

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed slight losses during the week under review tracking range bound movement 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, refined soybean oil (Indore based) was the worst performer in the list. Refined soybean oil quoted 1.99 percent lower to Rs 687.75 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 60.22, down 1.22 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.

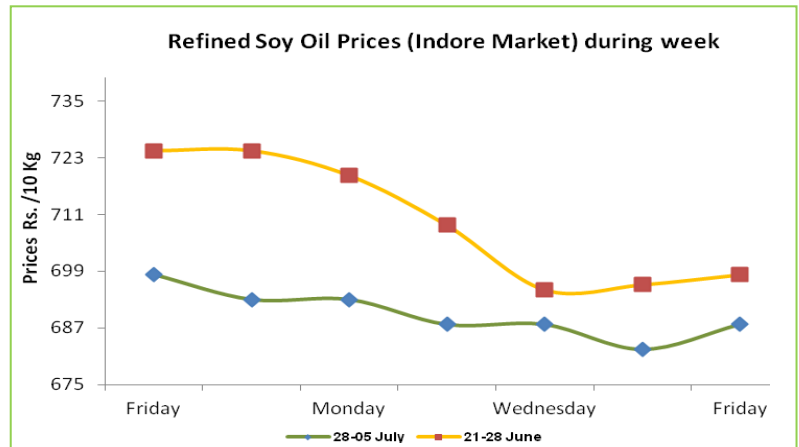
Higher soybean production in South American countries and higher US soybean output prospects in the current season; support the global soybean supplies. However, in anticipation of good soybean demand from China in the coming weeks may limit downside risk in the soy oil prices in the days ahead.

Better buying from Asian buyers, easing Malaysian palm oil inventories 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.
- IBIS data revealed that India imported 0.83 lakh tons of crude soybean oil majorly from Argentina and Brazil in the month of June. 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.
- We expect soy oil may trade with a range bound in expectation of stock build up from wholesalers ahead of Ramadan. However, higher oilseed sowing due to favorable weather support the supply prospects in the medium term.



International Fundamentals:-

- Lanworth has improved its outlook for the 2013-14 US soybean output to 3.36 billion bushels from 3.34 billion on favorable weather projections.
- As per the latest USDA crop progress report, the US soybean crop has been planted in 96 per cent of the soybean growing areas as of 30 Jun 2013, advancing from 92 per cent last week, but lower than 100 per cent completion witnessed in the same period last year. The planting pace is slower as compared to the 5-year average of 98 per cent. The emergence is reported at 91 per cent, behind 5-year average of 94 per cent and 99 per cent last year. About 26 per cent of the planted crop is rated as fair and 67 per cent as good to excellent condition.
- Higher soybean production in South American countries and higher US soybean output in the current season prospects; support the global soybean supplies. However, in anticipation of good soybean demand from China in the coming weeks may limit downside risk in the soy oil prices in the days ahead.

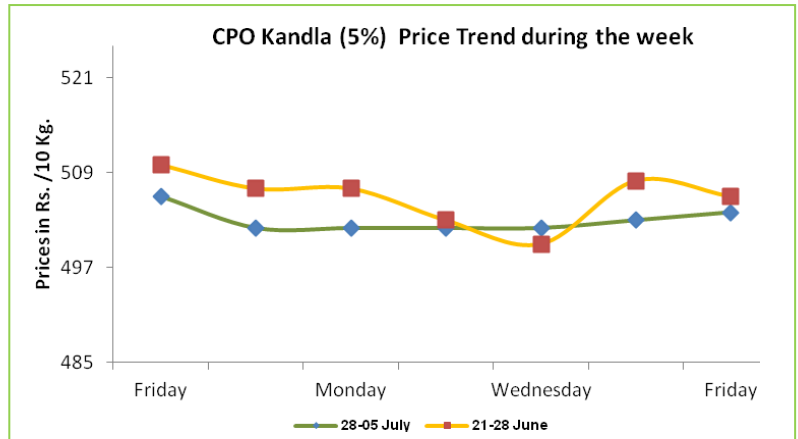
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 680-698 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured slight losses during the week in review tracking range bound movement in the international palm oil market and need based demand.
- At the import front, IBIS figures revealed that Indian buyers imported 3.48 lakh tons of crude palm oil, 3.31 lakh tons of RBD palmolein and 0.39 lakh tons of crude palm kernel oil in the month of June.
- 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.
- Positive Malaysian palm oil export figures, weakness in the Indian rupee against US dollar and in expectation of stock build up from wholesalers ahead of Ramadan is likely to buoy the palm oil prices in the near term.
- 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 Reuters survey, Malaysian palm oil inventories is likely to further ease in June and may touch 17.4, lakh tons down 4.2 percent from May level. However, palm oil production is likely to surge by 6 percent in June from the previous month, its biggest jump so far this year, to 14.7 lakh tons due to seasonally higher palm oil production in June.
- 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.
- Better buying from Asian buyers, easing Malaysian palm oil inventories 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.

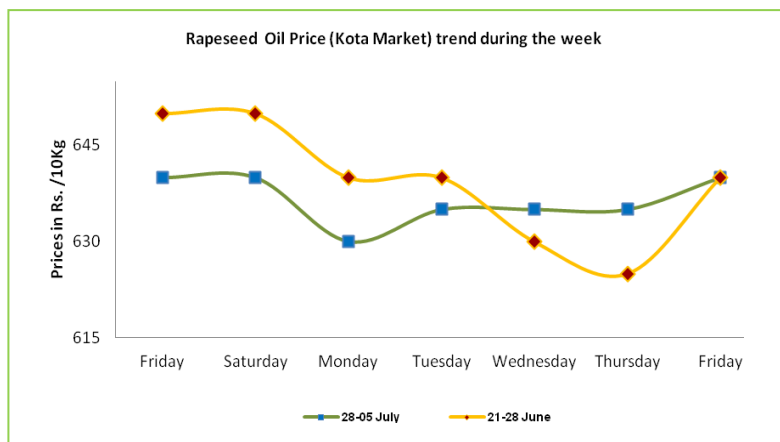
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 500-520 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 and better rains support Kharif crop prospects.
- Better rains over key oilseed producing regions, subdued demand against adequate mustard oil supply and higher Kharif sowing weigh on the market sentiments. However, slight gains could be witness in expectation of good demand during Ramadan.
- 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 in anticipation of improved buying. However, adequate mustard supplies would negate the excessive gains.



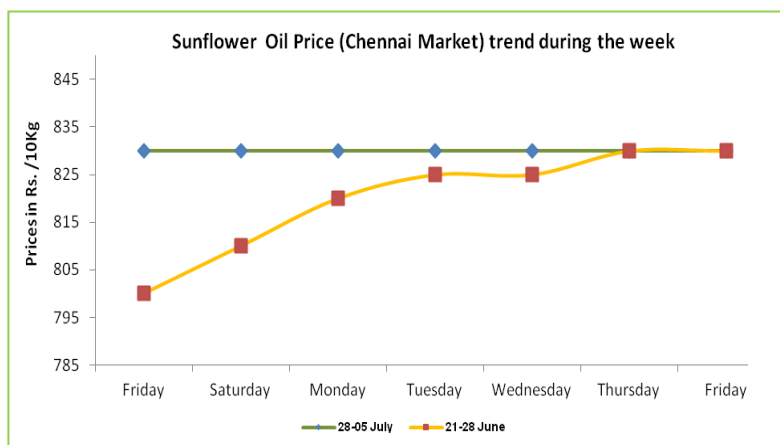
Price Outlook:

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 slight gains at its benchmark market Chennai during the week due to weak Indian rupee against USD and good demand from wholesalers.
- At import front, IBIS data revealed that India imported 1.56 lakh tons of crude sunflower oil majorly from Ukraine in the month of June. While, 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 of the last year - SEA of India.
- 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.
- We expect sunflower oil prices may trade with steady to firm note in the near term.



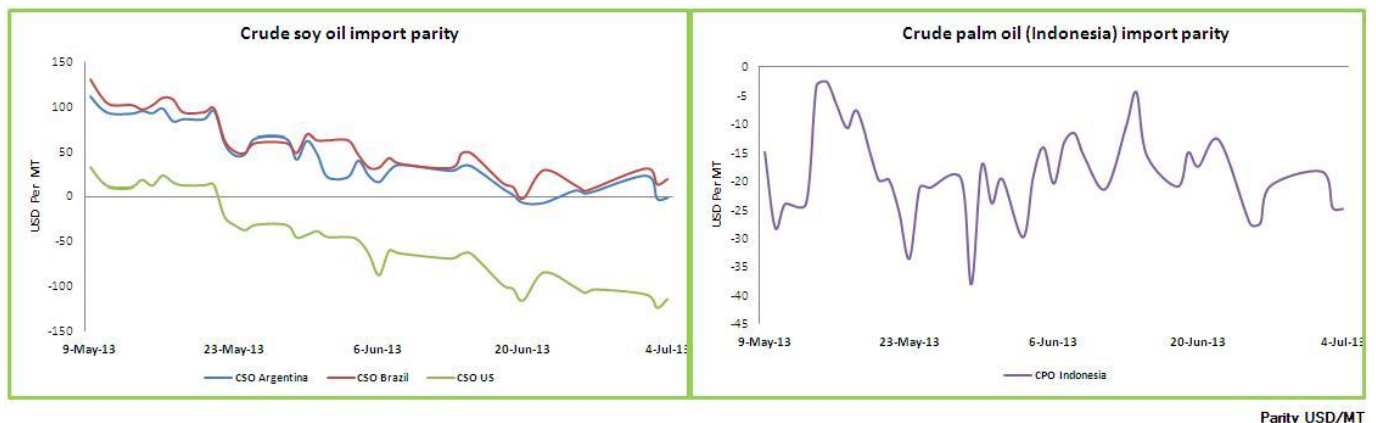
International Fundamentals:-

- 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 810-845 per 10 Kg.

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

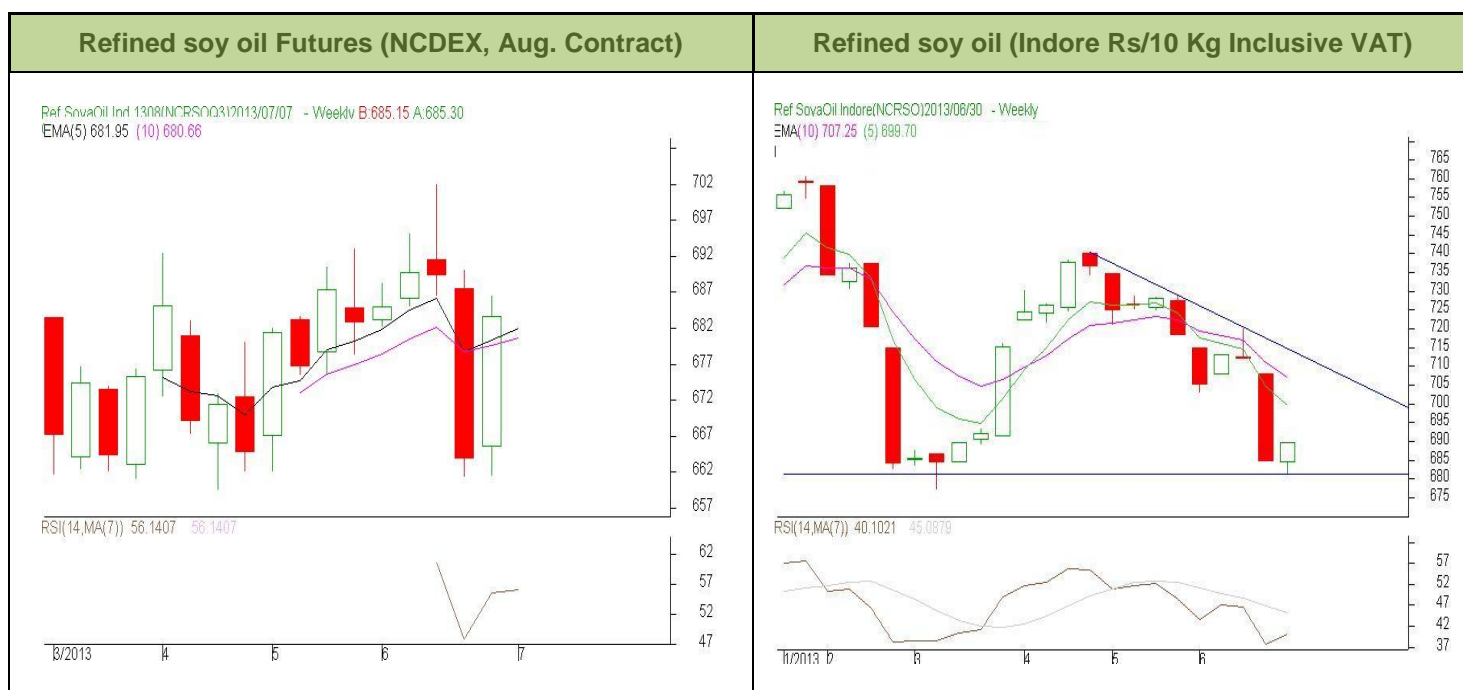
Landed Cost Calculation as on 4/7/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	903	892	1030	788
Freight (USD/MT)	75	65	60	34.0
C & F	978.0	957.0	1090.0	822.0
Weight loss (0.25% of FOB)	2.26	2.23	2.58	1.97
Finance charges (0.4% on CNF)	3.91	3.83	4.36	3.29
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	987	966	1100	830
CVD	0	0	0	0
Duty USD per ton	25.50	25.50	25.50	21.35
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.51	0.51	0.51	0.427
Exchange rate	60.09	60.09	60.09	60.09
Landed cost without customs duty in INR per ton	59315	58043	66111	49858
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1020	1020	1020	854
Fixed exchange rate by customs department	59.20	59.20	59.20	59.20
Duty component in INR per ton	1509.60	1509.60	1509.60	1263.92
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61498	60225	68294	51795
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	61400	61400	61400	50300
Total landed cost USD per ton	1023	1002	1137	862
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1022	1022	1022	837
Parity INR/MT (Domestic - Landed)	-98	1175	-6894	-1495
Parity USD/MT (Domestic - Landed)	-1.63	19.55	-114.73	-24.88
Source: Agriwatch/ Reuters				



Parity USD/MT

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 to firm tone in the days ahead. Investors are advised to buy refined soy oil (Aug. contract) at 675-678 levels.

- ❖ Weekly chart of refined soy oil at NCDEX featured gains. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 669.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 675-692 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence with the ref. soy oil prices.

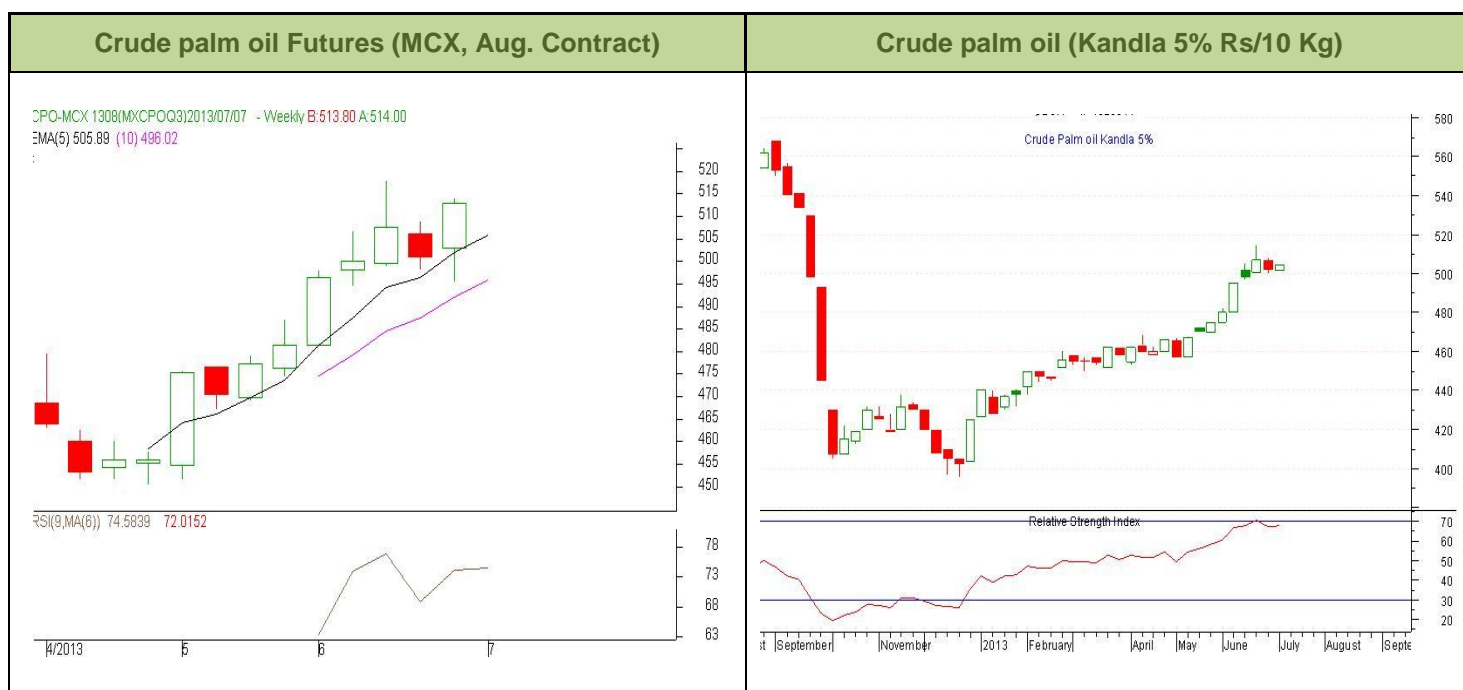
Strategy: Market participants are advised to go long in RSO at 675-678 levels for a target of 689 and 692 with a stop loss at 669.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
660	668	684.15	695	700

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 680-698 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 Aug contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts bullishness in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 505.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 508-521 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 between 508-511 for a target of 519 and 521 with a stop loss at 505.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
495	500	512.90	523	527

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 500-520 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		7/05/213	6/28/213	
Refined Soybean Oil	Kota(Loose)	655	650	5
	Rajkot (Loose)	635	655	-20
	Jaipur (Loose)	-	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	692	690	2
	Kakinada	-	-	-
	Mumbai +VAT	660	665	-5
	Indore	655	665	-10
	Soy Degum Mumbai+VAT	615	625	-10
	SoyDegum Kandla/Mundra+VAT	612	625	-13
	Haldiya Port (Loose)	-	-	-
	Akola (Loose)	701	696	5
	Amrawati (Loose)	701	696	5
	Jalna	706	701	5
	Nagpur	701	696	5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	545	545	Unch
	Hyd. RBD Palmolein VAT	525	525	Unch
	Delhi RBD Palmolein (Loose)	575	565	10
	Kandla CPO (5%FFA)	504	506	-2
	Kakinada.RBD.Palmolein(Loose)	524	526	-2
	Mumbai RBD Pamolein+ VAT	532	538	-6
	Kandla RBD Palmolein +VAT	535	530	5
Refined Sunflower Oil	Mumbai + VAT	810	800	10
	Kandla/Mundra	740	740	Unch
	Erode (Exp. Oil)+VAT	810	802	8
	Hyderabad Exp +VAT	781	781	Unch
	Chennai (Loose)	830	830	Unch
	Bellary (Exp. Oil)+VAT	746	646	100
	Latur (Exp. Oil)+VAT	756	746	10
	Chellakere (Exp. Oil)+VAT	736	741	-5
Groundnut Oil	Rajkot (Loose)	975	875	100
	Chennai (Loose)	780	880	-100
	Delhi (Loose)	800	900	-100
	Hyderabad Exp +VAT	894	883	11

	Mumbai + VAT	980	940	40
	Gondal+VAT	975	880	95
	Jamnagar +VAT	975	880	95
	Narsarropeth+VAT	821	801	20
	Prodattour+VAT	826	801	25
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	658	665	-7
	Alwar (Expeller Oil)(Loose)	641	646	-5
	Kota (Expeller Oil) (Loose)	640	640	Unch
	Jaipur (Expeller Oil) (Loose)	650	636	14
	Delhi (Exp. Oil) (Loose)	670	678	-8
	SriGangaNagar(ExpOil-Loose)	641	636	5
	Hapur+VAT	709	705	4
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	700	695	5
Refined Cottonseed Oil	Mumbai +VAT	665	662	3
	Rajkot (Loose)	655	645	10
	Delhi (Loose)	635	625	10
	Hyderabad (Loose)	625	630	-5
Coconut Oil	Kangayan (Crude)	670	680	-10
	Cochin	675	690	-15
	Trissur	665	680	-15
Sesame Oil	Delhi	1000	1000	Unch
	Mumbai	1040	1010	30
Kardi	Mumbai	1050	1050	Unch
Rice Bran Oil (40%)	Delhi	-	-	-
Rice Bran Oil (4%)	Punjab	490	490	Unch
Malaysia Palmolein USD/MT	FOB (July Shipment)	783	783	Unch
	CNF (July) India	818	820	-2
Indonesia/Malaysia CPO USD/MT	FOB (Aug Shipment)	785	770	15
	CNF (July) India	815	820	-5
Argentina FOB (\$/MT)		7/4/2013	6/27/2013	Change
Crude Soybean Oil Ship		900	887	13
Refined Soy Oil (Bulk) Ship		932	918	14
Sunflower Oil Ship		1140	-	-
Cottonseed Oil Ship		880	867	13



Refined Linseed Oil (Bulk) Ship	-		-
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