

Executive Summary

Domestic Veg. Oil Market Summary

Compared to the last week, most of the edible oils featured firm movement during the week under review tracking improved buying in the various spot markets. However, clear weather and estimates of overall higher Kharif oilseed domestic production supports the supply prospects.

Sown area for Kharif oilseed stood at 192.51 lakh hectares as on 17 Oct 2013. Oilseeds sowing were 194.94 lakh hectares in the corresponding period of last year – Ministry Of Agriculture.

On the currency front, Indian rupee against USD closed at 61.45, down 0.24 percent as compared to the previous week. Factors to watch in the coming weeks will be the movement of Indian rupee against US dollar and Chinese soybean as well as rapeseed demand.

We expect edible oil complex to trade sideways to slightly firm 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 (Dec) is expected to stay in the range of 39.00 cents/lb to 42.50 cents/lb. CPO at BMD (Dec) is likely to trade in the range of 2375-2500 ringgits per ton. Focus during the coming days will be on the US harvest progress and weather over key soybean growing regions amid close watch on the yield estimates, and Malaysian palm oil export figures.

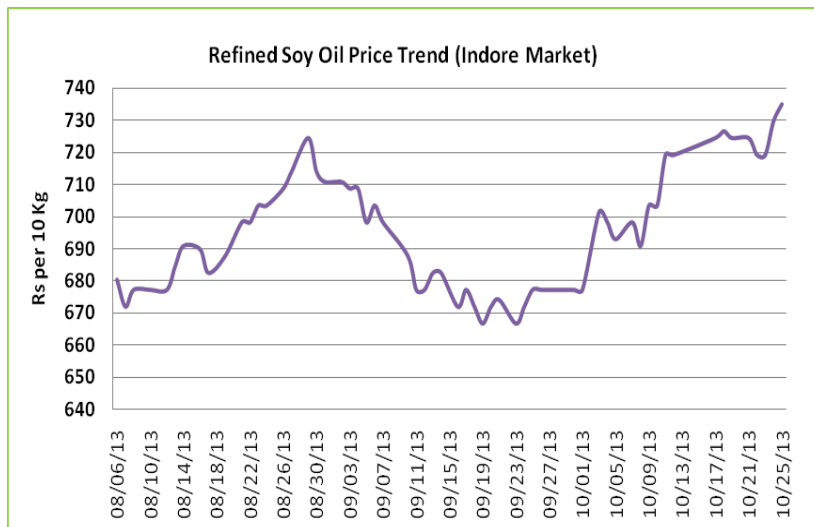
On the international front, talk of better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in the soybean and oil prices in the days ahead. However, market participants eye on the upcoming USDA's WASDE report and US soybean yields estimates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

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 strong gains on improved buying activities ahead of festivities. Meanwhile, harvest pressure and clear weather limit excessive gains.
- Due to excess and continues rains during Kharif season, soybean yield has been affected adversely. SOPA has released its Second Estimate for soybean production in India. Soybean output has been revised to 122.345 lakh MT from 129.832 lakh MT as announced in First Estimate. The weather has become clear and soybean supplies are likely to surge in the coming days.
- Moreover, late rains over key soybean growing regions has affected the crop prospects and thereby, the seed quality is lower and having high moisture content. There is limited availability of good quality soybean seeds in the markets, which is supporting prices.
- 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

- As per the Buenos Aires Grains Exchange, Argentina's farmers this week started planting the 2013-14 soy crop, whose area is expected to grow 2.5 percent versus the prior season as farmers are likely to switch from corn to soybeans due to the prolonged dryness.
- Lanworth raised its forecast for world soybean production to 288 million tons due to better yield reports from the ongoing harvest in the U.S. Midwest.
- The USDA cancelled the October production and supply/demand reports and will prepare for the November 8th update.
- 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.
- On the international front, talk of better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in soybean and soy oil prices in the days ahead.
- Market participants eye the upcoming USDA's wade report and US soybean yields estimates for further cues.

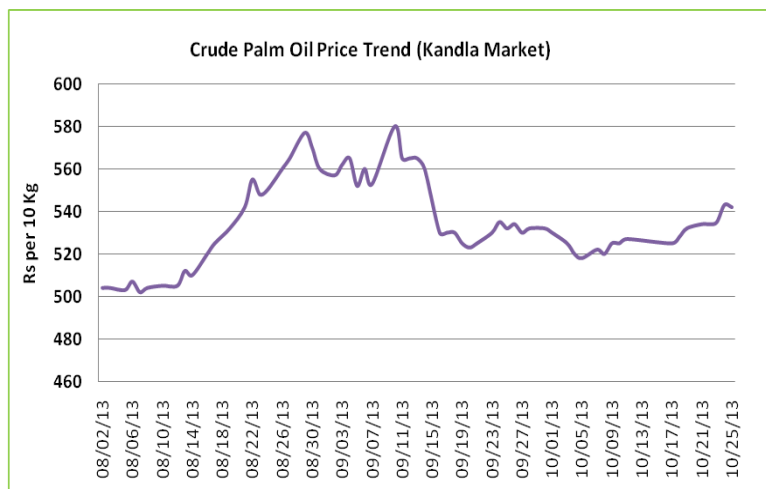
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 695-715 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed a firm movement during the week in review on good buying in the spot markets and positive cues from 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

- Exports of Malaysian palm oil products for Oct. 1-25 rose 3.8 percent to 1,259,841 tons from 1,213,583 tons shipped during Sep. 1-25, cargo surveyor Societe Generale de Surveillance. (Reuters)
- 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. Indonesia kept its export tax for crude palm oil unchanged at 9 percent for November.
- 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 see 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.

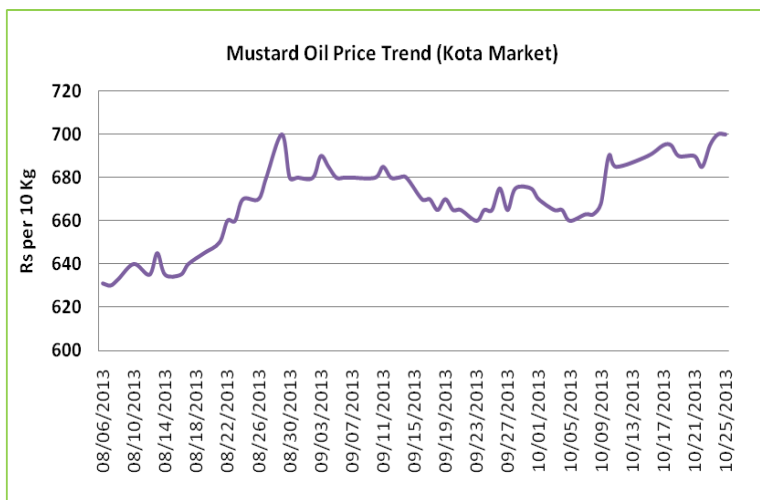
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 535-554 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil also featured firm tone during the week at the Kota market tracking gains in the competing soy oil and limited supplies of mustard seed in the spot markets.
- As per sources, good demand due to upcoming festivities in November and fall in edible oil stocks may support edible oils in the short term. However, market participants will stay cautious at higher levels.
- Indian government has raised the minimum support price for rapeseed to 3,050 rupees per Qtl, up from 3,000 rupees per Qtl.
- 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 0.42 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 the 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.

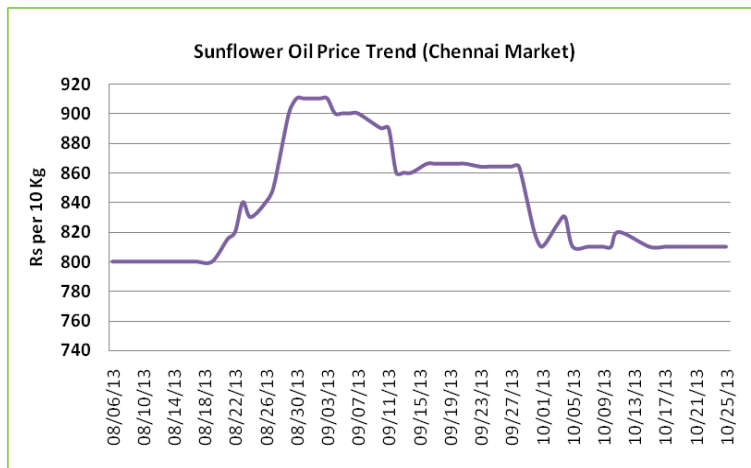
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 695-725 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady at its benchmark market Chennai during the week owing to stable demand from stockists.
- At the 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.

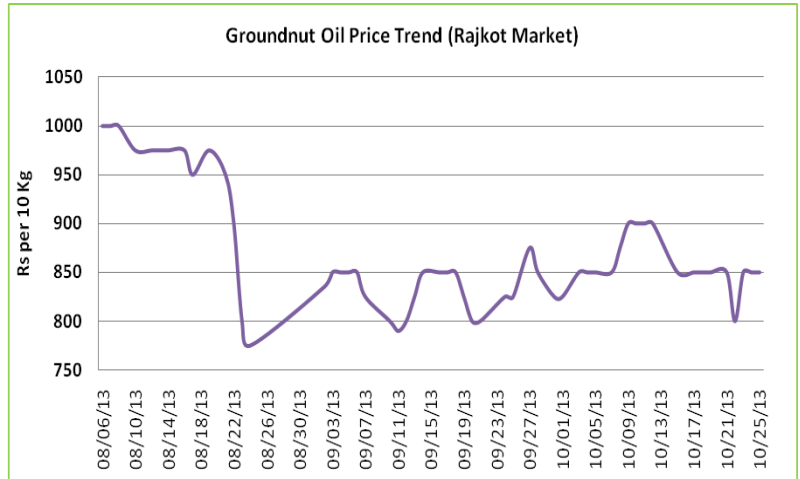


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 790-820 per 10 Kg.

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 groundnut 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.



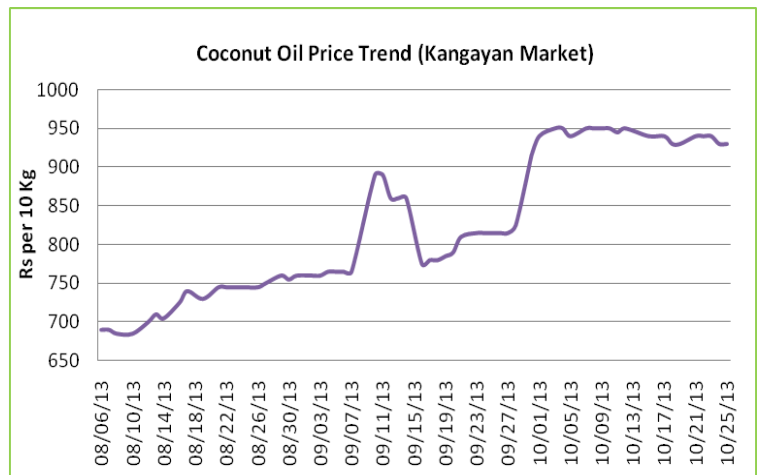
Price Outlook:

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

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

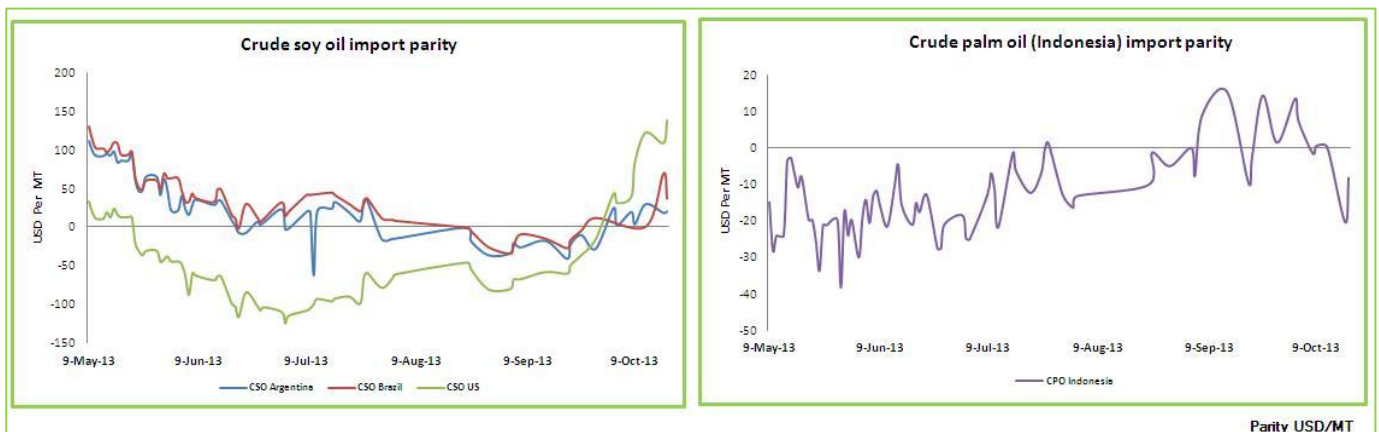
- Coconut oil featured steady to slightly easy tone at its benchmark market Erode during the week owing to weak copra arrivals. However, lackluster buying at higher quotes limit gains.
- Coconut oil prices are likely to remain range bound in the coming days due to lean copra season, lower arrivals and festivities in the month of October and early November. However, forecasts for ample domestic as well as global vegetable oil supplies and limited buying at higher quotes may limit upside 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 900-960 per 10 Kg.

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

Landed Cost Calculation as on 25/10/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	946.45	916	792	818
Freight (USD/MT)	75	65	60	30.0
C & F	1021.5	981.0	852.0	848.0
Weight loss (0.25% of FOB)	2.37	2.29	1.98	2.05
Finance charges (0.4% on CNF)	4.09	3.92	3.41	3.39
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	1031	990	860	856
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	61.62	61.62	61.62	61.62
Landed cost without customs duty in INR per ton	63528	61013	52990	52746
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	65771	63256	55232	54733
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	67200	67200	67200	54200
Total landed cost USD per ton	1067	1027	896	888
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1091	1091	1091	880
Parity INR/MT (Domestic - Landed)	1429	3944	11968	-533
Parity USD/MT (Domestic - Landed)	23.20	64.01	194.22	-8.64
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 715-740 level in near to medium term. RSI is near to neutral zone and shows no evidence of divergence with the ref. soy oil prices.

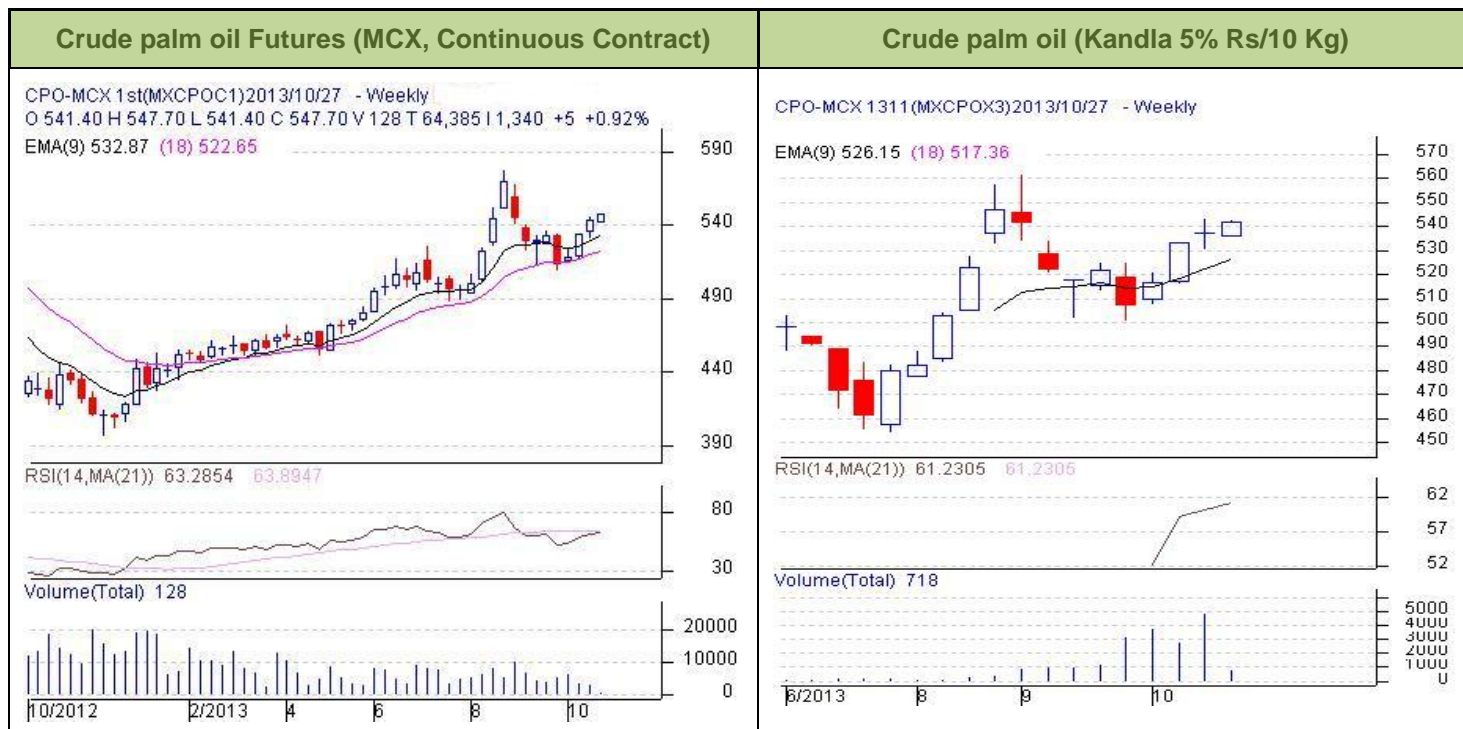
Strategy: Market participants are advised to go long in RSO above 720 levels for a target of 735 and 740 with a stop loss at 701.00 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
675.00	685.00	720.00	735.00	745.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 695-715 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 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 532-550 level. RSI is moving slightly below oversold zone suggesting likely price correction in the coming week.

Strategy: Market participants are advised to go long in CPO above 535 for a target of 545 and 550 with a stop loss at 529 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
514.00	520.00	537.00	552.00	560.00

Spot Market outlook: Crude palm oil 5% is likely to trade sideways in the coming week but slight upside is seen. The prices are likely to stay in the range of 535-554 per 10 Kg.

Veg Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		10/25/2013	10/18/2013	
Refined Soybean Oil	Kota(Loose)	715	700	15
	Rajkot (Loose)	685	NA	-
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	745	730	15
	Kakinada	NA	NA	-
	Mumbai +VAT	710	700	10
	Indore	700	692	8
	Soy Degum Mumbai+VAT	675	650	25
	SoyDegum Kandla/Mundra+VAT	672	650	22
	Haldiya Port (Loose)	NA	676	-
	Akola (Loose)	736	736	Unch
	Amrawati (Loose)	736	736	Unch
	Jalna	741	736	5
	Nagpur	746	746	Unch
Palm Oil	Chennai.RBD.Palmolein.(Loose)	590	575	15
	Hyd. RBD Palmolein VAT	502	555	-53
	Delhi RBD Palmolein (Loose)	630	615	15
	Kandla CPO (5%FFA)	542	528	14
	Kakinada.RBD.Palmolein(Loose)	583	571	12
	Mumbai RBD Pamolein+ VAT	583	575	8
	Kandla RBD Palmolein +VAT	590	575	15
Refined Sunflower Oil	Mumbai + VAT	810	795	15
	Kandla/Mundra	735	730	5
	Erode (Exp. Oil)+VAT	800	790	10
	Hyderabad Exp +VAT	746	771	-25
	Chennai (Loose)	810	810	Unch
	Bellary (Exp. Oil)+VAT	711	NA	-
	Latur (Exp. Oil)+VAT	726	736	-10
	Chellakere (Exp. Oil)+VAT	701	726	-25
Groundnut Oil	Rajkot (Loose)	850	NA	-
	Chennai (Loose)	810	760	50
	Delhi (Loose)	780	718	62

	Hyderabad Exp +VAT	852	863	-11
	Mumbai + VAT	860	880	-20
	Gondal+VAT	850	825	25
	Jamnagar +VAT	850	825	25
	Narsarropeth+VAT	710	670	40
	Prodattour+VAT	731	726	5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	721	710	11
	Alwar (Expeller Oil)(Loose)	696	696	Unch
	Kota (Expeller Oil) (Loose)	700	695	5
	Jaipur (Expeller Oil) (Loose)	706	697	9
	Delhi (Exp. Oil) (Loose)	735	720	15
	SriGangaNagar(ExpOil-Loose)	701	NA	-
	Hapur+VAT	740	725	15
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	750	740	10
Refined Cottonseed Oil	Mumbai +VAT	705	715	-10
	Rajkot (Loose)	685	NA	-
	Delhi (Loose)	660	655	5
	Hyderabad (Loose)	605	610	-5
Coconut Oil	Kangayan (Crude)	930	930	Unch
	Cochin	940	930	10
	Trissur	935	925	10
Sesame Oil	Delhi	1200	920	280
	Mumbai	1030	860	170
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	515	515	Unch
Rice Bran Oil (4%)	Punjab	580	570	10
Malaysia Palmolein USD/MT	FOB (October Shipment)	815	803	12
	CNF (October Shipment) India	853	838	15
Indonesia CPO USD/MT	FOB (November Shipment)	818	800	18
	CNF (October Shipment) India	848	830	18
Argentina FOB (\$/MT)		10/24/2013	10/17/2013	Change
Crude Soybean Oil Ship		935	917	18
Refined Soy Oil (Bulk) Ship		968	949	19
Sunflower Oil Ship		NA	NA	-



Cottonseed Oil Ship	915	897	18
Refined Linseed Oil (Bulk) Ship	NA	NA	-

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