

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oil featured firm tone during the week under review tracking bullish cues from international market and persistent weakness in the Indian rupee against US dollar. However, higher Kharif oilseed sowing due to timely onset of monsoon over key oilseeds producing regions may limit excessive gains.

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 63.66, down 2.68 percent as compared to the previous week. We expect edible oil complex to trade range bound to firm tone in the coming days.

We expect edible oil complex to trade sideways to firm tone in the coming days owing to bullish cues from international palm oil market and weak Indian rupee against US dollar.

International Veg. Oil Market Summary

CBOT soy oil (Sept) is expected to stay in the range of 43.00 cents/lb to 45.50 cents/lb. CPO at BMD (Sept) is likely to trade in the range of 2300-2510 ringgits per tons. Focus during the coming days will be on the US weather over key soybean growing regions amid concerns of crop damage, and Malaysian palm oil export figures.

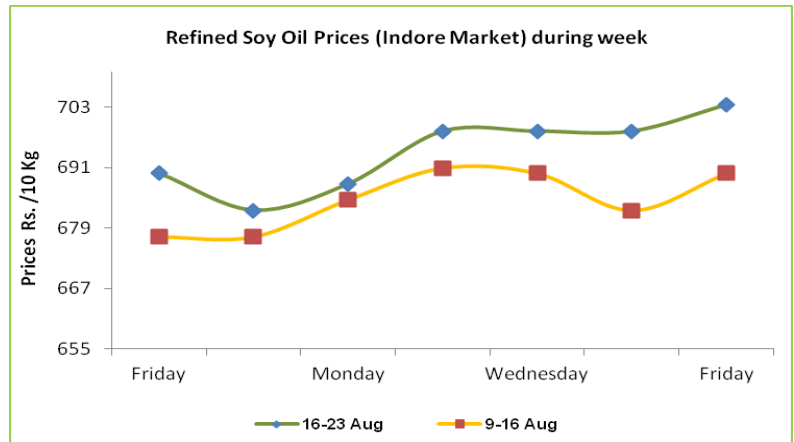
Weather concern over US soybean-growing regions and tight US old soybean crop support the bulls. Latest WASDE report released by USDA was also considered bullish for the market. Further, as crop reaches maturity against time constraint due to late crop sowing in certain regions, soybean yields will be a key factor.

Better buying from top palm oil buyers, i.e. India, China and weather concern over key US soybean areas may support the palm oil at BMD. However, 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 festive season and firm international oil markets. However, excessive gains were restricted due to higher soybean acreage.
- According to data released by SEA of India, India's vegetable oil imports in July stood at 889,493 tons, down 6.1 percent from the previous month. India imported 874,703 tons of edible oils and 14,790 tons of non-edible oils last month.
- 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.
- We expect soy oil may trade with a steady to firm tone in the coming days owing to weak Indian rupee against US dollar and weather concern over key soybean growing areas of US and India. However, higher oilseed sowing 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.
- Weather concern over US soybean-growing regions and tight US old soybean crop support the bulls. 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.

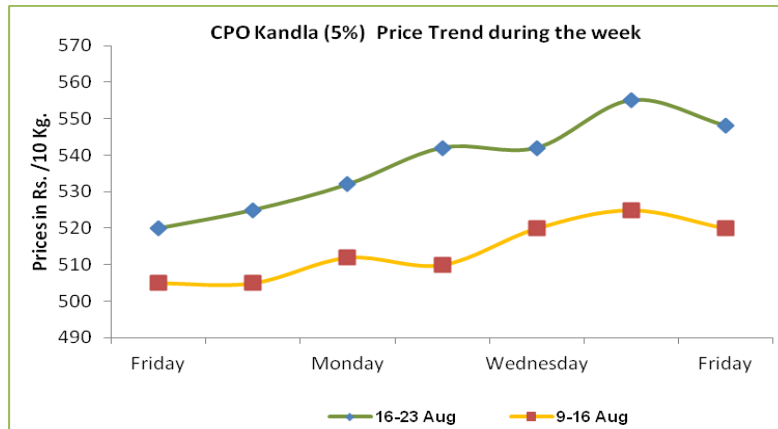
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 682-708 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% witnessed gains during the week in review on better buying in the spot markets, bullish Malaysian palm oil market, and weak Indian rupee.
- MMTC Ltd issued a tender to import 21,000 tons of RBD palmolein for shipment by Sep. 10 on the east coast. The RBD palmolein oil sourced from Indonesia or Malaysia. Last date to submit bids is Aug. 30.
- Persistent weakness in the Indian rupee against US dollar, gains in the international palm oil market and weather concern over key soybean producing regions of US may favor the bulls in the near term. However, expected rise in oilseed production in the current season support edible oils supplies prospects and may limit excessive gains.
- 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.
- We expect domestic palm oil prices may trade range bound to firm tone owing to weak Indian rupee against US dollar and weather concern over key soybean growing areas of US and India. Meanwhile, expectation of good edible oils supplies in the coming weeks 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.
- Indonesia has cut its export tax for crude palm oil to 9 percent for September down from 10.5 percent in August - Ministry.
- Better buying from top palm oil buyers, i.e. India, China and weather concern over key US soybean areas may support the palm oil at BMD. However, 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.

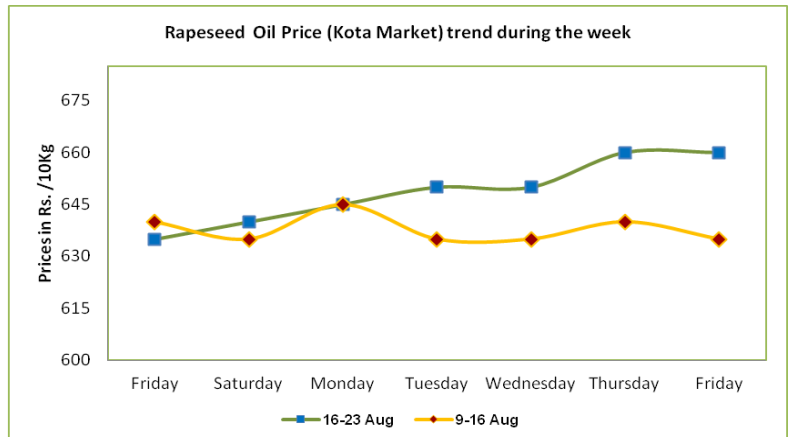
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 540-560 per 10 Kg in the near term.

Rapeseed oil:

Domestic Fundamentals:-

- Mustard oil featured firm tone during the week at the Kota market owing to bullish cues from international palm oil market and falling supplies of seed in the spot markets.
- Need based buying in the edible oil complex, weak Indian rupee, and supportive international palm oil market likely to strength the bulls for short term. However, gains could be restricted in expectation of good veg. oil supplies in the coming weeks.
- 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 to firm tone.



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.

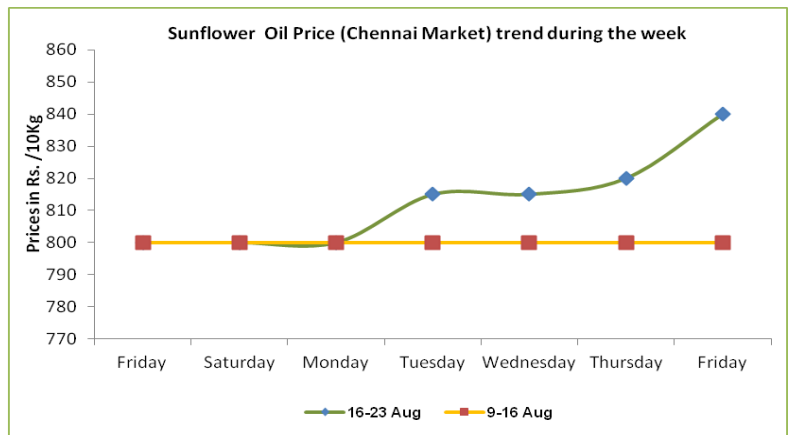
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 640-670 per 10 Kg.

Sunflower Oil:

Domestic Fundamentals:-

- Sunflower oil depicted gains at its benchmark market Chennai during the week due to bullish edible oil complex.
- 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.



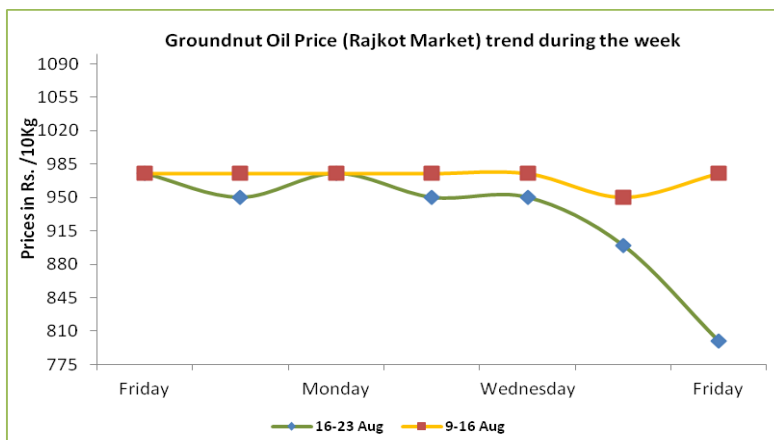
International Fundamentals:-

- 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 (with VAT) prices in Chennai may stay in the range of Rs 820-840 per 10 Kg.

Groundnut oil:
Domestic Fundamentals:-

- Groundnut oil featured range bound to weak movement during the week at Rajkot market owing to higher supplies from farmers and good crop conditions.
- As per the latest report of Ministry of Agriculture, sown area for Kharif groundnut stood at 41.24 lakh hectares as on 23 Aug 2013. However, groundnut sowing was 35.96 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, good rains support the crop yield prospects in Rajasthan and Gujarat. Besides, 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.
- We expect groundnut oil prices may trade sideways in the days ahead.

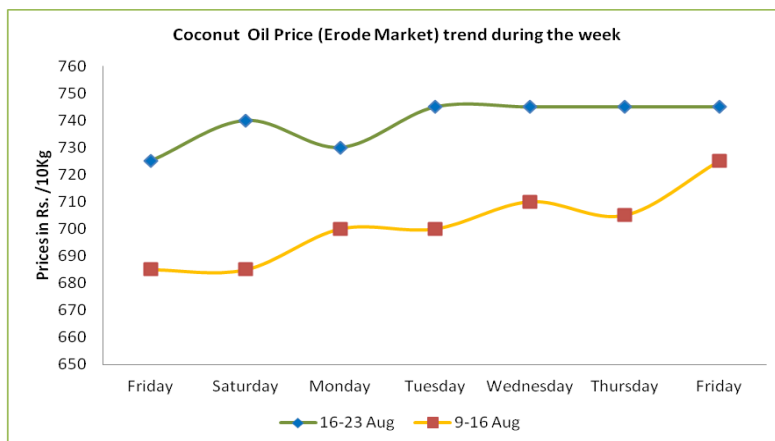


Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 785-850 per 10 Kg.

Coconut Oil:
Domestic Fundamentals:-

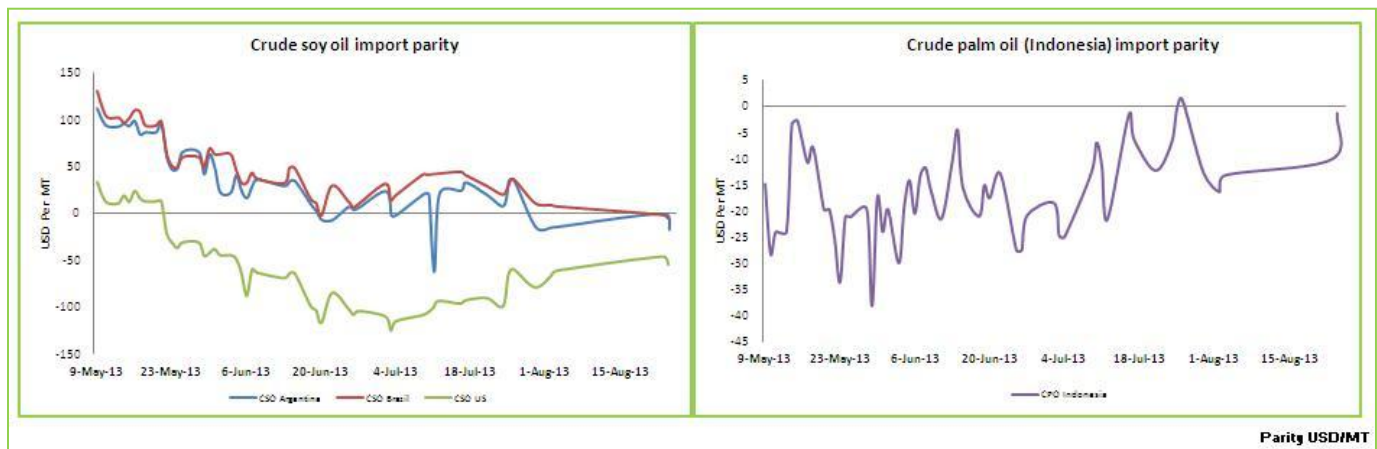
- Coconut oil featured quoted higher at its benchmark market Erode during the week owing to weak copra arrivals and persistent weakness in the Indian rupee against US dollar adds firmness to the market.
- Coconut oil prices are likely to remain range bound in the coming days due to forecasts for ample domestic as well as global vegetable oil supplies. While; gains in the competing palm kernel oil prices, corporate buying and weak Indian rupee may support the bulls for short term.
- We expect coconut oil prices may trade range bound to slightly firm tone in the coming week.



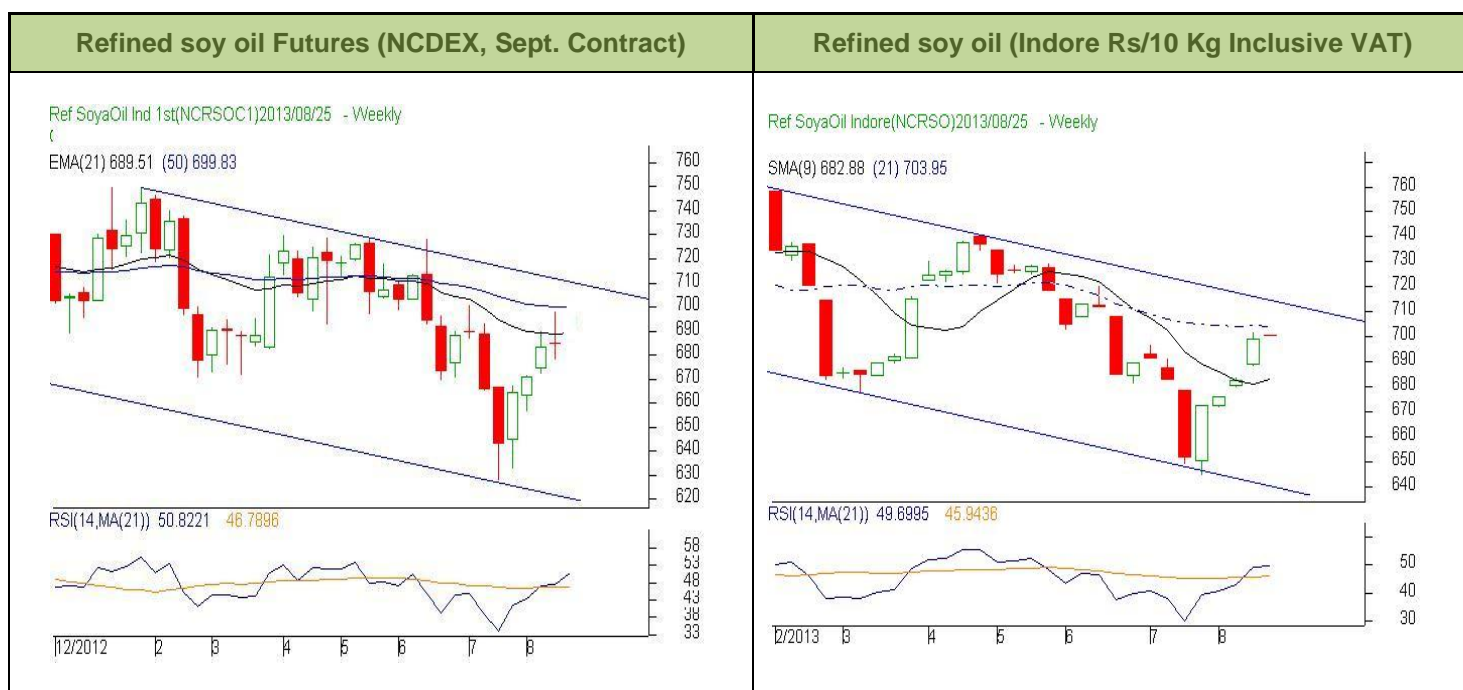
Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 720-745 per 10 Kg.

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

Landed Cost Calculation as on 23/8/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	873	870.73	924.38	780
Freight (USD/MT)	75	65	60	30.0
C & F	948.0	935.7	984.4	810.0
Weight loss (0.25% of FOB)	2.18	2.18	2.31	1.95
Finance charges (0.4% on CNF)	3.79	3.74	3.94	3.24
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	957	944	994	818
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	64.68	64.68	64.68	64.68
Landed cost without customs duty in INR per ton	61887	61087	64265	52884
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1020	1020	1020	854
Fixed exchange rate by customs department	61.90	61.90	61.90	61.90
Duty component in INR per ton	1578.45	1578.45	1578.45	1321.57
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	64138	63339	66516	54878
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	63000	63000	63000	54800
Total landed cost USD per ton	992	979	1028	848
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	974	974	974	847
Parity INR/MT (Domestic - Landed)	-1138	-339	-3516	-78
Parity USD/MT (Domestic - Landed)	-17.60	-5.24	-54.36	-1.21
Source: Agriwatch/ Reuters				


Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory due to lower domestic prices as compared to the international prices. We expect import parity to be in the negative side in the coming week.

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 680 levels.

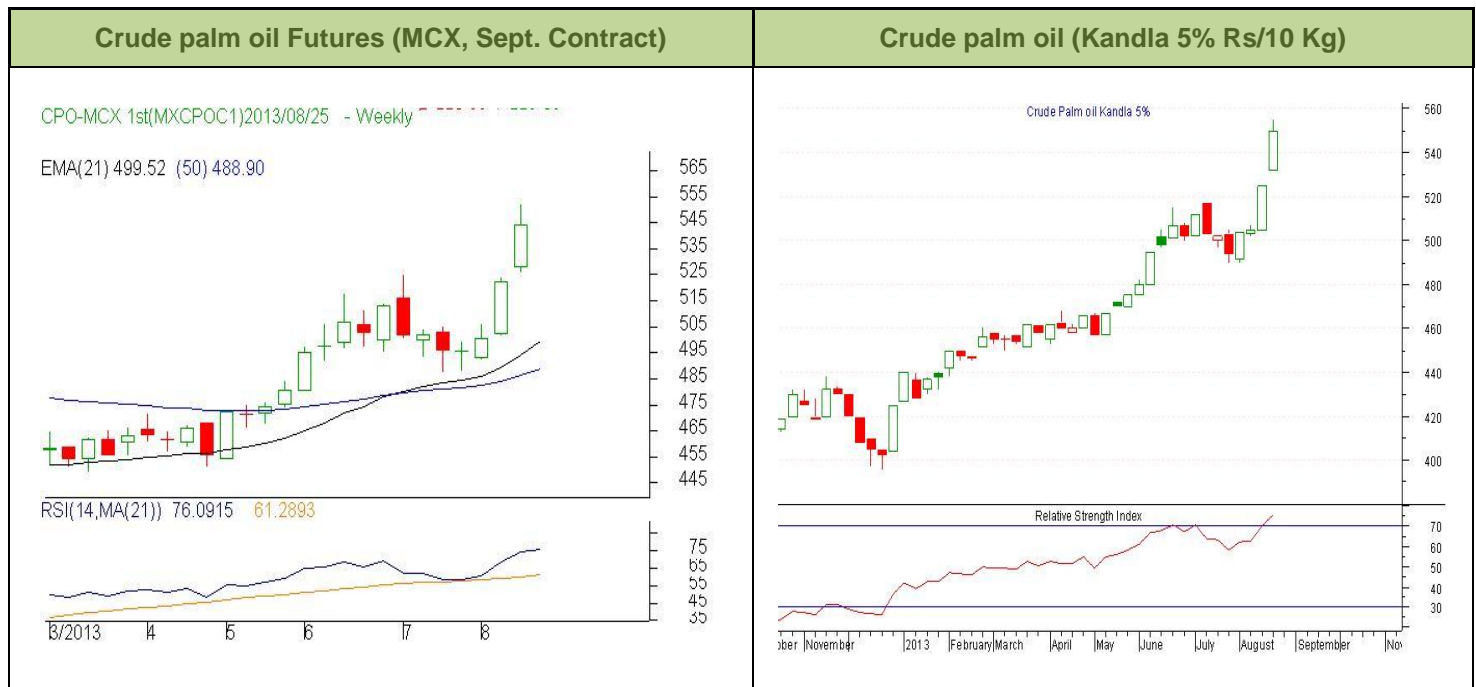
- ❖ Weekly chart of refined soy oil at NCDEX depicts gains. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 672 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 680-702 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 680 levels for a target of 696 and 702 with a stop loss at 672 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
660	668	685.00	707	712

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 682-708 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 528.

- ❖ 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 522 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 528-540 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 528 for a target of 540 and 545 with a stop loss at 522 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
513	520	535.60	560	568

Spot Market outlook: Crude palm oil 5% is likely to trade sideways to firm tone in the coming week. The prices are likely to stay in the range of 540-560 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		8/23/213	8/16/213	
Refined Soybean Oil	Kota(Loose)	670	645	25
	Rajkot (Loose)	648	632	16
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	675	680	-5
	Kakinada	NA	NA	-
	Mumbai +VAT	665	655	10
	Indore	670	657	13
	Soy Degum Mumbai+VAT	635	615	20
	SoyDegum Kandla/Mundra+VAT	630	615	15
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	716	701	15
	Amrawati (Loose)	716	701	15
	Jalna	706	701	5
	Nagpur	716	701	15
Palm Oil	Chennai.RBD.Palmolein.(Loose)	605	565	40
	Hyd. RBD Palmolein VAT	542	535	7
	Delhi RBD Palmolein (Loose)	630	590	40
	Kandla CPO (5%FFA)	548	520	28
	Kakinada.RBD.Palmolein(Loose)	591	551	40
	Mumbai RBD Pamolein+ VAT	592	565	27
	Kandla RBD Palmolein +VAT	590	562	28
Refined Sunflower Oil	Mumbai + VAT	825	815	10
	Kandla/Mundra	735	715	20
	Erode (Exp. Oil)+VAT	845	785	60
	Hyderabad Exp +VAT	781	756	25
	Chennai (Loose)	840	800	40
	Bellary (Exp. Oil)+VAT	741	731	10
	Latur (Exp. Oil)+VAT	746	736	10
	Chellakere (Exp. Oil)+VAT	716	NA	-
Groundnut Oil	Rajkot (Loose)	800	975	-175
	Chennai (Loose)	820	830	-10
	Delhi (Loose)	820	820	Unch
	Hyderabad Exp +VAT	888	852	36

	Mumbai + VAT	960	990	-30
	Gondal+VAT	850	975	-125
	Jamnagar +VAT	850	975	-125
	Narsarropeth+VAT	791	781	10
	Prodattour+VAT	776	796	-20
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	696	674	22
	Alwar (Expeller Oil)(Loose)	659	646	13
	Kota (Expeller Oil) (Loose)	660	635	25
	Jaipur (Expeller Oil) (Loose)	682	665	17
	Delhi (Exp. Oil) (Loose)	690	675	15
	SriGangaNagar(ExpOil-Loose)	666	646	20
	Hapur+VAT	675	672	3
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	730	710	20
Refined Cottonseed Oil	Mumbai +VAT	665	660	5
	Rajkot (Loose)	655	645	10
	Delhi (Loose)	630	610	20
	Hyderabad (Loose)	605	605	Unch
Coconut Oil	Kangayan (Crude)	745	725	20
	Cochin	750	715	35
	Trissur	765	725	40
Sesame Oil	Delhi	900	910	-10
	Mumbai	920	920	Unch
Kardi	Mumbai	1020	1030	-10
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	500	510	-10
Malaysia Palmolein USD/MT	FOB (September Shipment)	780	773	7
	CNF (September Shipment) India	810	830	-20
Indonesia/Malaysia CPO USD/MT	FOB (October Shipment)	780	745	35
	CNF (September Shipment) India	810	830	-20
Argentina FOB (\$/MT)		8/22/2013	8/15/2013	Change
Crude Soybean Oil Ship		864	889	-25
Refined Soy Oil (Bulk) Ship		894	920	-26
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		844	869	-25



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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