

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 188.16 lakh hectares as on 29 Aug 2013. Oilseeds sowing were 167.13 lakh hectares in the corresponding period of last year – Ministry Of Agriculture.

On the currency front, Indian rupee against USD closed at 65.92, down 2.59 percent as compared to the previous week. We expect edible oil complex to trade range bound in the coming days.

We expect edible oil complex to trade sideways in the coming days owing to need based demand and weak Indian rupee against US dollar. However, rains forecast over US Midwest may limit gains.

International Veg. Oil Market Summary

CBOT soy oil (Sept) is expected to stay in the range of 42.00 cents/lb to 45.00 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.

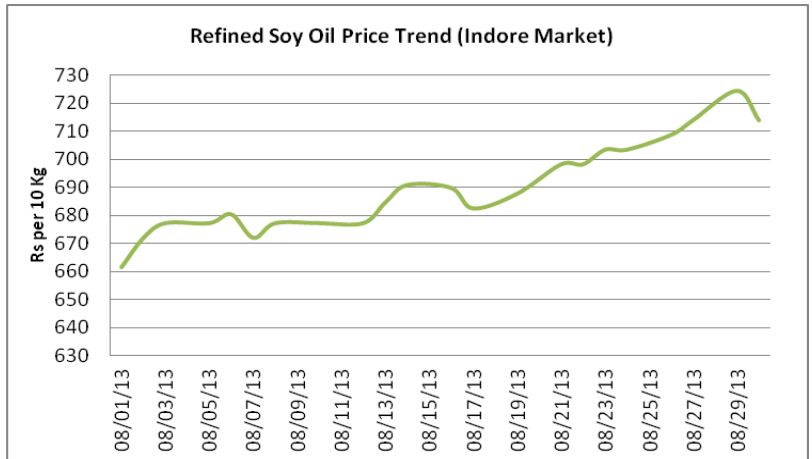
Weather concern over US soybean-growing regions and tight US old soybean crop support the bulls. However, rains forecast over US Midwest for the coming week may support the crop yield prospects and likely to curb gains in the soybean and oil prices in the days ahead. US soybean yields and demand from top buyers would be the key factors to be watch in the coming days.

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 Fundamental Analysis and Outlook:-

Domestic Front

- 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.
- On the supply side, sown area for Kharif Soybean stood at 121.72 lakh hectares as on 29 Aug. However, soybean sowing was 106.83 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.
- Soybean crop loss in some areas of Madhya Pradesh due to water logging and persistent weakness in the Indian rupee against US dollar are likely to support the prices in the near term. However, expected rise in oilseed production in the current season support edible oils supplies prospects and may limit excessive gains.
- We expect soy oil may trade with a steady in the coming days owing to higher oilseed sowing and need based demand. However, weak Indian rupee against US dollar may limit excessive gains.



International Front

- As per the latest crop progress report released by USDA, the soybean crop condition declined in 14 of the top 18 producing states. 58 percent of the crop was rated at Good to Excellent condition, down from 62 percent in the previous week. Soybean blooming was reported at 96 per cent, up 4 per cent from last week but lower than 5-year average of 98 percent. Soybeans setting pods was reported at 84 percent which was up by 12 percent from previous week but lower than 5 year average of 90 percent.
- On the supply side, 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.
- Weather concern over US soybean-growing regions and tight US old soybean crop support the bulls. However, rains forecast over US Midwest for the coming week may support the crop yield prospects and likely to curb gains in the soybean and oil prices in the days ahead. US soybean yields and demand from top buyers would be the key factors to be watch in the coming days.

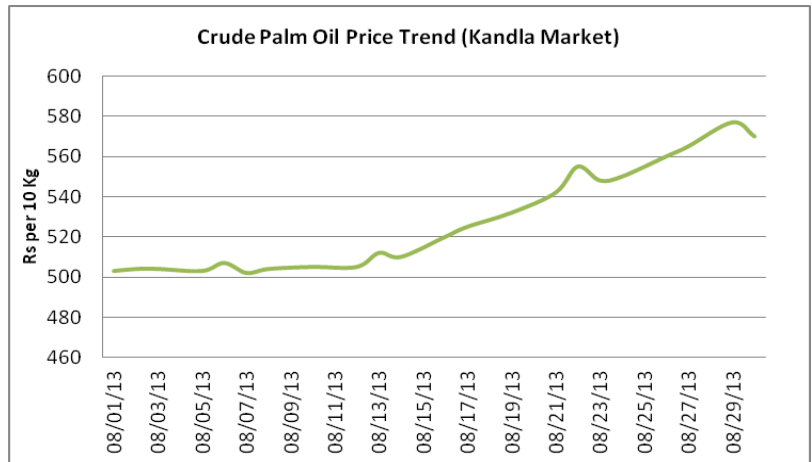
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 698-714 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- 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.
- On the supply side, 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.
- On the demand side, palm oil demand at major cash markets were need based, market participants remain reluctant to take higher position due to fluctuation in the Indian rupee against US dollar.
- 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 Front

- On the supply side, 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 - Malaysian Palm Oil Board (MPOB).
- 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.

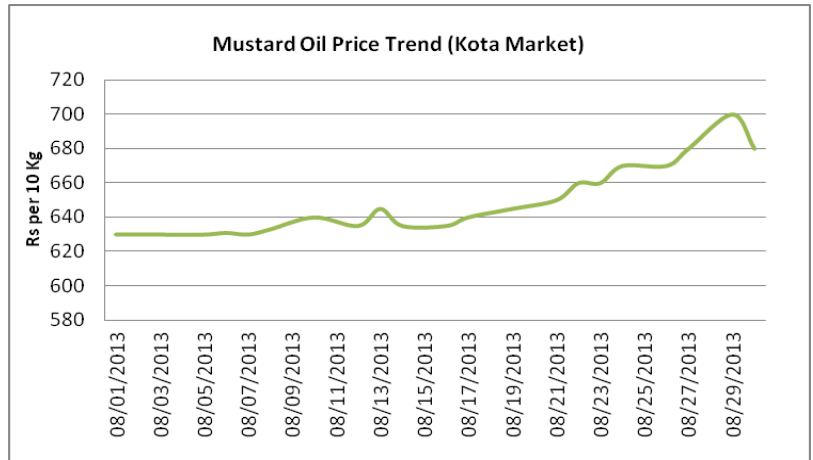
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 555-575 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- 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.
- Bullishness witnessed in the mustard oil prices at major spot market due to gains in the edible oil complex, and supportive international oil and fats market. However, upcoming new kharif crop arrivals in the coming weeks likely to restrict excessive gains.
- On the supply side, 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.



International Front

- 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.

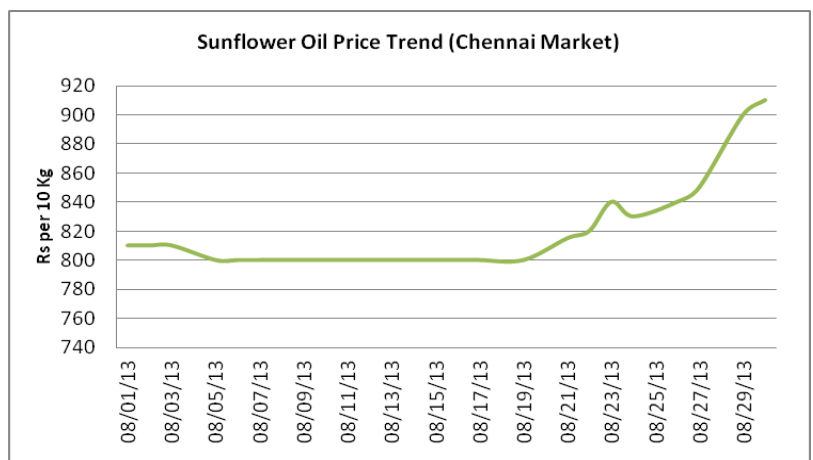
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 660-680 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- 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 2.23 lakh hectares as of Aug 29, compared with 1.97 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 95 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.
- 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 - Oil World.

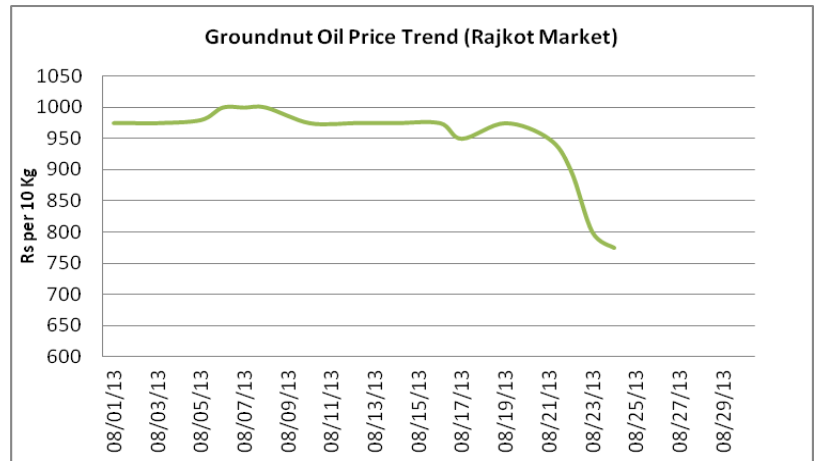


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 880-910 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Rajkot market was closed during the week in review owing to Janmashtami.
- As per the latest report of Ministry of Agriculture, sown area for Kharif groundnut stood at 41.71 lakh hectares as on 29 Aug 2013. However, groundnut sowing was 37.02 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.



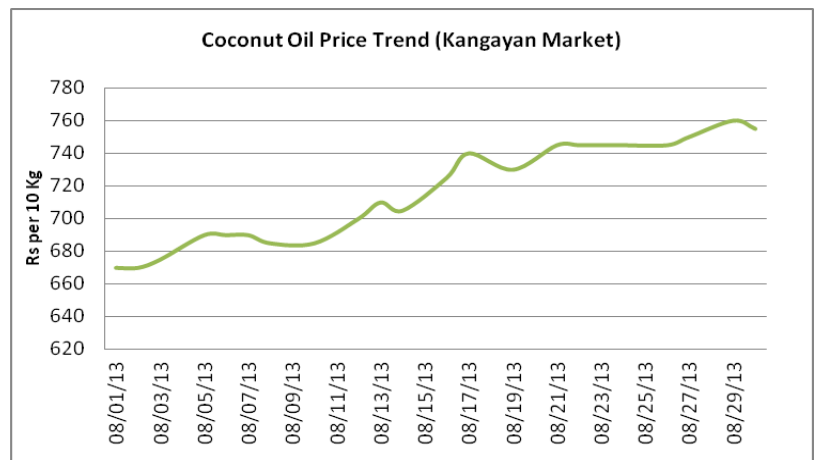
Price Outlook:

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

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- 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 in the coming week.

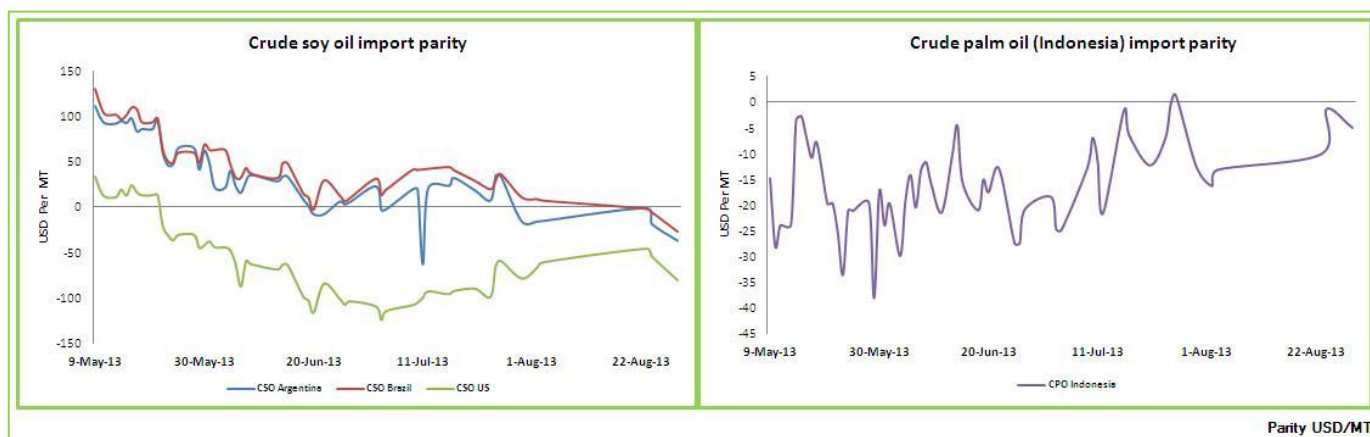


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 725-748 per 10 Kg.

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

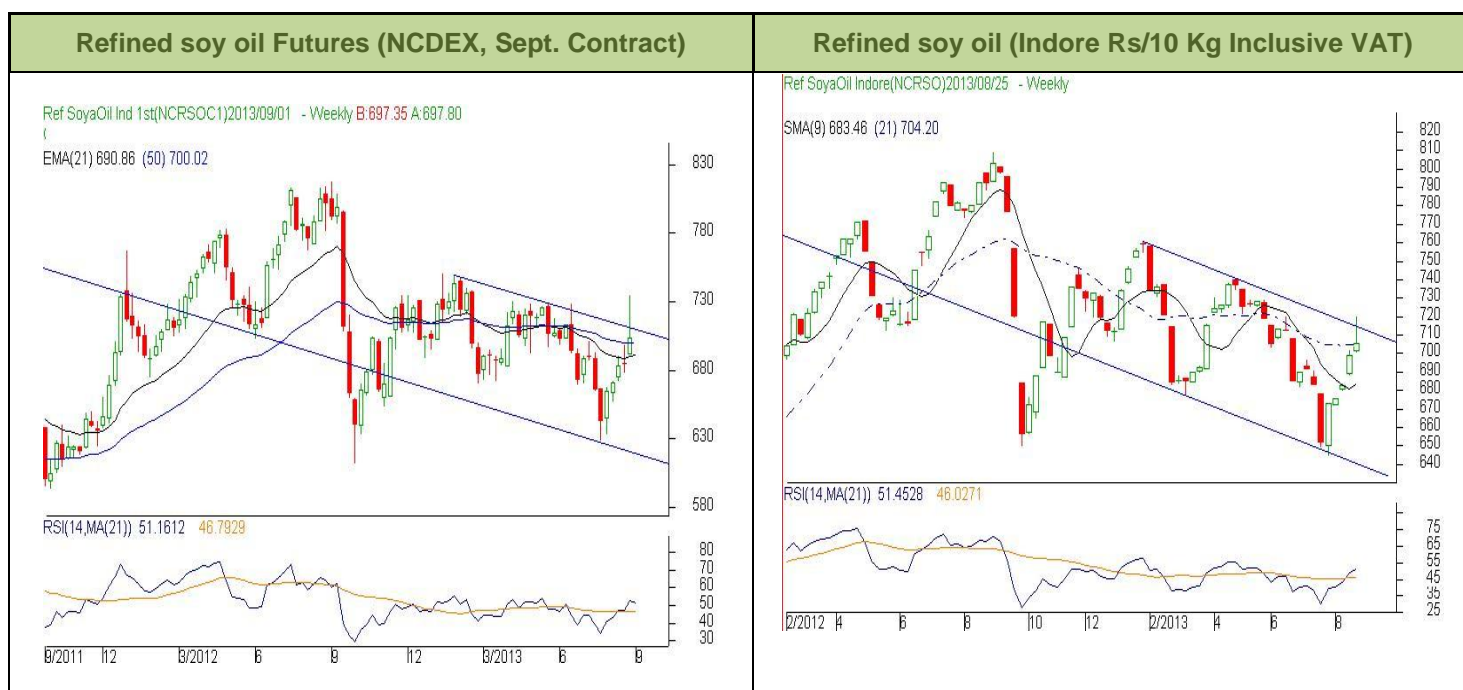
Landed Cost Calculation as on 29/8/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	901.36	901.7	960.32	780
Freight (USD/MT)	75	65	60	40.0
C & F	976.4	966.7	1020.3	820.0
Weight loss (0.25% of FOB)	2.25	2.25	2.40	1.95
Finance charges (0.4% on CNF)	3.91	3.87	4.08	3.28
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	985	976	1030	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	67.7	67.7	67.7	67.7
Landed cost without customs duty in INR per ton	66715	66056	69722	56035
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	68966	68308	71973	58029
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	66500	66500	66500	57700
Total landed cost USD per ton	1019	1009	1063	857
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	982	982	982	852
Parity INR/MT (Domestic - Landed)	-2466	-1808	-5473	-329
Parity USD/MT (Domestic - Landed)	-36.43	-26.70	-80.84	-4.86

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 708 levels.

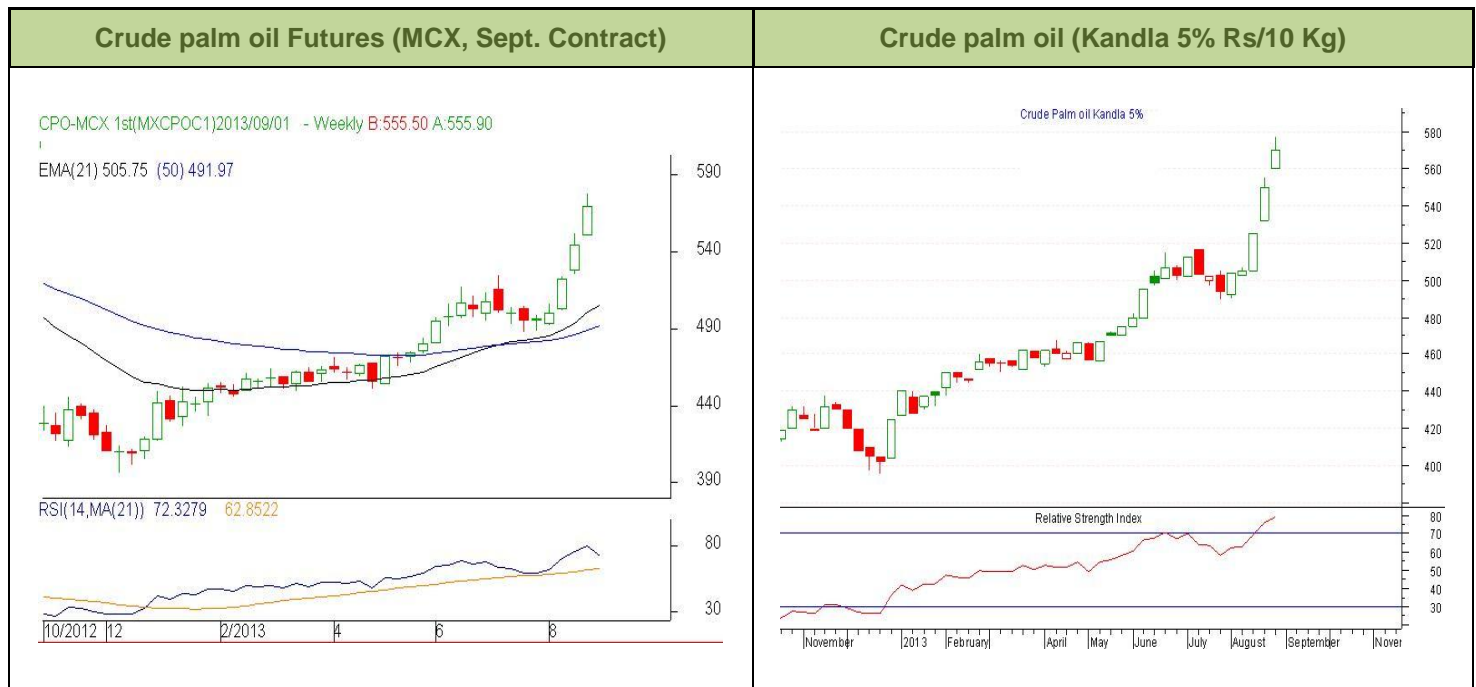
- ❖ Weekly chart of refined soy oil at NCDEX depicts gains. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 704.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 708-718 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 708 levels for a target of 715 and 718 with a stop loss at 704.50 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
680	685	703.20	721	725

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 698-714 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 559.

- ❖ 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 554 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 559-572 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 559 for a target of 569 and 572 with a stop loss at 554 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
540	546	556.30	573.50	578

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 555-575 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		8/30/213	8/23/213	
Refined Soybean Oil	Kota(Loose)	680	670	10
	Rajkot (Loose)	NA	648	-
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	NA	675	-
	Kakinada	NA	NA	-
	Mumbai +VAT	712	665	47
	Indore	680	670	10
	Soy Degum Mumbai+VAT	660	635	25
	SoyDegum Kandla/Mundra+VAT	655	630	25
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	731	716	15
	Amrawati (Loose)	731	716	15
	Jalna	721	706	15
	Nagpur	731	716	15
Palm Oil	Chennai.RBD.Palmolein.(Loose)	635	605	30
	Hyd. RBD Palmolein VAT	608	542	66
	Delhi RBD Palmolein (Loose)	NA	630	-
	Kandla CPO (5%FFA)	570	548	22
	Kakinada.RBD.Palmolein(Loose)	611	591	20
	Mumbai RBD Pamolein+ VAT	620	592	28
	Kandla RBD Palmolein +VAT	615	590	25
Refined Sunflower Oil	Mumbai + VAT	840	825	15
	Kandla/Mundra	750	735	15
	Erode (Exp. Oil)+VAT	885	845	40
	Hyderabad Exp +VAT	801	781	20
	Chennai (Loose)	910	840	70
	Bellary (Exp. Oil)+VAT	739	741	-2
	Latur (Exp. Oil)+VAT	751	746	5
	Chellakere (Exp. Oil)+VAT	771	716	55
Groundnut Oil	Rajkot (Loose)	NA	800	-
	Chennai (Loose)	810	820	-10
	Delhi (Loose)	NA	820	-
	Hyderabad Exp +VAT	883	888	-5



	Mumbai + VAT	850	960	-110
	Gondal+VAT	800	850	-50
	Jamnagar +VAT	800	850	-50
	Narsarropeth+VAT	730	791	-61
	Prodattour+VAT	761	776	-15
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	713	696	17
	Alwar (Expeller Oil)(Loose)	676	659	17
	Kota (Expeller Oil) (Loose)	680	660	20
	Jaipur (Expeller Oil) (Loose)	697	682	15
	Delhi (Exp. Oil) (Loose)	NA	690	-
	SriGangaNagar(ExpOil-Loose)	673	666	7
	Hapur+VAT	675	675	Unch
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	735	730	5
Refined Cottonseed Oil	Mumbai +VAT	705	665	40
	Rajkot (Loose)	NA	655	-
	Delhi (Loose)	NA	630	-
	Hyderabad (Loose)	605	605	Unch
Coconut Oil	Kangayan (Crude)	755	745	10
	Cochin	750	750	Unch
	Trissur	785	765	20
Sesame Oil	Delhi	NA	900	-
	Mumbai	915	920	-5
Kardi	Mumbai	1050	1020	30
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	520	500	20
Malaysia Palmolein USD/MT	FOB (September Shipment)	790	780	10
	CNF (September Shipment) India	815	810	5
Indonesia/Malaysia CPO USD/MT	FOB (October Shipment)	NA	780	-
	CNF (September Shipment) India	805	810	-5
Argentina FOB (\$/MT)		8/29/2013	8/22/2013	Change
Crude Soybean Oil Ship		895	864	31
Refined Soy Oil (Bulk) Ship		926	894	32
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		875	844	31



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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