

Executive Summary

Domestic Veg. Oil Market Summary

Most of the edible oil featured steady to firm tone during the week under review tracking better buying in the cash market and rains disrupt Kharif oilseed harvesting pace. However, higher Kharif oilseeds sowing support the veg. oil supply prospects and caps excessive gains.

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 62.5, down 0.255 percent as compared to the previous week.

We expect edible oil complex to trade sideways to firm tone in the coming days owing to depreciating Indian rupee against US dollar, better buying ahead of festivities and soybean crop loss in MP. 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.

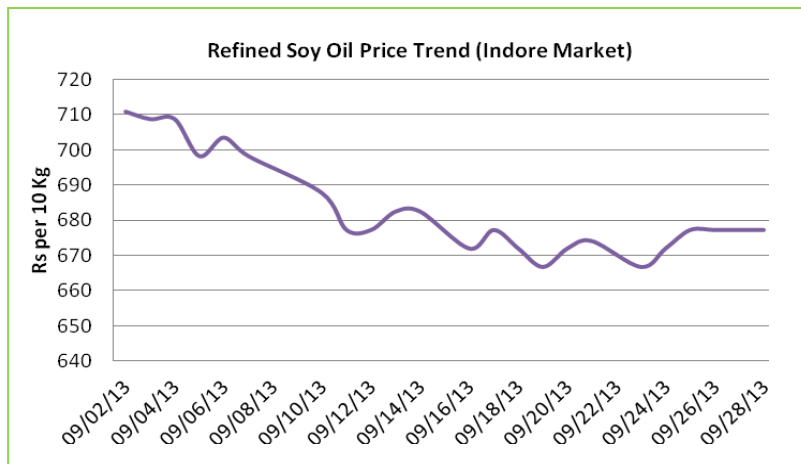
Rains forecast over US Midwest for the coming week may support the crop yield prospects and new US soybean crop arrivals likely to curb bulls in the soybean and oil prices in the days ahead. US soybean yields and demand from top buyers would be the key factors to be watch in the coming days.

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 range bound movement on harvest pressure and on higher soybean production estimates in the current year. Meanwhile, rains during harvesting limit excessive losses.
- As per India's Farm Minister, kharif oilseeds output is seen at 23.93 million tons in the 2013/14 crop year owing to higher soybean output and has been estimated at 15.68 million tons, up 6.8 percent from a year earlier. While, Adani Wilmar pegged soybean output at 13.5-14 million tons.
- 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.
- As per sources, quality of seed is low compared to the last year and having high moisture content. Moreover, rains over key soybean growing regions of Madhya Pradesh disrupt harvesting which may delay arrivals in the cash market.
- We expect soy oil may trade with a steady to slightly firm tone in the coming days owing to better buying ahead of festivities.



International Front

- As per USDA, soybean harvesting in the US was reported as 3 percent was completed. This was behind the five-year average of 9 per cent.
- As per latest release by Abiove, the Brazilian soybean crushing from Feb '13 till July '13 was seen at 19.3 million tons, down 7 percent from last year. Abiove had also raised its soybean export estimate to 40.5 million tons from the 39 million it forecast in June.
- 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.
- 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.

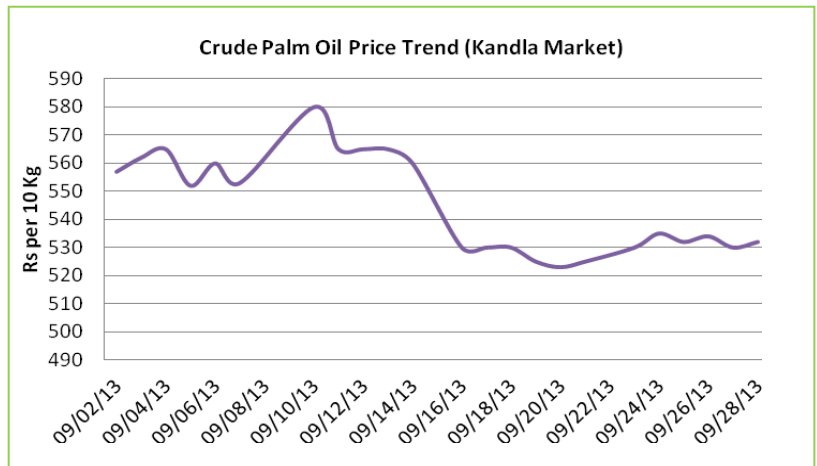
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 665-685 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed slight gains during the week in review on need based buying in the spot markets.
- As per Dorab Mistry, palm oil imports for 2013/14 oil year seen at 8.3 million tons, against 8.35 million tons in 2012/13 as local buyers may turn to soy oil and sunflower oil to supply domestic refiners.
- 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 world, soybean production may hurt the market sentiments.
- 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 slightly firm tone.



International Front

- Exports of Malaysian palm oil products from Sep 1-25 rose 6.5% compared to the last month of corresponding period - Intertek Testing Services.
- Crude palm oil prices are likely to fall to 2,100-2,150 ringgit per tons in the fourth quarter of 2013 due to higher production in Indonesia and Malaysia offsetting higher demand from the bio-fuel sector – Mielke.
- 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 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.

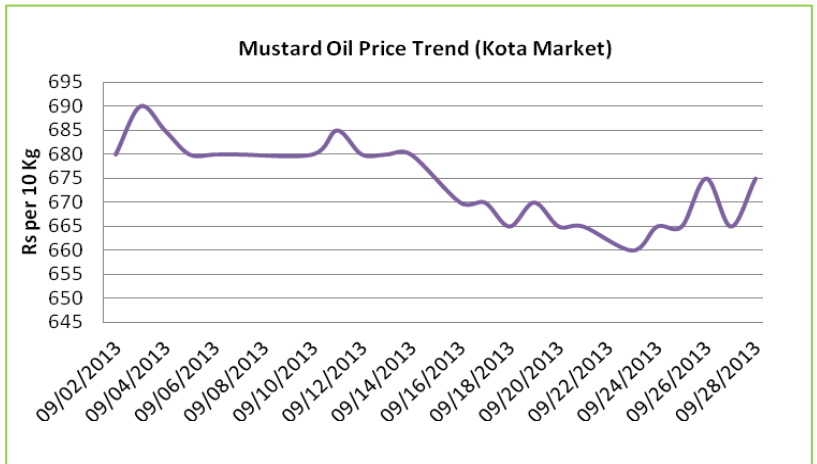
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 520-540 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, 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. Meanwhile, the government target mustard seed production forecast for 2013/14 sets at 7.49 million tons.
- 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.
- We expect RM seed oil prices may trade range bound.



International Front

- As per Chinese government authorities, China has allowed the crushers to import rapeseed from Russia to meet increasing demand. China's rapeseed imports in June-May 2013-14 are likely to reach 3.59 million tons, up 54 per cent from 2012/13.

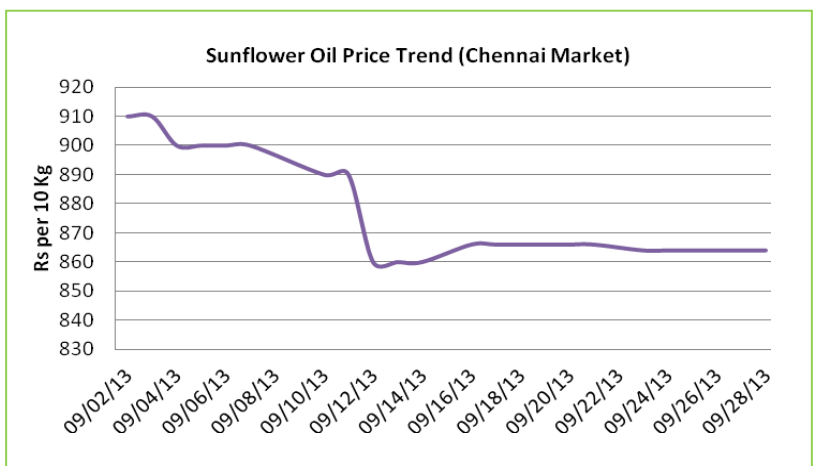
Price Outlook:

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 range bound movement at its benchmark market Chennai during the week owing to need-based demand at higher quotes.
- As per the first advance estimates of Production of Oilseeds for 2013-14, kharif sunflower seed output is seen at 0.126 million tons in the 2013/14. However, last year sunflower production was 0.151 million tons.
- 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.

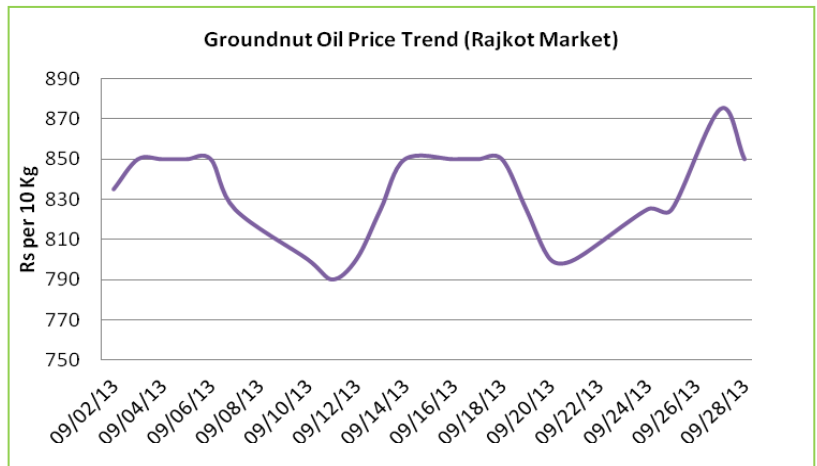


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 850-875 per 10 Kg.

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. Meanwhile, higher G/N seed production may limit excessive losses.
- As per the first advance estimates of Production of Oilseeds for 2013-14, kharif oilseeds output is seen at 23.93 million tons in the 2013/14 crop year owing to higher oilseed acreage and groundnut production has been estimated at 5.569 million tons, up 2.46 million tons from a year earlier.
- 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.



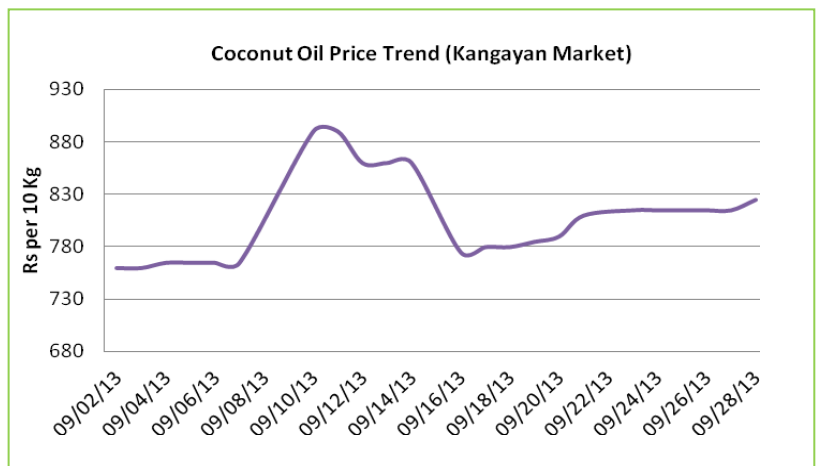
Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 850-890 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

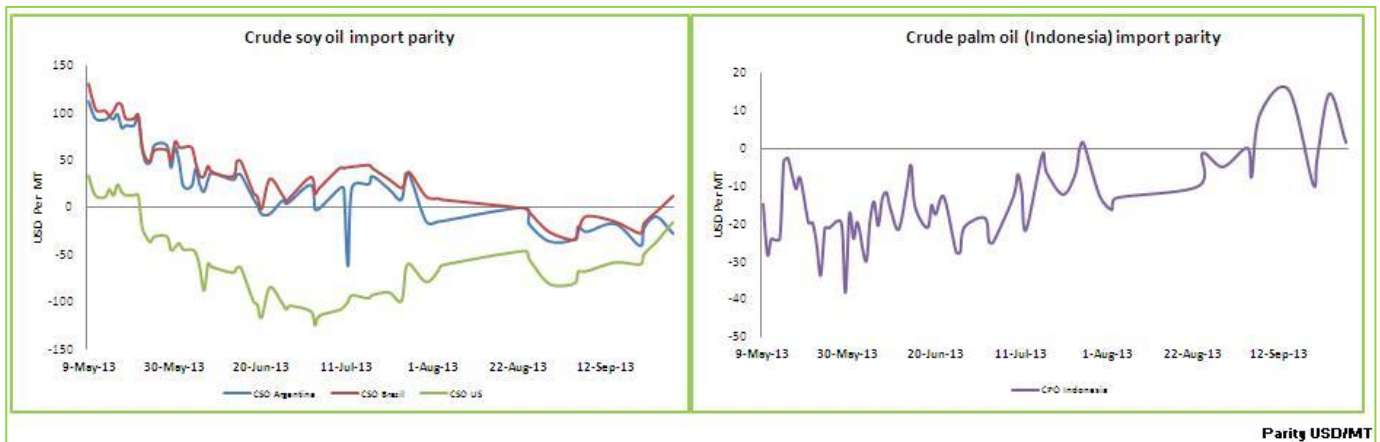
- Coconut oil featured quoted steady to slightly firm tone at its benchmark market Erode during the week owing to weak copra arrivals and better buying from corporate. However, crushers have good copra stock for crushing.
- Coconut oil prices are likely to remain range bound in the coming days due to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

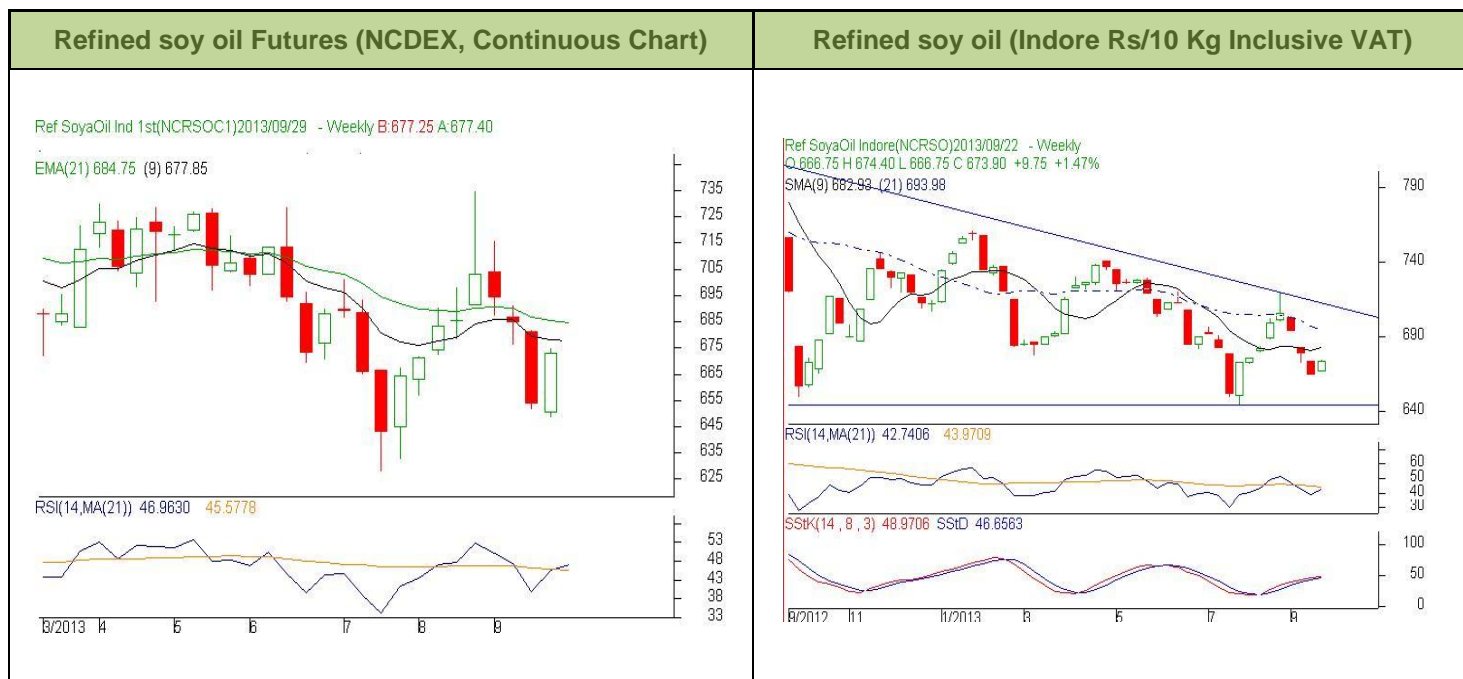
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 28/9/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	904	875	907	773
Freight (USD/MT)	75	65	60	37.0
C & F	979.0	940.0	967.0	810.0
Weight loss (0.25% of FOB)	2.26	2.19	2.27	1.93
Finance charges (0.4% on CNF)	3.92	3.76	3.87	3.24
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	988	949	976	818
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	62.5	62.5	62.5	62.5
Landed cost without customs duty in INR per ton	61757	59298	61002	51100
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	63947	61488	63192	53102
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62200	62200	62200	53200
Total landed cost USD per ton	1023	984	1011	850
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	995	995	995	851
Parity INR/MT (Domestic - Landed)	-1747	712	-992	98
Parity USD/MT (Domestic - Landed)	-27.95	11.39	-15.87	1.57
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 parity 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 firm tone in the days ahead. Investors are advised to buy refined soy oil (Oct. contract).

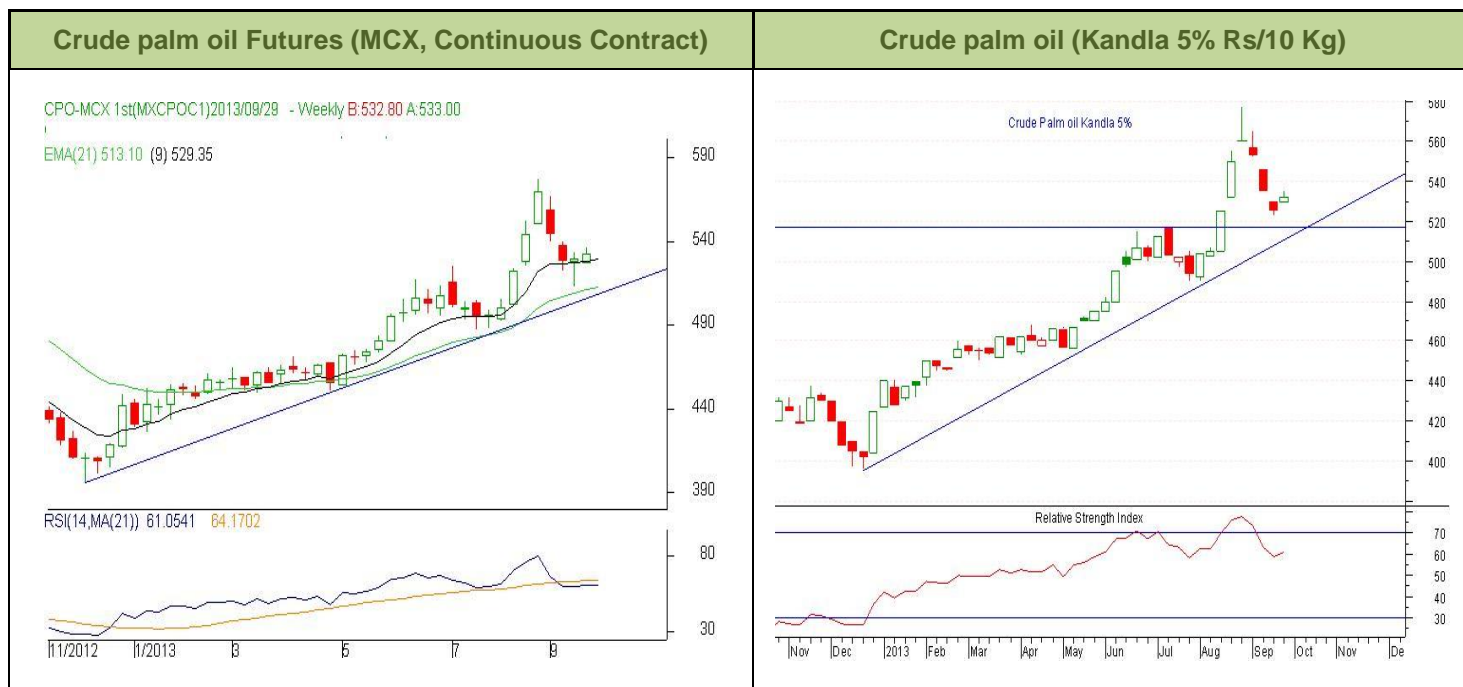
- ❖ Weekly chart of refined soy oil at NCDEX depicts gains. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 662.80 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 670-685 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 long in RSO above 670 levels for a target of 682 and 685 with a stop loss at 662.80 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
660.00	665	672.50	687	691

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 665-685 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 Oct contract.

- ❖ 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 517.20 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 522-532 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 522 for a target of 530 and 532 with a stop loss at 517.20 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
515.00	518.00	526.30	534.00	537.00

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 520-540 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		9/27/213	9/20/213	
Refined Soybean Oil	Kota(Loose)	645	645	Unch
	Rajkot (Loose)	640	630	10
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	685	675	10
	Kakinada	NA	NA	-
	Mumbai +VAT	645	625	20
	Indore	645	640	5
	Soy Degum Mumbai+VAT	615	600	15
	SoyDegum Kandla/Mundra+VAT	618	607	11
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	691	683	8
	Amrawati (Loose)	691	683	8
	Jalna	681	676	5
	Nagpur	691	683	8
Palm Oil	Chennai.RBD.Palmolein.(Loose)	560	560	Unch
	Hyd. RBD Palmolein VAT	550	595	-45
	Delhi RBD Palmolein (Loose)	610	600	10
	Kandla CPO (5%FFA)	530	523	7
	Kakinada.RBD.Palmolein(Loose)	556	549	7
	Mumbai RBD Pamolein+ VAT	565	555	10
	Kandla RBD Palmolein +VAT	565	560	5
Refined Sunflower Oil	Mumbai + VAT	800	810	-10
	Kandla/Mundra	740	740	Unch
	Erode (Exp. Oil)+VAT	830	830	Unch
	Hyderabad Exp +VAT	771	796	-25
	Chennai (Loose)	864	866	-2
	Bellary (Exp. Oil)+VAT	729	731	-2
	Latur (Exp. Oil)+VAT	741	741	Unch
	Chellakere (Exp. Oil)+VAT	726	736	-10
Groundnut Oil	Rajkot (Loose)	875	800	75
	Chennai (Loose)	800	800	Unch
	Delhi (Loose)	750	760	-10
	Hyderabad Exp +VAT	841	852	-11



	Mumbai + VAT	880	860	20
	Gondal+VAT	875	825	50
	Jamnagar +VAT	875	825	50
	Narsarropeth+VAT	660	700	-40
	Prodattour+VAT	721	776	-55
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	682	687	-5
	Alwar (Expeller Oil)(Loose)	671	666	5
	Kota (Expeller Oil) (Loose)	665	665	Unch
	Jaipur (Expeller Oil) (Loose)	680	686	-6
	Delhi (Exp. Oil) (Loose)	698	695	3
	SriGangaNagar(ExpOil-Loose)	673	671	2
	Hapur+VAT	705	674	31
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	715	708	7
Refined Cottonseed Oil	Mumbai +VAT	670	660	10
	Rajkot (Loose)	650	630	20
	Delhi (Loose)	630	620	10
	Hyderabad (Loose)	635	600	35
Coconut Oil	Kangayan (Crude)	815	790	25
	Cochin	840	805	35
	Trissur	840	800	40
Sesame Oil	Delhi	870	880	-10
	Mumbai	860	890	-30
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	500	NA	-
Rice Bran Oil (4%)	Punjab	540	540	Unch
Malaysia Palmolein USD/MT	FOB (September Shipment)	765	780	-15
	CNF (September Shipment) India	815	818	-3
Indonesia CPO USD/MT	FOB (October Shipment)	765	770	-5
	CNF (September Shipment) India	805	810	-5
Argentina FOB (\$/MT)		9/26/2013	9/19/2013	Change
Crude Soybean Oil Ship		887	NA	-
Refined Soy Oil (Bulk) Ship		918	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		867	NA	-



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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