

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 ahead of festivities. However, higher Kharif oilseeds sowing support the veg. oil support supply prospects, which 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 61.44, down 1.70 percent as compared to the previous week.

We expect edible oil complex to trade sideways to firm tone in the coming days owing to better buying ahead of festivities and soybean crop loss in Madhya Pradesh. 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 40.00 cents/lb to 43.00 cents/lb. CPO at BMD (Nov) 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.

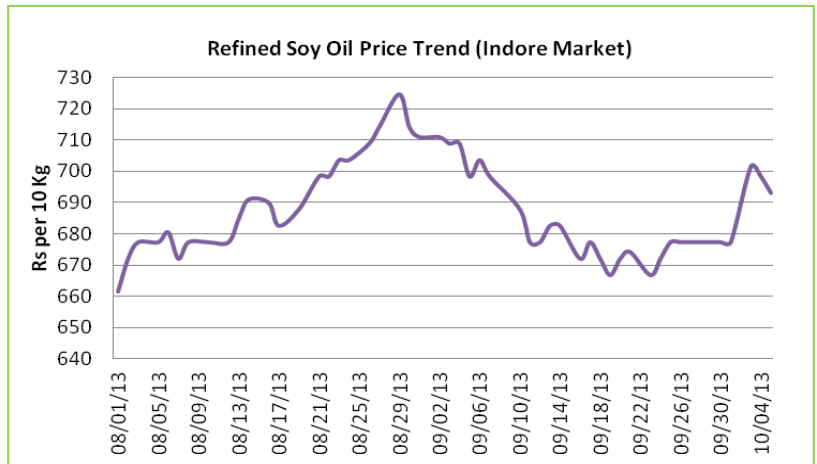
Rains forecast over US Midwest for the coming week may support the crop yield prospects and new US soybean crop arrivals likely to curb bulls in the soybean and oil prices in the days ahead. US soybean yields and demand from top buyers would be the key factors to be watch in the coming days.

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 to firm movement on better buying and rains during harvesting delay arrivals. Meanwhile, harvest pressure and higher soybean production estimates in the current year limit excessive losses.
- As per Agriwatch estimates, average yield to soybean in India would be around 1107 kg/Hectare. As on 3 Oct. 2013, soybean seed sowing area was reported at 122.20 lakh hectares. Considering the above factors soybean production for 2013-14 is projected at 135.2 lakh tons which are higher than last year production estimate of 125 lakh tons. Soy oil output for 2013/14 oil year seen at 22.49 lakh tons, up 7.9 percent from the previous oil year.
- 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.
- 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.

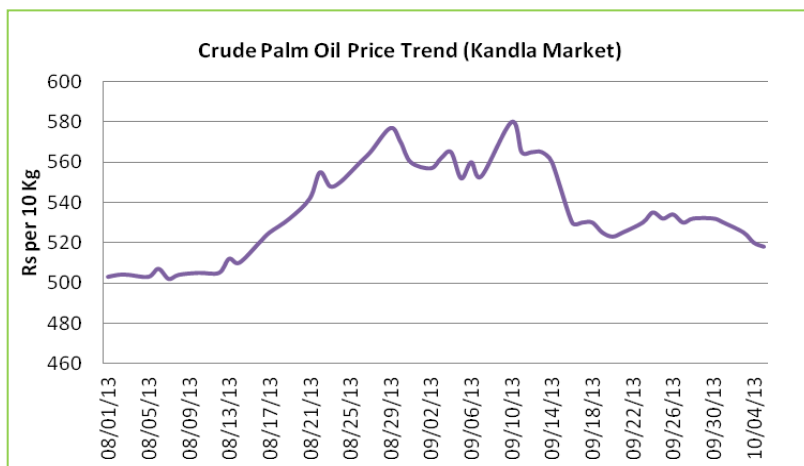
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 678-703 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 sideways trend in the international palm oil market.
- At the import front, IBIS figures revealed that Indian buyers imported 4.24 lakh tons of crude palm oil, 4.01 lakh tons of RBD palmolein and 0.3 lakh tons of crude palm kernel oil in the month of September. 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.
- 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.
- 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 range bound in the days ahead.



International Front

- Exports of Malaysian palm oil products in September rose 2.1 percent to 1,530,292 tons from 1,498,755 tons shipped in August - cargo surveyor 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.

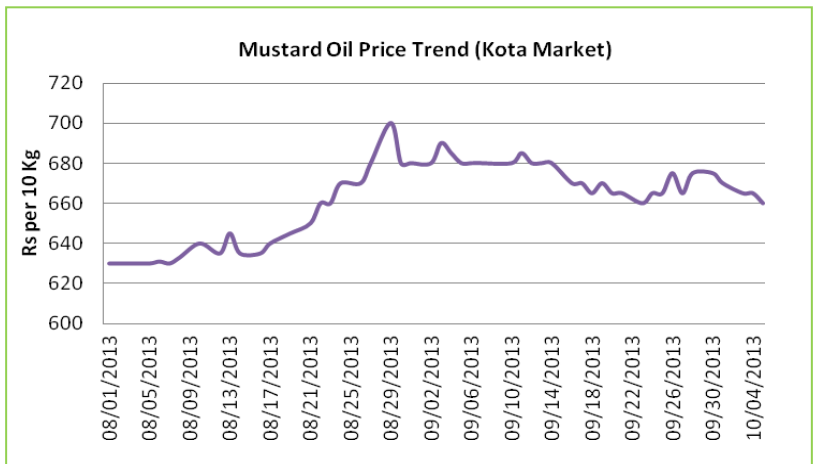
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 504-514 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured range bound 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 in the days ahead.



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.

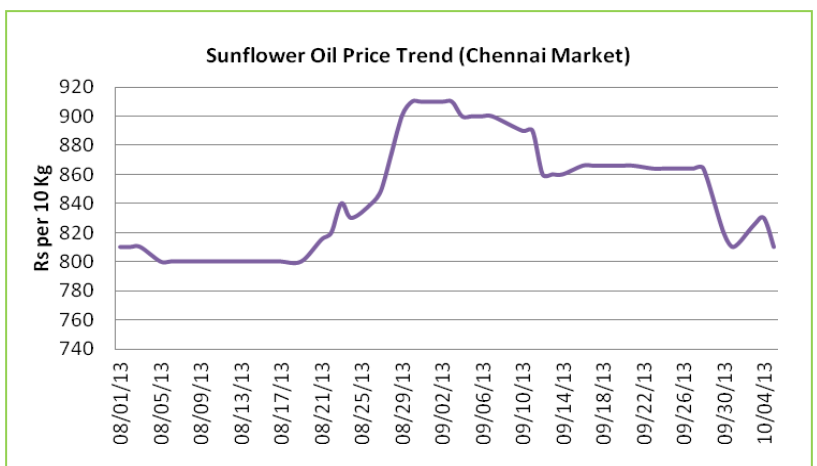
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 640-680 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week owing to weakness in the international sun oil market.
- 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, IBIS data revealed that India imported 0.60 lakh tons of crude sunflower oil majorly from Ukraine in the month of September. While, SEA of India reports that crude sunflower oil imports by India reached 804,893 tons in the current oil year 2012-13 until August and were thus lower than the 969,181 tons imports against same period last year. However, imports were higher 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 tone in the near term.

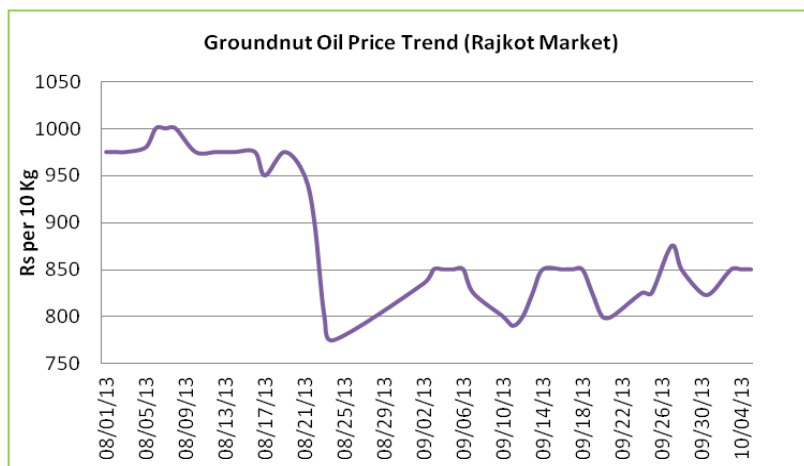


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 810-855 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil depicted sideways trend at its benchmark market Rajkot during the week due to better buying at lower quotes. Meanwhile, higher G/N seed production may limit excessive gains.
- 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. However, better buying could witness at lower quotes.
- We expect groundnut oil prices may trade sideways in the days ahead.



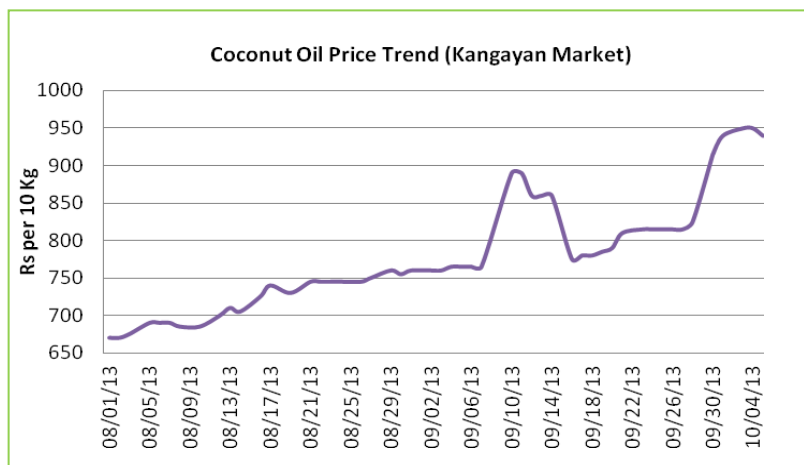
Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 800-900 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

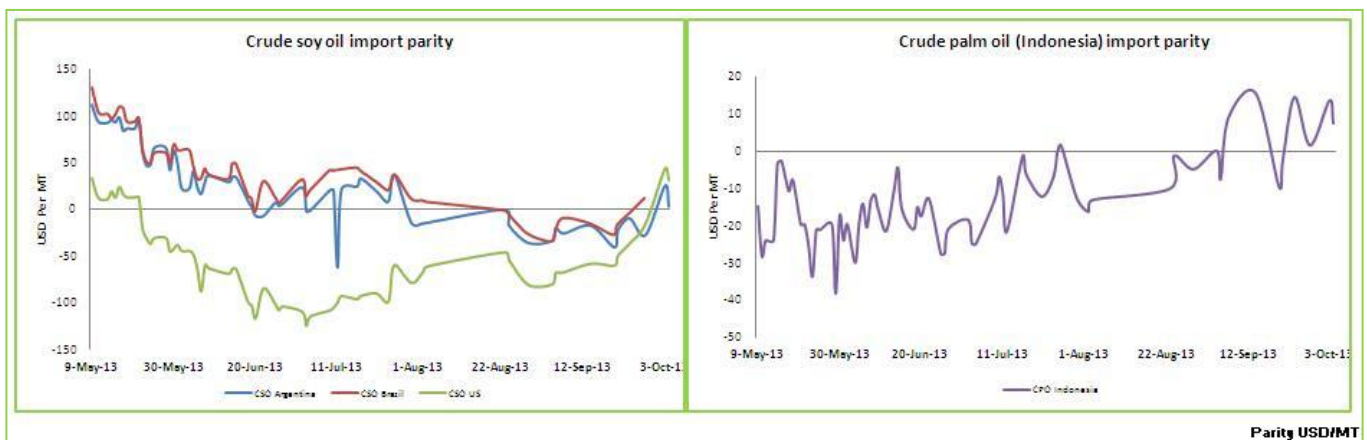
- Coconut oil featured quoted steady to firm tone at its benchmark market Erode during the week owing to weak copra arrivals and better buying from corporate..
- Coconut oil prices are likely to remain range bound to firm tone in the coming days due to lean copra season, lower arrivals and ahead of festivities in the month of October. While, forecasts for ample domestic as well as global vegetable oil supplies may limit excessive gains.
- 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 900-950 per 10 Kg.

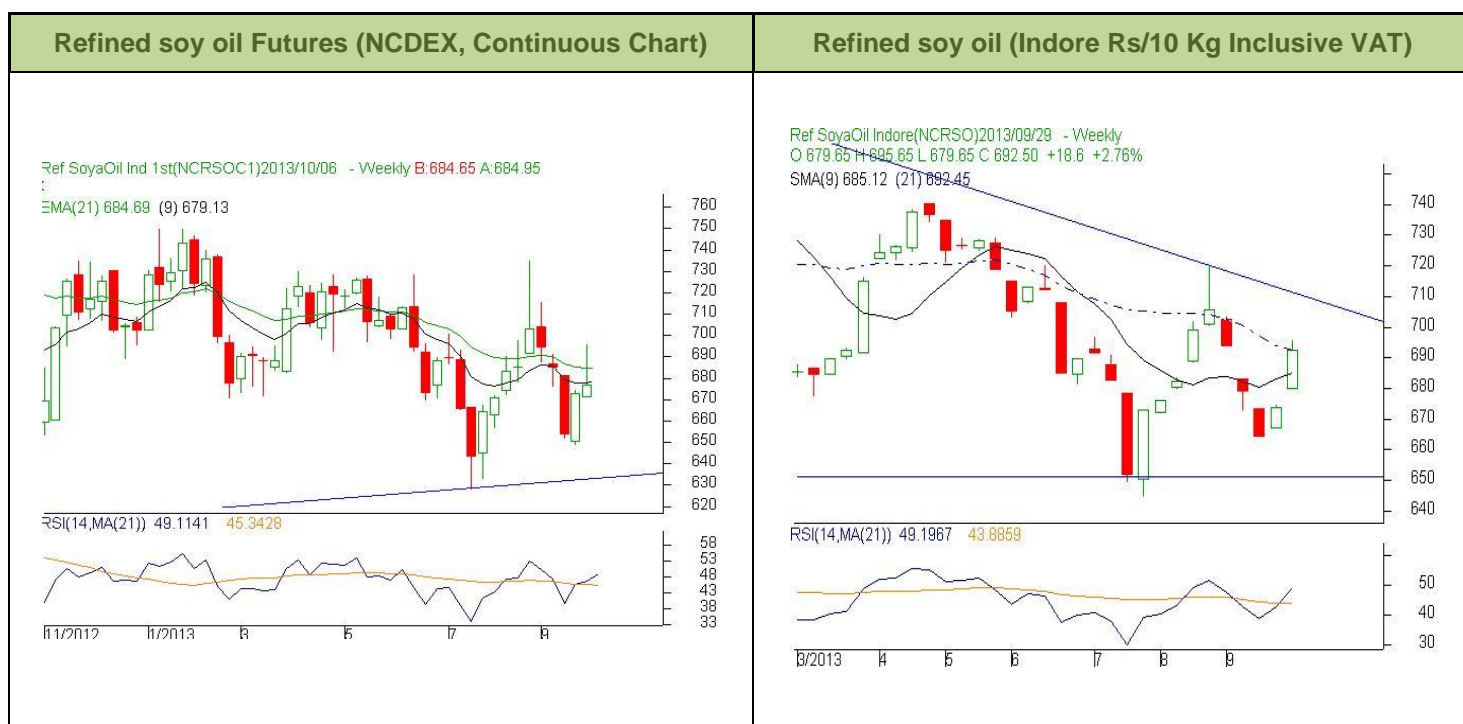
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

| Landed Cost Calculation as on 04/10/2013 | CSO Argentina | CSO Brazil | CSO US | CPO Indonesia |
|--|----------------------|-------------------|---------------|----------------------|
| FOB USD per ton | 887 | NA | 874 | 755 |
| Freight (USD/MT) | 75 | 65 | 60 | 45.0 |
| C & F | 962.0 | 65.0 | 934.0 | 800.0 |
| Weight loss (0.25% of FOB) | 2.22 | - | 2.19 | 1.89 |
| Finance charges (0.4% on CNF) | 3.85 | 0.26 | 3.74 | 3.20 |
| Insurance (0.3% of C&F) | 3 | 0 | 3 | 2 |
| CIF (Indian Port - Kandla) | 971 | - | 943 | 807 |
| CVD | 0 | 0 | 0 | 0 |
| Duty USD per ton | 24.15 | 24.15 | 24.15 | 20.23 |
| CVD value USD per ton | 0 | 0 | 0 | 0 |
| Cess (2% on duty) USD per ton | 0.483 | 0.483 | 0.483 | 0.4045 |
| Exchange rate | 61.4 | 61.4 | 61.4 | 61.4 |
| Landed cost without customs duty in INR per ton | 59616 | - | 57883 | 49580 |
| Customs duty % | 2.5% | 2.5% | 2.5% | 2.5% |
| Base import price | 966 | 966 | 966 | 809 |
| Fixed exchange rate by customs department | 63.80 | 63.80 | 63.80 | 63.80 |
| Duty component in INR per ton | 1540.77 | 1540.77 | 1540.77 | 1290.36 |
| Clearing charges INR per ton | 483 | 483 | 483 | 483 |
| Brokerage INR per ton | 190 | 190 | 190 | 190 |
| Total landed cost INR per ton | 61830 | - | 60097 | 51543 |
| Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5% | 62000 | 62000 | 62000 | 52000 |
| Total landed cost USD per ton | 1007 | - | 979 | 839 |
| Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5% | 1010 | 1010 | 1010 | 847 |
| Parity INR/MT (Domestic - Landed) | 170 | - | 1903 | 457 |
| Parity USD/MT (Domestic - Landed) | 2.77 | - | 30.99 | 7.44 |
| Source: Agriwatch/ Reuters | | | | |


Outlook:-

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

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 (Nov. 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.

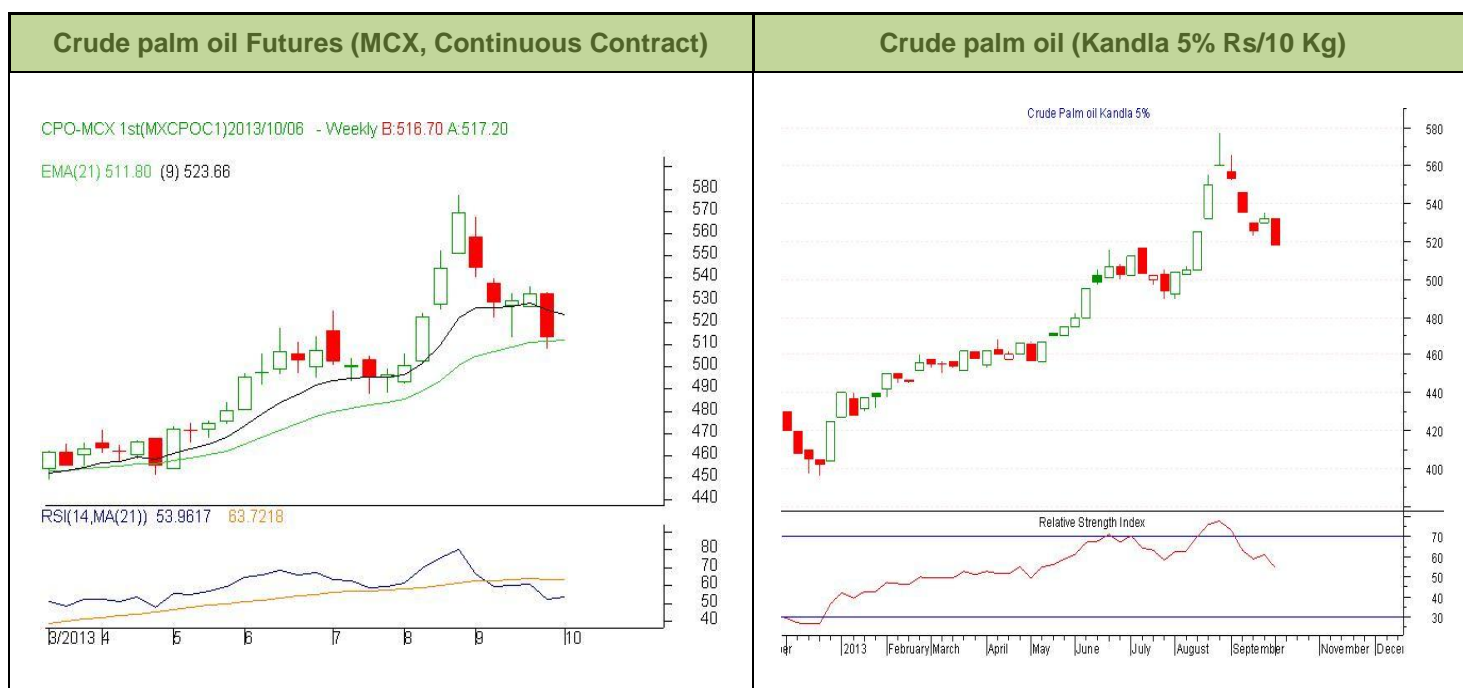
Strategy: Market participants are advised to go long in RSO above 670 levels for a target of 682 and 685 with a stop loss at 662.80 on closing basis.

RSO NCDEX

| Support and Resistance | | | | |
|------------------------|--------|--------|-----|-----|
| S2 | S1 | PCP | R1 | R2 |
| 650.00 | 656.00 | 668.40 | 687 | 695 |

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 678-703 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 Nov. contract.

- ❖ 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 518 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 504-514 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 below 514 for a target of 508 and 504 with a stop loss at 518.00 on closing basis.

CPO MCX

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 485.00 | 490.00 | 506.00 | 520.00 | 526.00 |

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 503-528 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

| Commodity | Centre | Prices(Per 10 Kg) | | Change |
|-----------------------|-------------------------------|-------------------|----------|--------|
| | | 10/4/213 | 9/27/213 | |
| Refined Soybean Oil | Kota(Loose) | 660 | 645 | 15 |
| | Rajkot (Loose) | 642 | 640 | 2 |
| | Jaipur (Loose) | NA | NA | - |
| | Hyderabad+ VAT | NA | NA | - |
| | Delhi (Loose) | 695 | 685 | 10 |
| | Kakinada | NA | NA | - |
| | Mumbai +VAT | 650 | 645 | 5 |
| | Indore | 665 | 645 | 20 |
| | Soy Degum Mumbai+VAT | 620 | 615 | 5 |
| | SoyDegum Kandla/Mundra+VAT | 620 | 618 | 2 |
| | Haldiya Port (Loose) | NA | NA | - |
| | Akola (Loose) | 695 | 691 | 4 |
| | Amrawati (Loose) | 695 | 691 | 4 |
| | Jalna | 686 | 681 | 5 |
| | Nagpur | 695 | 691 | 4 |
| Palm Oil | Chennai.RBD.Palmolein.(Loose) | 555 | 560 | -5 |
| | Hyd. RBD Palmolein VAT | 555 | 550 | 5 |
| | Delhi RBD Palmolein (Loose) | 600 | 610 | -10 |
| | Kandla CPO (5%FFA) | 520 | 530 | -10 |
| | Kakinada.RBD.Palmolein(Loose) | 551 | 556 | -5 |
| | Mumbai RBD Pamolein+ VAT | 555 | 565 | -10 |
| | Kandla RBD Palmolein +VAT | 560 | 565 | -5 |
| Refined Sunflower Oil | Mumbai + VAT | 790 | 800 | -10 |
| | Kandla/Mundra | 735 | 740 | -5 |
| | Erode (Exp. Oil)+VAT | 830 | 830 | Unch |
| | Hyderabad Exp +VAT | 776 | 771 | 5 |
| | Chennai (Loose) | 833 | 864 | -31 |
| | Bellary (Exp. Oil)+VAT | 731 | 729 | 2 |
| | Latur (Exp. Oil)+VAT | 746 | 741 | 5 |
| | Chellakere (Exp. Oil)+VAT | 726 | 726 | Unch |
| Groundnut Oil | Rajkot (Loose) | 850 | 875 | -25 |
| | Chennai (Loose) | 780 | 800 | -20 |
| | Delhi (Loose) | 750 | 750 | Unch |
| | Hyderabad Exp +VAT | 821 | 841 | -20 |

| | | | | |
|------------------------------|----------------------------------|------------------|------------------|---------------|
| | Mumbai + VAT | 870 | 880 | -10 |
| | Gondal+VAT | NA | 875 | - |
| | Jamnagar +VAT | NA | 875 | - |
| | Narsarropeth+VAT | 650 | 660 | -10 |
| | Prodattour+VAT | NA | 721 | - |
| | | | | |
| Rapeseed Oil | Mumbai (Exp. Oil) +VAT | 685 | 682 | 3 |
| | Alwar (Expeller Oil)(Loose) | 676 | 671 | 5 |
| | Kota (Expeller Oil) (Loose) | 665 | 665 | Unch |
| | Jaipur (Expeller Oil) (Loose) | 672 | 680 | -8 |
| | Delhi (Exp. Oil) (Loose) | 697 | 698 | -1 |
| | SriGangaNagar(ExpOil-Loose) | 663 | 673 | -10 |
| | Hapur+VAT | 705 | 705 | Unch |
| | Kolkata | NA | NA | - |
| | Agra (Kacchi Ghani Oil) +VAT | 713 | 715 | -2 |
| | | | | |
| Refined Cottonseed Oil | Mumbai +VAT | 670 | 670 | Unch |
| | Rajkot (Loose) | 645 | 650 | -5 |
| | Delhi (Loose) | 630 | 630 | Unch |
| | Hyderabad (Loose) | 630 | 635 | -5 |
| | | | | |
| Coconut Oil | Kangayan (Crude) | 950 | 815 | 135 |
| | Cochin | 830 | 840 | -10 |
| | Trissur | 950 | 840 | 110 |
| | | | | |
| Sesame Oil | Delhi | 850 | 870 | -20 |
| | Mumbai | 860 | 860 | Unch |
| Kardi | Mumbai | 1000 | 1000 | Unch |
| Rice Bran Oil (40%) | Delhi | 515 | 500 | - |
| Rice Bran Oil (4%) | Punjab | 540 | 540 | Unch |
| | | | | |
| Malaysia Palmolein USD/MT | FOB (October Shipment) | 770 | 765 | 5 |
| | CNF (October Shipment) India | 810 | 815 | -5 |
| Indonesia CPO USD/MT | FOB (November-December Shipment) | 755 | 765 | -10 |
| | CNF (October Shipment) India | 800 | 805 | -5 |
| | | | | |
| Argentina FOB (\$/MT) | | 10/3/2013 | 9/26/2013 | Change |
| Crude Soybean Oil Ship | | 868 | 887 | -19 |
| Refined Soy Oil (Bulk) Ship | | 898 | 918 | -20 |
| Sunflower Oil Ship | | 960 | NA | - |
| Cottonseed Oil Ship | | 848 | 867 | -19 |



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

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