

Executive Summary

Domestic Veg. Oil Market Summary

Compared to the last week, most of the edible oils featured slightly weak movement during the week under review tracking lackluster buying at higher quotes and bearish cues from the international market. However, coconut oil quoted higher on weak copra arrivals and better buying.

On the currency front, Indian rupee against USD closed at 62.49, up 1.27 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 demand.

We expect edible oil complex to trade sideways to slightly weak in the coming days owing to lackluster buying, harvesting pressure, and bearish cues from the international oil & fats market. However, weakness in the Indian rupee against US dollar may cap excessive losses.

International Veg. Oil Market Summary

CBOT soy oil (Dec) is expected to stay in the range of 39.40 cents/lb to 42.70 cents/lb. CPO at BMD (Dec) is likely to trade in the range of 2450-2580 ringgit per tons.

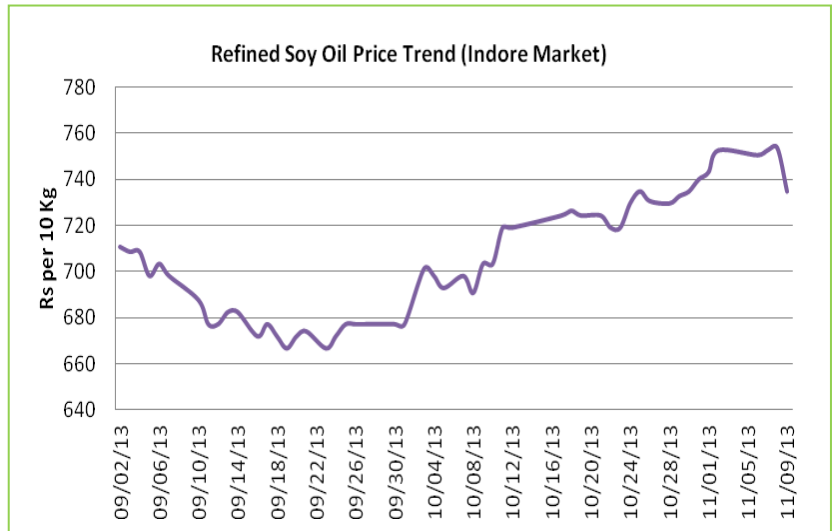
On the international front, better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in soy oil prices. However, good demand china may limit excessive losses in bean and bean oil in the coming days.

Rising Malaysian palm oil inventories and in expectation of easing Malaysian palm oil exports in the coming days may favor the bears. However, rains over key palm growing areas may disrupt the supply prospects, which could limit excessive losses.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured losses on lackluster buying activities at higher quotes and bearish cues from the international oil and fats market.
- India imported 0.975 lakh tons of crude soybean degummed oil in October majorly from Brazil and Argentina. While, SEA of India reported 1.40 lakh tons of soy oil (degummed) imported in September. Indian government sets import tariff value on crude soybean oil at US \$1,006 per tons.
- 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.
- As per Agriwatch second estimates, average yield to soybean in India would be around 1,033 kg/Hectare. Soybean seed sowing area was reported at 123.0 lakh hectares. Considering the above factors soybean production for 2013-14 is projected at 127.12 lakh tons which are higher than last year production estimate of 125 lakh tons.
- We expect soy oil may trade with a steady to weak tone in the coming days.



International Front

- As per Brazil's government agency CONAB, soybean production in 2013-14 is expected to be a record 87.9 to 90.2 million tons, up from its previous forecast of 87.6 to 89.7 million tons.
- As per China's General Administration of Customs, China has imported 4.19 million metric tons of soybeans in October, down 10.85 percent from the previous month.
- According to Safras & Mercado, Brazilian soybean crop (as on 1 Nov 2013) has been 44 percent planted as compared to 36 percent normally. In addition, planting in the state of Mato Grosso is 72 percent complete versus 63 percent in the same period a year ago.
- US based AgResource Company has projected the 2013-14 US average soybean yield at 42.5 bushels per acre, and production of 3.205 billion bushels.
- On the international front, 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. However, good demand china may limit excessive losses in bean and bean oil in the coming days.

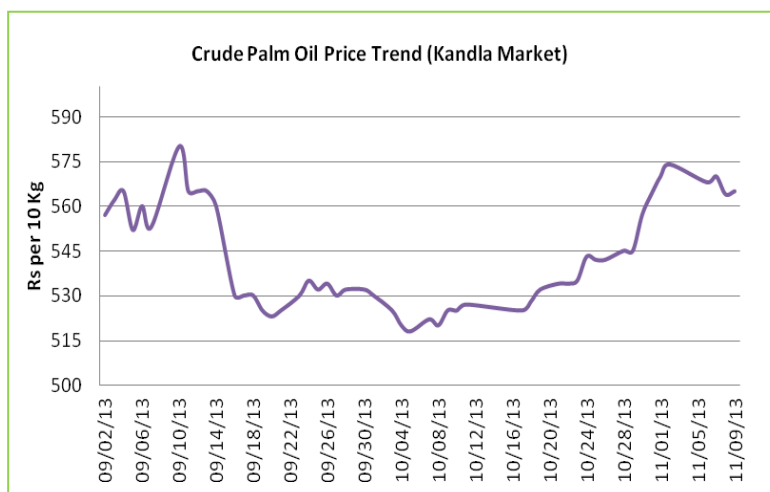
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 722-742 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed a range bound to slightly weak tone during the week in review on limited buying and negative cues from the international palm oil market.
- At the import front, IBIS figures revealed that Indian buyers imported 7.1 lakh tons of crude palm oil, 2.22 lakh tons of RBD palmolein, 0.079 lakh tons of RBD palm oil and 0.39 lakh tons of crude palm kernel oil in the month of October majorly from Indonesia, Malaysia and Thailand. 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.
- 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.
- 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 Malaysian Palm Oil Board (MPOB) palm oil statistics report, palm oil stocks in October 2013 grew by 3.46 percent to 1,845,312 tons against a revised 1,783,530 tons at the end of September. Palm oil output increased 3.14 percent to 1.97 million tons in October. Moreover, Exports were up 3.3% on m-o-m basis at 1.66 million tons.
- Rising Malaysian palm oil inventories and in expectation of easing Malaysian palm oil exports in the coming days may favors the bears. However, rains over key palm growing areas may disrupt the supply prospects, which could limit excessive losses.

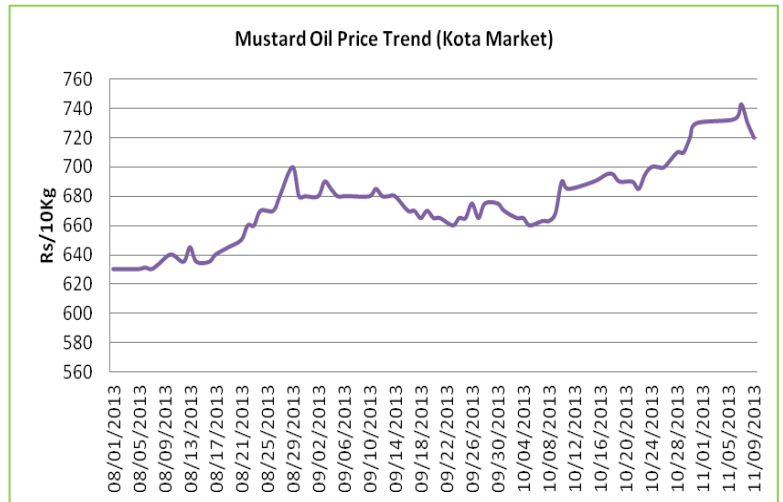
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 550-575 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil also featured weak tone during the week at the Kota market inline with the others edible oils. While, need based demand limit the downside risk in the prices.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 23.70 lakh hectares as on 07 Nov. 2013, up 5.73 lakh hectares compared to the corresponding period last year.
- 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.
- 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

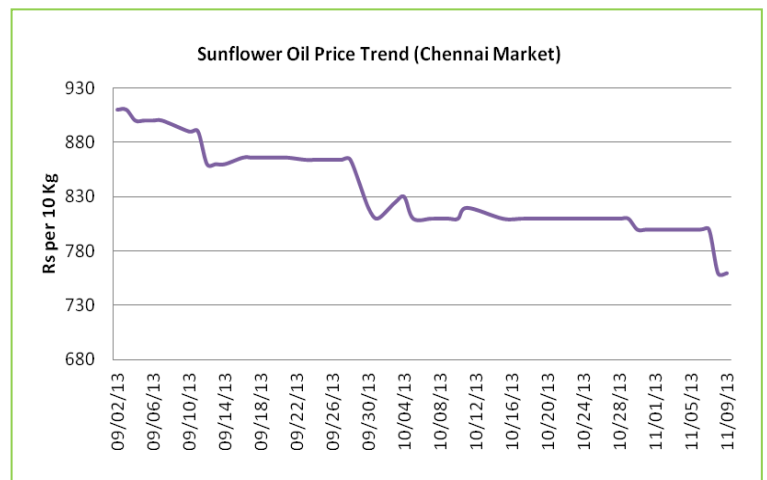
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 700-730 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 stable demand from stockists and higher imports.
- At import front, IBIS data revealed that India imported 1.58 lakh tons of crude sunflower oil majorly from Ukraine in the month of October. 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.
- We expect sunflower oil prices may trade with steady tone in the near term.

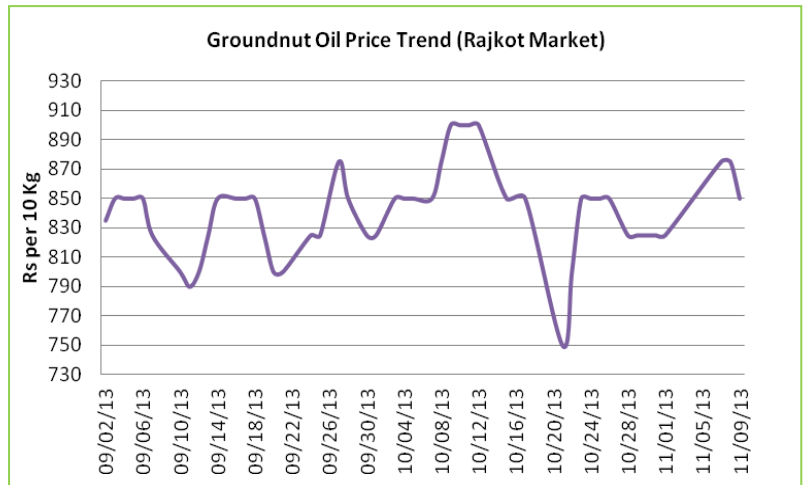


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 730-770 per 10 Kg.

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 sources, higher groundnut seed production and in expectation of higher crop arrivals in the days ahead likely to weigh on the groundnut oil prices. Moreover, crop condition is good in the current year. 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 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.
- We expect groundnut oil prices may trade sideways in the days ahead.



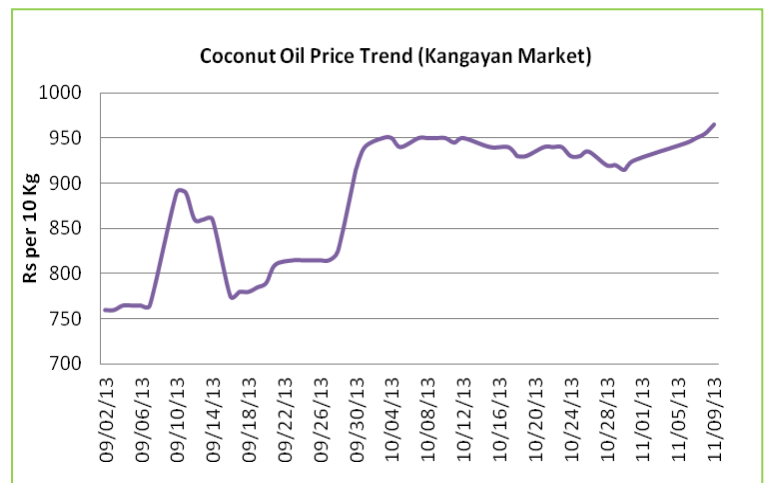
Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 825-865 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

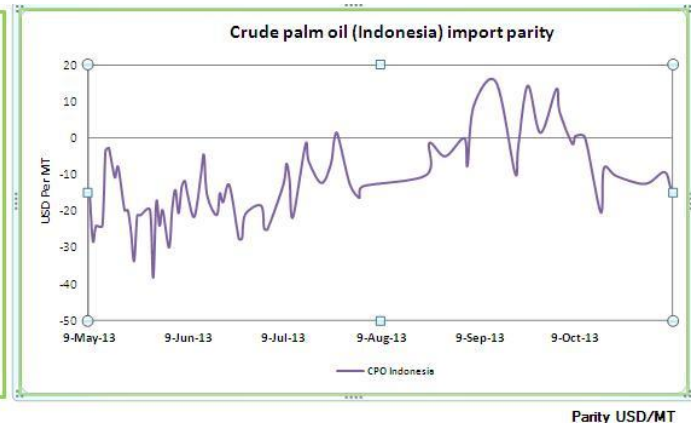
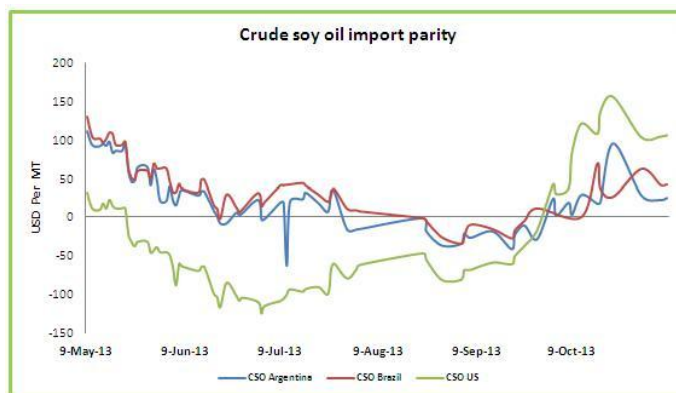
- Coconut oil featured steady to slightly firm tone at its benchmark market Erode during the week due to better buying and weak copra arrivals.
- Coconut oil prices are likely to remain range bound in the coming days due to lean copra season, lower arrivals, and festivities in the month of November. 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 910-862 per 10 Kg.

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

Landed Cost Calculation as on 08/11/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	930.14	924	865	850
Freight (USD/MT)	75	65	60	22.5
C & F	1005.1	989.0	925.0	872.5
Weight loss (0.25% of FOB)	2.33	2.31	2.16	2.13
Finance charges (0.4% on CNF)	4.02	3.96	3.70	3.49
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	1015	998	934	881
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	62.73	62.73	62.73	62.73
Landed cost without customs duty in INR per ton	63640	62619	58567	55248
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	65877	64856	60804	57242
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	67500	67500	67500	56400
Total landed cost USD per ton	1050	1034	969	913
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1076	1076	1076	899
Parity INR/MT (Domestic - Landed)	1623	2644	6696	-842
Parity USD/MT (Domestic - Landed)	25.87	42.14	106.74	-13.42
Source: Agriwatch/ Reuters				



Parity USD/MT

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 weak tone in the days ahead. Investors are advised to sell refined soy oil (Dec. contract).

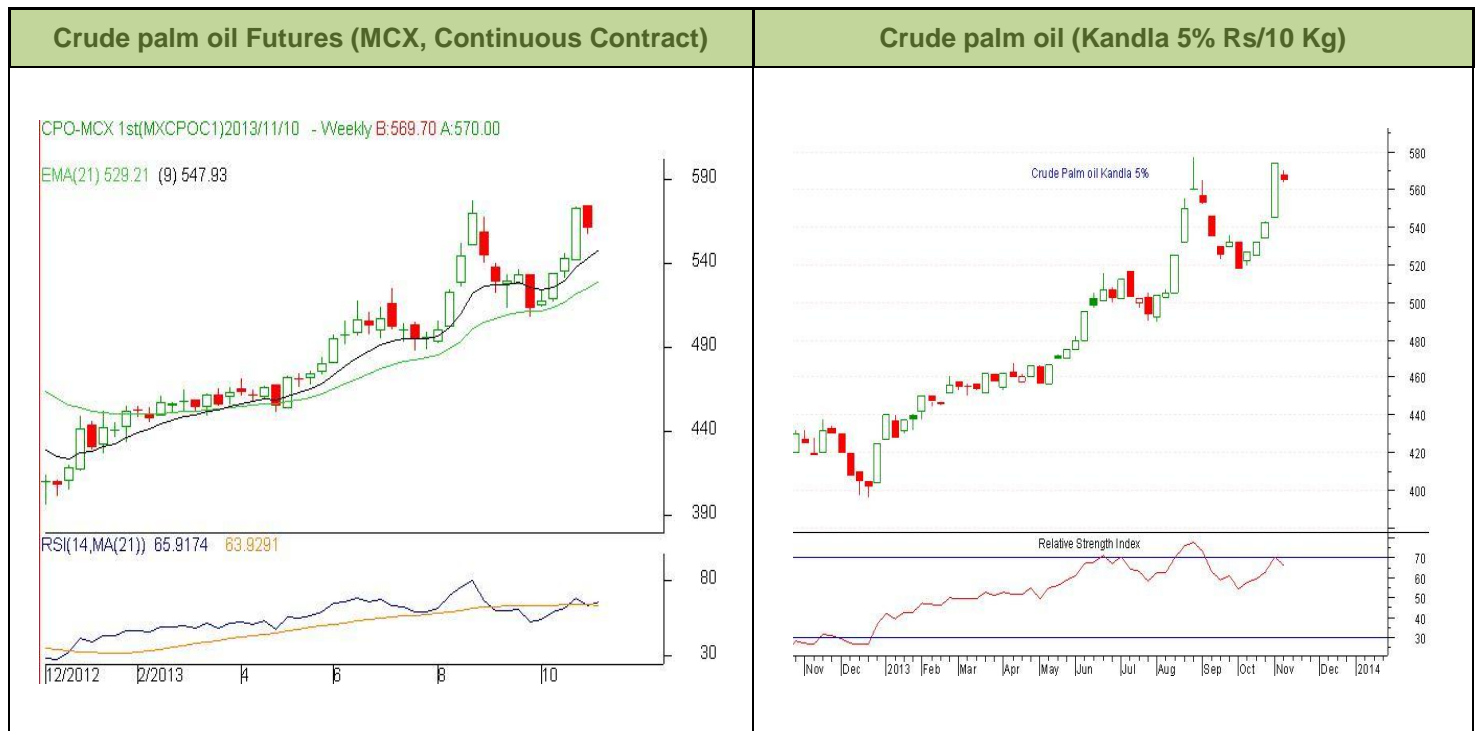
- ❖ Weekly chart of refined soy oil at NCDEX depicts losses. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 744 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 736-715 level in near to medium term. RSI is near to neutral zone and shows evidence of divergence with the ref. soy oil prices.

Strategy: Market participants are advised to go short in RSO below 736 levels for a target of 720 and 715 with a stop loss at 744 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
700	709.00	722.05	750.00	760.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 722-742 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 - Dec. 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 585.60 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 555-576 level. RSI is moving towards neutral zone suggesting likely price correction in the coming week.

Strategy: Market participants are advised to go short in CPO below 576 for a target of 560 and 555 with a stop loss at 585.60 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
542.00	549.00	562.20	582.00	590.00

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 550-575 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		11/8/2013	11/1/2013	
Refined Soybean Oil	Kota(Loose)	730	-	-
	Rajkot (Loose)	702	700	2
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	755	760	-5
	Kakinada	NA	NA	-
	Mumbai +VAT	715	715	Unch
	Indore	718	700	18
	Soy Degum Mumbai+VAT	675	675	Unch
	SoyDegum Kandla/Mundra+VAT	675	675	Unch
	Haldiya Port (Loose)	NA	-	-
	Akola (Loose)	743	741	2
	Amrawati (Loose)	743	741	2
	Jalna	NA	746	-
	Nagpur	753	751	2
Palm Oil	Chennai.RBD.Palmolein.(Loose)	602	605	-3
	Hyd. RBD Palmolein VAT	605	NA	-
	Delhi RBD Palmolein (Loose)	635	650	-15
	Kandla CPO (5%FFA)	564	570	-6
	Kakinada.RBD.Palmolein(Loose)	596	601	-5
	Mumbai RBD Pamolein+ VAT	607	605	2
	Kandla RBD Palmolein +VAT	608	610	-2
Refined Sunflower Oil	Mumbai + VAT	770	810	-40
	Kandla/Mundra	670	690	-20
	Erode (Exp. Oil)+VAT	770	800	-30
	Hyderabad Exp +VAT	716	731	-15
	Chennai (Loose)	760	800	-40
	Bellary (Exp. Oil)+VAT	676	-	-
	Latur (Exp. Oil)+VAT	691	711	-20
	Chellakere (Exp. Oil)+VAT	671	676	-5
Groundnut Oil	Rajkot (Loose)	875	825	50
	Chennai (Loose)	800	810	-10
	Delhi (Loose)	760	780	-20



	Hyderabad Exp +VAT	841	852	-11
	Mumbai + VAT	870	850	20
	Gondal+VAT	NA	-	-
	Jamnagar +VAT	NA	-	-
	Narsarropeth+VAT	700	710	-10
	Prodattour+VAT	746	741	5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	745	735	10
	Alwar (Expeller Oil)(Loose)	731	716	15
	Kota (Expeller Oil) (Loose)	730	-	-
	Jaipur (Expeller Oil) (Loose)	741	730	11
	Delhi (Exp. Oil) (Loose)	750	745	5
	SriGangaNagar(ExpOil-Loose)	738	715	23
	Hapur+VAT	790	-	-
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	780	770	10
Refined Cottonseed Oil	Mumbai +VAT	688	700	-12
	Rajkot (Loose)	680	696	-16
	Delhi (Loose)	670	670	Unch
	Hyderabad (Loose)	650	NA	-
Coconut Oil	Kangayan (Crude)	955	-	-
	Cochin	960	945	15
	Trissur	975	950	25
Sesame Oil	Delhi	1150	1150	Unch
	Mumbai	1060	1040	20
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	620	580	40
Malaysia Palmolein USD/MT	FOB	833	850	-17
	CNF India	865	890	-25
Indonesia CPO USD/MT	FOB	850	862	-12
	CNF India	873	890	-17
Argentina FOB (\$/MT)		11/7/2013	10/31/2013	Change
Crude Soybean Oil Ship		932	941	-9
Refined Soy Oil (Bulk) Ship		964	974	-10



Sunflower Oil Ship	NA	NA	-
Cottonseed Oil Ship	912	921	-9
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.