

## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Compared to the last week, most of the edible oils featured slightly firm tone during the week under review tracking need based demand, gains in the international palm oil market and lower oilseed supplies.*

*On the currency front, Indian rupee against USD closed at 62.87, down 0.57 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, and Malaysian palm oil exports.*

*We expect edible oil complex to trade sideways to slightly firm tone in the coming days owing to upcoming wedding season, winter seasonal demand for oils and lower soybean seed supplies. While, harvesting pressure and better global edible oil supplies estimates may cap excessive gains.*

### **International Veg. Oil Market Summary**

*CBOT soy oil (Dec) is expected to stay in the range of 40 cents/lb to 42.65 cents/lb. CPO at BMD (Dec) is likely to trade in the range of 2570-2670 ringgit per tons.*

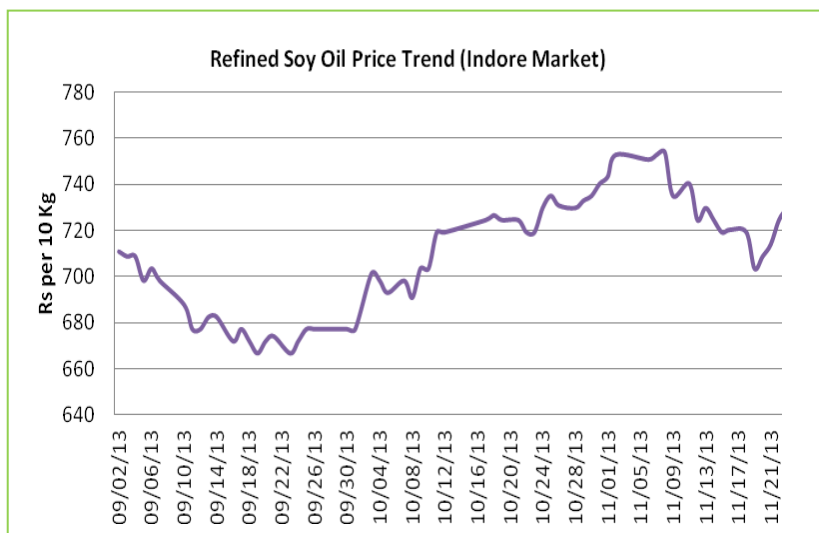
*On the international front, favorable weather conditions over South American soybean growing regions, better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in soy oil prices. However, good demand from china may limit excessive losses in bean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

*Slower pace of palm oil production in South East Asian countries and coconut crop loss in Philippines support the palm oil prices. However, rising Malaysian palm oil inventories and uncertain palm oil demand as palm oil solidifies in cold may limit excessive gains.*

## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soybean oil featured gains on better buying at lower quotes, weak Indian rupee, and bullish cues from international palm oil market.
- At the import front, IBIS figures revealed that India imported 0.32 lakh tons of crude soybean degummed oil during first fifteen days of November majorly from Brazil and Argentina. While Indian buyers imported 1,091,311 tons in the 2012-13 oil year (Nov-Oct).
- Upcoming marriage season, winter seasonal demand and active soybean buying from the oil millers against lower supplies may prop up the soy oil prices in the near to medium term.
- Edible oils stock as on 1 Nov. 2013 at various ports of India is estimated at 5.2 lakh tons which consist of (CPO 2.6 lakh tons, RBD Palmolein 85,000 tons, soybean degummed Oil 1.1 lakh tons, Crude Sunflower Oil 60,000 tons, Rapeseed Oil 5,000 tons) and 8.8 lakh tons in pipelines (SEA of India).
- 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 firm tone in the coming days.



### International Front

- As per the latest crop progress report released by USDA, soybean harvest (as on November 17) was 95 percent complete, advancing from 91 percent in the previous week, but slightly lower than the 5-year average of 96 percent. Harvesting was complete in the states of Louisiana, Nebraska, Ohio, North Dakota and South Dakota.
- Informa has improved its projection for the 2013-14 US soybean yield to 43.3 bushels per acre from 41.7 previously. In addition, production estimate has been increased to 3.298 billion bushels from 3.176 billion bushels.
- As per China's Ministry of Commerce, China is likely to import 5.95 million tons of soybeans in November 2013, up from its previous forecast of 2.97 million tons. Besides, the ministry also revised down its estimate for October soybean imports from 5.21 million tons to 4.53 million tons.
- On the international front, favorable weather conditions over South American soybean growing regions, 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 from china may limit excessive losses in bean and bean oil in the coming days.

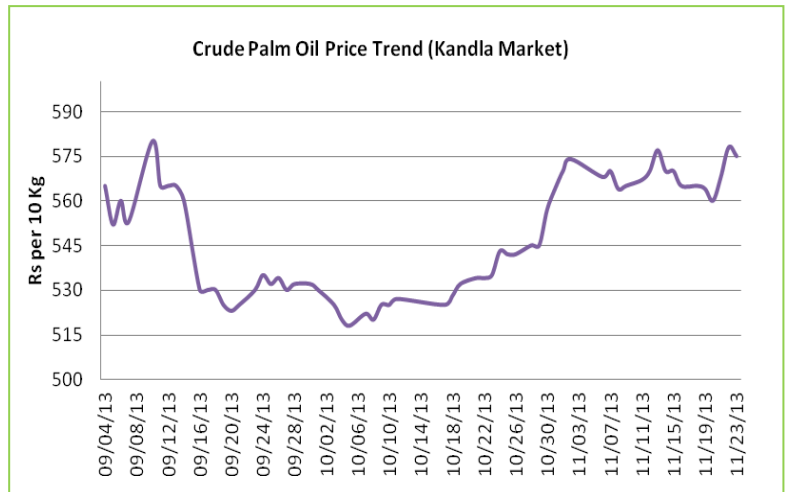
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 718-740 per 10 Kg in the near term.

### **Palm oil Fundamental Analysis and Outlook -:**

#### **Domestic Front**

- CPO Kandla 5% witnessed a range bound movement during the week in review on need based buying.
- At the import front, IBIS figures revealed that Indian buyers imported 3.33 lakh tons of crude palm oil, 0.81 lakh tons of RBD palmolein and 0.13 lakh tons of crude palm kernel oil in the first fifteen days of November majorly from Indonesia, Malaysia and Thailand. Moreover, Indian buyers imported 58.89 lakh tons of crude palm oil in the 2012-13 oil year( Nov-Oct), which is 1.93 percent lower against corresponding period of last year. Meanwhile, RBD palmolein imports were also higher at 22.2 lakh tons during 2012-13 oil year (Nov-Oct), up 41 percent compared to the last year (SEA of India).
- Indian Government has revised the tariff value for of crude palm oil to US \$ 914 increased by US \$65 per tons and raised base import price on refined palmolein by \$60 per tons to US \$ 960 per tons.
- We expect domestic palm oil prices likely to trade range bound in the days ahead.



#### **International Front**

- BMD witnessed weekly gains in expectation of slower pace of palm oil production in the coming month due to monsoon, which may disrupt harvesting process and rising palm oil exports trend. Crude palm oil at BMD December contract ended at RM 2,640 per tons, up by 27 points from last week. Malaysian 1-20 November palm oil exports down 2.1 on m-o-m basis.
- As per Chinese custom department, China imported 414, 683 tons of palm oil in October, down 35.0% on y-o-y basis. While, 99.703 tons of soy oil was imported, down 56.2 percent on y-o-y basis.
- As per IPOA, Indonesian palm oil output for 2014 seen at 29.5 million tons, up 13 percent from last year due to more maturing plantation areas are harvested. Moreover, Malaysian industry regulator expects Malaysian palm oil production at 19.5 million tons in 2014
- 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.
- Slower pace of palm oil production in South East Asian countries and coconut crop loss in Philippines support the palm oil prices. However, rising Malaysian palm oil inventories and uncertain palm oil demand as palm oil solidifies in cold may limit excessive gains.

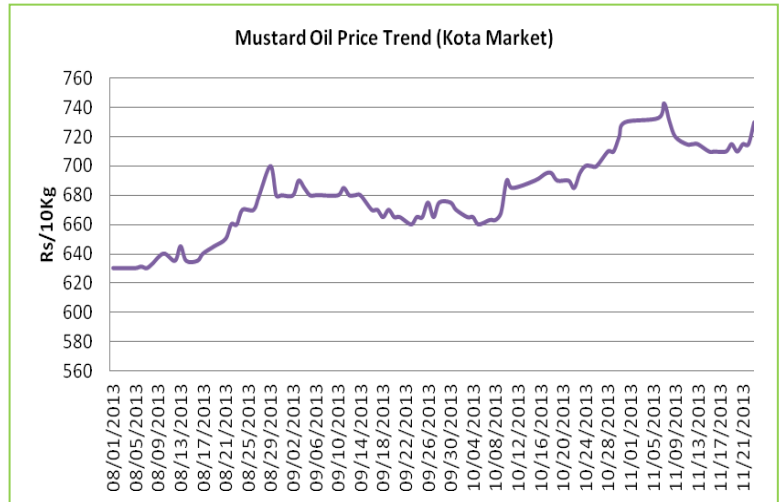
#### **Price Outlook:**

We expect CPO Kandla 5% (with VAT) to stay in the range of 565-590 per 10 Kg in the near term.

### **Rapeseed oil Fundamental Review and Analysis:-**

#### **Domestic Front**

- Mustard oil featured higher during the week at the Kota market tracking gains in the competing soy oil and bullish cues from the international oil and fats market. However, higher mustard seed planting reports limit the bulls.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 54.41 lakh hectares as on 21 Nov. 2013, up 2.03 lakh hectares compared to the corresponding period last year.
- 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.



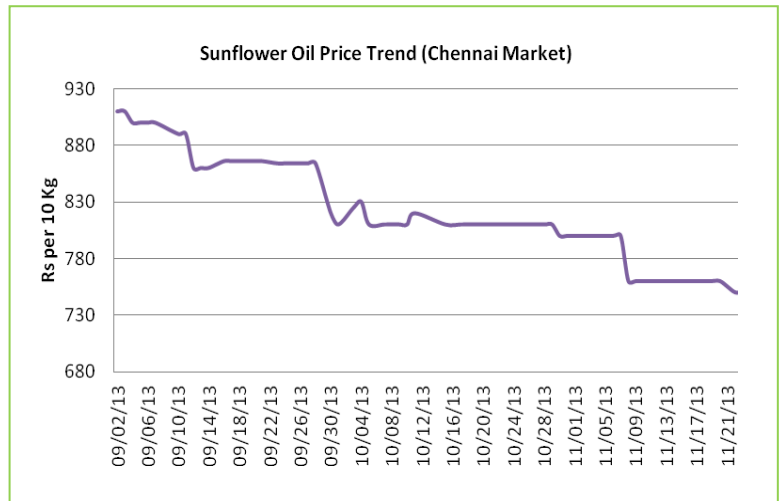
#### **Price Outlook:**

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 710-745 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 during October.
- As per Ministry of Agriculture, sown area for Rabi sunflower seed stood at 2.55 lakh hectares as on 21 Nov. 2013, down 0.67 lakh hectares compared to the corresponding period last year.
- At import front, Indian buyers imported 0.52 lakh tons of crude sunflower oil during first fifteen days of November majorly from Ukraine and Argentina. While, SEA of India reports that crude sunflower oil imports by India reached 9.73 lakh tons in the oil year 2012-13 and were thus lower than the 11.34 lakh tons imports against same period last year. However, imports were higher on m-o-m basis in October at 1.19 lakh tons compared with 48,498 tons in September.
- We expect sunflower oil prices may trade with steady tone in the near term.

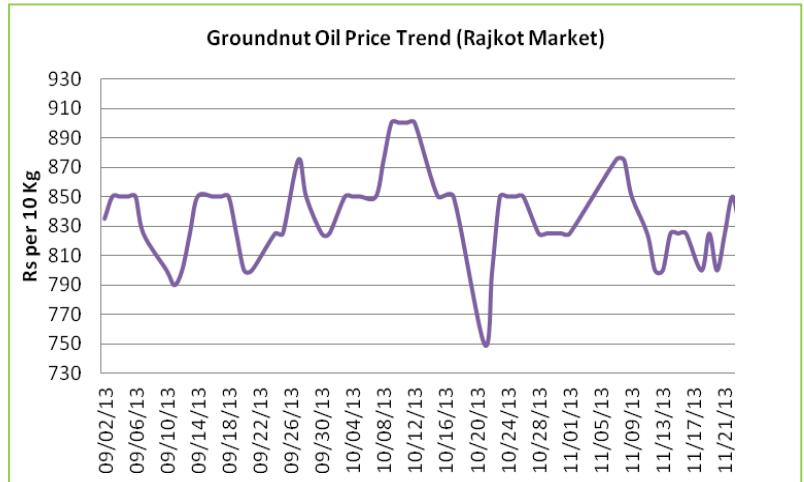


**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 725-755 per 10 Kg.

### 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.
- Good raw material supplies and need-based demand at cash market may pressurize the groundnut oil prices in the near term. Moreover, weak buying witnessed from retail.
- 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.



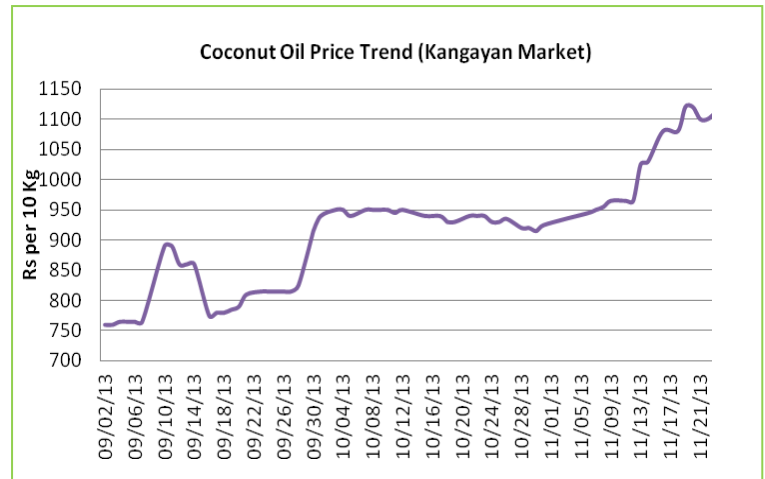
#### Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 820-875 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:-

#### Domestic Front

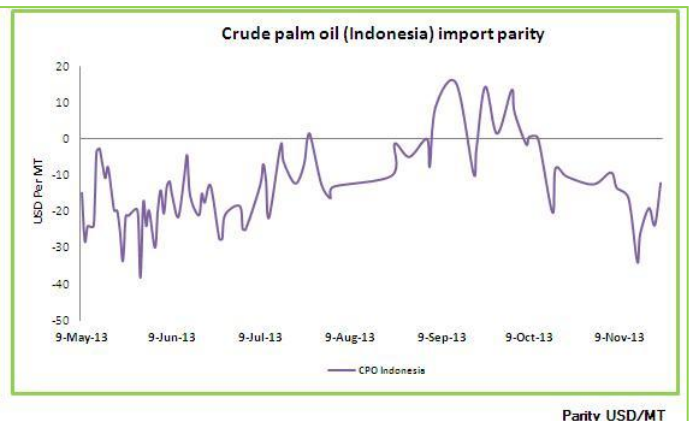
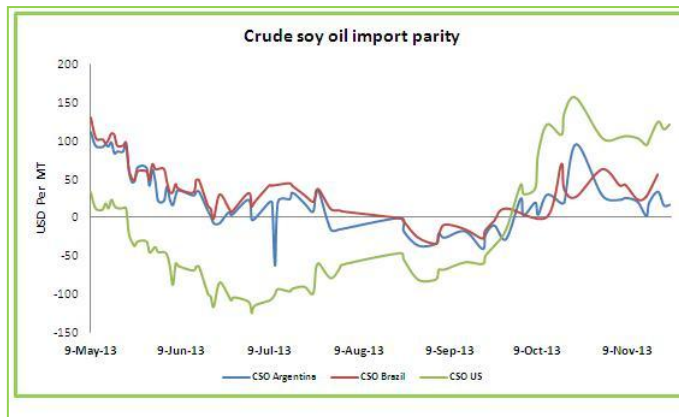
- Coconut oil featured steady to firm tone at its benchmark market Erode during the week due to better buying and weak copra arrivals.
- Lower arrivals of copra, shortage of copra for crushing, good demand ahead of festivities and active buying from stockists support the coconut oil prices and prices may further increase for the short term. However, forecasts for ample domestic as well as global vegetable oil supplies and limited buying at higher quotes may limit upside in the medium 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 1050-1150 per 10 Kg.

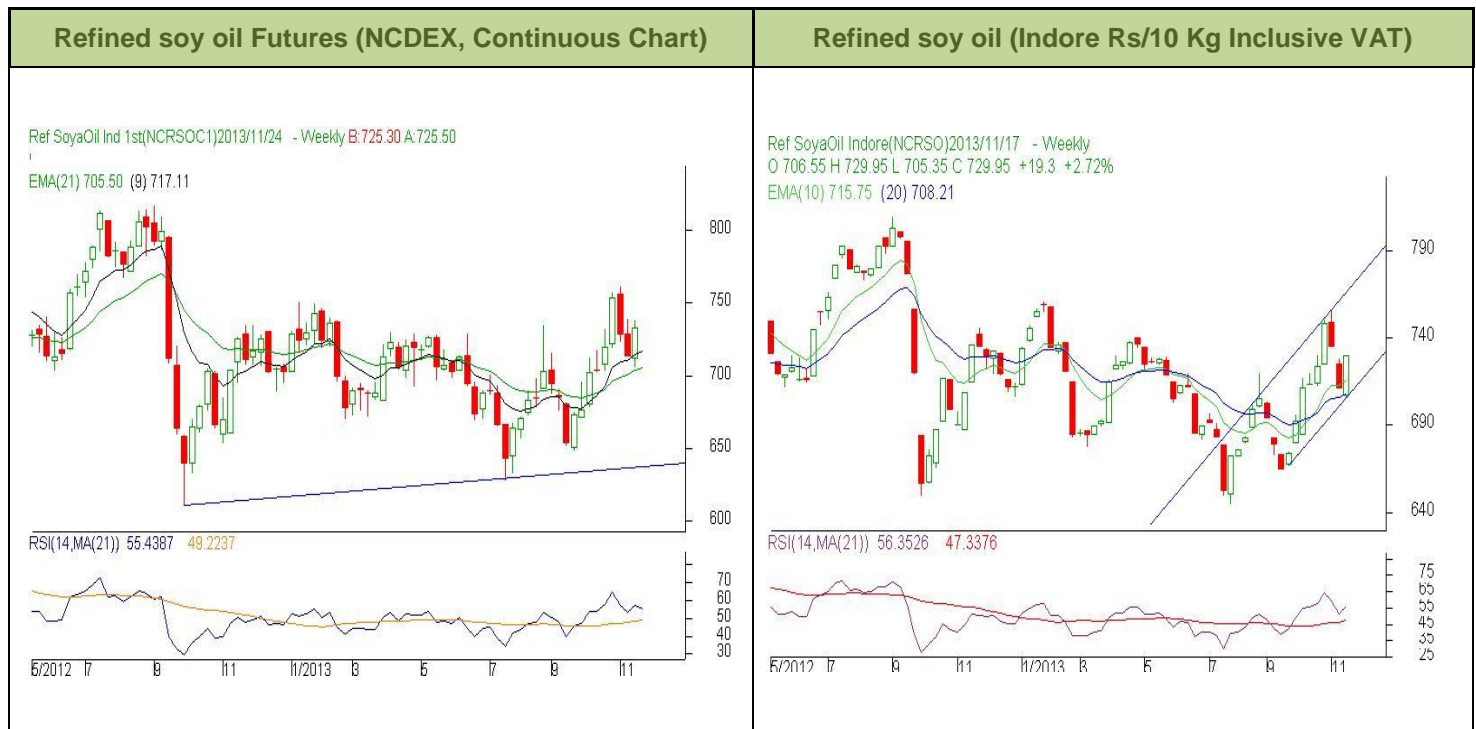
**Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil**

<b>Landed Cost Calculation as on 23/11/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	947	NA	858	855
Freight (USD/MT)	75	65	60	35.0
C & F	1022.0	65.0	918.0	890.0
Weight loss (0.25% of FOB)	2.37	-	2.15	2.14
Finance charges (0.4% on CNF)	4.09	0.26	3.67	3.56
Insurance (0.3% of C&F)	3	0	3	3
CIF (Indian Port - Kandla)	1032	-	927	898
CVD	0	0	0	0
Duty USD per ton	25.58	25.58	25.58	22.85
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.5115	0.5115	0.5115	0.457
Exchange rate	62.49	62.49	62.49	62.49
Landed cost without customs duty in INR per ton	64460	-	57901	56139
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1023	1023	1023	914
Fixed exchange rate by customs department	63.10	63.10	63.10	63.10
Duty component in INR per ton	1613.78	1613.78	1613.78	1441.84
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	66747	-	60188	58254
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	67800	67800	67800	57500
Total landed cost USD per ton	1068	-	963	932
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1085	1085	1085	920
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1053</b>	<b>-</b>	<b>7612</b>	<b>-754</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>16.86</b>	<b>-</b>	<b>121.81</b>	<b>-12.06</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 (Jan. contract).**

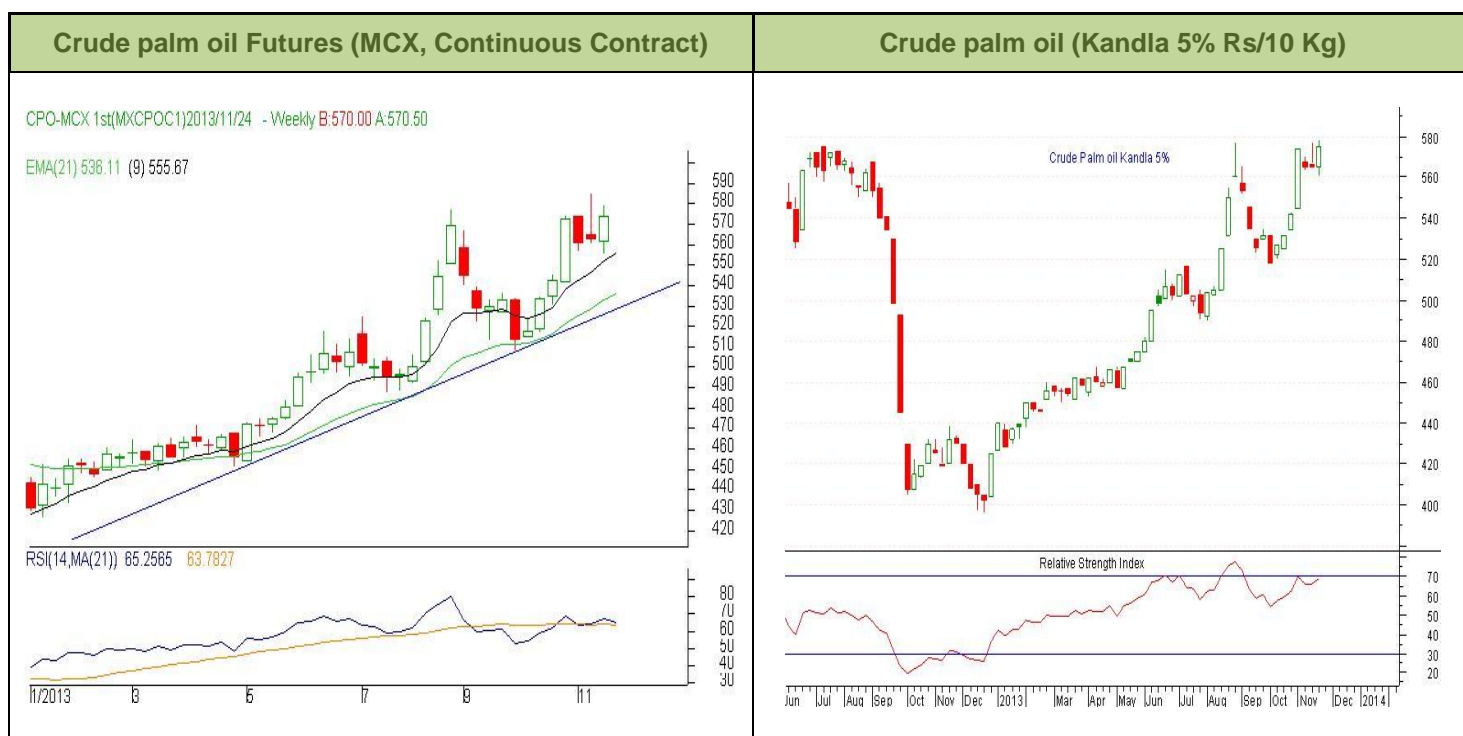
- ❖ Weekly chart of refined soy oil at NCDEX depicts gains. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 712.60 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 721-738 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 long in RSO below 721 levels for a target of 735 and 738 with a stop loss at 712.60 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
698.00	707.00	734.15	747.00	755.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 718-740 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 562.80 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 568-579 level. RSI is moving towards neutral zone suggesting likely range bound movement in the coming week.

**Strategy:** Market participants are advised to go long in CPO above 568 for a target of 577 and 579 with a stop loss at 562.6 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
551.00	558.00	575.90	589.00	596.00

**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 565-590 per 10 Kg.



Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		11/22/2013	11/15/2013	
Refined Soybean Oil	Kota(Loose)	715	710	5
	Rajkot (Loose)	698	700	-2
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	740	750	-10
	Kakinada	NA	NA	-
	Mumbai +VAT	690	710	-20
	Indore	690	685	5
	Soy Degum Mumbai+VAT	672	672	Unch
	SoyDegum Kandla/Mundra+VAT	672	672	Unch
	Haldiya Port (Loose)	NA	711	-
	Akola (Loose)	712	721	-9
	Amrawati (Loose)	712	721	-9
	Jalna	721	716	5
	Nagpur	726	731	-5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	620	615	5
	Hyd. RBD Palmolein VAT	580	600	-20
	Delhi RBD Palmolein (Loose)	635	640	-5
	Kandla CPO (5%FFA)	578	570	8
	Kakinada.RBD.Palmolein(Loose)	606	595	11
	Mumbai RBD Pamolein+ VAT	610	612	-2
	Kandla RBD Palmolein +VAT	615	610	5
Refined Sunflower Oil	Mumbai + VAT	745	750	-5
	Kandla/Mundra	680	670	10
	Erode (Exp. Oil)+VAT	745	760	-15
	Hyderabad Exp +VAT	711	711	Unch
	Chennai (Loose)	750	760	-10
	Bellary (Exp. Oil)+VAT	664	671	-7
	Latur (Exp. Oil)+VAT	676	681	-5
	Chellakere (Exp. Oil)+VAT	NA	671	-
Groundnut Oil	Rajkot (Loose)	850	825	25
	Chennai (Loose)	780	780	Unch
	Delhi (Loose)	750	760	-10
	Hyderabad Exp +VAT	825	841	-16



	Mumbai + VAT	860	870	<b>-10</b>
	Gondal+VAT	850	NA	-
	Jamnagar +VAT	850	NA	-
	Narsarropeth+VAT	660	680	<b>-20</b>
	Prodattour+VAT	751	NA	-
<b>Rapeseed Oil</b>	Mumbai (Exp. Oil) +VAT	730	735	<b>-5</b>
	Alwar (Expeller Oil)(Loose)	726	706	<b>20</b>
	Kota (Expeller Oil) (Loose)	715	710	<b>5</b>
	Jaipur (Expeller Oil) (Loose)	748	737	<b>11</b>
	Delhi (Exp. Oil) (Loose)	745	753	<b>-8</b>
	SriGangaNagar(ExpOil-Loose)	724	725	<b>-1</b>
	Hapur+VAT	780	785	<b>-5</b>
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	780	770	<b>10</b>
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	665	665	<b>Unch</b>
	Rajkot (Loose)	655	645	<b>10</b>
	Delhi (Loose)	650	665	<b>-15</b>
	Hyderabad (Loose)	NA	NA	-
<b>Coconut Oil</b>	Kangayan (Crude)	1100	NA	-
	Cochin	1090	1060	<b>30</b>
	Trissur	1110	1020	<b>90</b>
<b>Sesame Oil</b>	Delhi	1250	1150	<b>100</b>
	Mumbai	1250	1180	<b>70</b>
<b>Kardi</b>	Mumbai	1000	1000	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	Delhi	NA	NA	-
<b>Rice Bran Oil (4%)</b>	Punjab	625	620	<b>5</b>
<b>Malaysia Palmolein USD/MT</b>	FOB (December Shipment)	858	848	<b>10</b>
	CNF (December Shipment) India	885	883	<b>2</b>
<b>Indonesia CPO USD/MT</b>	FOB (December Shipment)	870	870	<b>Unch</b>
	CNF (December Shipment) India	895	895	<b>Unch</b>
<b>Argentina FOB (\$/MT)</b>		<b>11/21/2013</b>	<b>11/14/2013</b>	<b>Change</b>
Crude Soybean Oil Ship		951	NA	-
Refined Soy Oil (Bulk) Ship		984	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		931	NA	-



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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