

### 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. However, clear weather and higher Kharif oilseed production supports the supplies 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 61.26, down 0.33 percent as compared to the previous week. Factors to watch in the coming weeks will be on import duty structure of crude oils, Indian rupee against US dollar and Chinese soybean demand.*

*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, harvesting pressure 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 40.00 cents/lb to 43.50 cents/lb. CPO at BMD (Dec) is likely to trade in the range of 2330-2470 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.*

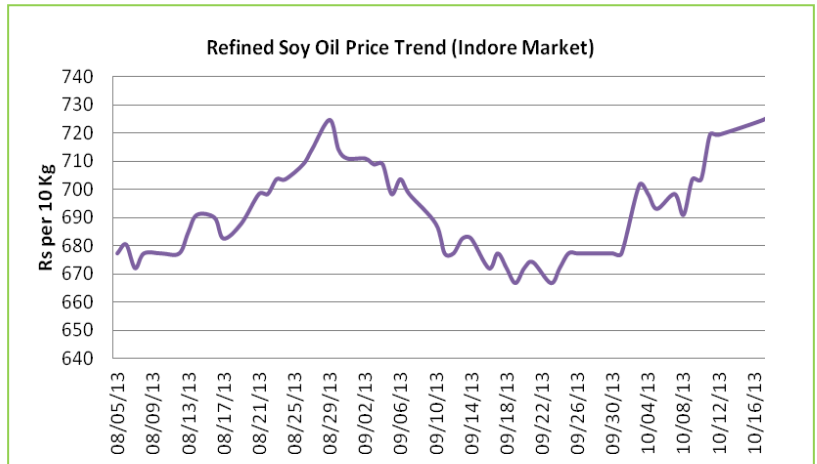
*On the international front, talk of better soybean yield over key soy producing regions of US and new US soybean crop arrivals likely to curb bulls in the soybean and oil prices in the days ahead. However, market participants eye on the upcoming USDA's wade report and US soybean yields estimates for 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 featured gains on better buying ahead of festivities. Meanwhile, harvest pressure and clear weather limit excessive gains.
- Indian government has raised the minimum support price for rapeseed to 3,050 rupees per Qtl, up from 3,000 rupees per Qtl a year earlier and the MSP of safflower has been raised by Rs. 200 per Qtl to Rs. 3000 per Qtl to boost oilseeds production and to reduce the edible oil import burden.
- 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.
- The weather has become clear and soybean supplies are likely to surge in the coming days. Moreover, late rains over key soybean growing regions affect the crop prospects. Moreover, the seed quality is lower and having high moisture content.
- 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

- The USDA has cancelled the October production and supply/demand reports and will prepare for the November 8th update. This is the first time the monthly update has been cancelled since 1866.
- According to the Argentina's Agriculture Ministry, soybean plantings were revised up to a record 20.65 million hectares, up 0.65 million hectares last year.
- As per Oil world, farmers in South America's top five producing countries may plant 54.2 million hectares in the 2013-14, up 2 million hectares from last year. Brazil may plant a record 29 million hectares and Argentina may sow 19.7 million hectares. Argentine farmers may shift some corn and sunflower area to soybeans in 2013/14.
- 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.
- 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 waste report and US soybean yields estimates for the current crop year.

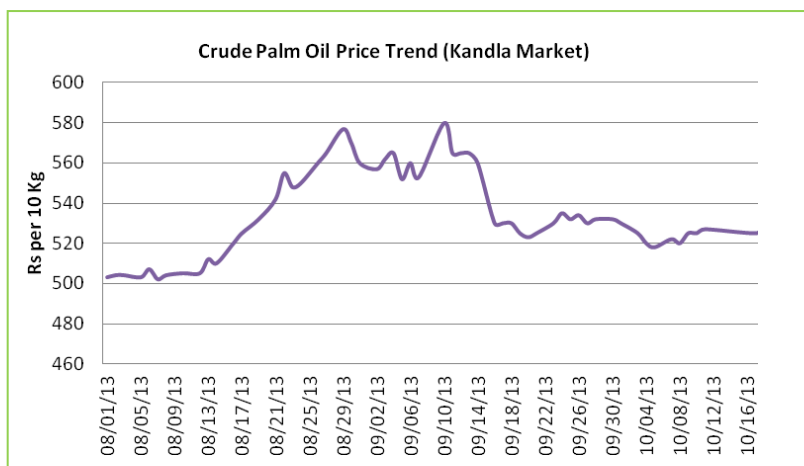
#### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 705-720 per 10 Kg in the near term.

## Palm oil Fundamental Analysis and Outlook -:

### Domestic Front

- CPO Kandla 5% witnessed range bound movement during the week in review on need based buying in the spot markets and sideways trend in the international palm oil market.
- MMTC has issued a tender to buy 10,000 tons of RBD palm oil should be source from Indonesia or Malaysia. Bidding deadline is Oct. 22. It was sought for immediate shipment with arrival by Oct. 31 at the latest.
- Indian Government has revised the tariff value for of crude palm oil to US \$ 811 increased by US \$2 per tons and slashed base import price on refined palmolein by \$17 per tons to US \$ 869 per tons. Moreover, USD 952 per tons sets as a new base import price for crude soybean oil.
- 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.
- We expect domestic palm oil prices likely to trade range bound in the days ahead.



### International Front

- Malaysia kept its crude palm oil export tax unchanged at 4.5% for November to further increase palm oil shipments and prevents piling up inventories.
- 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.

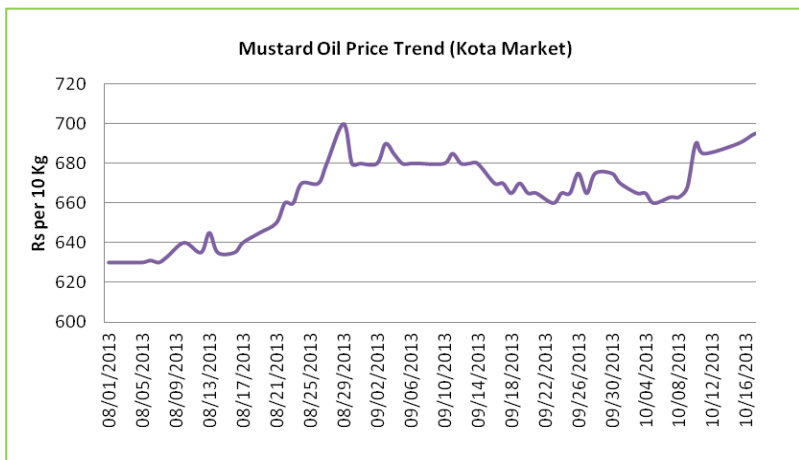
### Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 520-540 per 10 Kg in the near term.

### Rapeseed oil Fundamental Review and Analysis:-

#### Domestic Front

- Mustard oil featured range bound to firm tone during the week at the Kota market tracking gains in the competing soy oil and falling supplies of mustard seed in the spot markets.
- As per sources, good demand due to upcoming festivities in November and edible oil stocks have fallen may support edible oils in the short term. However, market participants stay cautious at higher levels.
- 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.

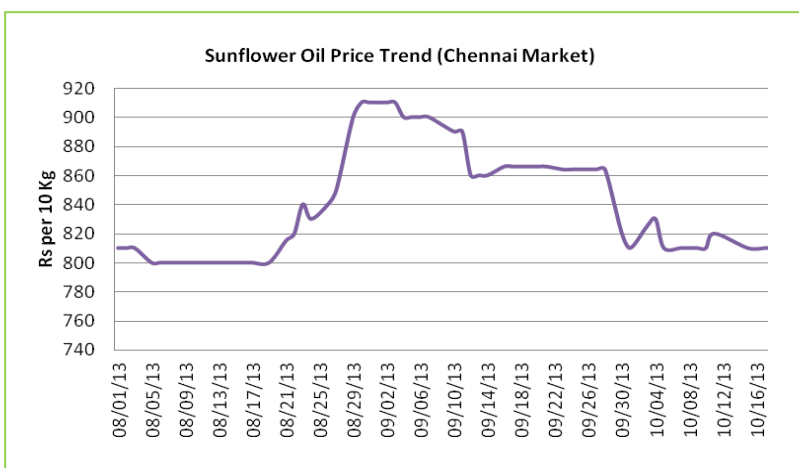
#### Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 670-710 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 and stockists cover need based positions.
- 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.

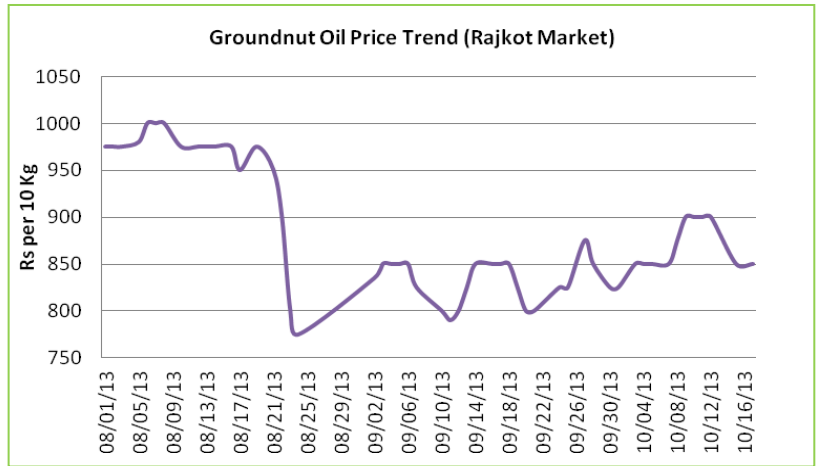


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 785-840 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:-

#### Domestic Front

- Groundnut oil depicted range bound movement at its benchmark market Rajkot during the week due to better buying at lower quotes. Meanwhile, higher G/N seed production, and ongoing arrivals limit excessive gains.
- 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 sources, new crop arrivals registered in major market of Gujarat and crop damage noticed in some parts of Gujarat owing to rains during harvesting. While, excessive gains may curb due to higher groundnut seed production.
- 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.



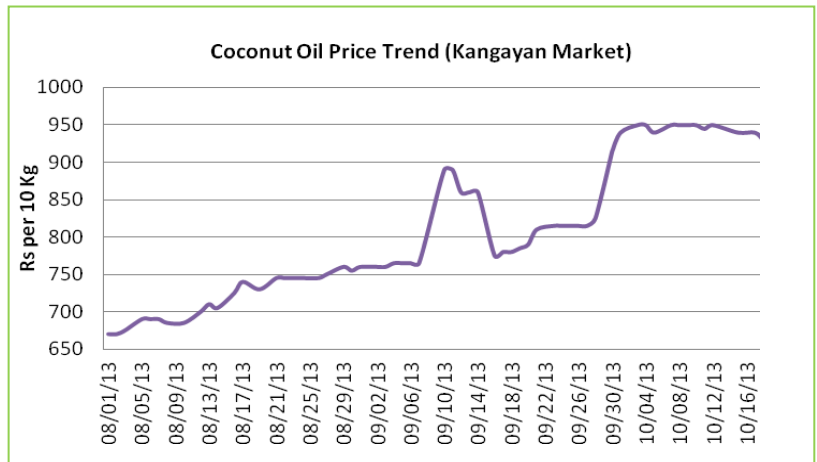
#### Price Outlook:

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

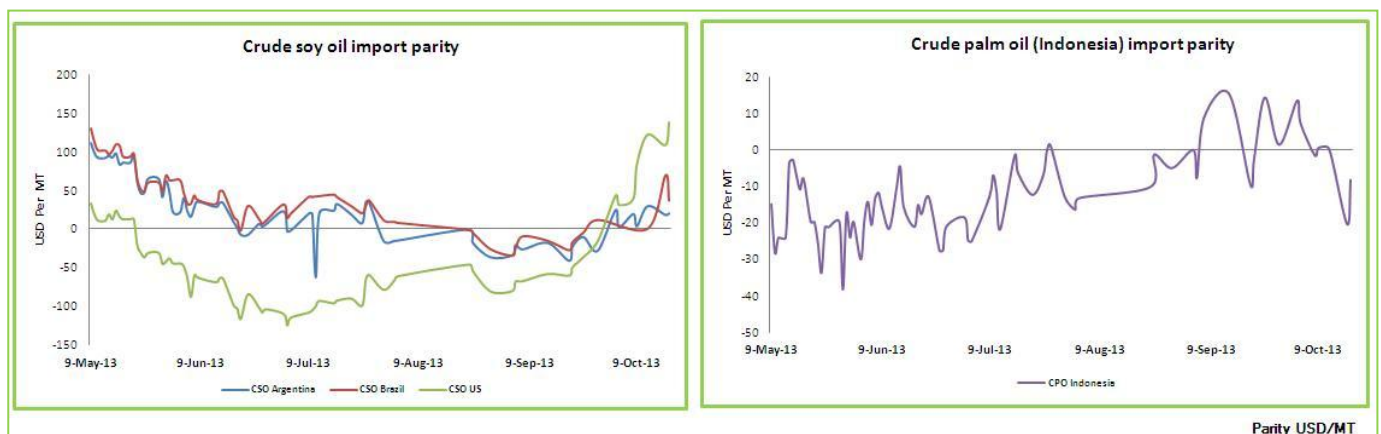
- Coconut oil featured quoted steady tone at its benchmark market Erode during the week owing to weak copra arrivals. However, lackluster buying at higher quotes limit gains.
- Coconut oil prices are likely to remain range bound in the coming days due to lean copra season, lower arrivals and ahead of festivities in the month of October. While, forecasts for ample domestic as well as global vegetable oil supplies and limited buying at higher quotes may limit bulls in the near term.
- 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.

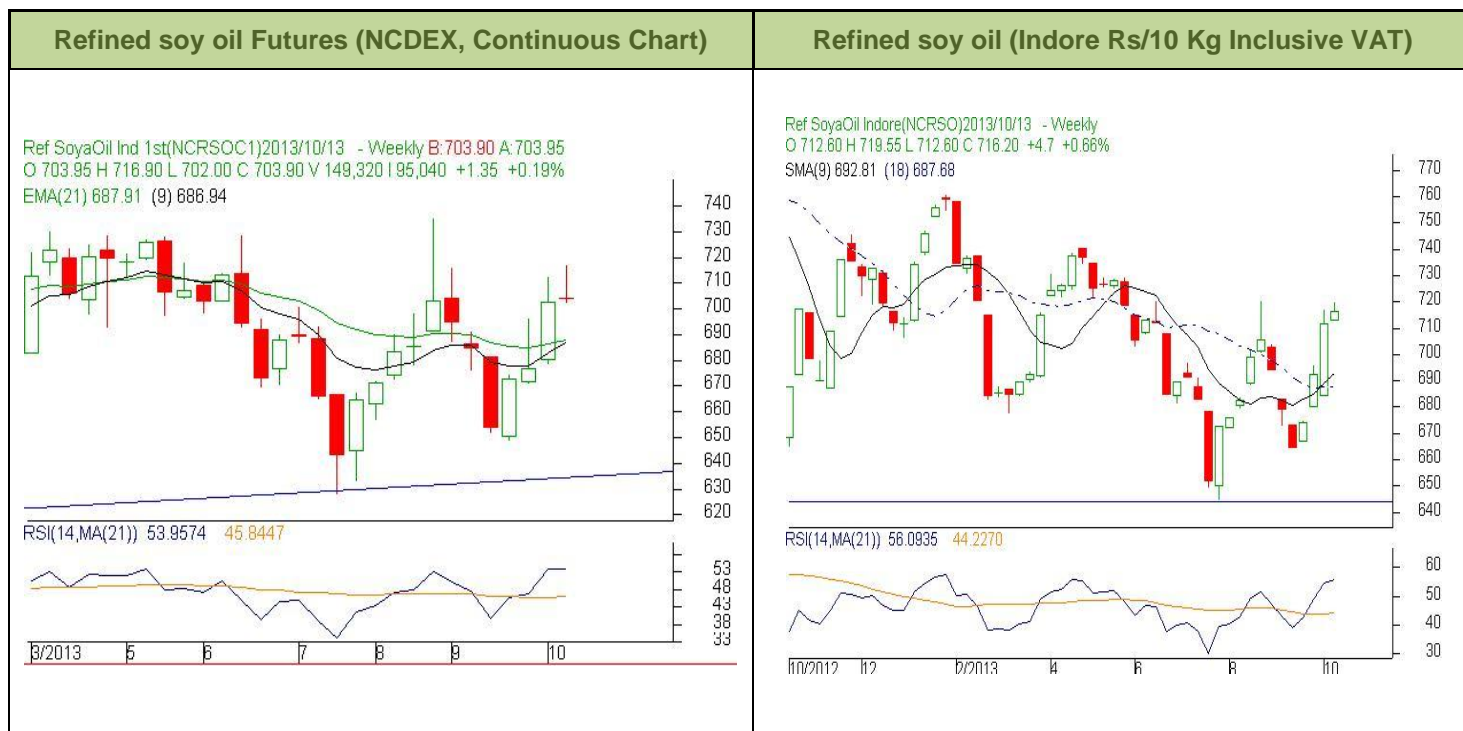
**Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil**

Landed Cost Calculation as on 18/10/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	920	914	819	800
Freight (USD/MT)	75	65	60	30.0
C & F	995.0	979.0	879.0	830.0
Weight loss (0.25% of FOB)	2.30	2.29	2.05	2.00
Finance charges (0.4% on CNF)	3.98	3.92	3.52	3.32
Insurance (0.3% of C&F)	3	3	3	2
CIF (Indian Port - Kandla)	1004	988	887	838
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	61.27	61.27	61.27	61.27
Landed cost without customs duty in INR per ton	61531	60543	54359	51333
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	63745	62757	56573	53296
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	65000	65000	65000	52800
Total landed cost USD per ton	1040	1024	923	870
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1061	1061	1061	862
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1255</b>	<b>2243</b>	<b>8427</b>	<b>-496</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>20.48</b>	<b>36.61</b>	<b>137.55</b>	<b>-8.09</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).**

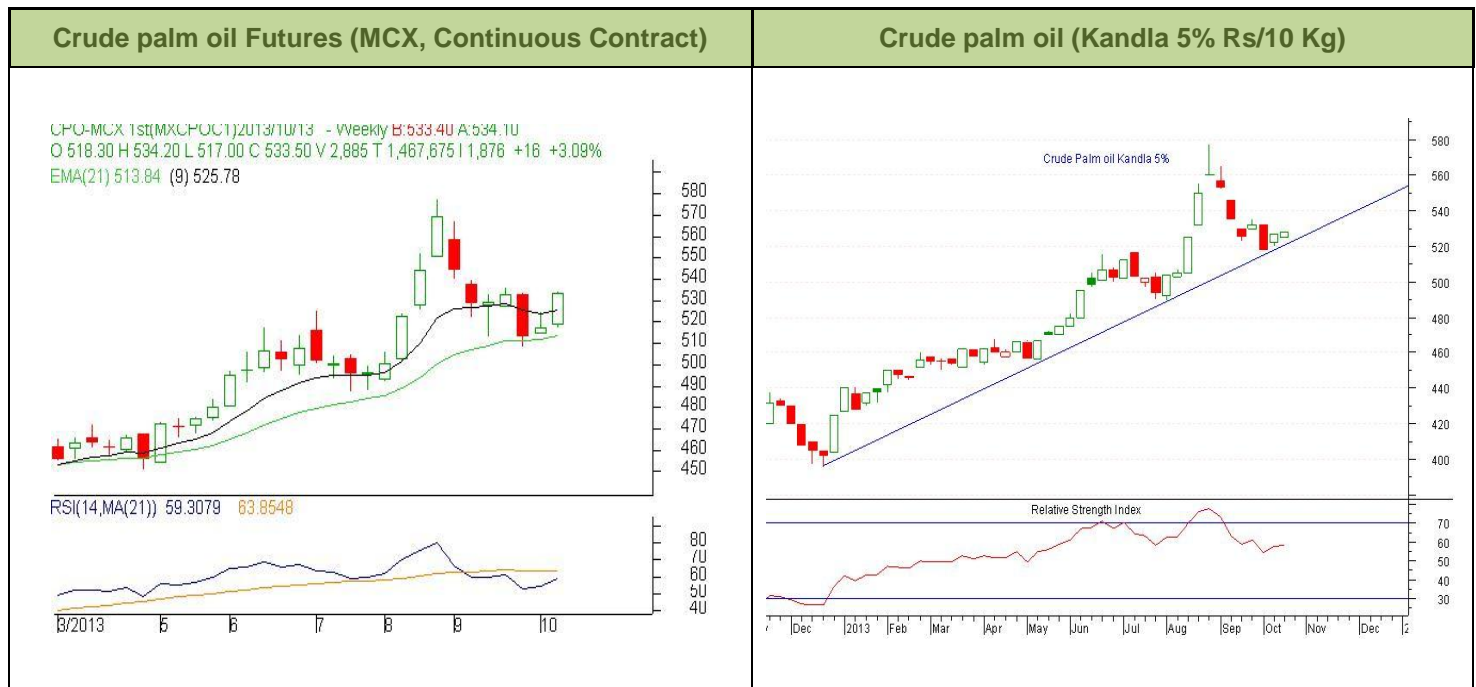
- ❖ Weekly chart of refined soy oil at NCDEX depicts gains. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 681 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 690-710 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
675.00	685.00	703.90	715.00	725.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 705-720 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 519 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 525-540 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 525 for a target of 535 and 540 with a stop loss at 519 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
514.00	520.00	533.10	545.00	552.00

**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 520-540 per 10 Kg.



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

Commodity	Centre	Prices(Per 10 Kg)		Change
		10/18/2013	10/11/2013	
Refined Soybean Oil	Kota(Loose)	700	685	15
	Rajkot (Loose)	NA	665	-
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	730	715	15
	Kakinada	NA	NA	-
	Mumbai +VAT	700	695	5
	Indore	692	685	7
	Soy Degum Mumbai+VAT	650	650	Unch
	SoyDegum Kandla/Mundra+VAT	650	645	5
	Haldiya Port (Loose)	676	NA	-
	Akola (Loose)	736	726	10
	Amrawati (Loose)	736	726	10
	Jalna	736	721	15
	Nagpur	746	726	20
Palm Oil	Chennai.RBD.Palmolein.(Loose)	575	568	7
	Hyd. RBD Palmolein VAT	555	552	3
	Delhi RBD Palmolein (Loose)	615	605	10
	Kandla CPO (5%FFA)	528	527	1
	Kakinada.RBD.Palmolein(Loose)	571	566	5
	Mumbai RBD Pamolein+ VAT	575	567	8
	Kandla RBD Palmolein +VAT	575	572	3
Refined Sunflower Oil	Mumbai + VAT	795	790	5
	Kandla/Mundra	730	740	-10
	Erode (Exp. Oil)+VAT	790	800	-10
	Hyderabad Exp +VAT	771	781	-10
	Chennai (Loose)	810	820	-10
	Bellary (Exp. Oil)+VAT	NA	721	-
	Latur (Exp. Oil)+VAT	736	736	Unch
	Chellakere (Exp. Oil)+VAT	726	731	-5
Groundnut Oil	Rajkot (Loose)	NA	900	-
	Chennai (Loose)	760	780	-20
	Delhi (Loose)	718	750	-32
	Hyderabad Exp +VAT	863	852	11

	Mumbai + VAT	880	910	<b>-30</b>
	Gondal+VAT	825	NA	-
	Jamnagar +VAT	825	NA	-
	Narsarropeth+VAT	670	650	<b>20</b>
	Prodattour+VAT	726	726	<b>Unch</b>
<b>Rapeseed Oil</b>	Mumbai (Exp. Oil) +VAT	710	695	<b>15</b>
	Alwar (Expeller Oil)(Loose)	696	678	<b>18</b>
	Kota (Expeller Oil) (Loose)	695	685	<b>10</b>
	Jaipur (Expeller Oil) (Loose)	697	692	<b>5</b>
	Delhi (Exp. Oil) (Loose)	720	705	<b>15</b>
	SriGangaNagar(ExpOil-Loose)	NA	688	-
	Hapur+VAT	725	714	<b>11</b>
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	740	735	<b>5</b>
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	715	690	<b>25</b>
	Rajkot (Loose)	NA	670	-
	Delhi (Loose)	655	650	<b>5</b>
	Hyderabad (Loose)	610	630	<b>-20</b>
<b>Coconut Oil</b>	Kangayan (Crude)	930	945	<b>-15</b>
	Cochin	930	930	<b>Unch</b>
	Trissur	925	945	<b>-20</b>
<b>Sesame Oil</b>	Delhi	920	840	<b>80</b>
	Mumbai	860	830	<b>30</b>
<b>Kardi</b>	Mumbai	1000	1000	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	Delhi	515	NA	-
<b>Rice Bran Oil (4%)</b>	Punjab	570	550	<b>20</b>
<b>Malaysia Palmolein USD/MT</b>	FOB (October Shipment)	803	790	<b>13</b>
	CNF (October Shipment) India	838	823	<b>15</b>
<b>Indonesia CPO USD/MT</b>	FOB (November Shipment)	800	783	<b>17</b>
	CNF (October Shipment) India	830	815	<b>15</b>
<b>Argentina FOB (\$/MT)</b>		<b>10/17/2013</b>	<b>10/10/2013</b>	<b>Change</b>
Crude Soybean Oil Ship		917	913	<b>4</b>
Refined Soy Oil (Bulk) Ship		949	945	<b>4</b>
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		897	893	<b>4</b>



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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