

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, need-based demand in the cash market and new Kharif oilseed arrivals. 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 192.51 lakh hectares as on 12 Sept. 2013. Oilseeds sowing were 170.97 lakh hectares in the corresponding period of last year – Ministry Of Agriculture.

On the currency front, Indian rupee against USD closed at 62.24, up 1.93 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, recovery in the Indian rupee against US dollar amid US soybean harvest pressure. Factors to watch in the coming week will be on import duty structure of crude oils and 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 2280-2450 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.

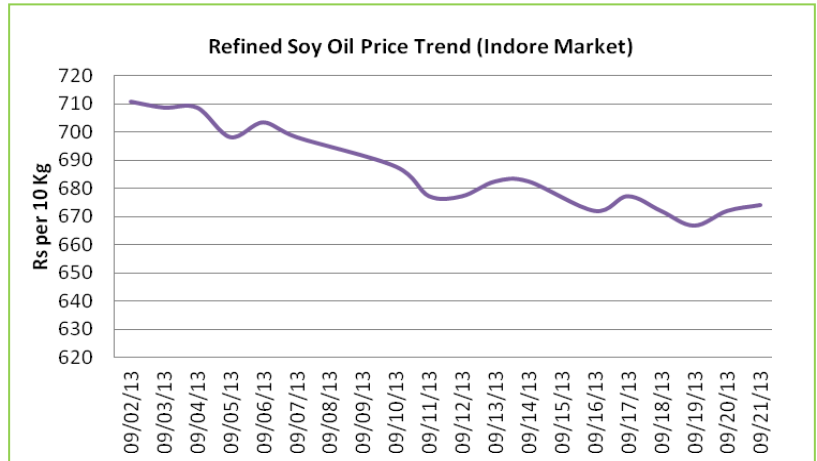
Rains forecast over US Midwest for the coming week may support the crop yield prospects and new US soybean crop arrivals likely to curb bulls in the soybean and oil prices in the days ahead. US soybean yields and demand from top buyers would be the key factors to be watch in the coming days.

Seasonally high palm oil yield phase in South East Asian countries 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.
- Indian government has extended by one year the limit up to which traders can stock oilseeds and vegetable oils to help curb rising food prices. The federal cabinet approved the decision, which will help the state governments to check hoarding.
- On the supply side, sown area for Kharif Soybean stood at 122.18 lakh hectares as on 12 Sep. However, soybean sowing was 106.89 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.
- 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.
- 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

- Informa Economics has trimmed its estimate for 2013-14 US soybean crop production to 3.22 billion bushels, from its previous estimate of 3.239 billion bushels. Lanworth has increased its projection for world soybean production by 3 million tons to 281 million tons.
- As per Indonesian chief economics minister, Indonesia is likely to temporarily remove its 5 per cent soybean import tariff in order to counter the rising food inflation in the country.
- 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.
- As per IMEA, soybean planting in Brazil's top soy growing state of Mato Grosso is less than 0.5 percent completes a week after the 2013/14 season as farmers wait for more rains and moisture. Moreover, sowing is likely to pick up from October.
- Rains forecast over US Midwest for the coming week may support the crop yield prospects and new US soybean crop arrivals likely to curb bulls 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.

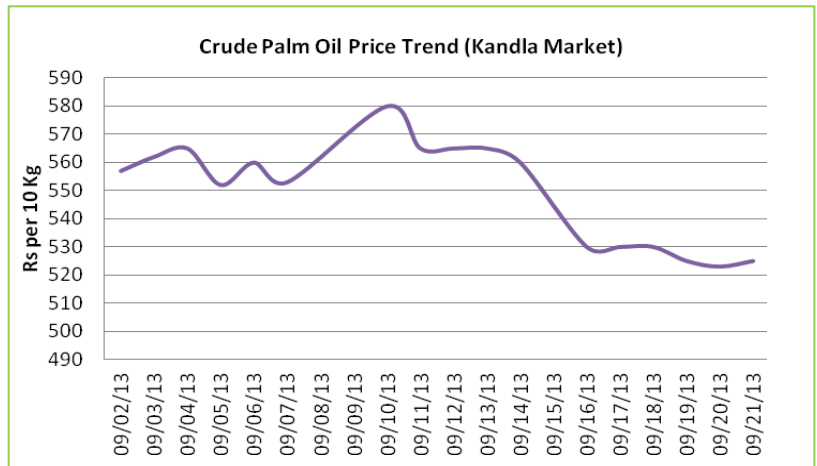
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 655-675 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.
- Indian government will consider an increase in the import duty on refined palm oil in 10 days, which could help the local industry struggling with cheap refined palm oil supplies from South East Asian countries. Currently import duty on refined oil is 7.5 percent. While, the industry has asked for raising it to at least 10 percent.
- 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. While, factors to watch in the coming week will be government decision on import duty structure of crude oils.
- 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.
- 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

- Exports of Malaysian palm oil products from Sept. 1-20 rose 13.1 percent to 996,377 tonnes from 880,979 tons shipped during Aug. 1-20 - Intertek Testing Services
- Indonesia's August exports of crude palm oil and its derivatives slipped 7 percent to 1.48 million tons compared with the previous month.
- As per IPOA, palm oil exports from Indonesia are expected to rise 5.5 percent from a year earlier to 19 million tons in 2014. Moreover, domestic palm oil output is seen rising to 30 million tons in 2014.
- 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.
- Seasonally high palm oil yield phase in South East Asian countries 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.

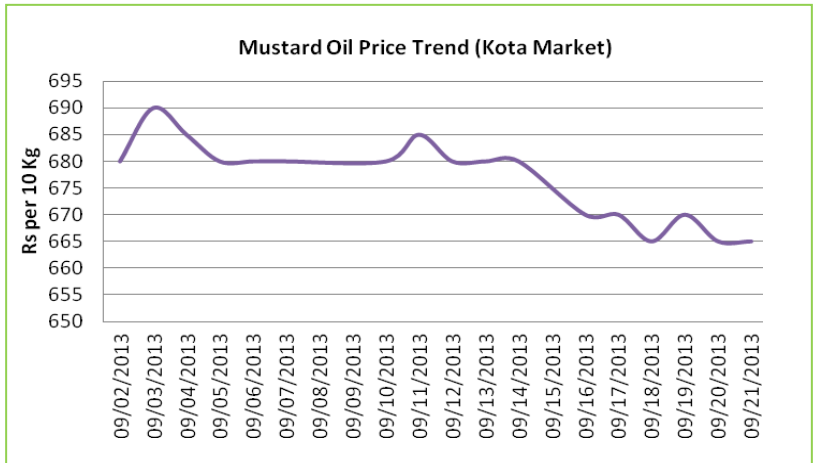
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 512-535 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.
- As per sources, need based demand in the mustard oil, good supplies in cash market amid higher Kharif oilseed supply likely to pressurize the mustard oil prices in the near term.
- 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.

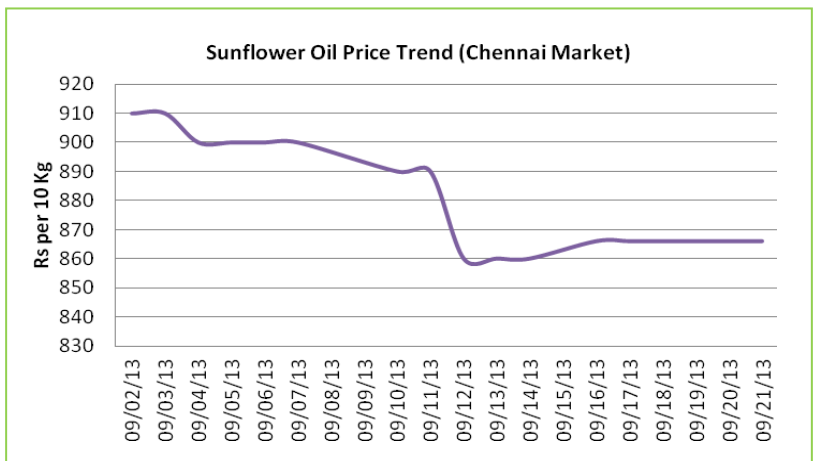
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 650-670 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil depicted range bound movement at its benchmark market Chennai during the week owing to recovery in the Indian rupee and need based demand at higher quotes.
- Sunflower seed planting in the current season has progressed to 2.42 lakh hectares as of Sept 12, compared with 2.44 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 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.
- We expect sunflower oil prices may trade with steady to weak tone in the near term.

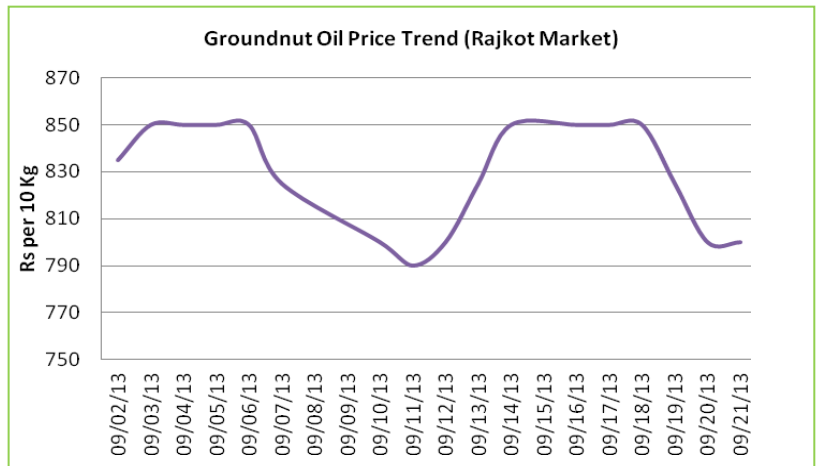


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 850-870 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil depicted losses at its benchmark market Rajkot during the week due to new crop arrivals in spot and lackluster buying.
- As per the latest report of Ministry of Agriculture, sown area for Kharif groundnut stood at 42.97 lakh hectares as on 12 Sep. 2013. However, groundnut sowing was 37.97 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 registered in the market of Rajasthan and Gujarat. We expect groundnut oil prices may trade sideways in the days ahead.



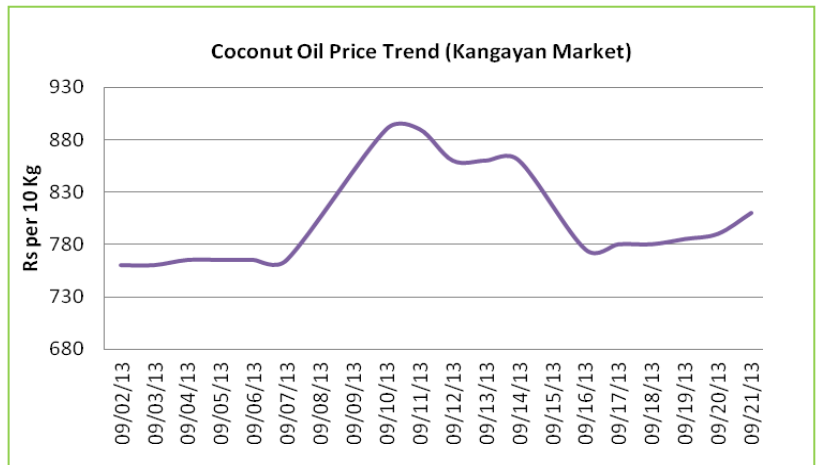
Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 760-820 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

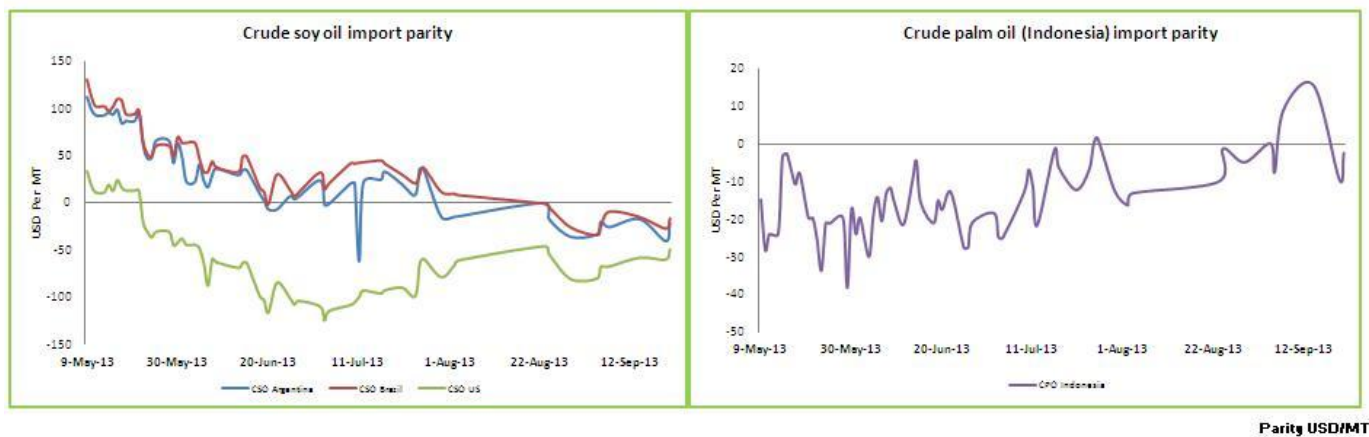
- Coconut oil featured quoted steady to slightly firm tone at its benchmark market Erode during the week owing to weak copra arrivals and better buying from corporate. However, crushers have good copra stock for crushing.
- Coconut oil prices are likely to remain range bound in the coming days due to 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.



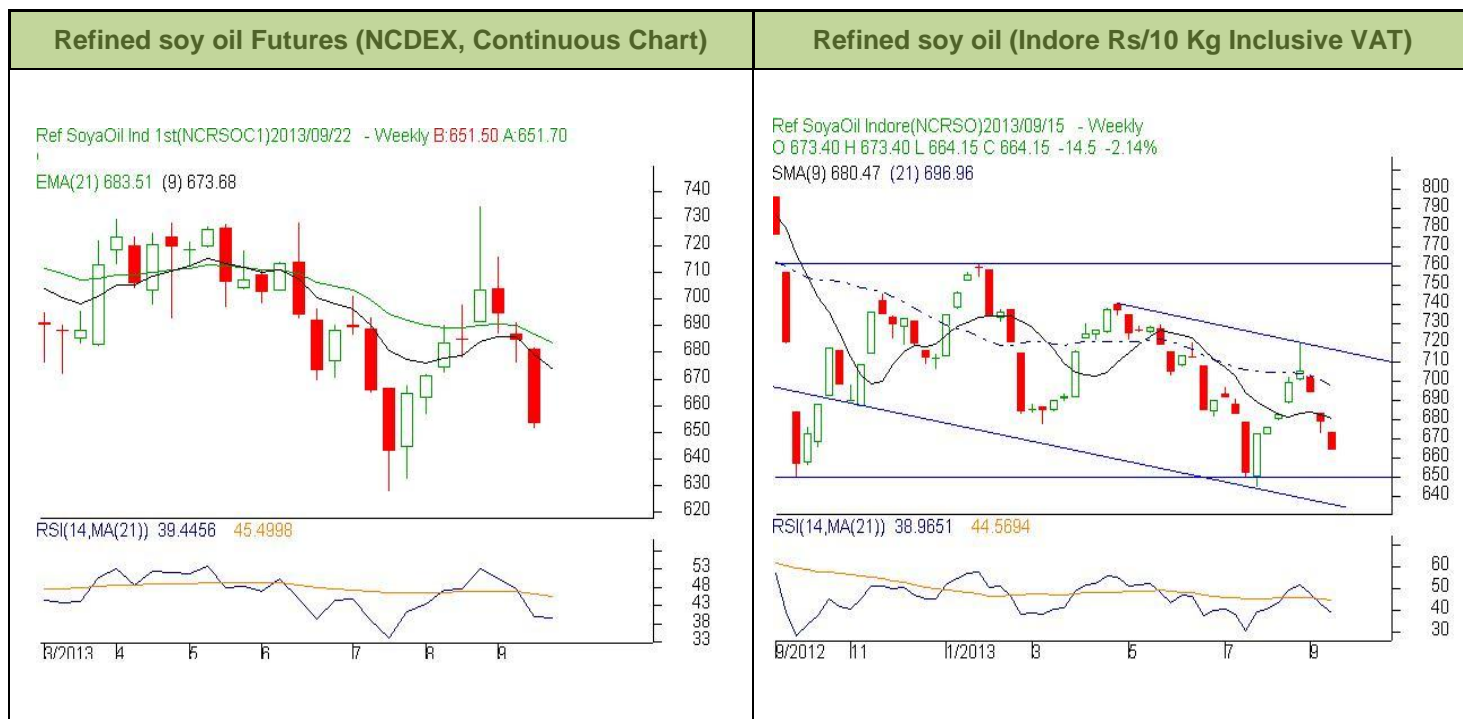
Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 810-860 per 10 Kg.

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

Landed Cost Calculation as on 21/9/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	876	881	918	760
Freight (USD/MT)	75	65	60	40.0
C & F	951.0	946.0	978.0	800.0
Weight loss (0.25% of FOB)	2.19	2.20	2.30	1.90
Finance charges (0.4% on CNF)	3.80	3.78	3.91	3.20
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	960	955	987	808
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	62.72	62.72	62.72	62.72
Landed cost without customs duty in INR per ton	60202	59887	61913	50646
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	951	951	951	833
Fixed exchange rate by customs department	63.80	63.80	63.80	63.80
Duty component in INR per ton	1516.85	1516.85	1516.85	1328.64
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	62391	62076	64103	52648
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	61000	61000	61000	52500
Total landed cost USD per ton	995	990	1022	839
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	973	973	973	837
Parity INR/MT (Domestic - Landed)	-1391	-1076	-3103	-148
Parity USD/MT (Domestic - Landed)	-22.19	-17.16	-49.48	-2.36
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. Moreover, marginal disparity noticed in crude palm oil imports 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 648 levels.

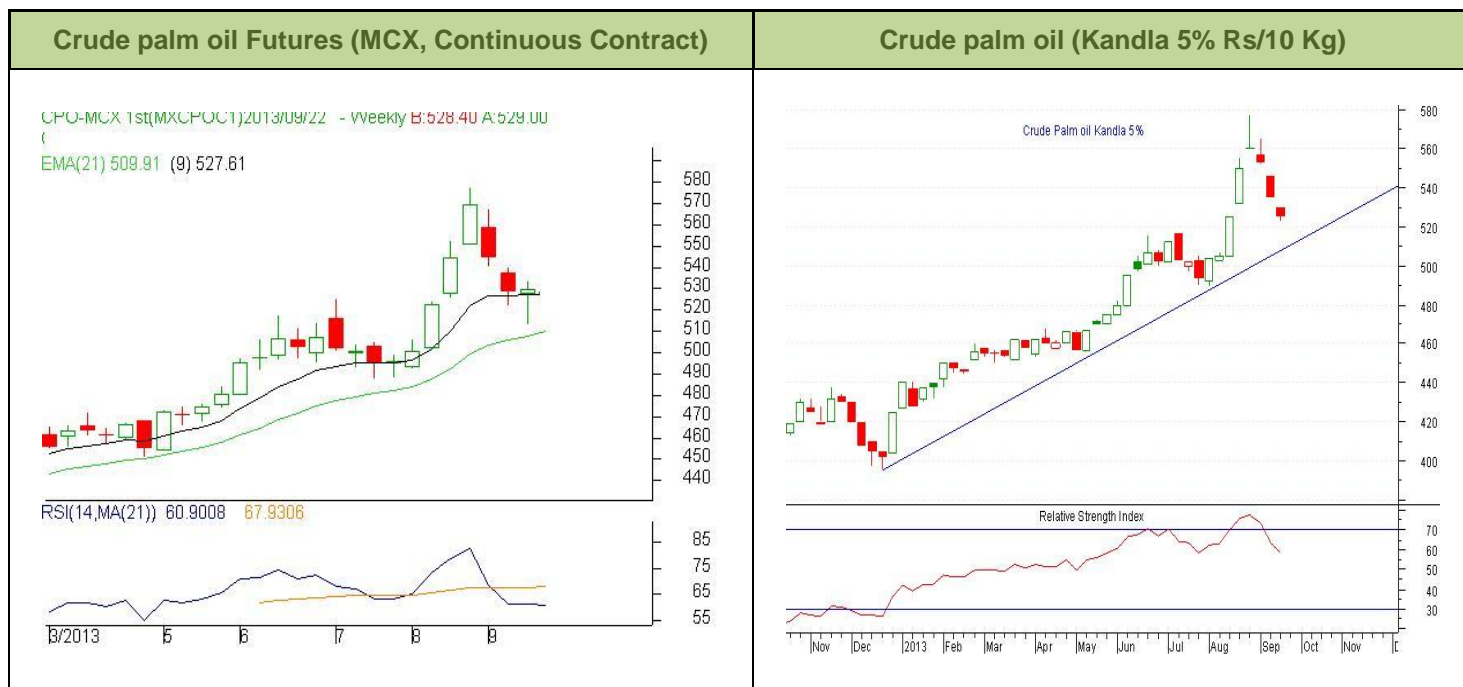
- ❖ Weekly chart of refined soy oil at NCDEX depicts losses. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 652.80 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 638-656 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 648 levels for a target of 640 and 638 with a stop loss at 652.80 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
630.00	635.00	653.53	668.00	675.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 655-675 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 531 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 513-525 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 515 and 513 with a stop loss at 531 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	505.00	519.30	532.00	538.00

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 512-535 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		9/20/213	9/13/213	
Refined Soybean Oil	Kota(Loose)	645	668	-23
	Rajkot (Loose)	630	645	-15
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	675	690	-15
	Kakinada	NA	NA	-
	Mumbai +VAT	625	655	-30
	Indore	640	650	-10
	Soy Degum Mumbai+VAT	600	625	-25
	SoyDegum Kandla/Mundra+VAT	607	625	-18
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	683	691	-8
	Amrawati (Loose)	683	691	-8
	Jalna	676	686	-10
	Nagpur	683	691	-8
Palm Oil	Chennai.RBD.Palmolein.(Loose)	560	578	-18
	Hyd. RBD Palmolein VAT	595	590	5
	Delhi RBD Palmolein (Loose)	600	630	-30
	Kandla CPO (5%FFA)	523	538	-15
	Kakinada.RBD.Palmolein(Loose)	549	566	-17
	Mumbai RBD Pamolein+ VAT	555	575	-20
	Kandla RBD Palmolein +VAT	560	572	-12
Refined Sunflower Oil	Mumbai + VAT	810	820	-10
	Kandla/Mundra	740	730	10
	Erode (Exp. Oil)+VAT	830	845	-15
	Hyderabad Exp +VAT	796	806	-10
	Chennai (Loose)	866	860	6
	Bellary (Exp. Oil)+VAT	731	731	Unch
	Latur (Exp. Oil)+VAT	741	746	-5
	Chellakere (Exp. Oil)+VAT	736	756	-20
Groundnut Oil	Rajkot (Loose)	800	825	-25
	Chennai (Loose)	800	800	Unch
	Delhi (Loose)	760	780	-20
	Hyderabad Exp +VAT	852	852	Unch



	Mumbai + VAT	860	840	20
	Gondal+VAT	825	800	25
	Jamnagar +VAT	825	800	25
	Narsarropeth+VAT	700	720	-20
	Prodattour+VAT	776	776	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	687	688	-1
	Alwar (Expeller Oil)(Loose)	666	676	-10
	Kota (Expeller Oil) (Loose)	665	680	-15
	Jaipur (Expeller Oil) (Loose)	686	689	-3
	Delhi (Exp. Oil) (Loose)	695	705	-10
	SriGangaNagar(ExpOil-Loose)	671	676	-5
	Hapur+VAT	674	672	2
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	708	725	-17
Refined Cottonseed Oil	Mumbai +VAT	660	660	Unch
	Rajkot (Loose)	630	642	-12
	Delhi (Loose)	620	625	-5
	Hyderabad (Loose)	600	600	Unch
Coconut Oil	Kangayan (Crude)	790	785	5
	Cochin	805	805	Unch
	Trissur	800	795	5
Sesame Oil	Delhi	880	880	Unch
	Mumbai	890	920	-30
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	540	540	Unch
Malaysia Palmolein USD/MT	FOB (September Shipment)	780	773	7
	CNF (September Shipment) India	818	805	13
Indonesia CPO USD/MT	FOB (October Shipment)	770	753	17
	CNF (September Shipment) India	810	795	15
Argentina FOB (\$/MT)		9/19/2013	9/12/2013	Change
Crude Soybean Oil Ship		NA	880	-
Refined Soy Oil (Bulk) Ship		NA	911	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		NA	860	-



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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