

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 (Indore) was the top loser among the edible oil pack owing to lackluster buying from stockists and bearish cues from CBOT soy complex. Moreover, most of the edible oils featured losses during the week in review.

Sown area for Kharif oilseed stood at 173.21 lakh hectares as on 01 Aug 2013. However, oilseeds sowing were 144.87 lakh hectares in the corresponding period of last year – Ministry Of Agriculture.

On the currency front, Indian rupee against USD closed at 61.07, down 3.44 percent as compared to the previous week. We expect edible oil complex to trade sideways in the coming days owing to adequate global edible oil supply and average demand in cash market. However, ongoing Ramzan and festivities in August may limit excessive losses.

International Veg. Oil Market Summary

CBOT soy oil (Aug) is expected to stay in the range of 41.50 cents/lb to 43.90 cents/lb. CPO at BMD (Sept) is likely to trade in the range of 2180-2375 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 and inventory figures.

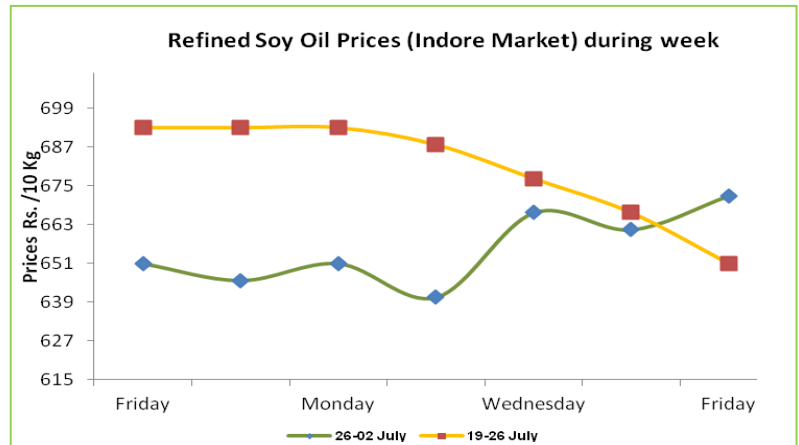
Higher soybean production in South American countries and good weather condition over key US soybean growing regions support the global soybean supplies in the medium term. However, good soybean demand from China & old US soy crop tightness may limit excessive losses.

Dull demand from top palm oil buyers i.e. India, EU countries and South East Asian countries entering into seasonally high palm oil yield phase support the palm oil supply scenario in the medium term and raise the concerns about palm oil inventory levels climbing higher during H2, 2013.

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.
- Sown area for Kharif Soybean stood at 118.76 lakh hectares as on 01 Aug 2013. However, soybean sowing was 103.06 lakh hectares in the corresponding period of last year. Higher area covered in Madhya Pradesh, Maharashtra and Rajasthan compare to last year. Last year India's soybean acreage was 107.03 lakh Ha - Ministry of Agriculture.
- As per India Meteorological Department, India is likely to get normal rainfall through the June-September monsoon season and rainfall in August to September is expected to be 96% of the 50-year average. Moreover, rainfall during the first half of the season was 17% higher compared to the 50-year average.
- As per the Fourth advance estimates of production released by Ministry of agriculture, India has produced 14.68 million tons of soybean during 2012-13. Meanwhile, market participants expect 11.7-12.2 million tons soybean output in the current marketing year (Oct-Sept, 2012/13).
- We expect soy oil may trade with a range bound to slightly firm tone in expectation of good demand during festivities in August. However, higher oilseed sowing and cautious buying at spot market may limit excessive gains.



International Fundamentals:-

- Lanworth has reduced the US 2013-14 soybean production estimate to 3.310 billion bushels from 3.315 billion previously. This was primarily over forecast of rainfall and temperatures concerns during August. US soybean yield was estimated at 42.9 bushels per acre.
- According to Oil World, the US soybean exports declined to an estimated 0.35 million tons in July '13, which is the lowest in more than 30 years.
- 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 losses.

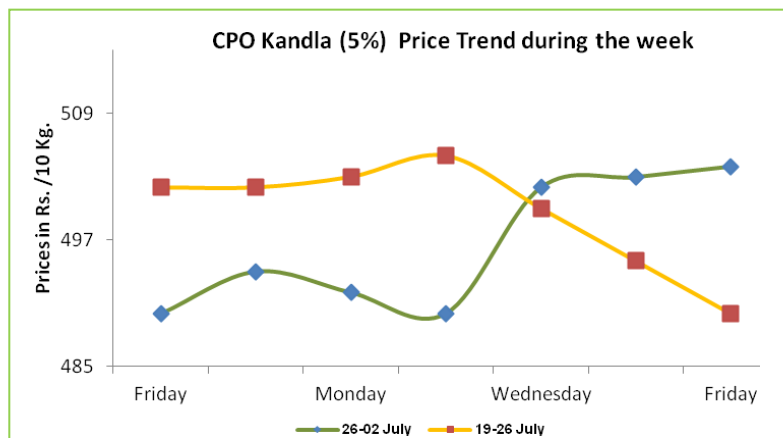
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 655-685 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured losses during the week in review tracking losses 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.
- As per sources, expected rise in oilseed production in the current season support edible oils supplies prospects. However, upcoming festivities in August, recovery in the Malaysian palm oil export figures amid weakness in the Indian rupee against US dollar may support the bulls for short term.
- We expect domestic palm oil prices may trade range bound to firm tone owing to upcoming festivities in August and weaker Indian currency. Meanwhile, in expectation of good edible oils supplies in the coming days may limit excessive gains.



International Fundamentals:-

- Exports of Malaysian palm oil products from July 1-25 fell 7 percent to 1,085,392 tonnes from 1,167,266 tonnes shipped during June 1-25 - cargo surveyor Intertek Testing Services. Lackluster buying witnessed from top palm oil buyers i.e. India and China.

Breakdown of ITS palm export figures for 1-25 July compared to a month ago (in tons):

Palm Products	1-25 July	1-25 May	% Change
Crude palm oil	198,569	243,528	-18.5
RBD palm oil	101,029	111,746	-9.6
RBD palm olein	506,492	507,650	-0.2
RBD palm stearin	104,864	105,537	-0.6
Crude palm kernel oil	10,060	18,050	-44.3
Palm fatty acid distillate	30,240	33,545	-9.9

Importers	1-25 July	1-25 June	% Change
EU	163,157	220,380	-25.9
China	272,244	216,275	25.87
India & Sub. Continent	236,438	328,830	-28.9

- As per Reuter's survey, Malaysia's palm oil stocks for July likely to ease and may fall 3 percent to 1.6 million tons from previous month owing to higher rate of consumption against normal production. However, in expectation of better soybean harvest could raise soybean oil supply and shift demand away from palm oil.
- 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.
- Dull demand from top palm oil buyers i.e. India, EU countries and South East Asian countries entering into seasonally high palm oil yield phase support the palm oil supply scenario in the medium term and raise the concerns about palm oil inventory levels climbing higher during H2, 2013.

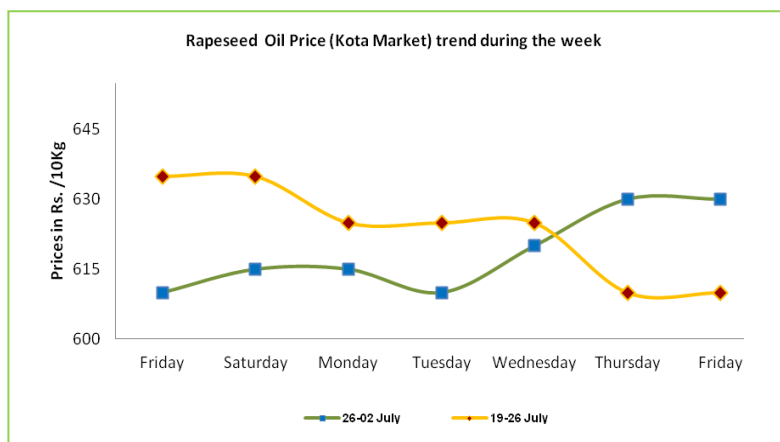
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 490-512 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.
- Cautious buying in the edible oil complex and good domestic as well as international veg. oil supplies in the coming months weighing on the market sentiments. However, excessive losses could be restricted in expectation of good retail demand due to ongoing Muslim festivities and upcoming festivities in August.
- As per the Fourth advance estimates of production released by Ministry of agriculture, the oilseed production for 2012/13 is estimated at 31.01 million tons, up 0.31 million tons from previous estimates. Mustard seed is estimated at 7.82 million tons, up .42 million tons from previous estimates. 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 good edible oils supplies. However, renewed demand could witness due to ongoing Muslim festivities.



International Fundamentals:-

- Oil World has revised the production figure for European Union's 2013 rapeseed harvest to 20.50 million tons from 20.40 million tons previously and up from 19.41 million tons in 2012.

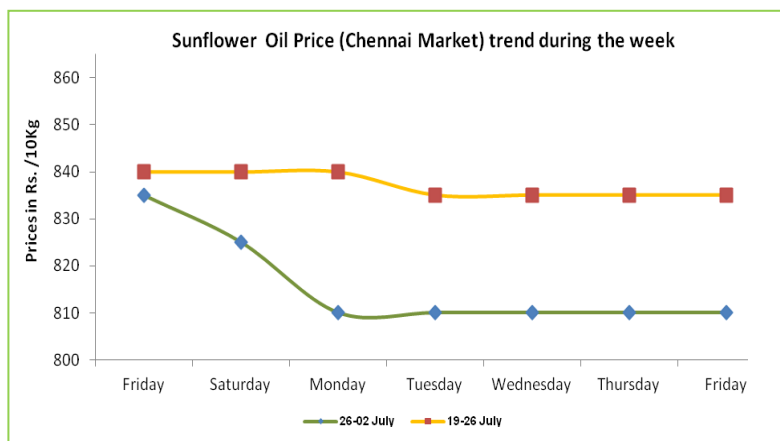
Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 605-645 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil featured slight losses at its benchmark market Chennai during the week due to lackluster buying.
- Farmers in India have sown sunflower seed on 1.84 lakh hectares as of Aug 01, compared with 1.13 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.
- We expect sunflower oil prices may trade with steady note in the near term.



International Fundamentals:-

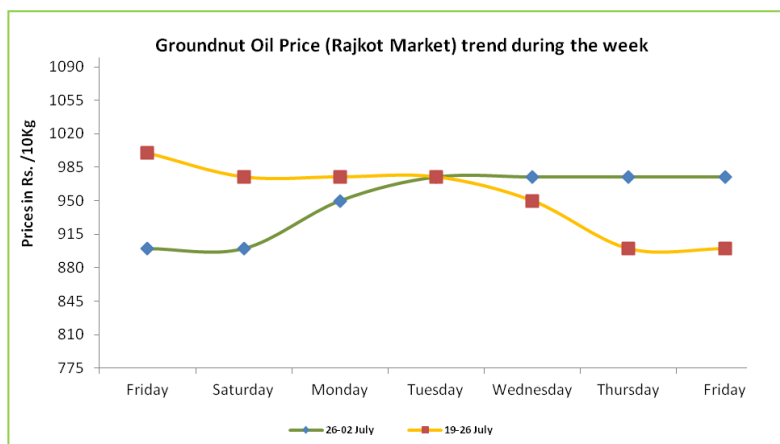
- Oil World forecasts global sunflower seed production in 2013/14 at 38.7 Mln. tons, slightly lower from previous forecast of 38.8Mln tons. While higher compared to previous year which was 36.0 Mln tons. Ukraine sunflower seed production is estimate at 9.4 Mln tons, Russia at 8.6 Mln tons, EU-27 at 8.1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

Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 795-830 per 10 Kg.

Groundnut oil:

Domestic Fundamentals:-

- Groundnut oil featured range bound movement during the week at Rajkot market owing to dull demand against adequate availability.
- As per the latest report of Ministry of Agriculture, sown area for Kharif groundnut stood at 37.24 lakh hectares as on 01 Aug 2013. However, groundnut sowing was 28.78 lakh hectares in the corresponding period of last year. Last year India's groundnut seed acreage was 39.09 lakh Ha.
- As per trade sources, groundnut acreage is likely to surge in Gujarat by 30 percent and in Rajasthan by 15-18 percent from last year. Last year groundnut area under Gujarat and Rajasthan was 12.24 lakh Ha and 3.68 lakh Ha respectively.
- As per the Fourth advance estimates of production released by Ministry of agriculture, India has produced 4.75 million tonnes of groundnut during 2012-13.
- We expect groundnut oil prices may trade sideways in the days ahead.



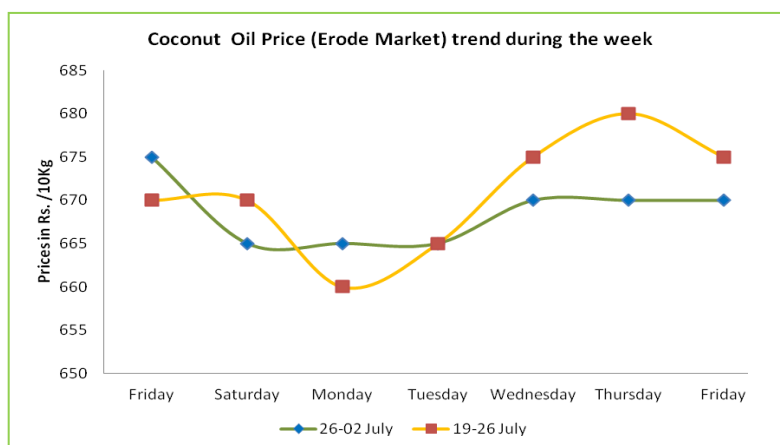
Price Outlook:

Groundnut oil in Rajkot market is likely to trade in the price band of Rs 900-1000 per 10 Kg.

Coconut Oil:

Domestic Fundamentals:-

- Coconut oil featured gains at its benchmark market Erode during the week due to better buying and weather concern over South Indian States.
- Coconut oil prices are likely to remain range bound in the coming days due to forecasts for ample domestic as well as global vegetable oil supplies and correction in the palm kernel oil prices. While; corporate buying and uneven rains over South Indian states may limit excessive losses.
- We expect coconut oil prices may trade range bound in the coming week.

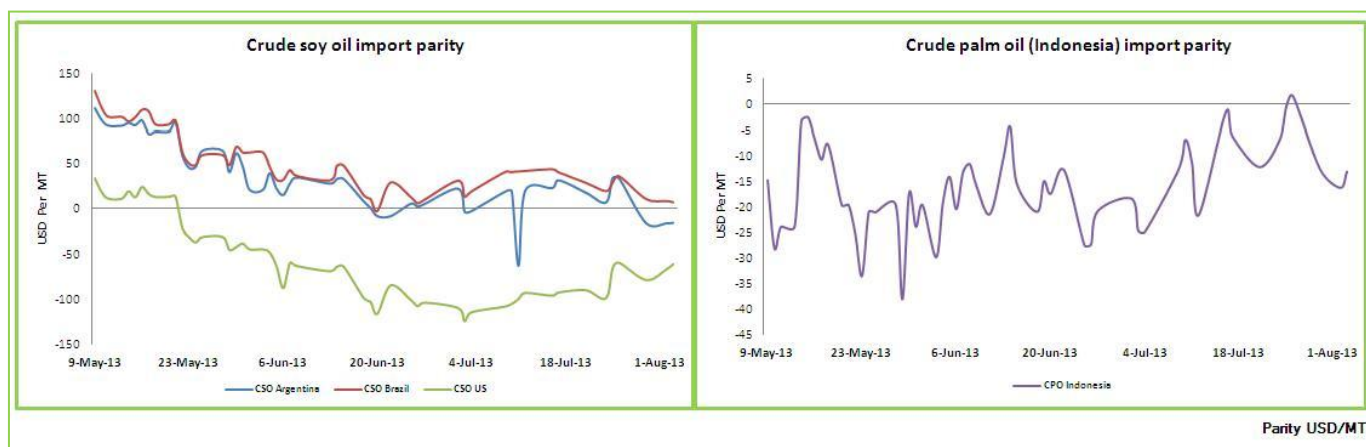


Price Outlook: Coconut oil prices in Erode may stay in the range of Rs 655-700 per 10 Kg.

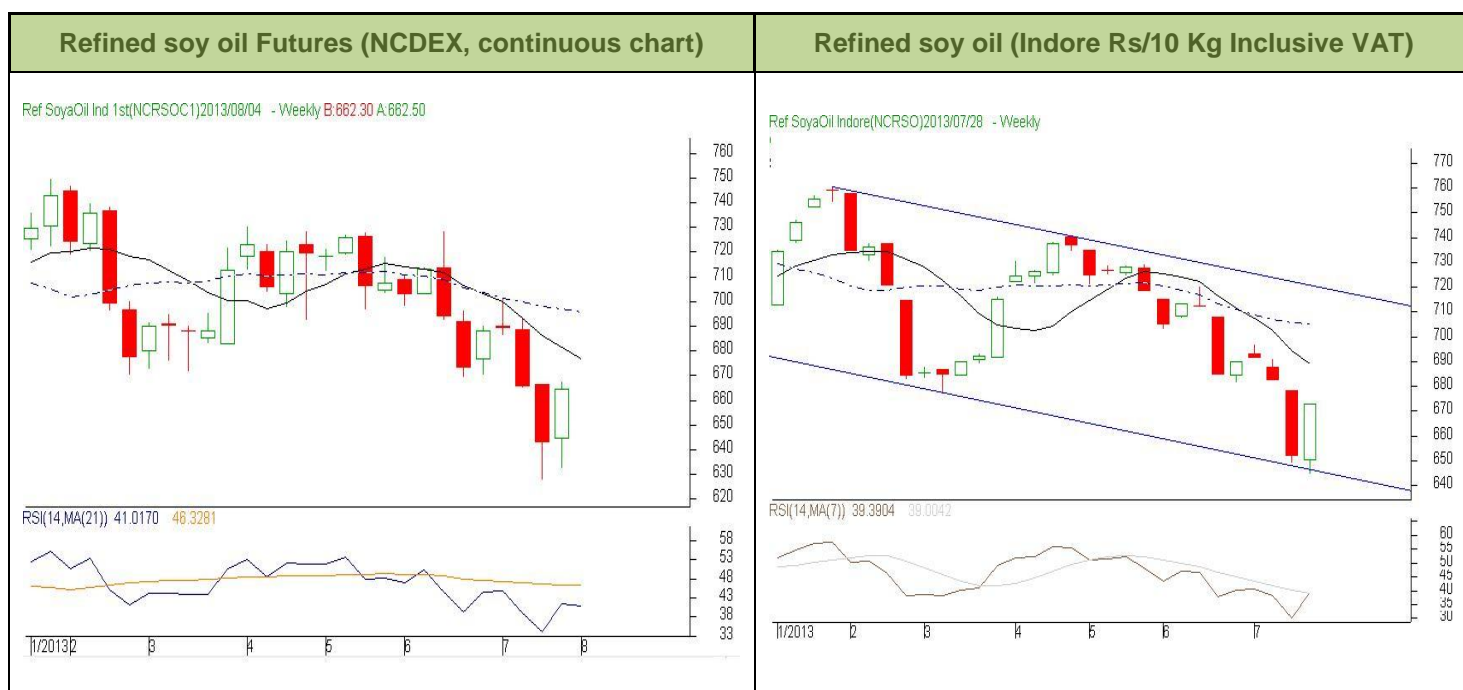
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 02/8/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	868	856	929	745
Freight (USD/MT)	75	65	60	53.0
C & F	943.0	921.0	989.0	798.0
Weight loss (0.25% of FOB)	2.17	2.14	2.32	1.86
Finance charges (0.4% on CNF)	3.77	3.68	3.96	3.19
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	952	930	998	805
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	61.1	61.1	61.1	61.1
Landed cost without customs duty in INR per ton	58153	56798	60993	49213
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1020	1020	1020	854
Fixed exchange rate by customs department	61.55	61.55	61.55	61.55
Duty component in INR per ton	1569.53	1569.53	1569.53	1314.09
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	60396	59040	63235	51200
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	59500	59500	59500	50400
Total landed cost USD per ton	988	966	1035	838
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	974	974	974	825
Parity INR/MT (Domestic - Landed)	-896	460	-3735	-800
Parity USD/MT (Domestic - Landed)	-14.66	7.52	-61.13	-13.09

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 slightly firm tone in the days ahead. Investors are advised to buy refined soy oil (Sept. contract) above 648.20 levels.

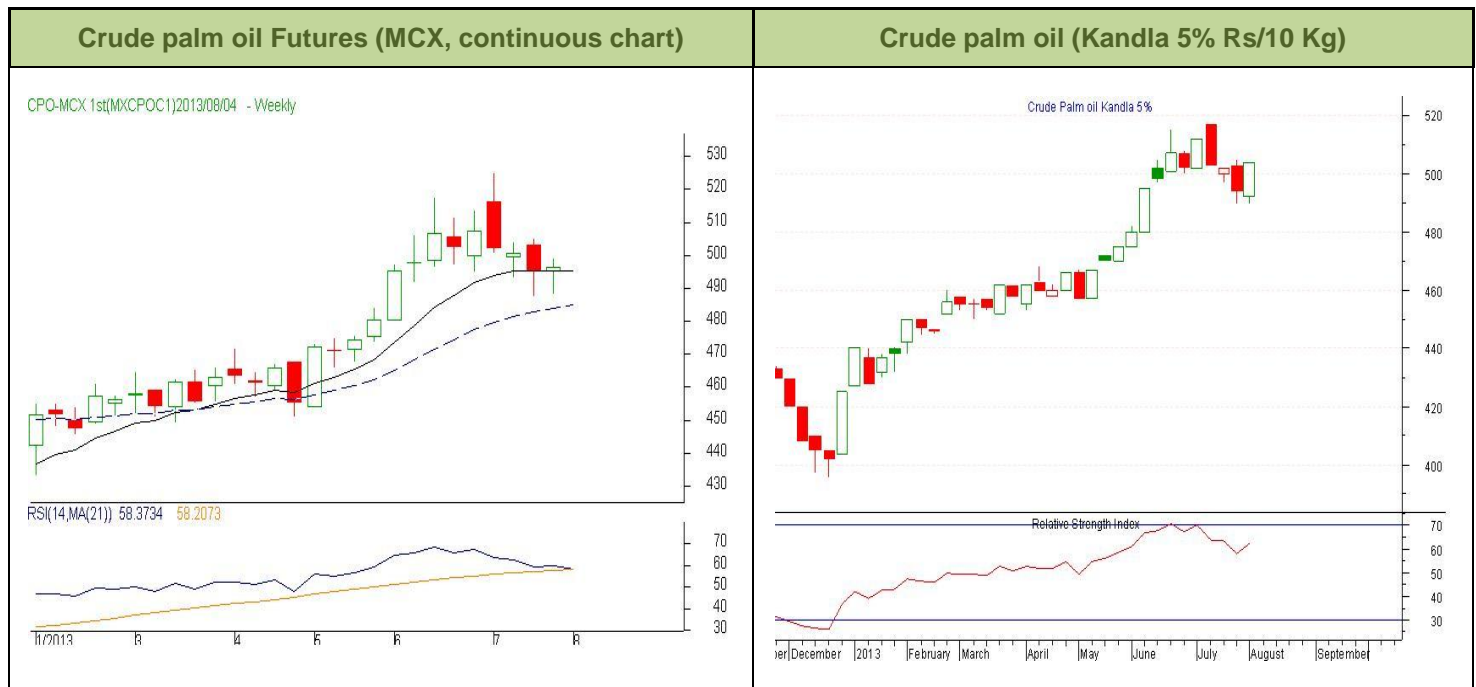
- ❖ Weekly chart of refined soy oil at NCDEX depicts gains. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 642.35 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 645-660 level in near to medium term. RSI is near to oversold zone and shows no evidence of divergence with the ref. soy oil prices.

Strategy: Market participants are advised to go long in RSO above 648.20 levels for a target of 658 and 660 with a stop loss at 642.35 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
618	625	643.45	665	671

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 655-685 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 Sept contract above 490.50.

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts gains in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 483.60 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 486-505 level in near to medium term. RSI is between oversold and 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 490.50 for a target of 502 and 503.50 with a stop loss at 483.60 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
465	472	487.90	510	517

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 490-512 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		8/2/213	7/26/213	
Refined Soybean Oil	Kota(Loose)	630	610	20
	Rajkot (Loose)	615	605	10
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	NA	655	-
	Kakinada	NA	NA	-
	Mumbai +VAT	645	625	20
	Indore	640	620	20
	Soy Degum Mumbai+VAT	590	595	-5
	SoyDegum Kandla/Mundra+VAT	590	598	-8
	Haldiya Port (Loose)	NA	616	-
	Akola (Loose)	671	656	15
	Amrawati (Loose)	671	656	15
	Jalna	676	656	20
	Nagpur	671	656	15
Palm Oil	Chennai.RBD.Palmolein.(Loose)	537	535	2
	Hyd. RBD Palmolein VAT	525	520	5
	Delhi RBD Palmolein (Loose)	NA	550	-
	Kandla CPO (5%FFA)	504	490	14
	Kakinada.RBD.Palmolein(Loose)	526	520	6
	Mumbai RBD Pamolein+ VAT	535	520	15
	Kandla RBD Palmolein +VAT	535	515	20
Refined Sunflower Oil	Mumbai + VAT	805	795	10
	Kandla/Mundra	705	720	-15
	Erode (Exp. Oil)+VAT	800	795	5
	Hyderabad Exp +VAT	761	756	5
	Chennai (Loose)	810	835	-25
	Bellary (Exp. Oil)+VAT	741	739	2
	Latur (Exp. Oil)+VAT	731	731	Unch
	Chellakere (Exp. Oil)+VAT	NA	726	-
Groundnut Oil	Rajkot (Loose)	975	900	75
	Chennai (Loose)	800	830	-30
	Delhi (Loose)	NA	800	-
	Hyderabad Exp +VAT	852	862	-10

	Mumbai + VAT	970	950	20
	Gondal+VAT	975	900	75
	Jamnagar +VAT	975	950	25
	Narsarropeth+VAT	761	801	-40
	Prodattour+VAT	NA	791	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	650	635	15
	Alwar (Expeller Oil)(Loose)	646	628	18
	Kota (Expeller Oil) (Loose)	630	610	20
	Jaipur (Expeller Oil) (Loose)	655	633	22
	Delhi (Exp. Oil) (Loose)	NA	650	-
	SriGangaNagar(ExpOil-Loose)	636	626	10
	Hapur+VAT	675	670	5
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	695	670	25
Refined Cottonseed Oil	Mumbai +VAT	640	620	20
	Rajkot (Loose)	635	615	20
	Delhi (Loose)	NA	600	-
	Hyderabad (Loose)	600	610	-10
Coconut Oil	Kangayan (Crude)	670	675	-5
	Cochin	700	700	Unch
	Trissur	690	690	Unch
Sesame Oil	Delhi	NA	910	-
	Mumbai	930	940	-10
Kardi	Mumbai	1000	1010	-10
Rice Bran Oil (40%)	Delhi	NA	495	-
Rice Bran Oil (4%)	Punjab	485	NA	-
Malaysia Palmolein USD/MT	FOB (July Shipment)	760	753	7
	CNF (July) India	810	795	15
Indonesia/Malaysia CPO USD/MT	FOB (Aug Shipment)	750	760	-10
	CNF (July) India	805	790	15
Argentina FOB (\$/MT)		8/1/2013	7/25/2013	Change
Crude Soybean Oil Ship		862	NA	-
Refined Soy Oil (Bulk) Ship		892	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		842	NA	-



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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