

**Outlook and Review:**

*Most of the edible oil featured firm sentiments during the week under review tracking market expectations of robust local demand on the upcoming festivities, in addition to weather concerns in the key soybean producing regions. Bullish cues from international palm oil market also remained a positive influence for the market. However, higher Kharif oilseed sowing due to timely onset of monsoon over key oilseeds producing regions continues to pressure the market.*

*Sown area for Kharif oilseed stood at 183.37 lakh hectares as on 14 Aug 2013. Oilseeds sowing were 158.92 lakh hectares in the corresponding period of last year – Ministry Of Agriculture.*

*On the currency front, Indian rupee against USD closed at 61.81, down 1.16 percent as compared to the previous week. We expect edible oil complex to trade range bound in the coming days with a firm bias. Bullish cues from USDA's latest WASDE report expected to be supportive to the market sentiments. Adequate global edible oil supply will remain bearish for the market but upcoming festivities in August may limit downside.*

**Recommendation**

*Market participants are advised to go long in RSO above 670.00 levels for a target of 678 and 681 with a stop loss at 665.25 on closing basis and go long in CPO above 525.50 for a target of 534 and 538.50 with a stop loss at 519.60 on closing basis.*

**International Veg. Oil Market Summary**

*CBOT soy oil (Aug) is expected to stay in the range of 42.00 cents/lb to 43.00 cents/lb. CPO at BMD (Sept) is likely to trade in the range of 2275-2425 ringgits per ton. Focus during the coming days will be on the US weather over key soybean growing regions amid concerns of crop damage due to freeze, Chinese and Indian soybean and palm oil demand, and Malaysian palm oil export figures.*

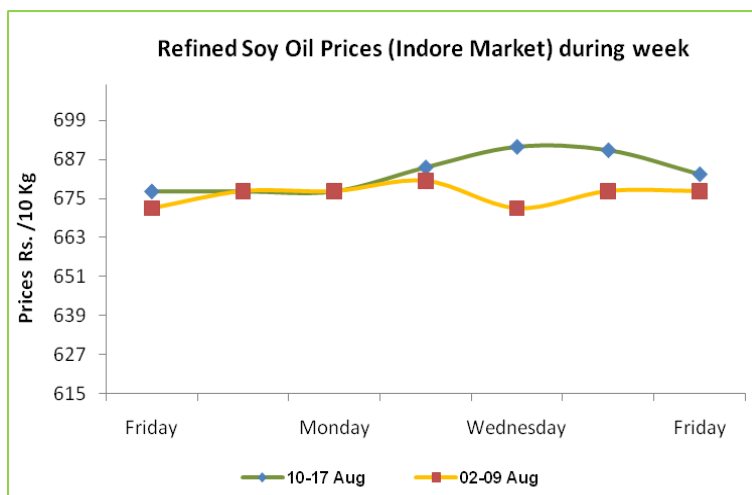
*Higher soybean production estimates in South American countries and mostly favourable weather condition over key US soybean growing regions support the global soybean supplies in the medium term. However, good soybean demand from China & old US soy crop tightness may limit downside. Latest WASDE report released by USDA was also considered bullish for the market. Further, as crop reaches maturity against time constraint due to late crop sowing in certain regions, soybean yields will also be a key factor.*

*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 the second half of 2013.*

### Soy oil:

#### Domestic Fundamentals:-

- Soybean oil depicted firm tone on improved buying due to upcoming festive season and firm international oil and oilseeds markets. However, prices gains were restricted due to higher soybean acreage.
- Sown area for Kharif Soybean stood at 121.31 lakh hectares as on 14 Aug. However, soybean sowing was 106.41 lakh ha in the corresponding period last year. Higher area covered in Madhya Pradesh, Maharashtra and Rajasthan compared to last year. Last year India's total soybean acreage was 107.03 lakh Ha.
- As per India Meteorological Department, rainfall in the second half of the season i.e. August-September would be normal, but lower than in the first half (June-July), in sharp contrast to the previous year. Quantitatively, rainfall for the country as a whole during the period August-September 2013 is likely to be 96% of the long-period average.
- We expect soy oil may trade with a steady to firm tone in the coming days owing to good demand during festivities in August. However, higher oilseed sowing and cautious buying at spot market may limit excessive gains.



#### International Fundamentals:-

- In its latest WASDE report, the USDA pegged the 2013/14 ending stocks at 220 million bushels from the July estimate of 295 million and from trade estimates at 263 million. Planted acreage was estimated at 77.2 million acres vs. 77.7 million in July and the national average yield was pegged at just 42.6 bushels per acre vs. 44.5 in July.
- The USDA's weekly crop progress report rated 64 per cent of the soybean crop in good to excellent condition.
- According to data released by the General Administration of Customs, China imported 7.2 million tons of soybeans in July '13, up 22.7 per cent from 5.87 million tons a year ago as delayed Brazilian shipments arrived and importers replenished stocks.
- Higher soybean production in South American countries and favorable 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.

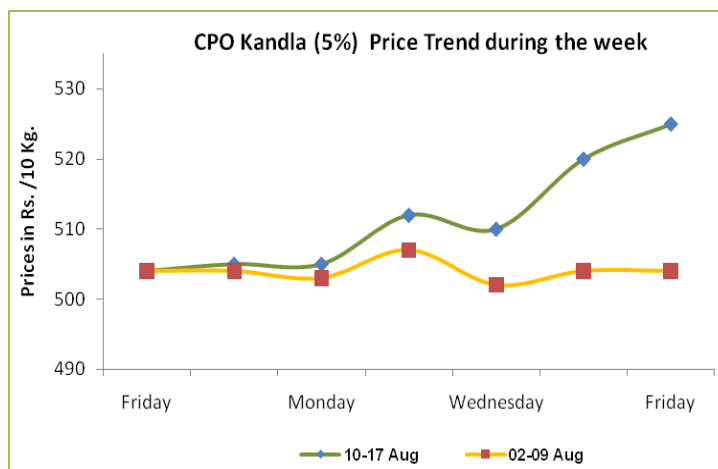
#### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 665-700 per 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% witnessed sharp gains during the week in review on better buying in the spot markets on upcoming festivities and bullish Malaysian palm oil market.
- Indian buyers imported 44.4 lakh tons of crude palm oil in the current oil year until July, which is 14.43 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were higher at 17.58 lakh tons during Nov'12-Jul'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 and 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, expectation of good edible oils supplies in the coming days may limit gains.



#### International Fundamentals:-

- As per data released by the Malaysian Palm Oil Board (MPOB), palm oil inventories rose 1.0 percent in July to 1.66 million tons, the first rise since December as production of the oil surged by 18.21 percent to 1.67 million tons in July. Exports rose 0.53 percent to 1.42 million tons in July from a month ago.
- Exports of Malaysian palm oil products for Aug. 1-10 rose 25.8 percent to 421,337 tons from 334,929 tons during July 1-10 - cargo surveyor Societe Generale de Surveillance.
- 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.
- Weak demand from top palm oil buyers i.e. India, EU countries and South East Asian countries entering into seasonally high palm oil yield phase may affect the palm oil in the medium term and raise the concerns about palm oil inventory levels climbing higher during second half of 2013.

#### **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

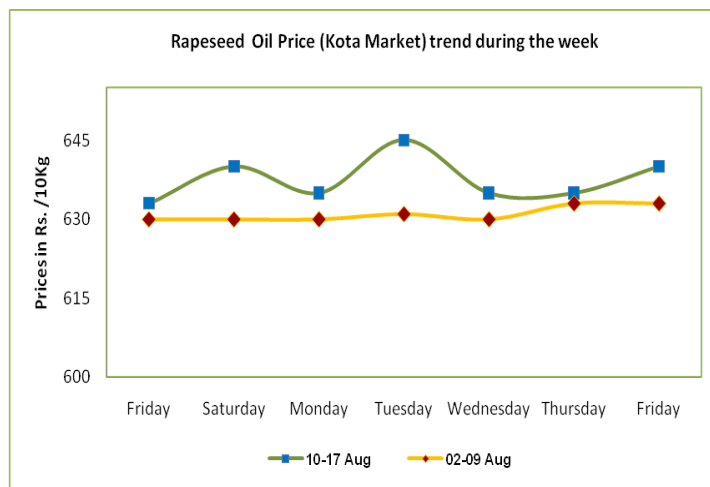
### Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 495-520 per 10 Kg in the near term.

### Rapeseed oil:

#### Domestic Fundamentals:-

- Mustard oil featured sideways movement during the week at the Kota market owing to good demand for oils on festivities and falling supplies of seed in the spot markets.
- Cautious buying in the edible oil complex due to upcoming arrival season and good international veg. oil supplies in the coming months still weigh on the market sentiments. However, losses could be restricted in expectation of good retail demand due to upcoming festivities in August and thereafter.
- 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 demand and bullish international markets.



#### 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.

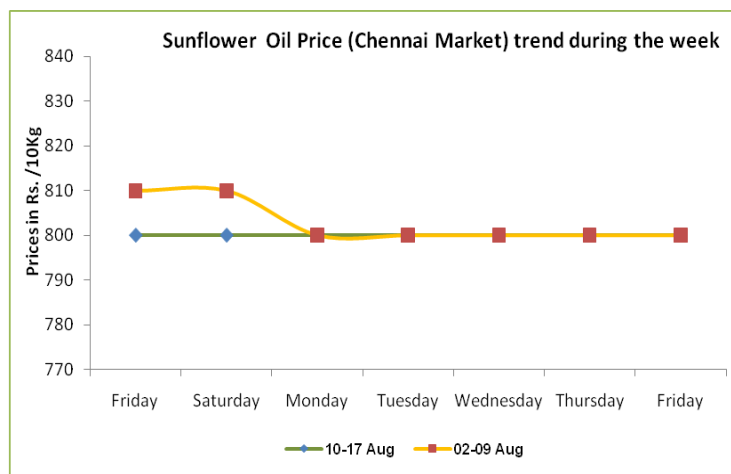
### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 625-648 per 10 Kg.

### Sunflower Oil:

#### Domestic Fundamentals:-

- Sunflower oil depicted steady tone at its benchmark market Chennai during the week due to flat buying activities.
- Planting of sunflower seed in the current season has progressed to 2.10 lakh hectares as of Aug 14, compared with 1.47 lakh hectares in the same period a year earlier. Higher sowing witnessed in states of Karnataka and Maharashtra due to better rainfall. 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 741,703 tons in the current oil year 2012-13 until July and were thus lower than the 900,281 tons imports against same period last year. However, imports were lower on m-o-m basis in July at 62,300 tons compared with 101,480 tons in June.
- We expect sunflower oil prices may trade with steady note in the near term.



#### International Fundamentals:-

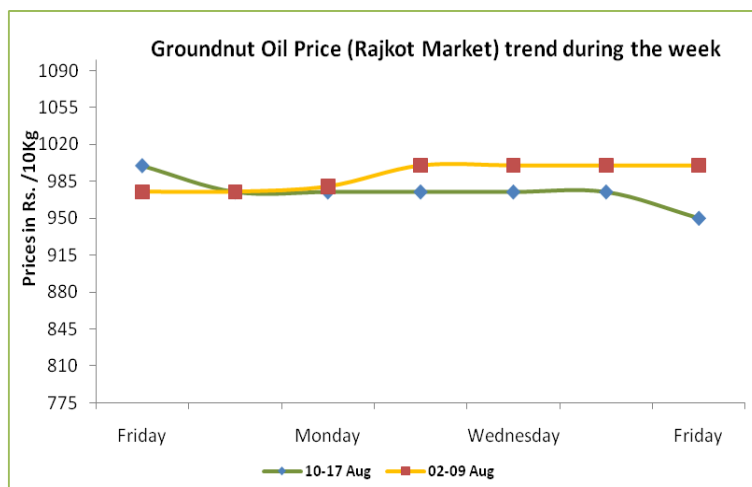
- According to Oil World, global production of sunflower seeds is likely to rise 13 per cent to 40.2 million metric tons, up 1.5 million from the previous estimate, with the EU forecast raised to a record 8.6 million tons from 6.9 million tons last year.

Price Outlook: Sunflower oil prices in Chennai may stay in the range of Rs 795-815 per 10 Kg.

### Groundnut oil:

#### Domestic Fundamentals:-

- Groundnut oil featured steady to slightly weak tone 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.



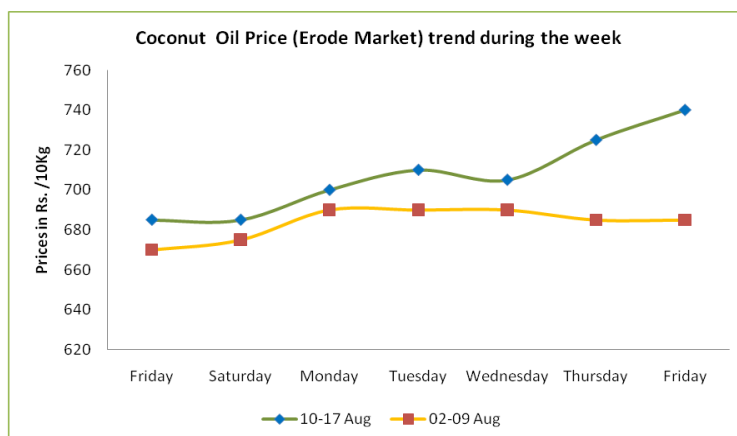
### Price Outlook:

Groundnut oil in Rajkot market is likely to trade in the price band of Rs 950-1000 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.

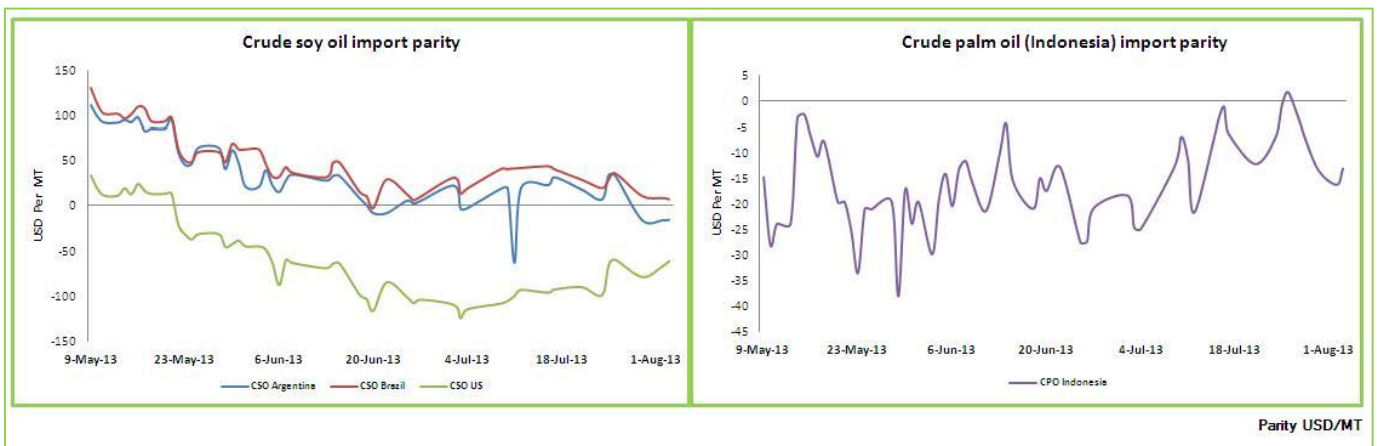


Price Outlook: Coconut oil prices in Erode may stay in the range of Rs 730-755 per 10 Kg.

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

<b>Landed Cost Calculation as on 17/8/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	877	883	928	740
Freight (USD/MT)	75	65	60	80.0
C & F	952.0	948.0	988.0	820.0
Weight loss (0.25% of FOB)	2.19	2.21	2.32	1.85
Finance charges (0.4% on CNF)	3.81	3.79	3.95	3.28
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	961	957	997	828
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	61.65	61.65	61.65	61.65
Landed cost without customs duty in INR per ton	59237	58989	61480	51021
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	61479	61232	63722	53008
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	61500	61500	61500	52500
Total landed cost USD per ton	997	993	1034	860
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	998	998	998	852
<b>Parity INR/MT (Domestic - Landed)</b>	<b>21</b>	<b>268</b>	<b>-2222</b>	<b>-508</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>0.34</b>	<b>4.35</b>	<b>-36.04</b>	<b>-8.24</b>

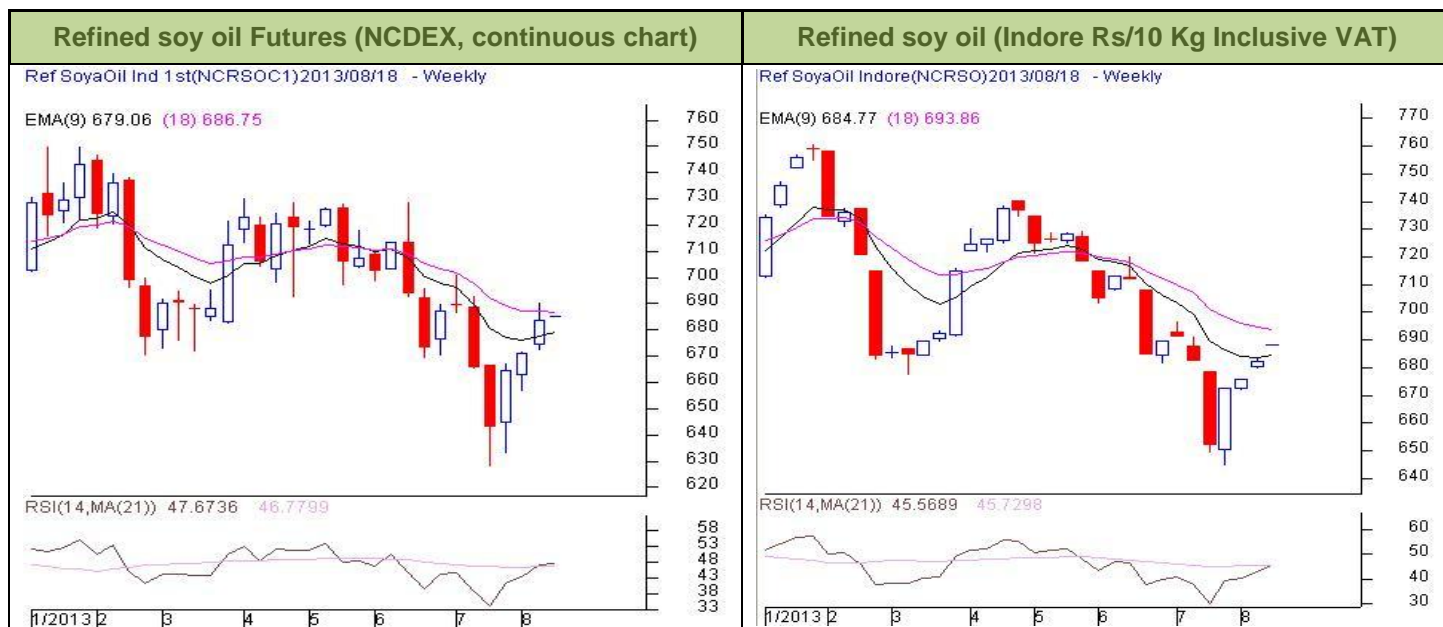
Source: Agriwatch/ Reuters


**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 672.00 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.
- ❖ Expected price band for next week is 665-685 level in near to medium term. RSI is in the neutral zone and rising, indicating an upward movement in prices.

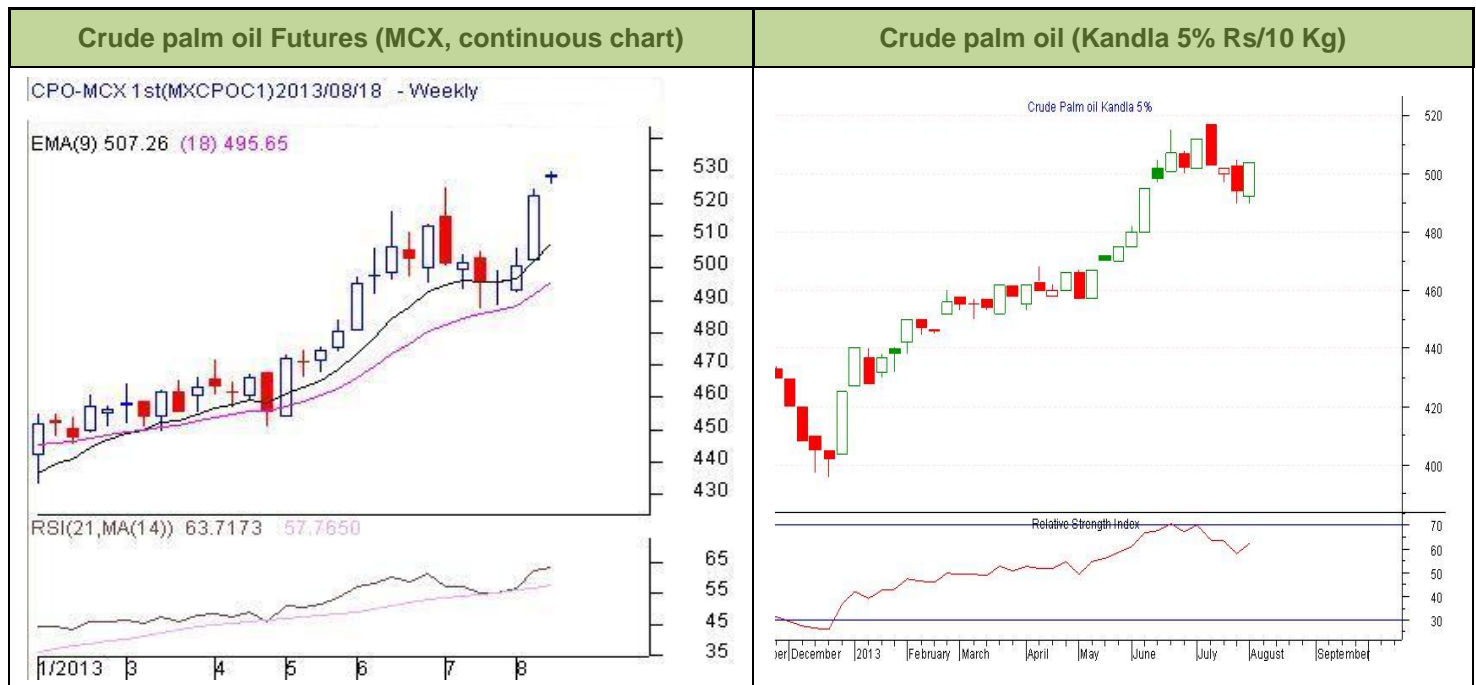
**Strategy:** Market participants are advised to go long in RSO above 672.00 levels for a target of 682 and 687 with a stop loss at 665 on closing basis.

#### RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
618	635	666.10	689	700

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 665-695 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 515.00.**

- ❖ 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.
- ❖ Expected price band for next week is 500-525 level in near to medium term.

**Strategy:** Market participants are advised to go long in CPO above 515.00 for a target of 526 and 530.50 with a stop loss at 509.00 on closing basis.

#### CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
495	502	513.40	535	547

**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 495-520 per 10 Kg.



**Veg. Oil Prices at Key Spot Markets**

Commodity	Centre	Prices(Per 10 Kg)		Change
		8/16/213	8/8/213	
Refined Soybean Oil	Kota(Loose)	645	633	12
	Rajkot (Loose)	632	620	12
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	680	665	15
	Kakinada	NA	NA	-
	Mumbai +VAT	655	640	15
	Indore	657	645	12
	Soy Degum Mumbai+VAT	615	600	15
	SoyDegum Kandla/Mundra+VAT	615	600	15
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	701	676	25
	Amrawati (Loose)	701	676	25
	Jalna	701	671	30
	Nagpur	701	676	25
Palm Oil	Chennai.RBD.Palmolein.(Loose)	565	545	20
	Hyd. RBD Palmolein VAT	535	520	15
	Delhi RBD Palmolein (Loose)	590	580	10
	Kandla CPO (5%FFA)	520	504	16
	Kakinada.RBD.Palmolein(Loose)	551	531	20
	Mumbai RBD Pamolein+ VAT	565	545	20
	Kandla RBD Palmolein +VAT	562	542	20
Refined Sunflower Oil	Mumbai + VAT	815	795	20
	Kandla/Mundra	715	705	10
	Erode (Exp. Oil)+VAT	785	780	5
	Hyderabad Exp +VAT	756	761	-5
	Chennai (Loose)	800	800	Unch
	Bellary (Exp. Oil)+VAT	731	741	-10
	Latur (Exp. Oil)+VAT	736	731	5
	Chellakere (Exp. Oil)+VAT	NA	716	-
Groundnut Oil	Rajkot (Loose)	975	1000	-25
	Chennai (Loose)	830	810	20

	Delhi (Loose)	820	820	Unch
	Hyderabad Exp +VAT	852	852	Unch
	Mumbai + VAT	990	990	Unch
	Gondal+VAT	975	1000	-25
	Jamnagar +VAT	975	1000	-25
	Narsarropeth+VAT	781	801	-20
	Prodattour+VAT	796	791	5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	674	665	9
	Alwar (Expeller Oil)(Loose)	646	649	-3
	Kota (Expeller Oil) (Loose)	635	633	2
	Jaipur (Expeller Oil) (Loose)	665	651	14
	Delhi (Exp. Oil) (Loose)	675	662	13
	SriGangaNagar(ExpOil-Loose)	646	636	10
	Hapur+VAT	672	675	-3
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	710	690	20
Refined Cottonseed Oil	Mumbai +VAT	660	648	12
	Rajkot (Loose)	645	630	15
	Delhi (Loose)	610	610	Unch
	Hyderabad (Loose)	605	605	Unch
Coconut Oil	Kangayan (Crude)	725	685	40
	Cochin	715	700	15
	Trissur	725	NA	-
Sesame Oil	Delhi	910	910	Unch
	Mumbai	920	920	Unch
Kardi	Mumbai	1030	1000	30
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	510	500	10
Malaysia Palmolein USD/MT	FOB (July Shipment)	773	NA	-
	CNF (July) India	830	785	45
Indonesia/Malaysia CPO USD/MT	FOB (Aug Shipment)	745	NA	-
	CNF (July) India	830	780	50
Argentina FOB (\$/MT)		8/15/2013	8/7/2013	Change
Crude Soybean Oil Ship		889	855	34
Refined Soy Oil (Bulk) Ship		920	885	35



Sunflower Oil Ship	NA	1105	-
Cottonseed Oil Ship	869	835	34
Refined Linseed Oil (Bulk) Ship	NA	NA	-

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