

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 and positive cues from the international market. However, clear weather and estimates of overall higher Kharif oilseed domestic production supports the supply prospects.

On the currency front, Indian rupee against USD closed at 61.71, down 0.45 percent as compared to the previous week. Factors to watch in the coming weeks will be the movement of Indian rupee against US dollar, Chinese soybean demand, MPOB's report, and USDA's WASDE report.

We expect edible oil complex to trade sideways to slightly firm in the coming days owing to better buying and soybean crop loss in Madhya Pradesh. However, harvesting pressure and profit booking at higher levels may cap excessive gains.

International Veg. Oil Market Summary

CBOT soy oil (Dec) is expected to stay in the range of 41.00 cents/lb to 43.50 cents/lb. CPO at BMD (Dec) is likely to trade in the range of 2480-2600 ringgit per tons.

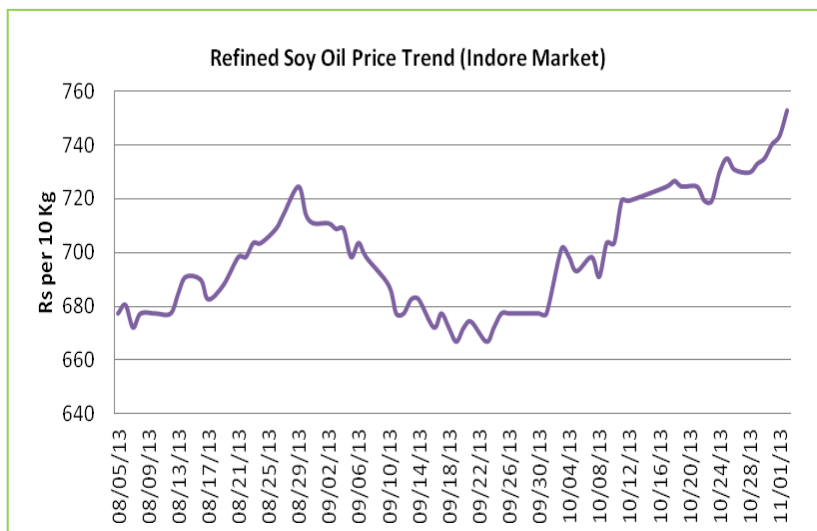
On the international front, talk of better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in soy oil prices. Market participants eye on the upcoming USDA's WASDE report and US soybean yields estimates for further cues.

Good demand from top palm oil buyers, i.e. India, China and in expectation of rains over key palm growing areas may disrupt the supply prospects in the coming months. However, market participants eye on the upcoming MPOB's report on Malaysian palm oil supply statistics, which may give new directional moves to the market.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured strong gains on improved buying activities owing to festivities. Meanwhile, harvest pressure and clear weather may limit excessive gains.
- According to the Central Organization for Oil Industry and Trade (COOIT), soybean yield seen at 837 kg per hectare and soy production is estimated at 10.2 million tons, down 4 per cent from the last year.
- Continues rains during late September over key soybean producing regions of Madhya Pradesh, Maharashtra affected the yield prospects and the bad quality of seed arrived in the market. 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.
- 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.



International Front

- As per AgRural report, Brazil's soybean planting was 34 percent complete as of Oct. 25, in line with the 32 percent at the same time last year earlier.
- USDA has reported that the soybean harvest has been 77 percent completed by Sunday, up from 63 percent a week earlier and matching the five-year average.
- 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.
- The USDA cancelled the October production and supply/demand reports and will prepare for the November 8th update.
- 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 soy oil prices. Market participants eye on the upcoming USDA's WASDE report and US soybean yields estimates for further cues.

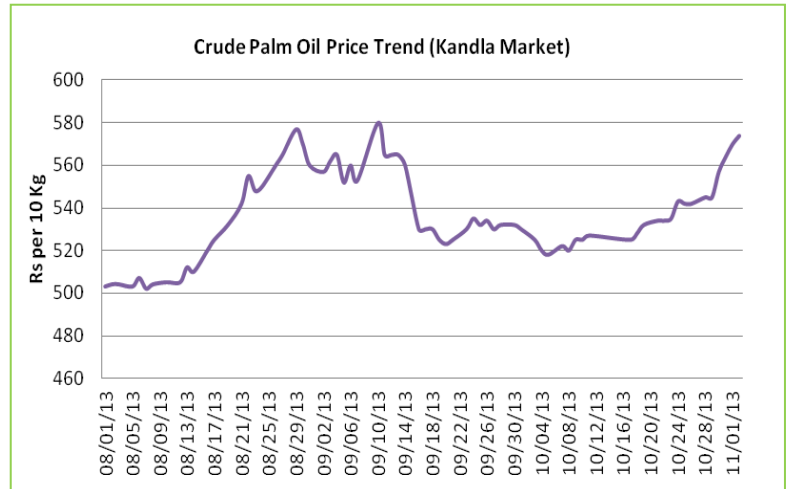
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 742-760 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 and positive cues from the international palm oil market.
- Indian Government has revised the tariff value for of crude palm oil to US \$ 849 increased by US \$38 per tons and raised base import price on refined palmolein by \$31 per tons to US \$ 900 per tons. Moreover, USD 1,006 per tons sets as a new base import price for crude soybean oil.
- In expectation of lower production in the South East Asian, countries and rains may disrupt the supply prospects in the coming months. While, buying activities in the cash market was need based.
- 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 in October fell 0.5 percent to 1,521,928 tons from 1,530,292 tons shipped in September. - Cargo surveyor Intertek Testing Services. (Reuters)
- Malaysia kept its crude palm oil export tax unchanged at 4.5% for November to further increase palm oil shipments. 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.
- Good demand from top palm oil buyers, i.e. India, China and in expectation of rains over key palm growing areas may disrupt the supply prospects in the coming months. However, market participants eye on the upcoming MPOB's report on Malaysian palm oil supply statistics, which may give new directional moves to the market.

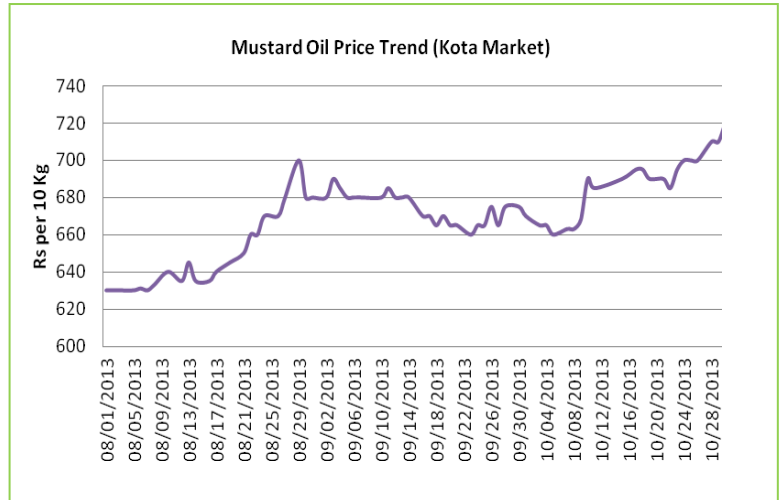
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 563-583 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.
- Better buying due to festivities in November and gains in the competing soy oil may support mustard oil in the coming days. However, ongoing kharif oilseed arrivals may cap 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.
- 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

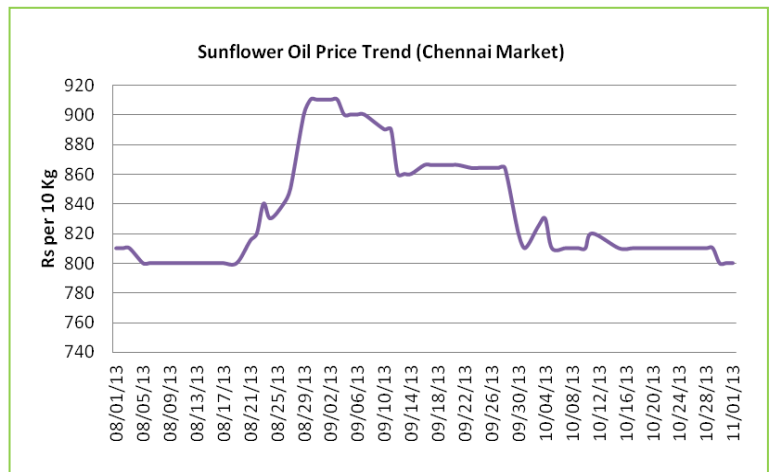
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 710-730 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady tone 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.

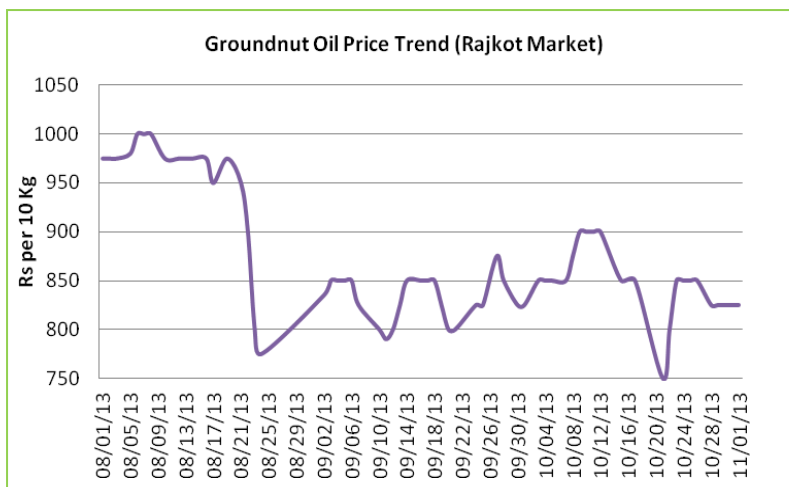


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 790-820 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil depicted range bound movement at its benchmark market Rajkot during the week due to need based buying and higher groundnut seed production.
- 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.



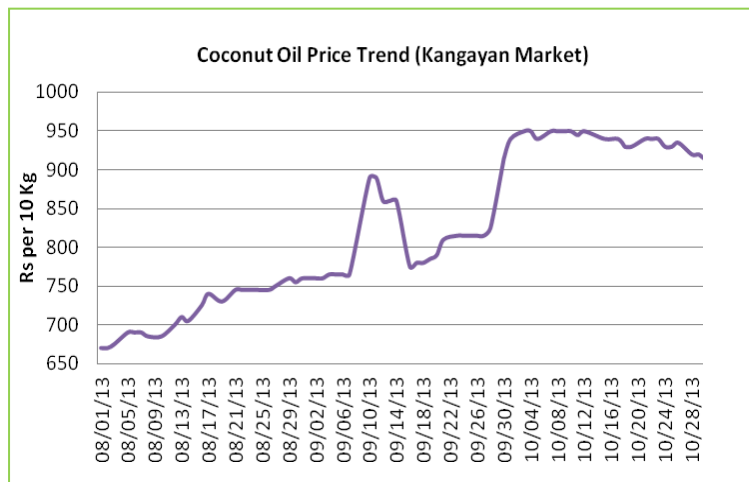
Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 780-880 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

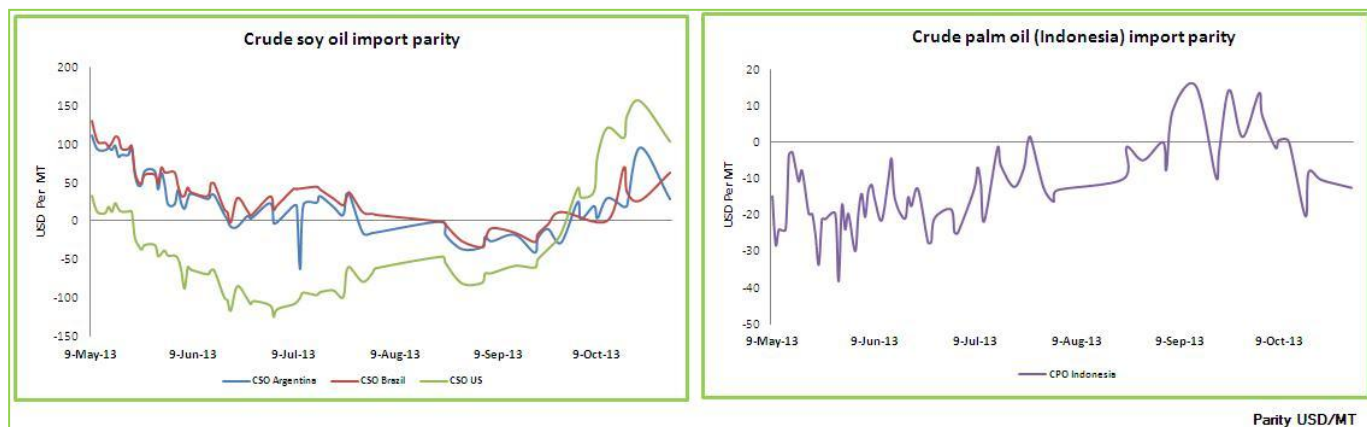
- Coconut oil featured steady to slightly weak tone at its benchmark market Erode during the week due to lackluster buying at higher quotes
- Coconut oil prices are likely to remain range bound in the coming days due to lean copra season, lower arrivals, and festivities in the month of November. However, 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 890-940 per 10 Kg.

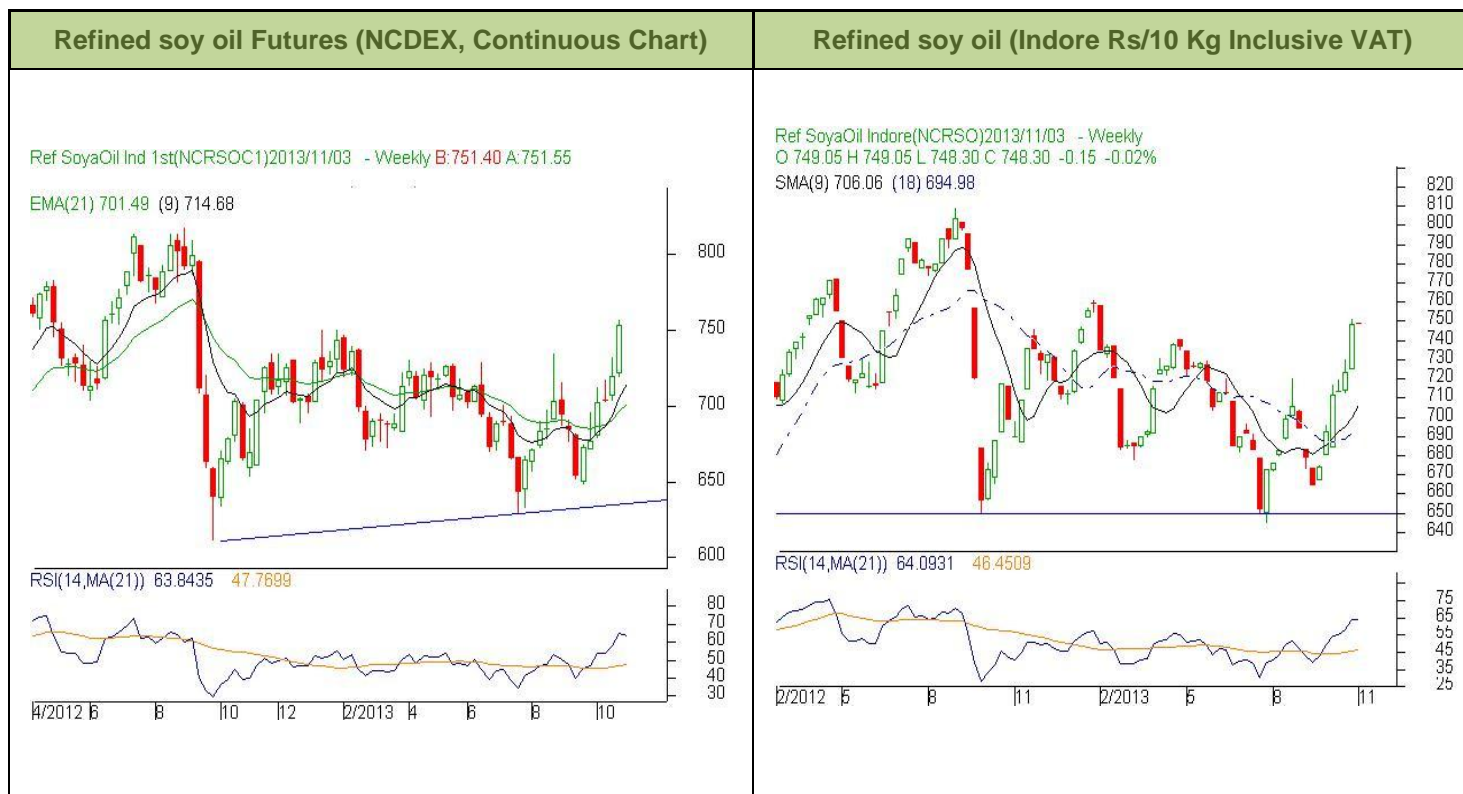
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 31/10/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	949.5	926	890	855
Freight (USD/MT)	75	65	60	35.0
C & F	1024.5	991.0	950.0	890.0
Weight loss (0.25% of FOB)	2.37	2.32	2.23	2.14
Finance charges (0.4% on CNF)	4.10	3.96	3.80	3.56
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	1034	1000	959	898
CVD	0	0	0	0
Duty USD per ton	25.15	25.15	25.15	21.23
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.503	0.503	0.503	0.4245
Exchange rate	61.41	61.41	61.41	61.41
Landed cost without customs duty in INR per ton	63501	61425	58885	55169
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1006	1006	1006	849
Fixed exchange rate by customs department	62.20	62.20	62.20	62.20
Duty component in INR per ton	1564.33	1564.33	1564.33	1320.20
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	65738	63663	61122	57162
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	67500	67500	67500	56400
Total landed cost USD per ton	1070	1037	995	931
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1099	1099	1099	918
Parity INR/MT (Domestic - Landed)	1762	3837	6378	-762
Parity USD/MT (Domestic - Landed)	28.69	62.48	103.86	-12.41
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 (Dec. contract).

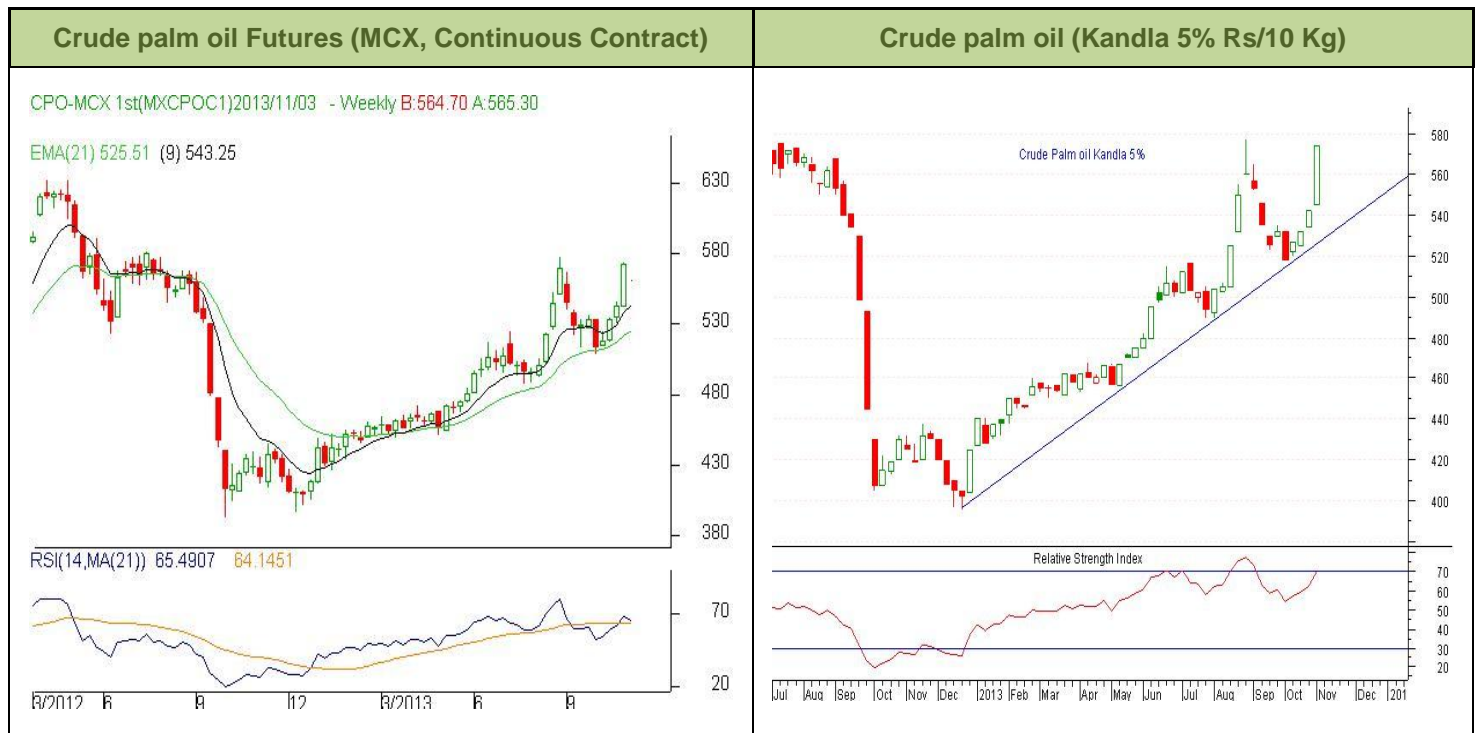
- ❖ Weekly chart of refined soy oil at NCDEX depicts gains. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 727.60 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 736-755 level in near to medium term. RSI is near to overbought zone and shows no evidence of divergence with the ref. soy oil prices.

Strategy: Market participants are advised to go long in RSO above 736 levels for a target of 750 and 755 with a stop loss at 727.60 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
708	715	737.55	758	768

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 742-760 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 - Dec. 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 553 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 560-575 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 560 for a target of 572 and 575 with a stop loss at 553 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
544.00	549.00	565.00	578.00	585.00

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 563-583 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		11/01/2013	10/25/2013	
Refined Soybean Oil	Kota(Loose)	-	715	-
	Rajkot (Loose)	700	685	15
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	760	745	15
	Kakinada	NA	NA	-
	Mumbai +VAT	715	710	5
	Indore	700	700	Unch
	Soy Degum Mumbai+VAT	675	675	Unch
	SoyDegum Kandla/Mundra+VAT	675	672	3
	Haldiya Port (Loose)	-	NA	-
	Akola (Loose)	741	736	5
	Amrawati (Loose)	741	736	5
	Jalna	746	741	5
	Nagpur	751	746	5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	605	590	15
	Hyd. RBD Palmolein VAT	NA	502	-
	Delhi RBD Palmolein (Loose)	650	630	20
	Kandla CPO (5%FFA)	570	542	28
	Kakinada.RBD.Palmolein(Loose)	601	583	18
	Mumbai RBD Pamolein+ VAT	605	583	22
	Kandla RBD Palmolein +VAT	610	590	20
Refined Sunflower Oil	Mumbai + VAT	810	810	Unch
	Kandla/Mundra	690	735	-45
	Erode (Exp. Oil)+VAT	800	800	Unch
	Hyderabad Exp +VAT	731	746	-15
	Chennai (Loose)	800	810	-10
	Bellary (Exp. Oil)+VAT	-	711	-
	Latur (Exp. Oil)+VAT	711	726	-15
	Chellakere (Exp. Oil)+VAT	676	701	-25
Groundnut Oil	Rajkot (Loose)	825	850	-25
	Chennai (Loose)	810	810	Unch
	Delhi (Loose)	780	780	Unch
	Hyderabad Exp +VAT	852	852	Unch



	Mumbai + VAT	850	860	-10
	Gondal+VAT	-	850	-
	Jamnagar +VAT	-	850	-
	Narsarropeth+VAT	710	710	Unch
	Prodattour+VAT	741	731	10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	735	721	14
	Alwar (Expeller Oil)(Loose)	716	696	20
	Kota (Expeller Oil) (Loose)	-	700	-
	Jaipur (Expeller Oil) (Loose)	730	706	24
	Delhi (Exp. Oil) (Loose)	745	735	10
	SriGangaNagar(ExpOil-Loose)	715	701	14
	Hapur+VAT	-	740	-
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	770	750	20
Refined Cottonseed Oil	Mumbai +VAT	700	705	-5
	Rajkot (Loose)	696	685	11
	Delhi (Loose)	670	660	10
	Hyderabad (Loose)	NA	605	-
Coconut Oil	Kangayan (Crude)	-	930	-
	Cochin	945	940	5
	Trissur	950	935	15
Sesame Oil	Delhi	1150	1200	-50
	Mumbai	1040	1030	10
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	515	-
Rice Bran Oil (4%)	Punjab	580	580	Unch
Malaysia Palmolein USD/MT	FOB (October Shipment)	850	815	35
	CNF (October Shipment) India	890	853	37
Indonesia CPO USD/MT	FOB (November Shipment)	862	818	44
	CNF (October Shipment) India	890	848	42
Argentina FOB (\$/MT)		10/31/2013	10/24/2013	Change
Crude Soybean Oil Ship		941	935	6
Refined Soy Oil (Bulk) Ship		974	968	6
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		921	915	6



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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