

## Executive Summary

### Domestic Veg. Oil Market Summary

*Compared to the last week, most of the edible oils featured range bound to firm movement 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 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 61.06, down 0.62 percent as compared to the previous week. Factors to watch in the coming week will be on import duty structure of crude oils and Indian rupee against US dollar.*

*We expect edible oil complex to trade sideways to slightly firm tone in the coming days owing to better buying ahead of festivities and soybean crop loss in Madhya Pradesh. However, better than expected US soy yields and seasonally higher palm oil producing phase in South East Asian countries may cap excessive gains.*

### International Veg. Oil Market Summary

*CBOT soy oil (Nov) is expected to stay in the range of 39.50 cents/lb to 42.50 cents/lb. CPO at BMD (Dec) 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 figures.*

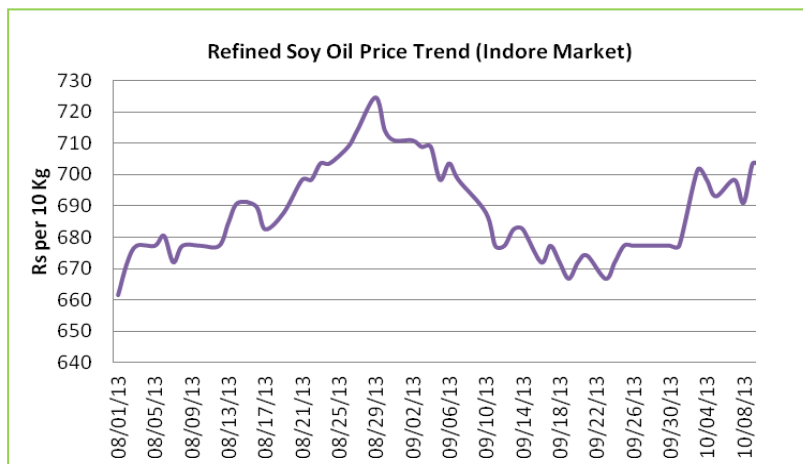
*On the international front, talk of better soybean yield over key soy producing regions of US and new US soybean crop arrivals likely to curb bulls in the soybean and oil prices in the days ahead. However, market participants eye on the upcoming USDA's wade report and US soybean yields estimates for the current crop year.*

*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 losses at CBOT soy complex limit gains.
- 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 sources, rains over key soybean growing regions of Madhya Pradesh disrupt harvesting and affect arrivals in the cash market. Moreover, quality of seed is low compared to the last year and having high moisture content. Continues rains over key soy producing regions may affect the standing crop.
- 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 – SEA of India.
- We expect soy oil may trade with a steady to firm tone in the coming days owing to better buying ahead of festivities.



#### International Front

- Buenos Aires Grains Exchange reported that Argentina's 2013/14 soy planting area is pegged to grow 2.5 percent against the previous season to 20.2 million hectares.
- As per the latest release by the General Administration of Customs, China imported 4.70 million tons of soybeans in September, down 26.2 percent from 6.37 million tons in August. Imports of vegetable oils in September were 570,000 tons, down 21.9 percent from the previous month.
- Lanworth has increased its US soybean harvest estimate to 3.160 billion bushels from 3.112 billion due to improved yield prospects in Michigan, Nebraska, South Dakota and Illinois.
- Brazil's government crop supply agency Conab has forecast in its first crop report for the crop year that the 2013-14 soybean crop is expected to be in the range of 87.6 million tons to 89.7 million tons, higher than last season's record 81.3 million tons.
- On the international front, talk of better soybean yield over key soy producing regions of US and new US soybean crop arrivals likely to curb bulls in the soybean and oil prices in the days ahead. However, market participants eye on the upcoming USDA's wade report and US soybean yields estimates for the current crop year.

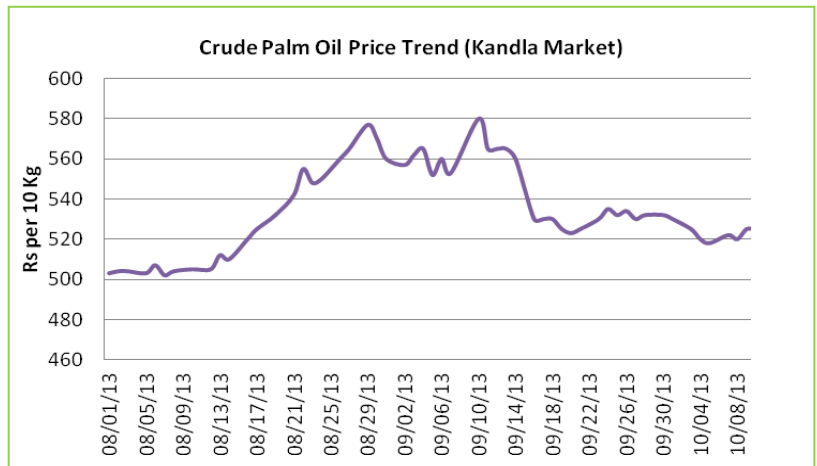
#### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 695-720 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, On the supply side, Indian buyers imported 52.75 lakh tons of crude palm oil in the current oil year until September, which is 0.95 percent higher against corresponding period of last year. Meanwhile, RBD palmolein imports were also higher at 20.6 lakh tons during Nov'12-Sept'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.
- We expect domestic palm oil prices likely to trade range bound in the days ahead.



#### **International Front**

- As per data released by cargo surveyor Societe Generale de Surveillance, exports of Malaysian palm oil products for Oct. 1-10 increased 22.5 percent to 550,877 tons from 449,821 tons shipped during Sept 1-10.
- As per the data from the Malaysian Palm Oil Board (MPOB), palm oil stocks in September 2013 grew by 7 percent to 1,784,397 tons against a revised 1,668,132 tons at the end of August. Palm oil output increased 10.2 percent to 1.91 million tons in September. Exports were better than expected, rising 5.2 percent to 1.61 million tons.
- 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.
- 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.

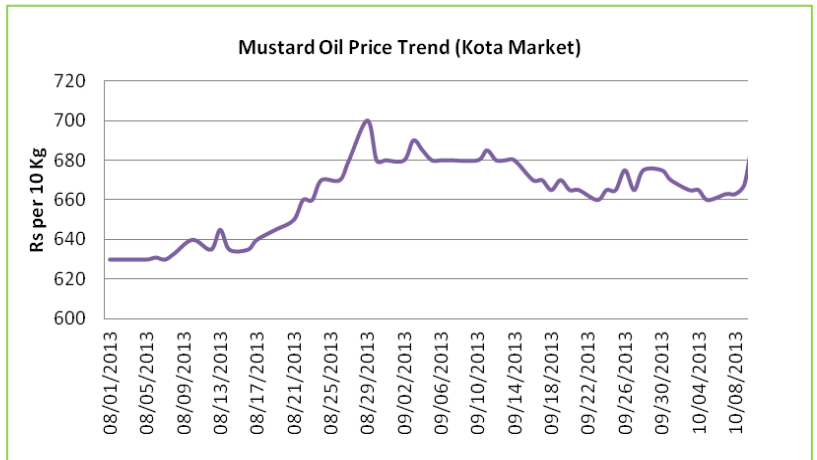
#### **Price Outlook:**

We expect CPO Kandla 5% (with VAT) to stay in the range of 515-538 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 underlying support from soy complex.
- As per sources, crop loss over key soybean growing regions and upcoming festivities in the coming weeks may support mustard oil prices in the near term. However, higher Kharif oilseed production in the current year may cap excessive gains.
- 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.
- 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.

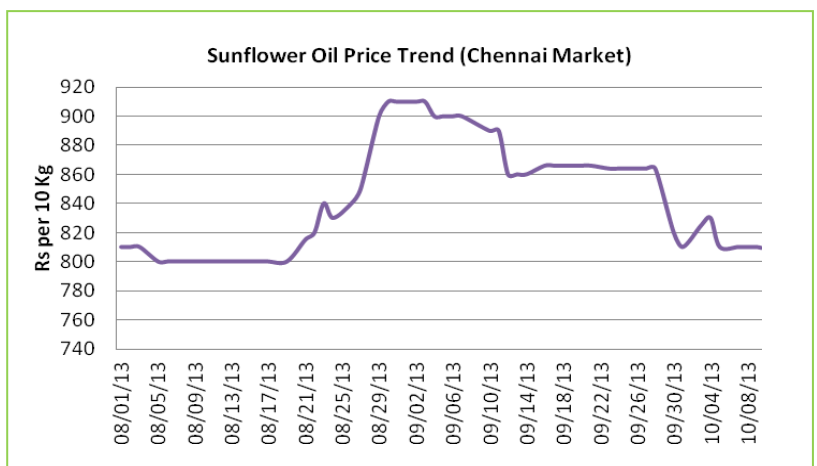
#### **Price Outlook:**

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 660-700 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.
- At import front, SEA of India reports that crude sunflower oil imports by India reached 853,391 tons in the current oil year 2012-13 until September and were thus lower than the 1,049,181 tons imports against same period last year. However, imports were higher on m-o-m basis in September at 48,498 tons compared with 63,190 tons in August.
- 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.
- We expect sunflower oil prices may trade with steady tone in the near term.

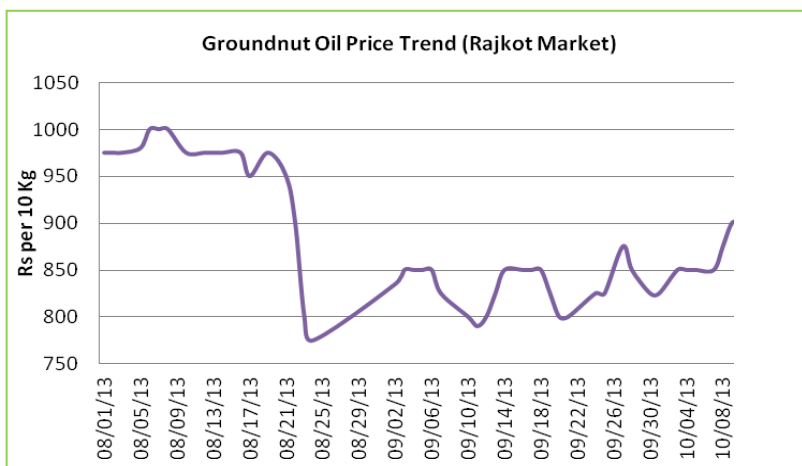


**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 785-840 per 10 Kg.

### 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 gains.
- As per sources, new crop arrivals registered in major market of Gujarat and crop damage noticed in some parts of Gujarat owing to rains during harvesting. As per survey conducted by SEA of India, groundnut production could be around 25.95 lakh tons. While, last year groundnut production was seven lakh tons.
- 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.
- We expect groundnut oil prices may trade sideways in the days ahead.



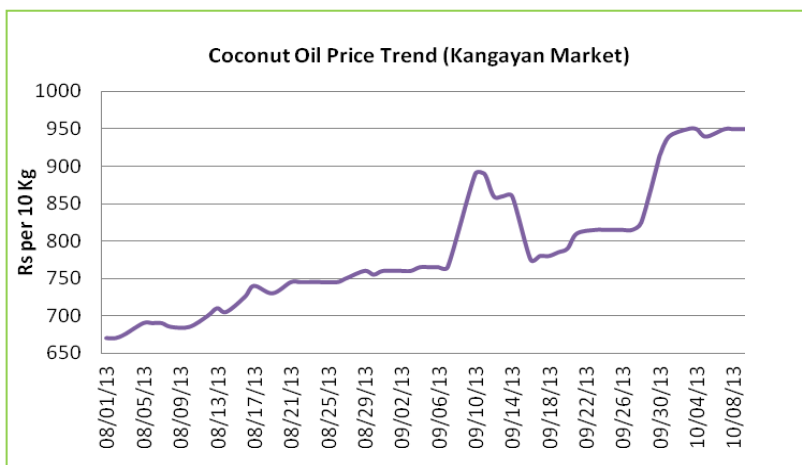
#### Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 850-950 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:-

#### Domestic Front

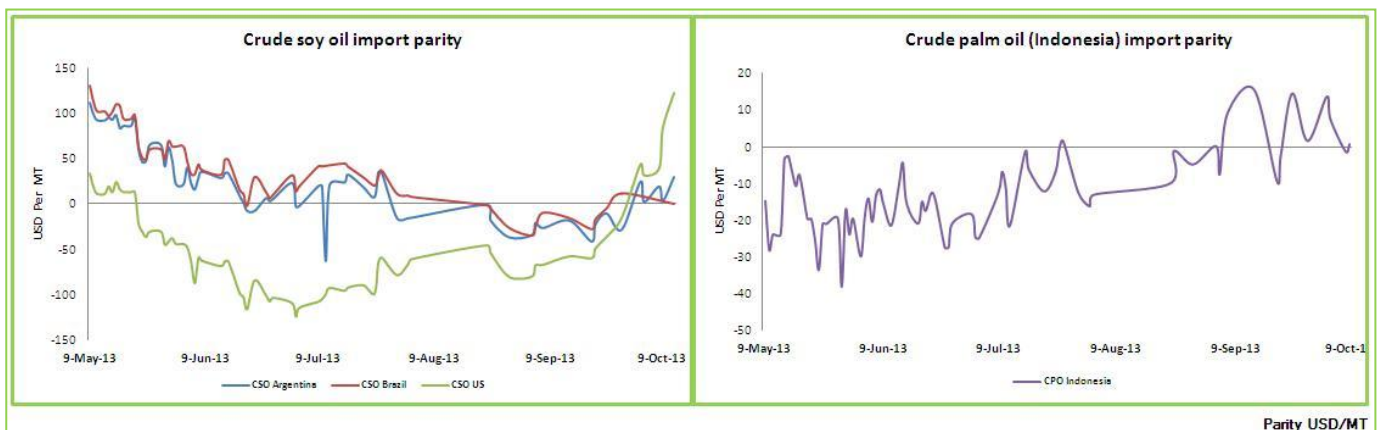
- Coconut oil featured quoted steady to firm tone at its benchmark market Erode during the week owing to weak copra arrivals and better buying from corporate.
- Coconut oil prices are likely to remain range bound to firm tone in the coming days due to lean copra season, lower arrivals and ahead of festivities 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 900-970 per 10 Kg.

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

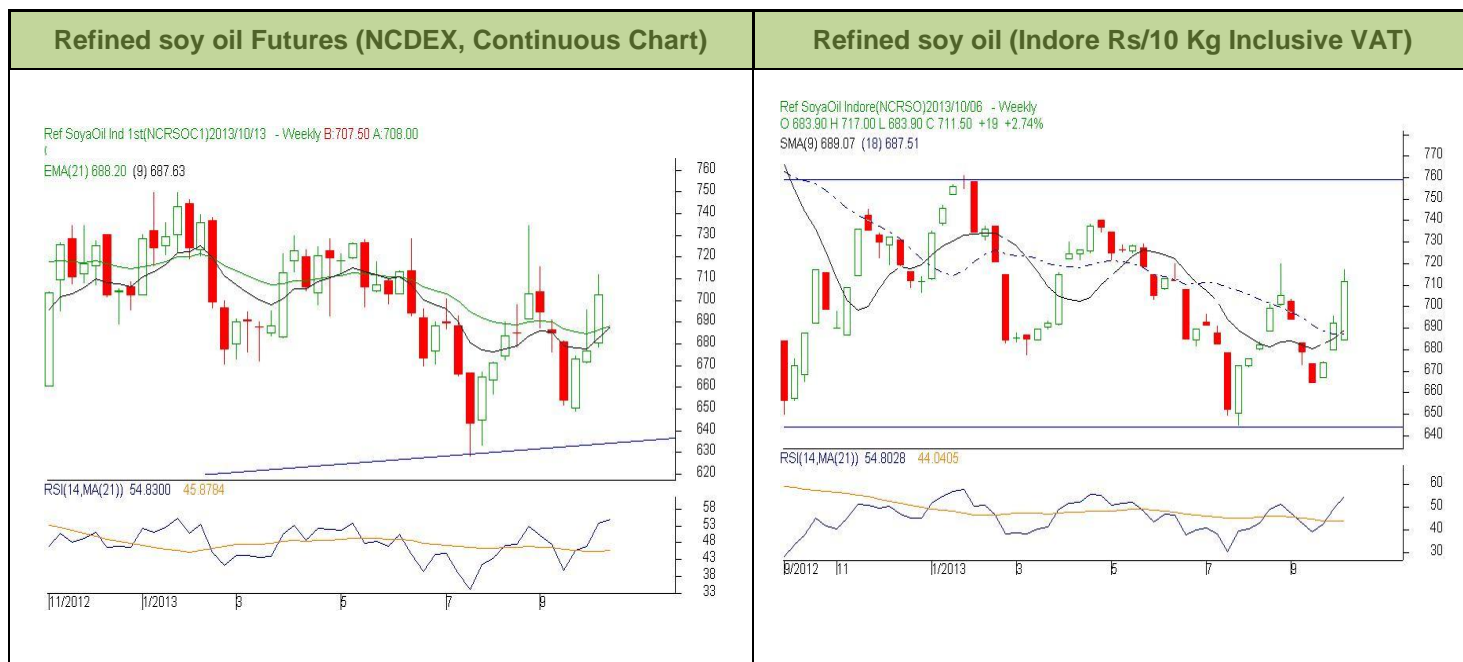
<b>Landed Cost Calculation as on 12/10/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	898	NA	822	785
Freight (USD/MT)	75	65	60	25.0
C & F	973.0	65.0	882.0	810.0
Weight loss (0.25% of FOB)	2.25	-	2.06	1.96
Finance charges (0.4% on CNF)	3.89	0.26	3.53	3.24
Insurance (0.3% of C&F)	3	0	3	2
CIF (Indian Port - Kandla)	982	-	890	818
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	61.02	61.02	61.02	61.02
Landed cost without customs duty in INR per ton	59925	-	54322	49892
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1020	1020	1020	854
Fixed exchange rate by customs department	61.55	61.55	61.55	61.55
Duty component in INR per ton	1569.53	1569.53	1569.53	1314.09
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	62168	-	56564	51879
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	64000	64000	64000	51900
Total landed cost USD per ton	1019	-	927	850
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1049	1049	1049	851
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1832</b>	<b>-</b>	<b>7436</b>	<b>21</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>30.03</b>	<b>-</b>	<b>121.86</b>	<b>0.34</b>
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.

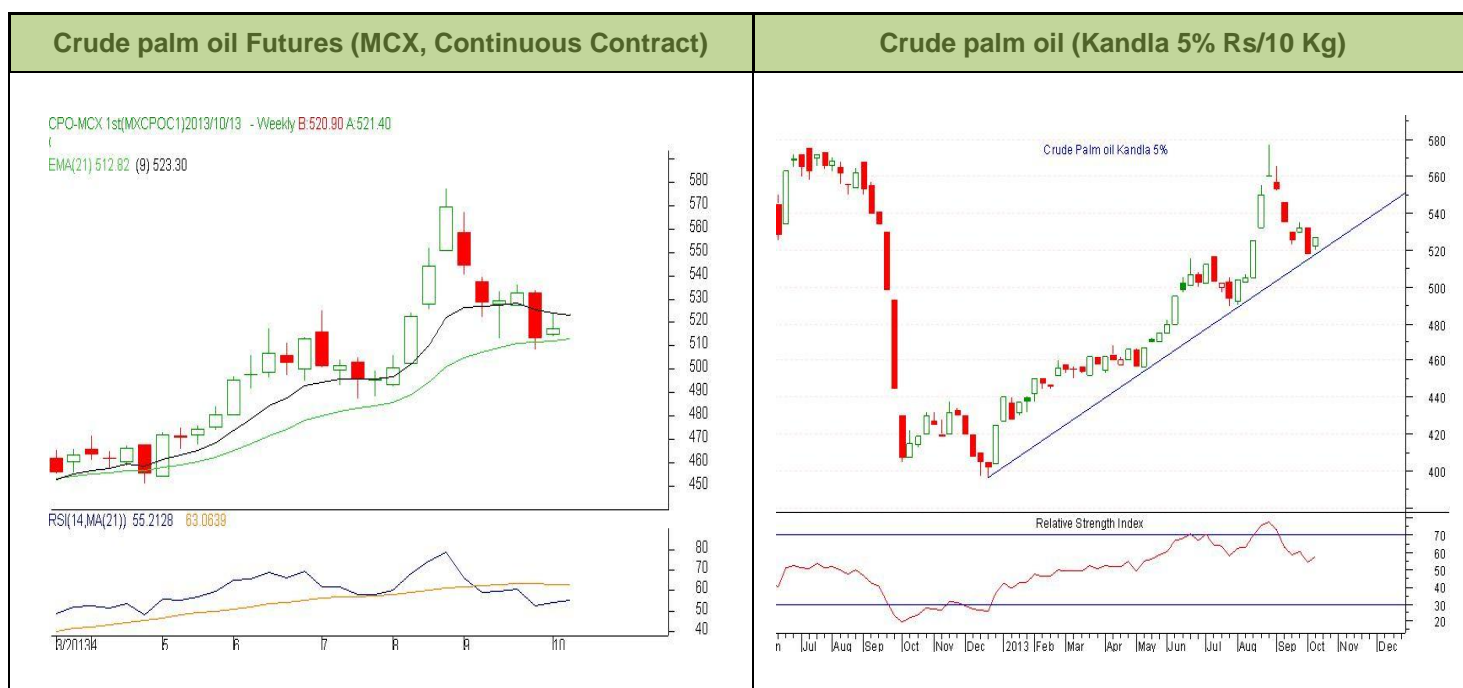
**Strategy:** Market participants are advised to go long in RSO above 690 levels for a target of 705 and 710 with a stop loss at 681.00 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
672	678	698.95	712	718

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 695-720 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 Nov. contract.**

- ❖ Candlestick Weekly chart of crude palm oil at MCX depicts slight gains in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 507.60 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 513-527 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 513 for a target of 522 and 527 with a stop loss at 507.60 on closing basis.

#### CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
498	505	519.30	528	535

**Spot Market outlook:** Crude palm oil 5% is likely to trade sideways in the coming week. The prices are likely to stay in the range of 515-538 per 10 Kg.



**Veg. Oil Prices at Key Spot Markets**

Commodity	Centre	Prices(Per 10 Kg)		Change
		10/11/2013	10/4/2013	
Refined Soybean Oil	Kota(Loose)	685	660	25
	Rajkot (Loose)	665	642	23
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	715	695	20
	Kakinada	NA	NA	-
	Mumbai +VAT	695	650	45
	Indore	685	665	20
	Soy Degum Mumbai+VAT	650	620	30
	SoyDegum Kandla/Mundra+VAT	645	620	25
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	726	695	31
	Amrawati (Loose)	726	695	31
	Jalna	721	686	35
	Nagpur	726	695	31
Palm Oil	Chennai.RBD.Palmolein.(Loose)	568	555	13
	Hyd. RBD Palmolein VAT	552	555	-3
	Delhi RBD Palmolein (Loose)	605	600	5
	Kandla CPO (5%FFA)	527	520	7
	Kakinada.RBD.Palmolein(Loose)	566	551	15
	Mumbai RBD Pamolein+ VAT	567	555	12
	Kandla RBD Palmolein +VAT	572	560	12
Refined Sunflower Oil	Mumbai + VAT	790	790	Unch
	Kandla/Mundra	740	735	5
	Erode (Exp. Oil)+VAT	800	830	-30
	Hyderabad Exp +VAT	781	776	5
	Chennai (Loose)	820	833	-13
	Bellary (Exp. Oil)+VAT	721	731	-10
	Latur (Exp. Oil)+VAT	736	746	-10
	Chellakere (Exp. Oil)+VAT	731	726	5
Groundnut Oil	Rajkot (Loose)	900	850	50
	Chennai (Loose)	780	780	Unch
	Delhi (Loose)	750	750	Unch
	Hyderabad Exp +VAT	852	821	31

	Mumbai + VAT	910	870	40
	Gondal+VAT	NA	NA	-
	Jamnagar +VAT	NA	NA	-
	Narsarropeth+VAT	650	650	Unch
	Prodattour+VAT	726	NA	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	695	685	10
	Alwar (Expeller Oil)(Loose)	678	676	2
	Kota (Expeller Oil) (Loose)	685	665	20
	Jaipur (Expeller Oil) (Loose)	692	672	20
	Delhi (Exp. Oil) (Loose)	705	697	8
	SriGangaNagar(ExpOil-Loose)	688	663	25
	Hapur+VAT	714	705	9
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	735	713	22
Refined Cottonseed Oil	Mumbai +VAT	690	670	20
	Rajkot (Loose)	670	645	25
	Delhi (Loose)	650	630	20
	Hyderabad (Loose)	630	630	Unch
Coconut Oil	Kangayan (Crude)	945	950	-5
	Cochin	930	830	100
	Trissur	945	950	-5
Sesame Oil	Delhi	840	850	-10
	Mumbai	830	860	-30
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	515	-
Rice Bran Oil (4%)	Punjab	550	540	10
Malaysia Palmolein USD/MT	FOB (October Shipment)	790	770	20
	CNF (October Shipment) India	823	810	13
Indonesia CPO USD/MT	FOB (November Shipment)	783	755	28
	CNF (October Shipment) India	815	800	15
<b>Argentina FOB (\$/MT)</b>		<b>10/10/2013</b>	<b>10/3/2013</b>	<b>Change</b>
Crude Soybean Oil Ship		913	868	45
Refined Soy Oil (Bulk) Ship		945	898	47
Sunflower Oil Ship		NA	960	-
Cottonseed Oil Ship		893	848	45



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

\*\*\*\*\*

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>  
© 2013 Indian Agribusiness Systems Pvt Ltd.