

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oil featured steady to weak tone during the week under review tracking recovery in the Indian rupee against US dollar and need based demand in the cash market. Moreover, higher Kharif oilseeds sowing due to timely onset of monsoon over key oilseeds producing regions support the veg. oil supply prospects.

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 63.47, down 2.71 percent as compared to the previous week.

We expect edible oil complex to trade sideways to weak tone in the coming days owing to new oilseed crop arrivals and recovery in the Indian rupee against US dollar.

International Veg. Oil Market Summary

CBOT soy oil (Oct) is expected to stay in the range of 40.70 cents/lb to 43.00 cents/lb. CPO at BMD (Oct) is likely to trade in the range of 2280-2420 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 and inventories figures.

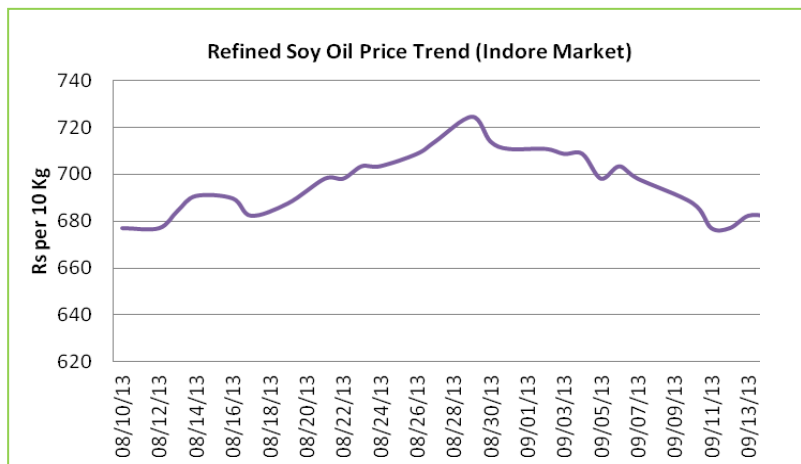
Rains forecast over US Midwest for the coming week may support the crop yield prospects and likely to curb gains in the soybean and oil prices in the days ahead. US soybean yields and demand from top buyers would be the key factors to be watch in the coming days.

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. However, good demand from top palm oil buyers, i.e. India, China may limit losses in the palm oil prices at BMD.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil depicted weak tone on cautious buying and on hopes of higher soybean production in the current year.
- Edible oils stocks as on 1st September, 2013 at various ports estimated at 505,000 tons comprising CPO 235,000 tons, RBD Palmolein 110,000 tons, Degummed Soybean Oil 95,000 tons, Crude Sunflower Oil 65,000 tons and about 1,180,000 tons in pipelines. Total stock, both at ports and pipelines is estimated at 1.68 Mln. tons compared to 1.99 Mln. tons in previous month – SEA of India.
- 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. Last year India's total soybean acreage was 107.03 lakh Ha.
- Recovery in the Indian rupee against US dollar and expected rise in oilseed production in the current season support the bears. Moreover, new crop arrivals likely to add pressure to the market in the medium term. New crop arrivals witnessed in major market.
- We expect soy oil may trade with a steady to weak tone in the coming days owing to higher oilseed sowing and need based demand.



International Front

- Lanworth has reduced its US soybean production estimate for 2013-14 to 3.113 million bushels from 3.114 million. 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.
- As per the General Administration of Customs of China, China imported 6.37 million tons of soybeans in August 2013, down 11.5 percent from 7.20 million tons in July 2013.
- Safras & Mercado has reported that advance sales of Brazil's 2013-14 soybean crop, which will commence planting in the coming days, have reached about 25 percent of the expected harvest. This is due to higher international prices and a weaker local currency.
- 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.

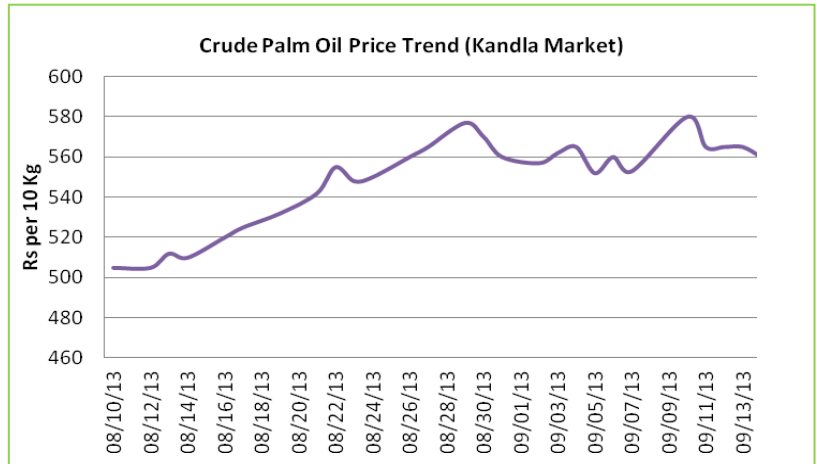
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 658-672 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed slight losses during the week in review on need based buying in the spot markets and recovery in the Indian rupee.
- On the supply side, Indian buyers imported 48.2 lakh tons of crude palm oil in the current oil year until August, which is 7.1 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were also higher at 19.01 lakh tons during Nov'12-Aug'13 as compared to the same period of a last year.
- Palm oil demand at major cash markets was normal. However, rebound in the Indian rupee, rising Malaysian palm oil inventories and on hopes of good soybean, production may hurt the market sentiments.
- We expect domestic palm oil prices likely to trade with a range bound to weak tone in expectation of good edible oils supplies in the coming weeks and recovery in the Indian rupee.



International Front

- As per data released by the Malaysian Palm Oil Board (MPOB), palm oil inventories rose 0.11 percent in August to 1.665 million tons, the consecutive rise in stockpiles noticed as production of the oil surged by 3.64 percent to 1.73 million tons in August. Exports rose 7.8 percent to 1.52 million tons in August from a month ago.
- Exports of Malaysian palm oil products for Sept. 1-10 rose 10.8 percent to 462,671 tons, from 417,414 tons during August 1-10 - cargo surveyor Intertek Testing Services.
- 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. However, good demand from top palm oil buyers, i.e. India, China may limit losses in the palm oil prices at BMD.

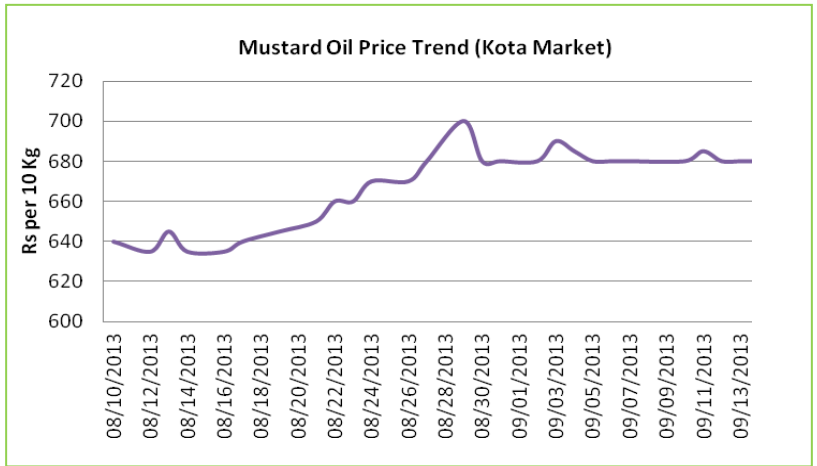
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 520-545 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 falling supplies of seed in the spot markets and need based demand.
- 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.

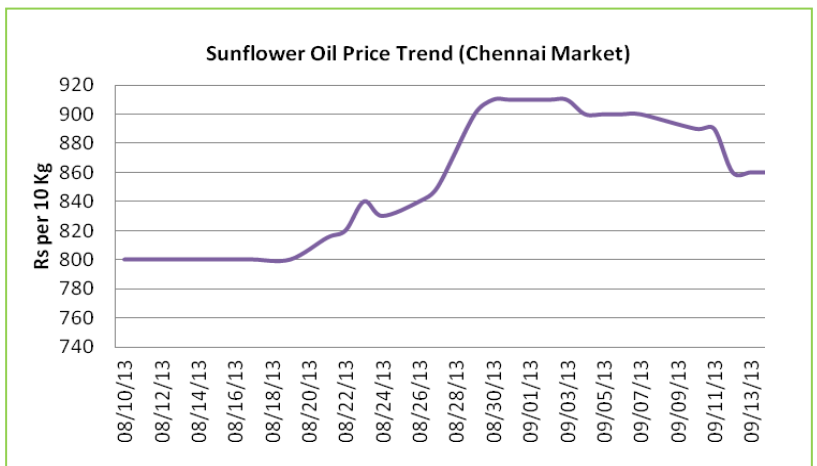
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 665-685 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil depicted losses at its benchmark market Chennai during the week owing to recovery in the Indian rupee and need based demand at higher quotes.
- At import front, SEA of India reports that crude sunflower oil imports by India reached 804,893 tons in the current oil year 2012-13 until July and were thus lower than the 969,181 tons imports against same period last year. However, imports were lower on m-o-m basis in August at 63,101 tons compared with 62,300 tons in July.
- Sunflower seed planting 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.
- We expect sunflower oil prices may trade with steady to weak tone in the near term.

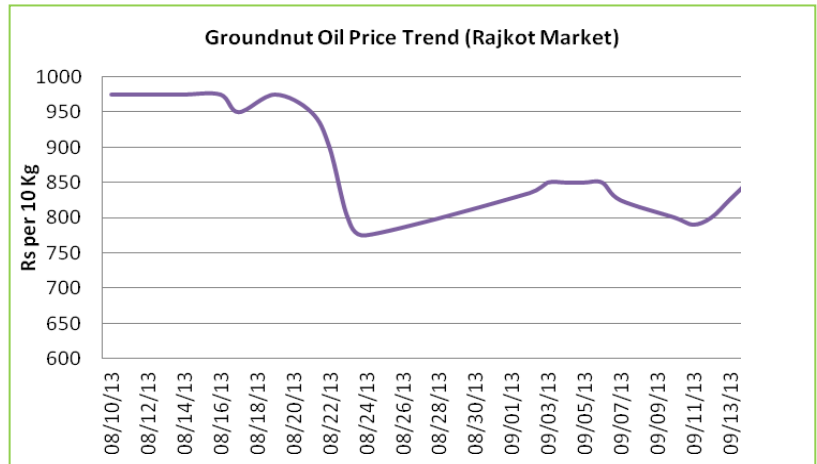


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 848-868 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil depicted gains at its benchmark market Rajkot during the week due to better buying at lower quotes.
- 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, crop conditions are good over key groundnut producing regions of Gujarat and Rajasthan. Moreover, new crop arrivals in Rajasthan are likely to hit the market in the coming 7-10 days. We expect groundnut oil prices may trade sideways in the days ahead.



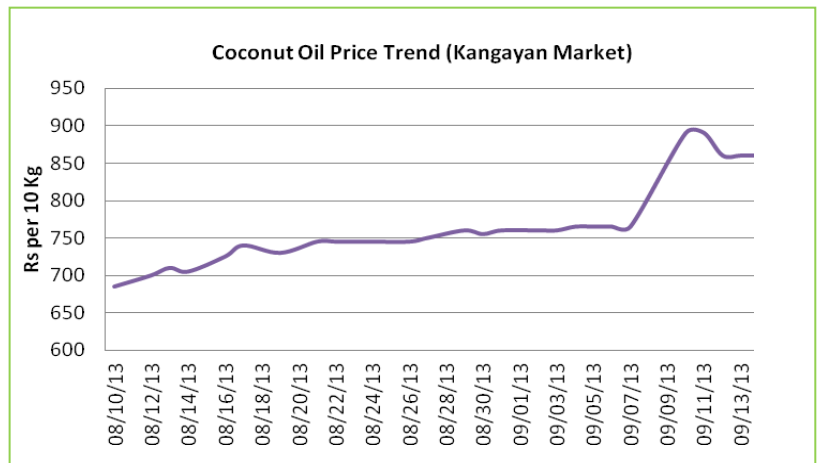
Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 800-860 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- Coconut oil featured quoted steady at its benchmark market Erode during the week owing to weak copra arrivals and better buying from corporate. However, crushers have good copra stock for crushing.
- Coconut oil prices are likely to remain range bound to weak tone in the coming days due to forecasts for ample domestic as well as global vegetable oil supplies. While; lower copra arrivals may limit excessive losses.
- We expect coconut oil prices may trade range bound in the coming week.

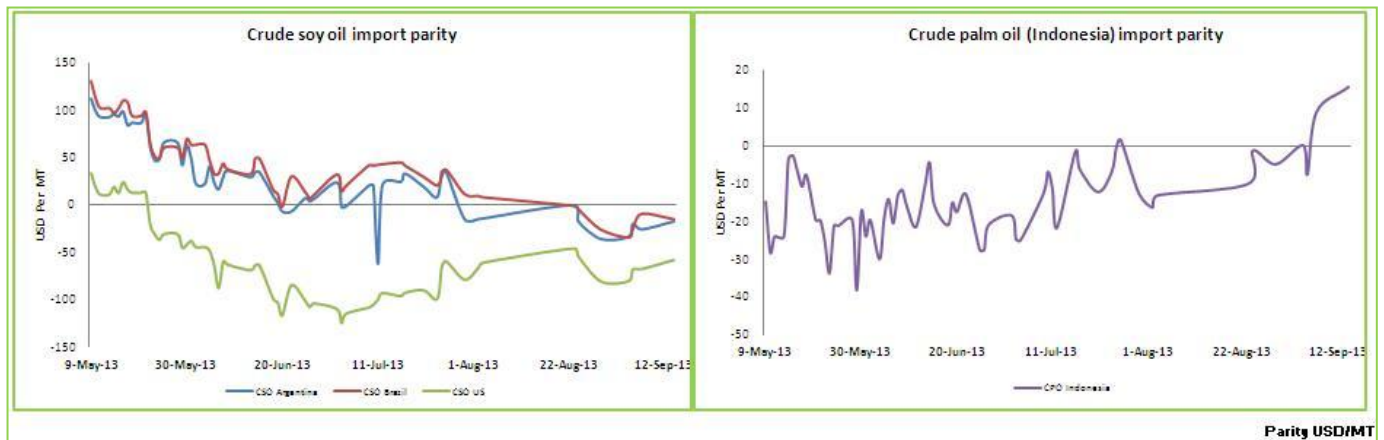


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 810-860 per 10 Kg.

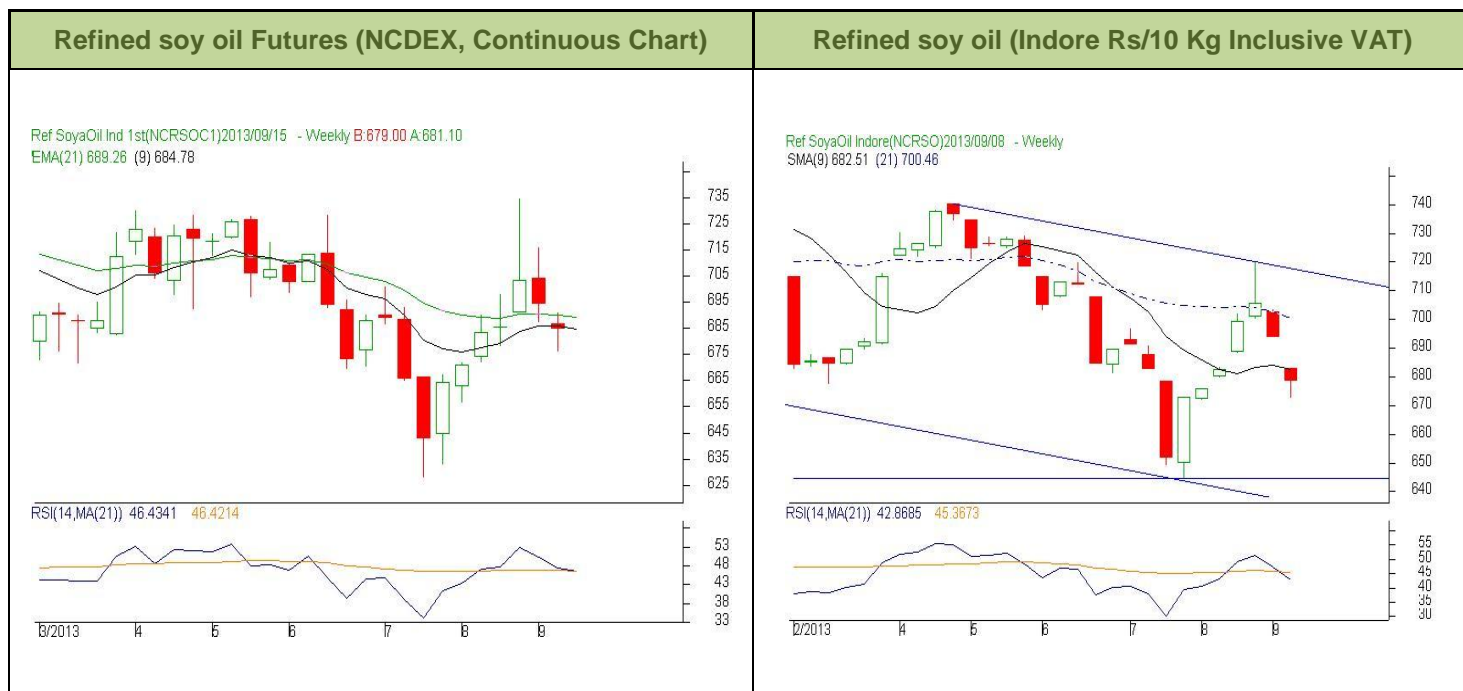
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

| Landed Cost Calculation as on 14/9/2013 | CSO Argentina | CSO Brazil | CSO US | CPO Indonesia |
|---------------------------------------------------------------|----------------------|-------------------|---------------|----------------------|
| FOB USD per ton | 878 | 886 | 933 | 755 |
| Freight (USD/MT) | 75 | 65 | 60 | 35.0 |
| C & F | 953.0 | 951.0 | 993.0 | 790.0 |
| Weight loss (0.25% of FOB) | 2.20 | 2.22 | 2.33 | 1.89 |
| Finance charges (0.4% on CNF) | 3.81 | 3.80 | 3.97 | 3.16 |
| Insurance (0.3% of C&F) | 3 | 3 | 3 | 2 |
| CIF (Indian Port - Kandla) | 962 | 960 | 1002 | 797 |
| CVD | 0 | 0 | 0 | 0 |
| Duty USD per ton | 23.78 | 23.78 | 23.78 | 20.83 |
| CVD value USD per ton | 0 | 0 | 0 | 0 |
| Cess (2% on duty) USD per ton | 0.4755 | 0.4755 | 0.4755 | 0.4165 |
| Exchange rate | 63.31 | 63.31 | 63.31 | 63.31 |
| Landed cost without customs duty in INR per ton | 60896 | 60769 | 63455 | 50485 |
| Customs duty % | 2.5% | 2.5% | 2.5% | 2.5% |
| Base import price | 951 | 951 | 951 | 833 |
| Fixed exchange rate by customs department | 65.30 | 65.30 | 65.30 | 65.30 |
| Duty component in INR per ton | 1552.51 | 1552.51 | 1552.51 | 1359.87 |
| Clearing charges INR per ton | 483 | 483 | 483 | 483 |
| Brokerage INR per ton | 190 | 190 | 190 | 190 |
| Total landed cost INR per ton | 63121 | 62995 | 65680 | 52517 |
| Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5% | 62000 | 62000 | 62000 | 53500 |
| Total landed cost USD per ton | 997 | 995 | 1037 | 830 |
| Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5% | 979 | 979 | 979 | 845 |
| Parity INR/MT (Domestic - Landed) | -1121 | -995 | -3680 | 983 |
| Parity USD/MT (Domestic - Landed) | -17.71 | -15.72 | -58.13 | 15.52 |

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. Meanwhile, Import parity witnessed in CPO from Indonesia.

Technical Analysis (Refined soy oil Weekly Charts)


Outlook – Prices are likely to trade with a steady to slightly weak tone in the days ahead. Investors are advised to sell refined soy oil (Oct. contract) below 675 levels.

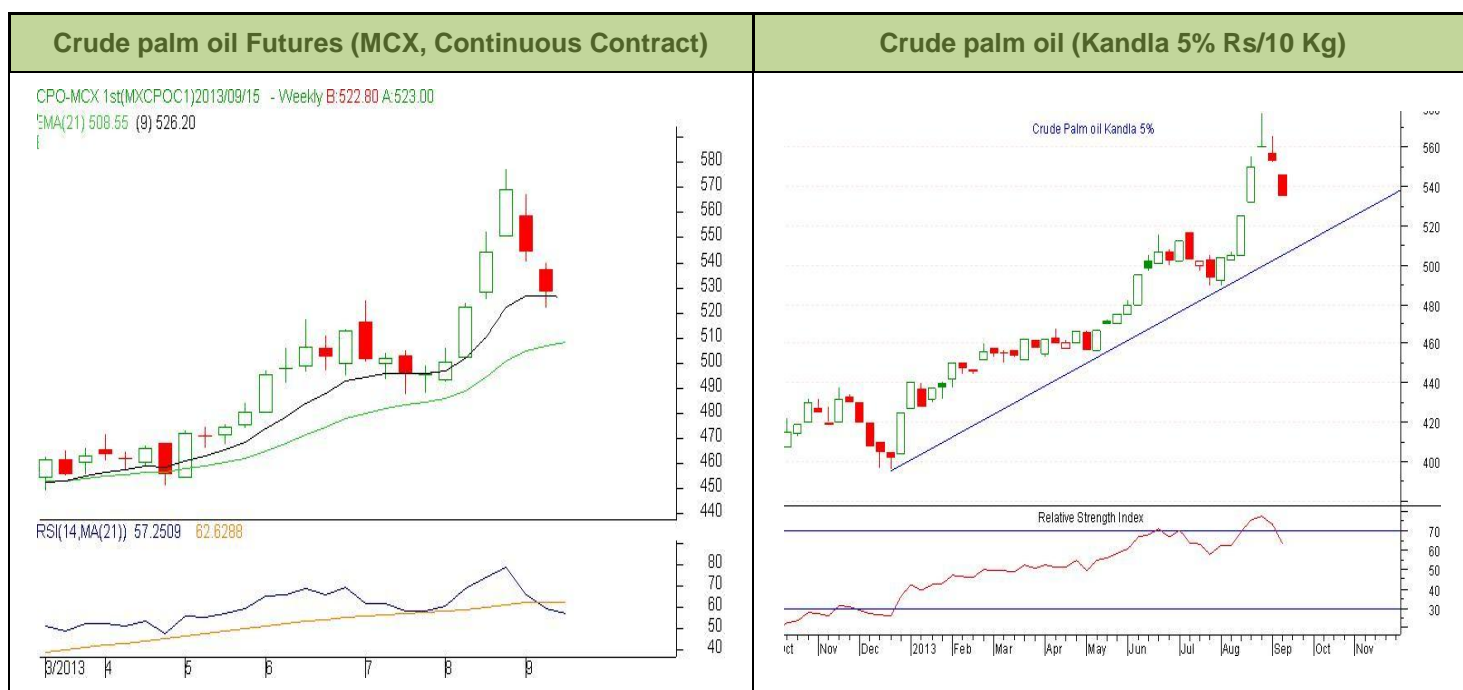
- ❖ Weekly chart of refined soy oil at NCDEX depicts losses. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 665.80 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 642-658 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 658 levels for a target of 645 and 642 with a stop loss at 665.80 on closing basis.

RSO NCDEX

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 635.00 | 640.00 | 660.45 | 672.00 | 678.00 |

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 658-672 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 Oct contract below 525.

- ❖ 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 above 534.60 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 505-525 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 short in CPO below 525 for a target of 509 and 505 with a stop loss at 534.60 on closing basis.

CPO MCX

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 495.00 | 502.00 | 523.50 | 535.00 | 540.00 |

Spot Market outlook: Crude palm oil 5% is likely to trade sideways to weak tone in the coming week. The prices are likely to stay in the range of 520-545 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

| Commodity | Centre | Prices(Per 10 Kg) | | Change |
|-----------------------|-------------------------------|-------------------|---------|--------|
| | | 9/13/213 | 9/6/213 | |
| Refined Soybean Oil | Kota(Loose) | 668 | 680 | -12 |
| | Rajkot (Loose) | 645 | 665 | -20 |
| | Jaipur (Loose) | NA | NA | - |
| | Hyderabad+ VAT | NA | NA | - |
| | Delhi (Loose) | 690 | 715 | -25 |
| | Kakinada | NA | NA | - |
| | Mumbai +VAT | 655 | 675 | -20 |
| | Indore | 650 | 670 | -20 |
| | Soy Degum Mumbai+VAT | 625 | 655 | -30 |
| | SoyDegum Kandla/Mundra+VAT | 625 | 655 | -30 |
| | Haldiya Port (Loose) | NA | NA | - |
| | Akola (Loose) | 691 | 711 | -20 |
| | Amrawati (Loose) | 691 | 711 | -20 |
| | Jalna | 686 | 708 | -22 |
| | Nagpur | 691 | 711 | -20 |
| Palm Oil | Chennai.RBD.Palmolein.(Loose) | 578 | 620 | -42 |
| | Hyd. RBD Palmolein VAT | 590 | 605 | -15 |
| | Delhi RBD Palmolein (Loose) | 630 | 650 | -20 |
| | Kandla CPO (5%FFA) | 538 | 560 | -22 |
| | Kakinada.RBD.Palmolein(Loose) | 566 | 591 | -25 |
| | Mumbai RBD Pamolein+ VAT | 575 | 610 | -35 |
| | Kandla RBD Palmolein +VAT | 572 | 605 | -33 |
| Refined Sunflower Oil | Mumbai + VAT | 820 | 830 | -10 |
| | Kandla/Mundra | 730 | 740 | -10 |
| | Erode (Exp. Oil)+VAT | 845 | 870 | -25 |
| | Hyderabad Exp +VAT | 806 | 816 | -10 |
| | Chennai (Loose) | 860 | 900 | -40 |
| | Bellary (Exp. Oil)+VAT | 731 | 744 | -13 |
| | Latur (Exp. Oil)+VAT | 746 | 751 | -5 |
| | Chellakere (Exp. Oil)+VAT | 756 | 761 | -5 |
| Groundnut Oil | Rajkot (Loose) | 825 | 850 | -25 |
| | Chennai (Loose) | 800 | 800 | Unch |
| | Delhi (Loose) | 780 | 800 | -20 |
| | Hyderabad Exp +VAT | 852 | 883 | -31 |



| | | | | |
|------------------------------|--------------------------------|------------------|-----------------|---------------|
| | Mumbai + VAT | 840 | 880 | -40 |
| | Gondal+VAT | 800 | 850 | -50 |
| | Jamnagar +VAT | 800 | 850 | -50 |
| | Narsarropeth+VAT | 720 | 740 | -20 |
| | Prodattour+VAT | 776 | 776 | Unch |
| | | | | |
| Rapeseed Oil | Mumbai (Exp. Oil) +VAT | 688 | 705 | -17 |
| | Alwar (Expeller Oil)(Loose) | 676 | 686 | -10 |
| | Kota (Expeller Oil) (Loose) | 680 | 680 | Unch |
| | Jaipur (Expeller Oil) (Loose) | 689 | 697 | -8 |
| | Delhi (Exp. Oil) (Loose) | 705 | 705 | Unch |
| | SriGangaNagar(ExpOil-Loose) | 676 | 681 | -5 |
| | Hapur+VAT | 672 | 671 | 1 |
| | Kolkata | NA | NA | - |
| | Agra (Kacchi Ghani Oil) +VAT | 725 | 735 | -10 |
| | | | | |
| Refined Cottonseed Oil | Mumbai +VAT | 660 | 675 | -15 |
| | Rajkot (Loose) | 642 | 655 | -13 |
| | Delhi (Loose) | 625 | 635 | -10 |
| | Hyderabad (Loose) | 600 | 600 | Unch |
| | | | | |
| Coconut Oil | Kangayan (Crude) | 785 | 765 | 20 |
| | Cochin | 805 | 800 | 5 |
| | Trissur | 795 | 790 | 5 |
| | | | | |
| Sesame Oil | Delhi | 880 | 900 | -20 |
| | Mumbai | 920 | 930 | -10 |
| Kardi | Mumbai | 1000 | 1050 | -50 |
| Rice Bran Oil (40%) | Delhi | NA | 575 | - |
| Rice Bran Oil (4%) | Punjab | 540 | 520 | 20 |
| | | | | |
| Malaysia Palmolein USD/MT | FOB (September Shipment) | 773 | 785 | -12 |
| | CNF (September Shipment) India | 805 | 810 | -5 |
| Indonesia CPO USD/MT | FOB (October Shipment) | 753 | 760 | -7 |
| | CNF (September Shipment) India | 795 | 803 | -8 |
| | | | | |
| Argentina FOB (\$/MT) | | 9/12/2013 | 9/5/2013 | Change |
| Crude Soybean Oil Ship | | 880 | 885 | -5 |
| Refined Soy Oil (Bulk) Ship | | 911 | 916 | -5 |
| Sunflower Oil Ship | | NA | NA | - |
| Cottonseed Oil Ship | | 860 | 865 | -5 |



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

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