

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oils witnessed losses during the week under review tracking bearish cues from international palm oil market and higher Kharif oilseed sowing thanks to timely onset of monsoon over key oilseeds producing regions.

Refined sunflower oil (Chennai) was the top gainer among the edible oil pack owing to better buying from stockists and bullish international sun oil market. However, most of the edible oils featured losses during the week in line with the international palm oil market.

Sown area for Kharif oilseed stood at 149.82 lakh hectares as on 18 July 2013. However, oilseeds sowing were 108.81 lakh hectares in the corresponding period of last year – Ministry Of Agriculture.

On the currency front, Indian rupee against USD closed at 59.39, up 0.40 percent as compared to the previous week. We expect edible oil complex to trade sideways to slightly weak tone in the coming days owing to adequate global edible oil supply and average demand in cash market. However, ongoing Muslim festivities may limit excessive losses in the edible oil complex.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 44.820 cents/lb to 46.80 cents/lb. CPO at BMD (Aug) is likely to trade in the range of 2280-2390 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 export figures.

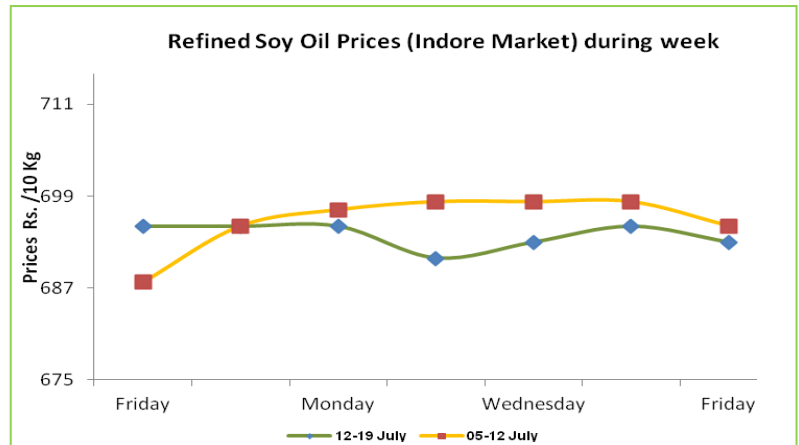
Higher soybean production in South American countries and good weather condition over key US soybean growing regions support the global soybean supplies in the medium term. However, good demand from China & old US soy crop tightness may limit excessive gains.

Rise in palm oil production in June and likely to pick up in second half of the year as South East Asian countries entering into seasonally high palm oil yield phase support the palm oil supply scenario in the medium term and raise concerns about palm oil inventory levels climbing higher this month.

Soy oil:

Domestic Fundamentals:-

- Soybean oil featured steady to weak tone owing to losses in the international palm oil and in expectation of bumper soybean crop.
- SEA of India has reported that Indian buyers imported 490,486 tons of crude degummed soybean oil in the current oil year until June 2013, down 25.6 percent from last year of a corresponding period thanks to better soybean production and higher palm oil imports.
- As per Ministry of Agriculture, sown area for Kharif Soybean stood at 109.99 lakh hectares as on 18 July 2013. However, soybean sowing was 86.20 lakh hectares in the corresponding period of last year. Higher area covered in Madhya Pradesh, Maharashtra and Rajasthan compare to last year.
- We expect soy oil may trade with a range bound to weak tone due to higher oilseed sowing and favorable weather support the edible oils supply prospects in the medium term.



International Fundamentals:-

- China's soybean imports are likely to reach 7 million tons in July, higher than the previous month due to poor harvest and rising demand. Moreover, Chinese soybean stocks will fall to 8.0 million tons at the end of July, which is 3.8 million tons less compared to the same period of last year – Oil World.
- Brazil's government agency, CONAB has raised its estimate of the soy crop to 81.50 million tons from 81.30 million tons previously.
- As per Argentina's Agriculture Ministry report, Argentina soybean harvesting seen at 49 million tons, down from 1.2 million tons from previous estimate.
- Higher soybean production in South American countries and good weather condition over key US soybean growing regions support the global soybean supplies in the medium term. However, good soybean demand from China & old US soy crop tightness may limit excessive gains.

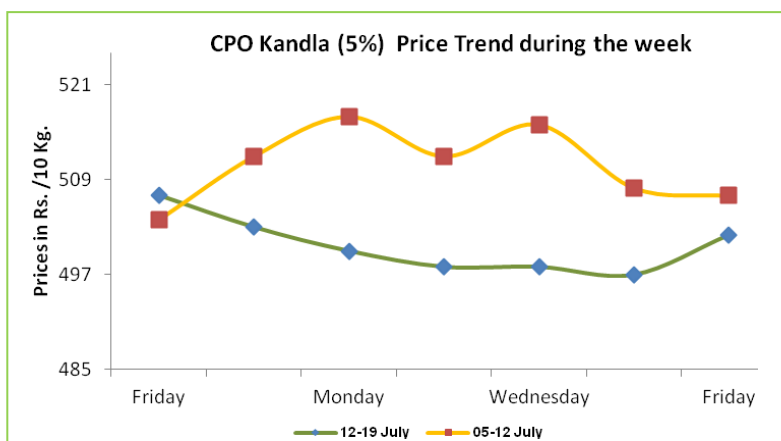
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 670-692 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured losses during the week in review tracking correction in the Indian rupee against US dollar and weakness in the international palm oil market.
- Indian buyers imported 40.8 lakh tons of crude palm oil in the current oil year until June, which is 20.35 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were higher by 27.27 percent to 15.4 lakh tons during Nov'12-Jun'13 as compared to the same period of a last year.
- Edible oils stocks as on 1 July, 2013 at various ports estimated at 6.90 lakh tons including CPO (300,000 tons), RBD Palmolein (230,000 tons), Soybean degummed Oil (80,000 tons), Crude Sunflower Oil (80,000 tons) and 13.7 lakh tons in pipelines. Total stock, both at ports and pipelines is 20.6 lakh tons compared to 19.7 lakh tons in previous month – SEA of India.
- Expected rise in oilseed production in the current season support edible oils supplies prospects and average demand against comfortable edible oil stock likely to weigh on the market sentiments in the near term.
- We expect domestic palm oil prices may trade range bound tone in expectation of good edible oils supplies in the second half of the year. Meanwhile, ongoing Muslim festivities may limit excessive losses for short term.



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 IPOA, Indonesia's June CPO and its derivatives exports fell 11 percent to 1.62 million tons compared to the previous month. During the month of June, exports of CPO and its derivatives to India totaled 404,520 tons, 170,570 tons to China, 343,270 tons to Europe Union countries and 44,250 tons to Pakistan.
- According to a Malaysian Customs Department circular, Malaysia kept its crude palm-oil export tax unchanged in August seeks to boost shipments and reduce stockpiles
- Rise in palm oil production in June and likely to pick up in second half of the year as South East Asian countries entering into seasonally high palm oil yield phase support the palm oil supply scenario in the medium term and raise concerns about palm oil inventory levels climbing higher this month.

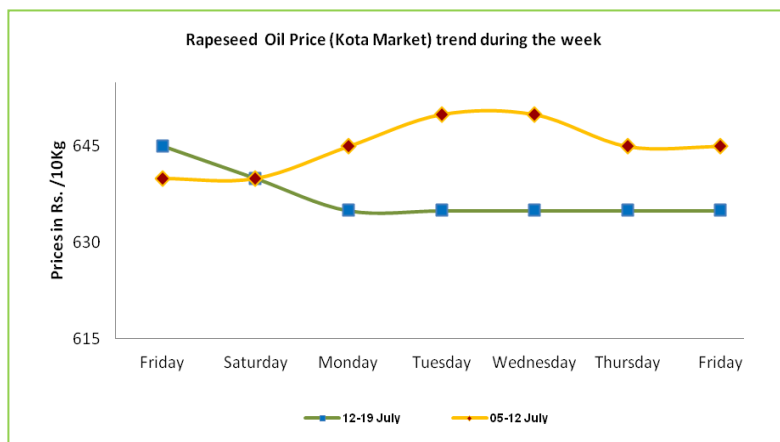
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 488-510 per 10 Kg in the near term.

Rapeseed oil:

Domestic Fundamentals:-

- Mustard oil featured weak tone during the week at Kota market owing to dull demand against adequate availability.
- Bearishness in the edible oil complex and higher sowing over key oilseed growing areas weigh on the market sentiments. However, excessive losses could be restricted 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 to weak tone in anticipation of good edible oils supplies. However, renewed demand could witness due to ongoing Muslim festivities.



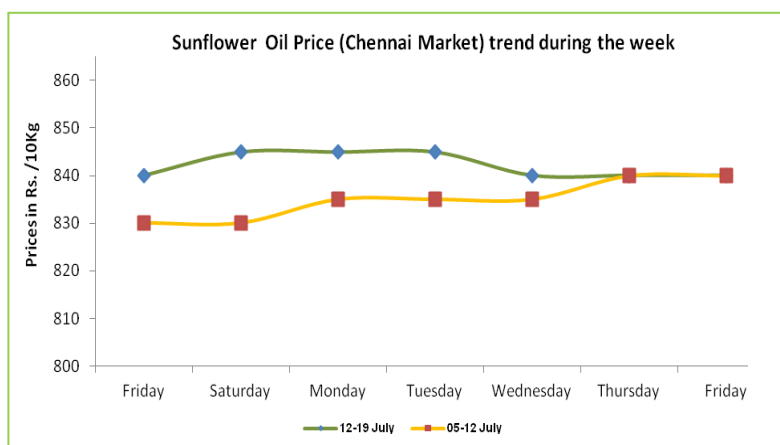
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 615-640 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured slight gains at its benchmark market Chennai during the week due to better buying from stockists and wholesalers.
- Farmers in India have sown sunflower seed on 1.26 lakh hectares as of July 18, compared with 0.62 lakh hectares in the same period a year earlier. Higher sowing witnessed in Karnataka and Maharashtra due to better rains. Karnataka and Maharashtra covers 97 percent of the total sunflower seed acreage in the current season.
- At import front, SEA of India reports that crude sunflower oil imports by India reached 679,403 tons in the current oil year 2012/13 until June and were thus lower than the 820,180 tons imports against same period last year. However, imports were higher on m-o-m basis in June by 49.6 percent to 101,480 tons.
- CCEA retained the minimum support price (MSP) of sunflower seed to previous year levels of Rs 3700 per quintal.
- We expect sunflower oil prices may trade with steady note in the near term.



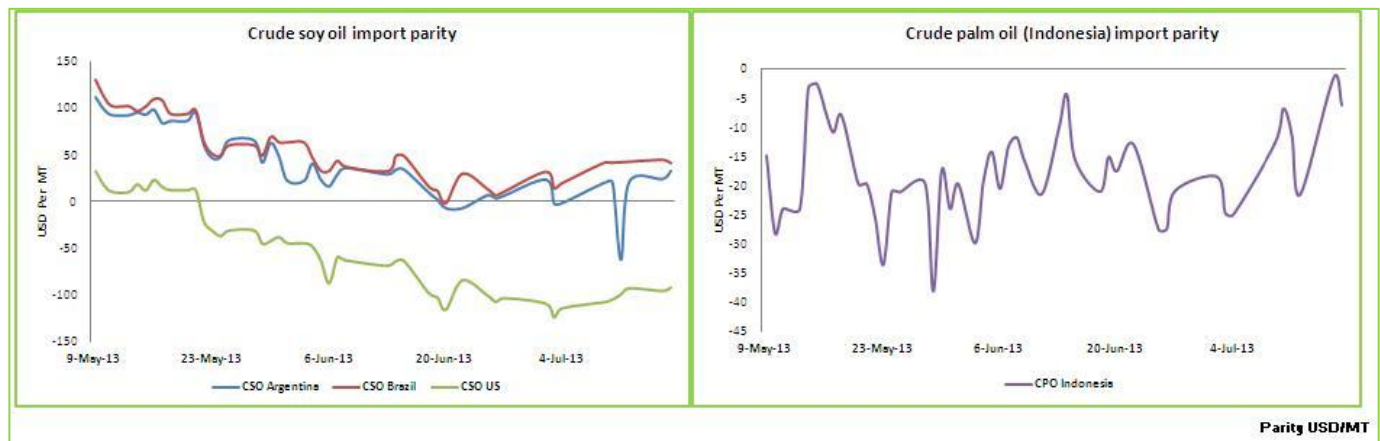
International Fundamentals:-

- Oil World forecasts global sunflower seed production in 2013/14 at 38.7 Mln. tons, slightly lower from previous forecast of 38.8Mln tons. While higher compared to previous year which was 36.0 Mln tons. Ukraine sunflower seed production is estimate at 9.4 Mln tons, Russia at 8.6 Mln tons, EU-27 at 8.1 Mln tons, and Argentina at 3.3 Mln tons.

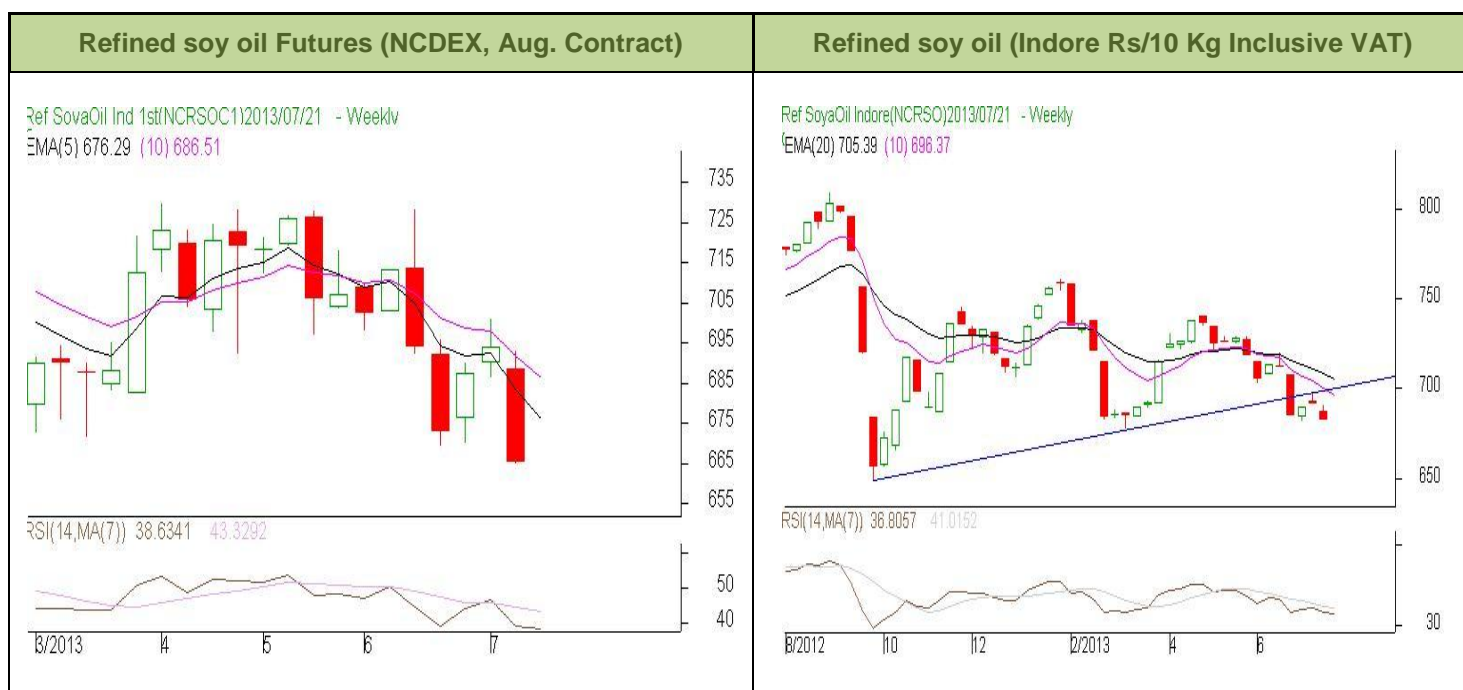
Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 820-845 per 10 Kg.

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

Landed Cost Calculation as on 19/7/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	883	882	1003	775
Freight (USD/MT)	75	65	60	40.0
C & F	958.0	947.0	1063.0	815.0
Weight loss (0.25% of FOB)	2.21	2.21	2.51	1.94
Finance charges (0.4% on CNF)	3.83	3.79	4.25	3.26
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	967	956	1073	823
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	59.79	59.79	59.79	59.79
Landed cost without customs duty in INR per ton	57812	57149	64152	49186
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	59994	59332	66334	51123
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	60700	60700	60700	50200
Total landed cost USD per ton	1003	992	1109	855
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1015	1015	1015	840
Parity INR/MT (Domestic - Landed)	706	1368	-5634	-923
Parity USD/MT (Domestic - Landed)	11.80	22.88	-94.23	-15.43
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 South American soybean oil prices.

Technical Analysis (Refined soy oil Weekly Charts)


Outlook – Prices are likely to trade with a steady to weak tone in the days ahead. Investors are advised to sell refined soy oil (Aug. contract) below 669 levels.

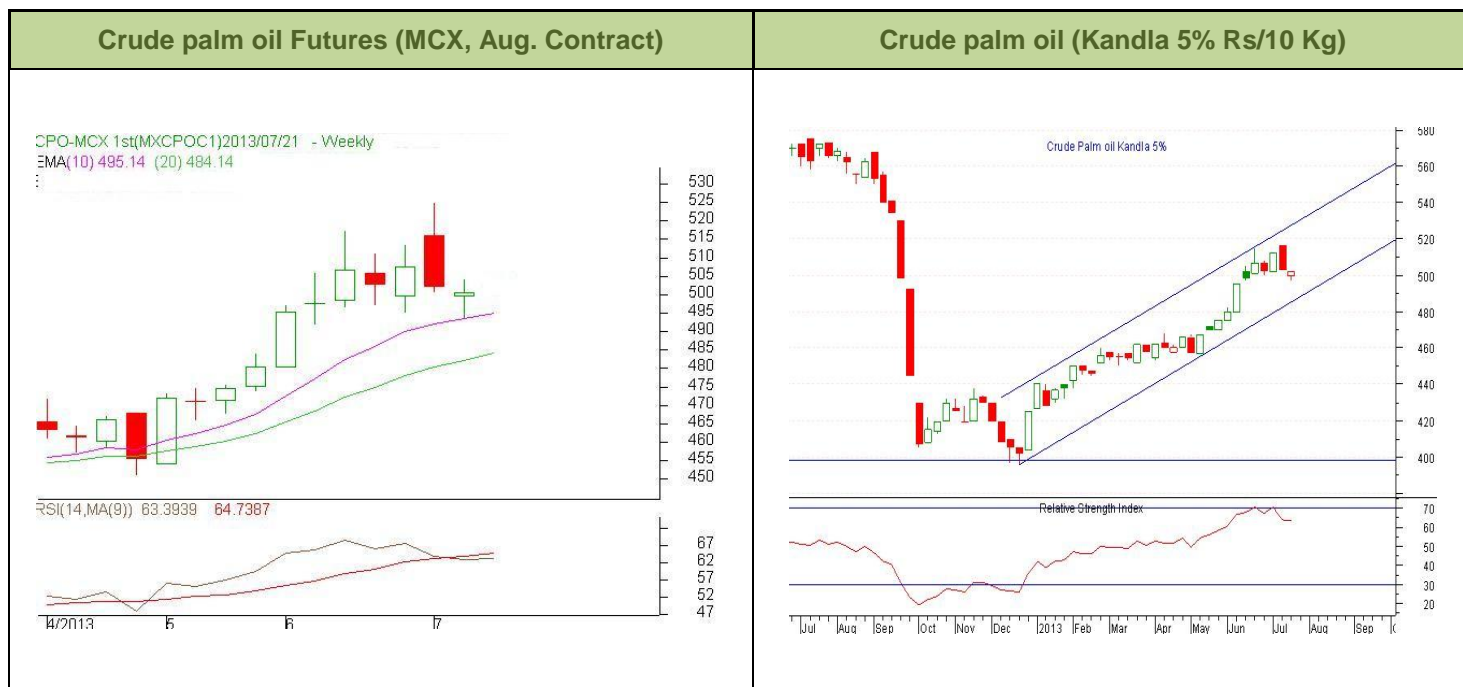
- ❖ Weekly chart of refined soy oil at NCDEX featured weakness. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 675 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 657-670 level in near to medium term. RSI is near to neutral zone and shows no evidence of divergence with the ref. soy oil prices.

Strategy: Market participants are advised to go short in RSO below 670 levels for a target of 660 and 657 with a stop loss at 675 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
645	649	666	680	686

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 670-692 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 sell MCX CPO Aug contract.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts losses in the prices. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close below 504.50 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 501.50-490 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 short in CPO below 501.50 for a target of 493 and 490 with a stop loss at 504.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
682	486	497.60	508	512

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 488-510 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		7/19/2013	7/12/213	
Refined Soybean Oil	Kota(Loose)	645	655	-10
	Rajkot (Loose)	630	640	-10
	Jaipur (Loose)	NA	-	-
	Hyderabad+ VAT	NA	-	-
	Delhi (Loose)	680	690	-10
	Kakinada	NA	-	-
	Mumbai +VAT	640	665	-25
	Indore	662	662	Unch
	Soy Degum Mumbai+VAT	607	625	-18
	SoyDegum Kandla/Mundra+VAT	605	625	-20
	Haldiya Port (Loose)	NA	653	-
	Akola (Loose)	691	704	-13
	Amrawati (Loose)	694	704	-10
	Jalna	681	706	-25
	Nagpur	691	704	-13
Palm Oil	Chennai.RBD.Palmolein.(Loose)	540	545	-5
	Hyd. RBD Palmolein VAT	526	530	-4
	Delhi RBD Palmolein (Loose)	570	578	-8
	Kandla CPO (5%FFA)	497	507	-10
	Kakinada.RBD.Palmolein(Loose)	520	536	-16
	Mumbai RBD Pamolein+ VAT	528	540	-12
	Kandla RBD Palmolein +VAT	530	545	-15
Refined Sunflower Oil	Mumbai + VAT	810	820	-10
	Kandla/Mundra	740	750	-10
	Erode (Exp. Oil)+VAT	810	815	-5
	Hyderabad Exp +VAT	781	806	-25
	Chennai (Loose)	840	840	Unch
	Bellary (Exp. Oil)+VAT	749	751	-2
	Latur (Exp. Oil)+VAT	761	766	-5
	Chellakere (Exp. Oil)+VAT	746	746	Unch
Groundnut Oil	Rajkot (Loose)	1000	1050	-50
	Chennai (Loose)	820	850	-30
	Delhi (Loose)	850	800	50
	Hyderabad Exp +VAT	894	904	-10

	Mumbai + VAT	1000	980	20
	Gondal+VAT	NA	1050	-
	Jamnagar +VAT	NA	1050	-
	Narsarropeth+VAT	821	801	20
	Prodattour+VAT	801	831	-30
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	655	665	-10
	Alwar (Expeller Oil)(Loose)	641	649	-8
	Kota (Expeller Oil) (Loose)	635	645	-10
	Jaipur (Expeller Oil) (Loose)	655	665	-10
	Delhi (Exp. Oil) (Loose)	680	680	Unch
	SriGangaNagar(ExpOil-Loose)	646	651	-5
	Hapur+VAT	705	711	-6
	Kolkata	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	700	715	-15
Refined Cottonseed Oil	Mumbai +VAT	650	660	-10
	Rajkot (Loose)	645	652	-7
	Delhi (Loose)	625	635	-10
	Hyderabad (Loose)	630	630	Unch
Coconut Oil	Kangayan (Crude)	665	660	5
	Cochin	675	675	Unch
	Trissur	670	655	15
Sesame Oil	Delhi	950	950	Unch
	Mumbai	960	1010	-50
Kardi	Mumbai	1010	1050	-40
Rice Bran Oil (40%)	Delhi	480	-	-
Rice Bran Oil (4%)	Punjab	500	490	10
Malaysia Palmolein USD/MT	FOB (July Shipment)	770	790	-20
	CNF (July) India	807	828	-21
Indonesia/Malaysia CPO USD/MT	FOB (Aug Shipment)	765	783	-18
	CNF (July) India	805	825	-20
Argentina FOB (\$/MT)		7/18/2013	7/11/2013	Change
Crude Soybean Oil Ship		NA	890	-
Refined Soy Oil (Bulk) Ship		NA	921	-
Sunflower Oil Ship		NA	1160	-
Cottonseed Oil Ship		NA	870	-



Refined Linseed Oil (Bulk) Ship	NA	-	-
---------------------------------	----	---	---

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>
© 2013 Indian Agribusiness Systems Pvt Ltd.