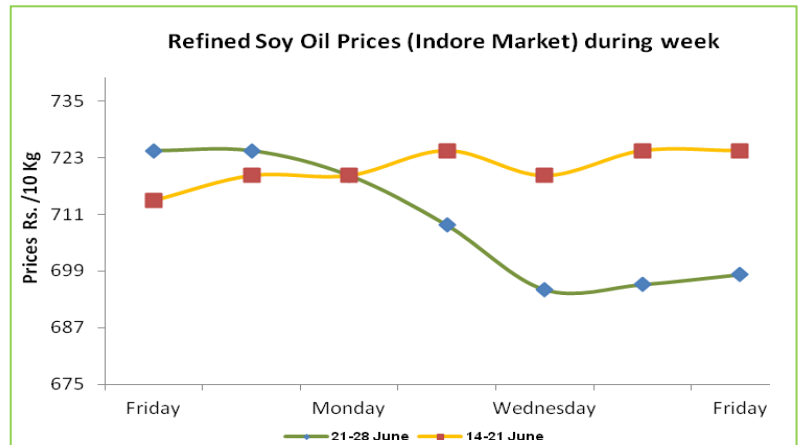
Record soybean production in South American countries and in expectation of higher US soybean output in the current season; support the global soybean supplies. However, lower US soybean stocks as on June 1 and good soybean demand from China may limit downside risk in the soy oil prices in the days ahead.

Good demand from Asian buyers, in expectation of stock build up from top palm oil buyers in the coming weeks 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 and good supply of competing soy oil, support the global edible oil supply scenario, which may cushion excessive gains in the medium term.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to weak tone owing to average demand and correction in the oilseed prices.
- The Cabinet Committee on Economic Affairs (CCEA) has raised the minimum support price (MSP) of soybean (yellow) has been increased by Rs. 320 per quintal to Rs. 2,560 per quintal, while the MSP of soybean (black) by Rs.300 per quintal to Rs. 2500 per quintal.
- Base price of crude soybean oil has been reduced to USD 1020 per tons from USD 1043 per tons earlier inline with the global prices.
- As per the latest report of Ministry of Agriculture, sown area for Kharif Soybean stood at 42.86 lakh hectares as on 27 June 2013. However, soybean sowing was 6.30 lakh hectares in the corresponding period of last year.
- As per sources, maize area is likely to shift in soybean crop partly in the karimnagar, warrangal and khammam district of Andhra Pradesh. Moreover, better rains over key oilseed producing regions weigh on the market sentiments.
- We expect soy oil may trade with a range bound to slightly firm tone 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:-

- Brazil's vegetable oils association Abiove has reduced the 2012-13 soybean crop estimates to 81.6 million tons from 82.1 million tons forecast in April. However, it has raised its forecast for exports to 38.3 million tons from 38.2 million tons in April.
- US Soybean stocks in all positions as on June 1, 2013 totaled 435 million bushels, down 35 percent from the corresponding period last year. On-farm stocks totaled 171 million bushels, down 4 percent from a year ago. Off-farm stocks, at 263 million bushels, are down 46 percent from a year ago - USDA.
- Record soybean production in South American countries and in expectation of higher US soybean output in the current season; support the global soybean supplies. However, lower US soybean stocks as on June 1 and good soybean demand from China may limit downside risk in the soy oil prices in the days ahead.

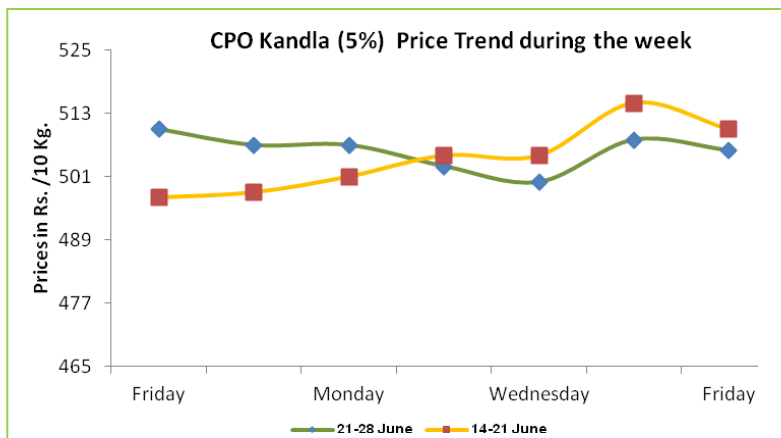
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 672-685 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured slight losses during the week in review tracking correction in the international palm oil market.
- The Indian government has increased the tariff value of crude palm oil to USD 854 per tons, up USD 2 per tons from earlier. Moreover, tariff values of crude palmolein, RBD palmolein were also raised to USD 875 a tons and USD 878 per tons, respectively.
- Supportive Malaysian palm oil exports, in expectation of stock build up from wholesalers ahead of Ramadan and weak Indian rupee against US dollar is likely to buoy the palm oil prices in the near term.
- 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.
- 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:-

- Positive palm oil products exports reported from Malaysia for June. cargo surveyor Intertek Testing Services Cargo report depicts a 7 percent gains in the exports of Malaysian palm oil products for June to 13.5 lakh tons compared to the last month.

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

Palm Products	June	May	% Change
Crude palm oil	279,768	282,220	-0.9
RBD palm oil	133,716	107,962	23.85
RBD palm olein	576,380	508,831	13.3
RBD palm stearin	123,887	139,653	-11.3
Crude palm kernel oil	18,050	19,870	-9.2
Palm fatty acid distillate	38,620	53,220	-27.4

Importers	June	May	% Change
EU	260,225	192,743	35.0
China	271,375	226,390	19.9
India & Sub. Continent	376,530	365,736	3.0

- As per trade ministry, Indonesia has set its export tax for crude palm oil at 10.5 percent for July, up from 9 percent in June.
- Malaysia will set its crude palm oil export tax for July at 4.5 percent, unchanged since March. Moreover, Southeast Asian country calculated a reference price of 2,382.32 ringgit per tons for crude palm oil for July.
- Good demand from Asian buyers, in expectation of stock build up from top palm oil buyers in the coming weeks 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 and good supply of competing soy oil, support the global edible oil supply scenario, which may cushion excessive gains in the medium term.

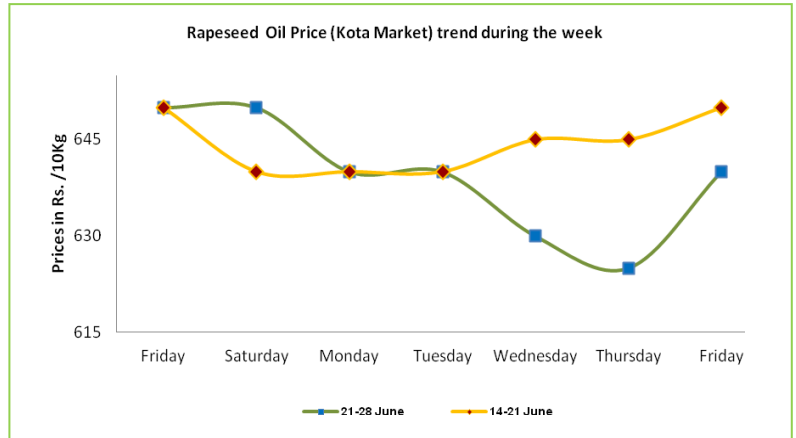
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 503-512 per 10 Kg in the near term.

Rapeseed oil:

Domestic Market Fundamentals

- Mustard oil featured range bound during the week at Kota market due to of need-based demand.
- 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.
- Weekly losses in the mustard seed, adequate mustard oil supply against need-based demand from wholesalers and normal monsoon over key oilseed producing regions hurt the market sentiments.
- We expect RM seed oil prices may trade range bound 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.

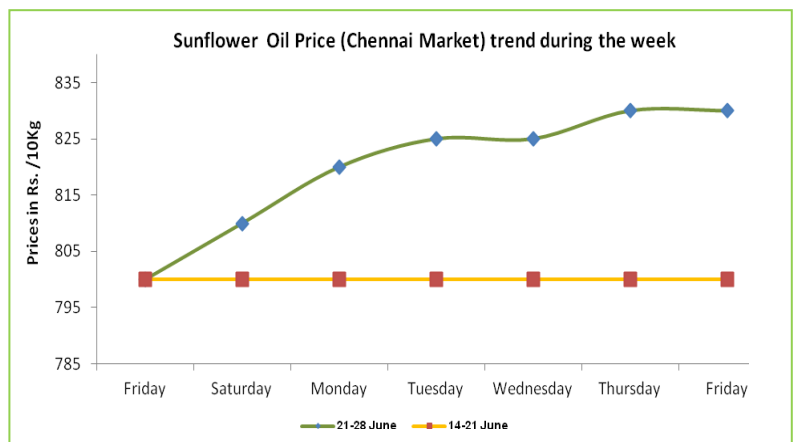
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 620-645 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured firm tone at its benchmark market Chennai during the week due to weak Indian rupee against USD and good demand from wholesalers.
- CCEA retained the minimum support price (MSP) of sunflower seed to previous year levels of Rs 3700 per quintal.
- As per the latest report of Ministry of Agriculture, sown area for Kharif Sunflower seed stood at 0.55 lakh hectares as on 27 June 2013 up 111.5 % compared to corresponding period last year, which was 0.26 lakh hectares. Higher sowing witnessed in Karnataka due to better rains.
- 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 - SEA of India.
- We expect sunflower oil prices may trade range bound in the near term.



International Fundamentals:-

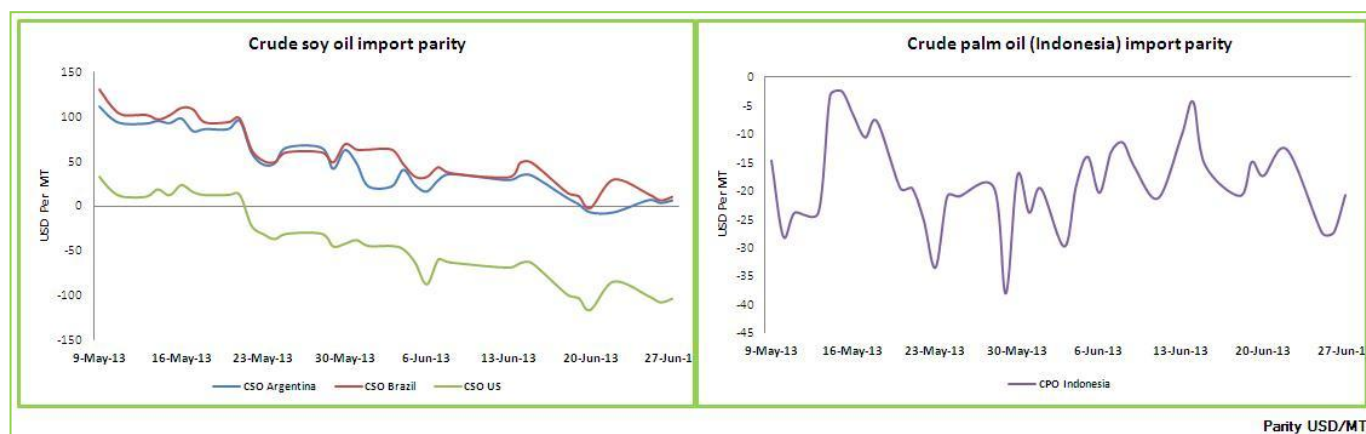
- As per Ukragroconsult, crude sunflower oil production was 1.2 million tons during the first quarter of 2013, down 5.8% from the same period last year. The sunflower oil production in Ukraine for 2012/2013 MY (Sept-Aug 2012/13) may fall to 3.6 million tons from 3.8 million tons last year owing to the lower sunflower seed production.

Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 810-840 per 10 Kg.

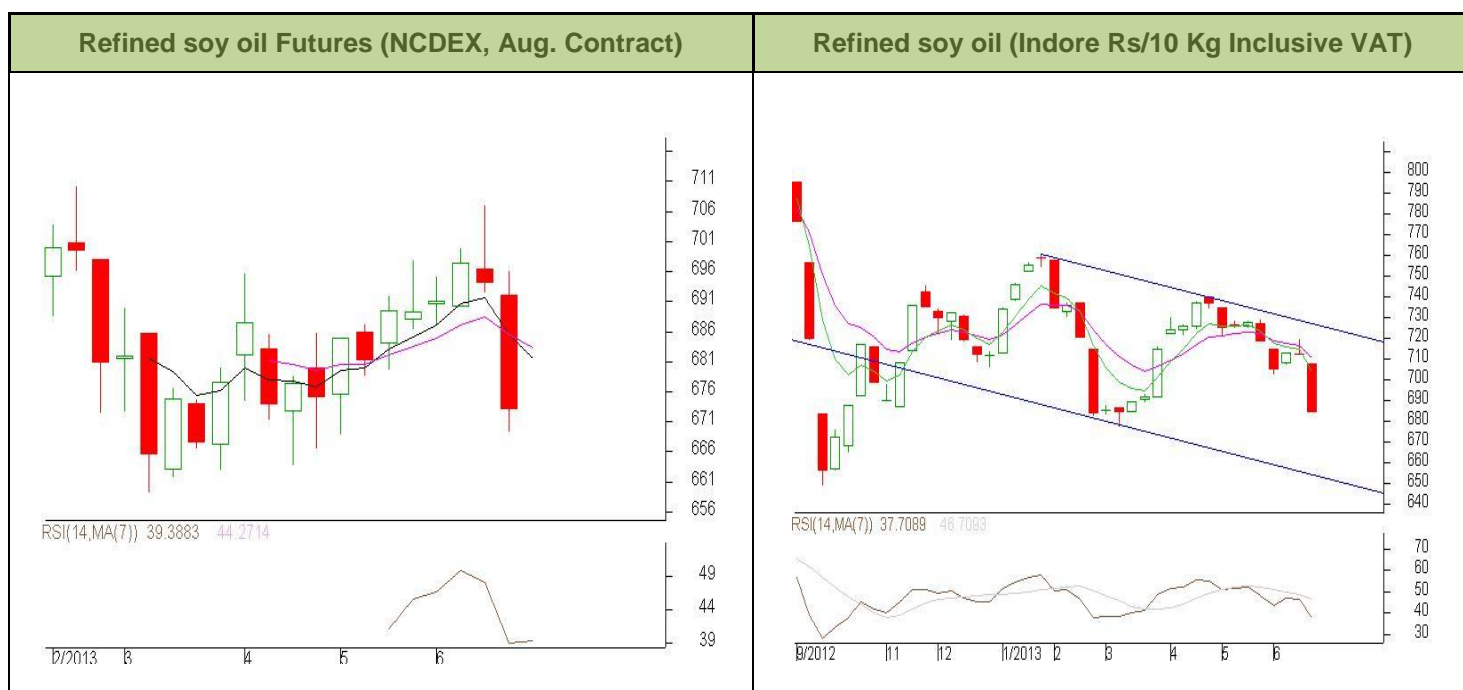
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 28/6/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	891	905	1023	793
Freight (USD/MT)	75	65	60	32.0
C & F	966.0	970.0	1083.0	825.0
Weight loss (0.25% of FOB)	2.23	2.26	2.56	1.98
Finance charges (0.4% on CNF)	3.86	3.88	4.33	3.30
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	975	979	1093	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	59.69	59.69	59.69	59.69
Landed cost without customs duty in INR per ton	58197	58440	65249	49707
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1075	1075	1075	843
Fixed exchange rate by customs department	59.20	59.20	59.20	59.20
Duty component in INR per ton	1591.00	1591.00	1591.00	1247.64
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	60461	60704	67513	51628
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62500	62500	62500	50600
Total landed cost USD per ton	1013	1017	1131	865
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1047	1047	1047	848
Parity INR/MT (Domestic - Landed)	2039	1796	-5013	-1028
Parity USD/MT (Domestic - Landed)	34.16	30.09	-83.99	-17.22

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 South American soybean oil prices.

Technical Analysis (Refined soy oil Weekly Charts)


Outlook – Prices are likely to trade with a steady tone in the days ahead. Investors are advised to buy refined soy oil (Aug. contract) at 668-670 levels.

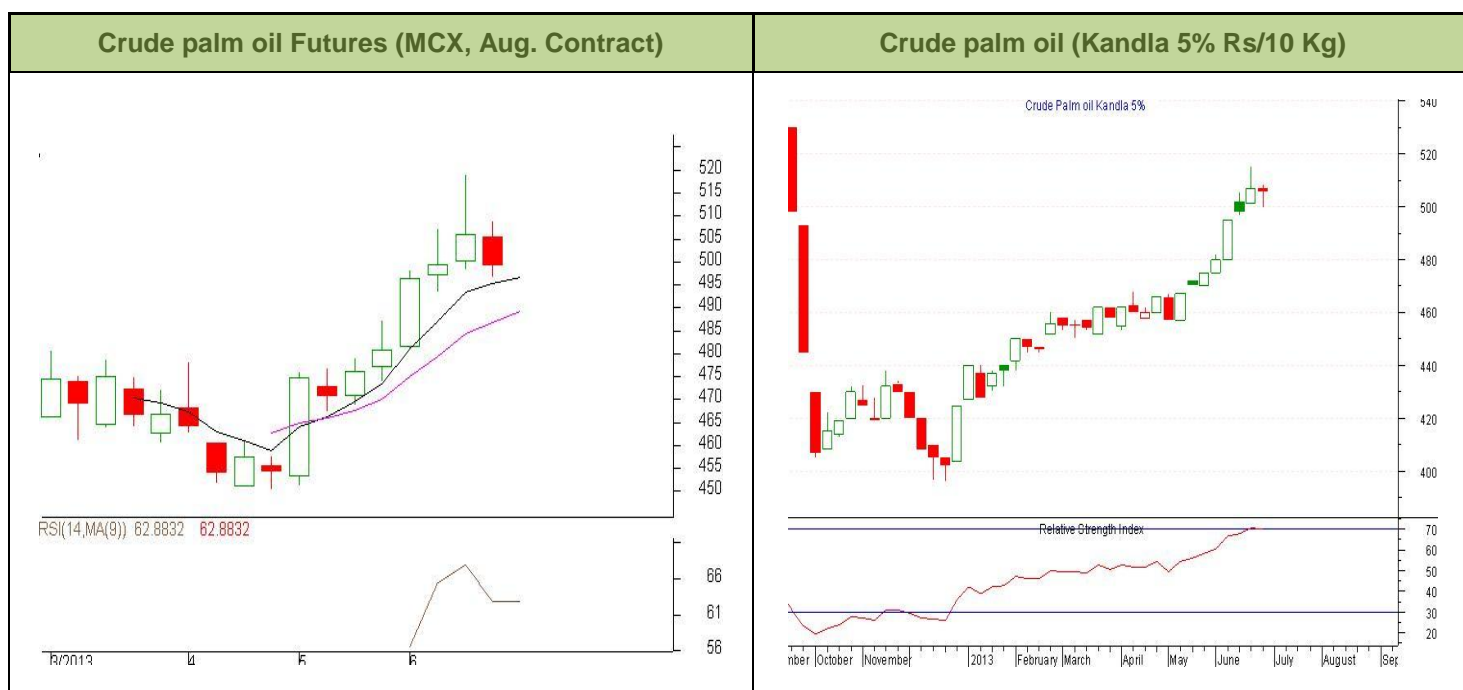
- ❖ Weekly chart of refined soy oil at NCDEX featured losses. We expect prices may trade with a steady to slight firm note in the near term.
- ❖ Any close below 664 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 668-670 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 668-670 levels for a target of 679 and 682 with a stop loss at 664 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
660	664	673	682	685

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 672-685 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady to weak tone in the coming days. Investors are advised to buy MCX CPO Aug contract above 503 levels.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts consolidation in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 498 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 503-515 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 above 503 for a target of 512 and 513 with a stop loss at 498 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
484	487	499	515	518

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 498-513 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		6/28/2013	6/21/2013	
Refined Soybean Oil	Kota(Loose)	650	680	-30
	Rajkot (Loose)	655	665	-10
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	690	725	-35
	Kakinada	-	-	-
	Mumbai +VAT	665	690	-25
	Indore	665	690	-25
	Soy Degum Mumbai+VAT	625	642	-17
	SoyDegum Kandla/Mundra+VAT	625	642	-17
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	696	726	-30
	Amrawati (Loose)	696	726	-30
	Jalna	701	721	-20
	Nagpur	696	726	-30
Palm Oil	Chennai.RBD.Palmolein.(Loose)	545	550	-5
	Hyd. RBD Palmolein VAT	525	500	25
	Delhi RBD Palmolein (Loose)	565	585	-20
	Kandla CPO (5%FFA)	506	510	-4
	Kakinada.RBD.Palmolein(Loose)	526	531	-5
	Mumbai RBD Pamolein+ VAT	538	550	-12
	Kandla RBD Palmolein +VAT	530	540	-10
Refined Sunflower Oil	Mumbai + VAT	800	800	Unch
	Kandla/Mundra	740	745	-5
	Erode (Exp. Oil)+VAT	802	805	-3
	Hyderabad Exp +VAT	781	771	10
	Chennai (Loose)	830	800	30
	Bellary (Exp. Oil)+VAT	646	651	-5
	Latur (Exp. Oil)+VAT	746	751	-5
	Chellakere (Exp. Oil)+VAT	741	741	Unch
Groundnut Oil	Rajkot (Loose)	875	940	-65
	Chennai (Loose)	880	930	-50
	Delhi (Loose)	900	930	-30
	Hyderabad Exp +VAT	883	946	-63
	Mumbai + VAT	940	980	-40

	Gondal+VAT	880	950	-70
	Jamnagar +VAT	880	-	-
	Narsarropeth+VAT	801	841	-40
	Prodattour+VAT	801	861	-60
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	665	672	-7
	Alwar (Expeller Oil)(Loose)	646	651	-5
	Kota (Expeller Oil) (Loose)	640	650	-10
	Jaipur (Expeller Oil) (Loose)	636	648	-12
	Delhi (Exp. Oil) (Loose)	678	685	-7
	SriGangaNagar(ExpOil-Loose)	636	661	-25
	Hapur+VAT	705	721	-16
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	695	720	-25
Refined Cottonseed Oil	Mumbai +VAT	662	675	-13
	Rajkot (Loose)	645	660	-15
	Delhi (Loose)	625	645	-20
	Hyderabad (Loose)	630	610	20
Coconut Oil	Kangayan (Crude)	680	680	Unch
	Cochin	690	690	Unch
	Trissur	680	685	-5
Sesame Oil	Delhi	1000	1000	Unch
	Mumbai	1010	1015	-5
Kardi	Mumbai	1050	1050	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	490	480	10
Malaysia Palmolein USD/MT	FOB (July Shipment)	783	805	-22
	CNF (July) India	820	843	-23
Indonesia/Malaysia CPO USD/MT	FOB (Aug Shipment)	770	790	-20
	CNF (July) India	820	833	-13
Argentina FOB (\$/MT)		6/27/2013	6/20/2013	Change
Crude Soybean Oil Ship		887	962	-75
Refined Soy Oil (Bulk) Ship		918	996	-78
Sunflower Oil Ship		-	-	-
Cottonseed Oil Ship		867	942	-75
Refined Linseed Oil (Bulk) Ship		-	-	-



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