

## **Executive Summary**

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

*Compared to the last week, most of the edible oils featured weak tone during the week under review tracking limited buying against adequate supplies and strong Indian rupee against US dollar.*

*On the currency front, Indian rupee against USD closed at 62.43, up 0.70 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 weak tone in the coming days owing to limited buying and Iranian nuclear deal may affect soy meal exports. While, upcoming wedding season, winter seasonal demand for oils and lower soybean seed supplies may limit excessive losses.*

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

*CBOT soy oil (Dec) is expected to stay in the range of 39.80 cents/lb to 42.65 cents/lb. CPO at BMD (Dec) is likely to trade in the range of 2580-2690 ringgits 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 in expectation of good biofuel demand may 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.*

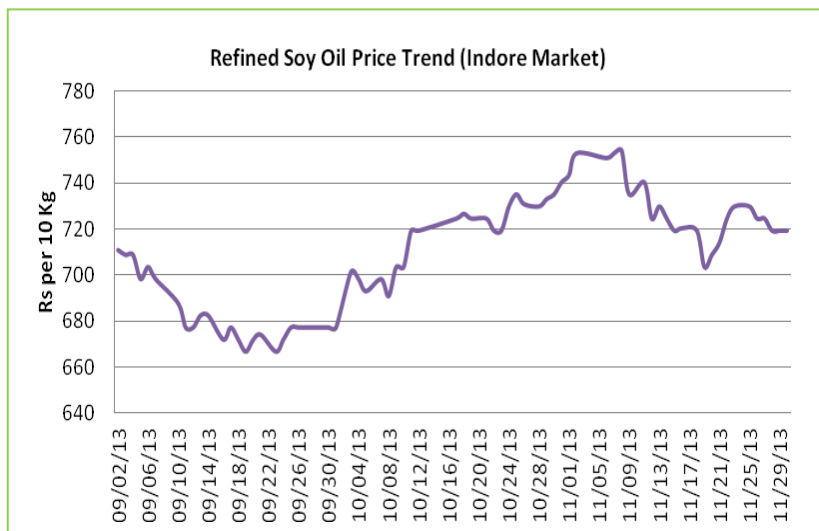
## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soybean oil featured slight losses on lackluster buying, strong Indian rupee, and talk of Iranian soy meal buyers may switch to South American countries due to higher prices of Indian meals comparative to global soy meal prices.
- At the import front, IBIS figures revealed that India imported 0.46 lakh tons of crude soybean degummed oil in Nov 1-24, 2013 majorly from Brazil and Argentina. While Indian buyers imported 1,091,311 tons in the 2012-13 oil year (Nov-Oct). 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. Crude soy oil Argentina basis hovering near to US \$ 45 per tons.

- 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. However, talk of Iranian soy meal buyers may switch to Argentinean and Brazilian buyers due to lower quotes and nuclear deal between Iran and global powers may limit gains.
- 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 tone in the coming days.



### International Front

- As per AgRural, soybean sowing in Brazil advanced to 79 percent complete (as on Nov 22), slightly above the 78 percent mark a year earlier but behind the five-year average of 81 percent. Planting is 96 percent complete in top producing state Mato Grosso.
- The Buenos Aires Grain Exchange predicts Argentina's total planted soybean area for the 2014 harvest at 20.45 million ha, up 0.25 million ha from the previous forecast. While, last year Argentinean farmers planted 19.7 million ha of soybean.
- Soybean crush in Argentina totaled to 29.9 million tons in January to October 2013, up 0.8 million tons crushed in the corresponding period of the last year – Oil World.
- 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.

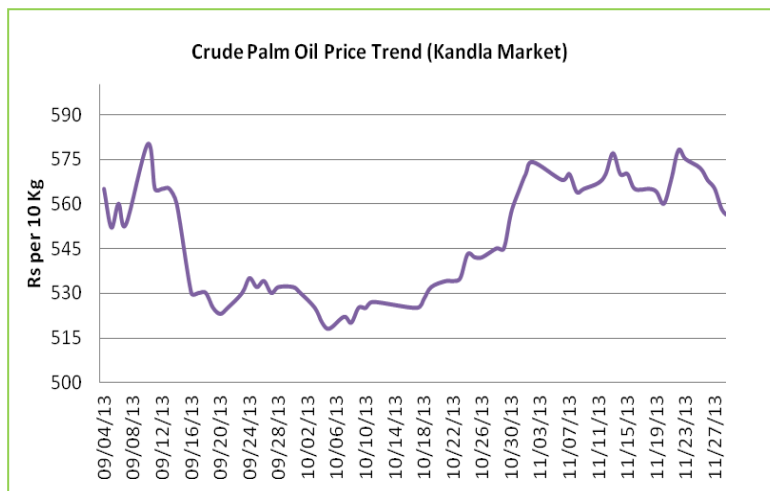
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 700-722 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 4.95 lakh tons of crude palm oil, 1.54 lakh tons of RBD palmolein, 1.0 lakh tons of crude sunflower oil and 0.19 lakh tons of crude palm kernel oil during 1-24 Nov. 2013 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).
- 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).
- 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 slightly gains on w-o-w basis in expectation of good biofuel demand, which may support the palm oil prices in the coming months. Crude palm oil at BMD December contract ended at RM 2,654 per tons, up by 12 points from last week. Exports of Malaysian palm oil products for Nov. 1-25 fell 2.3 percent to 1,230,878 tons from 1,259,841 tons shipped during Oct. 1-25 - cargo surveyor Societe Generale de Surveillance. India imported 274,945 tons of palm oil products during Nov. 1-25 from Malaysia.
- Malaysia--Palm oil will likely advance to 3,000 ringgit (\$929) a metric ton by next March in expectation of 2.5 million tons biodiesel consumption rise in Asia and if Brazil ups its biodiesel mandate. On the palm oil production front, in the current year palm-oil output in Malaysia sets at 19.5 million tons, while Indonesia's output likely to reach 27.5 million tons. In 2014, palm oil output seen in the range of 19.5 million-19.7 million tons in Malaysia - Dorab Mistry.
- As per Indonesian Palm Oil Association (GAPKI), palm oil output in Indonesia seen at 28.5 million tons next year, up 6 percent from 2013. Moreover, global palm oil prices would average between \$850, \$950 due to global economy recovers, and new biodiesel rule.
- 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.
- Slower pace of palm oil production in South East Asian countries and in expectation of good biofuel demand may 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.

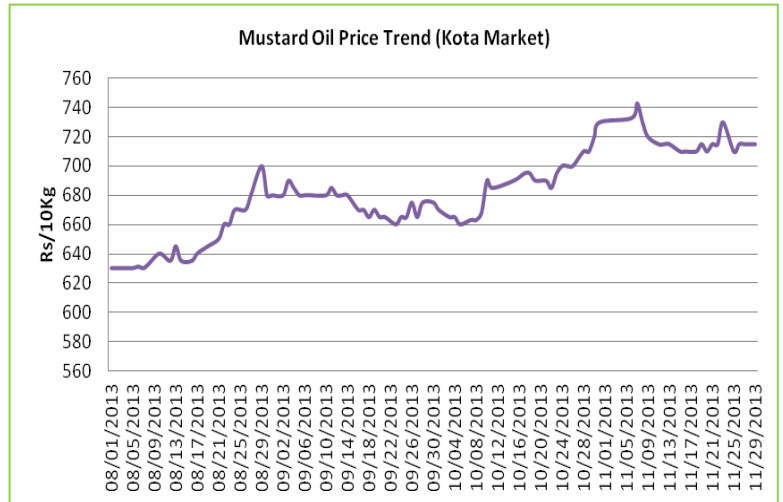
### Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 545-570 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 losses in the competing soy oil and higher mustard seed planting reports limit the bulls. However, bullish cues from the international palm oil market limit downside
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 60.74 lakh hectares as on 28 Nov. 2013, up 3.58 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.



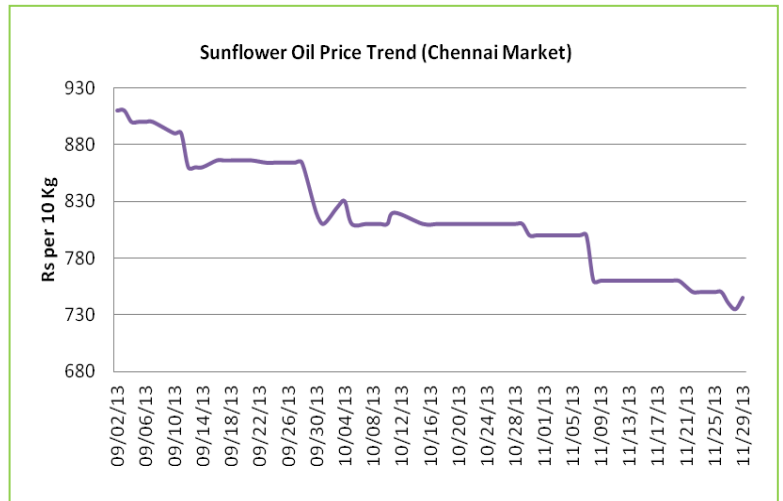
#### Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 695-725 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 2.85 lakh hectares as on 28 Nov. 2013, down 0.54 lakh hectares compared to the corresponding period last year.
- At import front, Indian buyers imported one lakh tons of crude sunflower oil during 1-24 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.

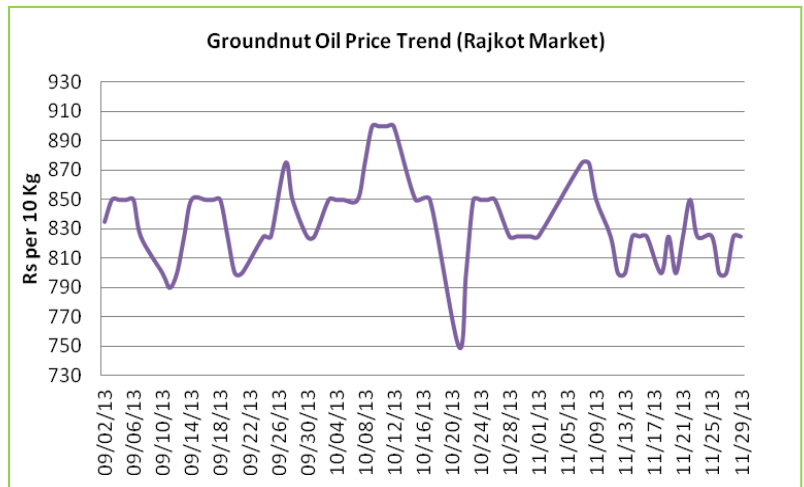


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 715-750 per 10 Kg.

### 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, average export demand for groundnut seed, good raw material availability for crushing and need-based demand at cash market may pressurize the groundnut oil prices in the near term. However, lower quotes of groundnut oil may support the retail demand in the coming days.
- 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 Agriwatch, groundnut oil production for 2013-14 marketing year is projected at six lakh tons which are higher than last year production estimate of 3.28 lakh tons.
- We expect groundnut oil prices may trade sideways in the days ahead.



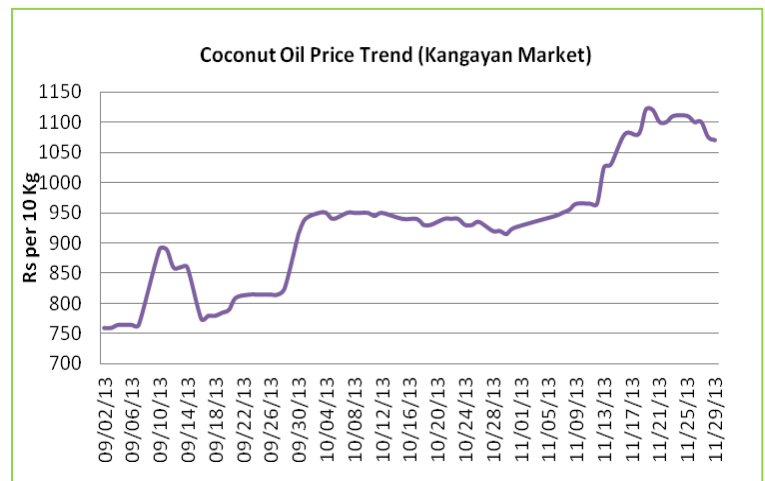
#### Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 810-860 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:-

#### Domestic Front

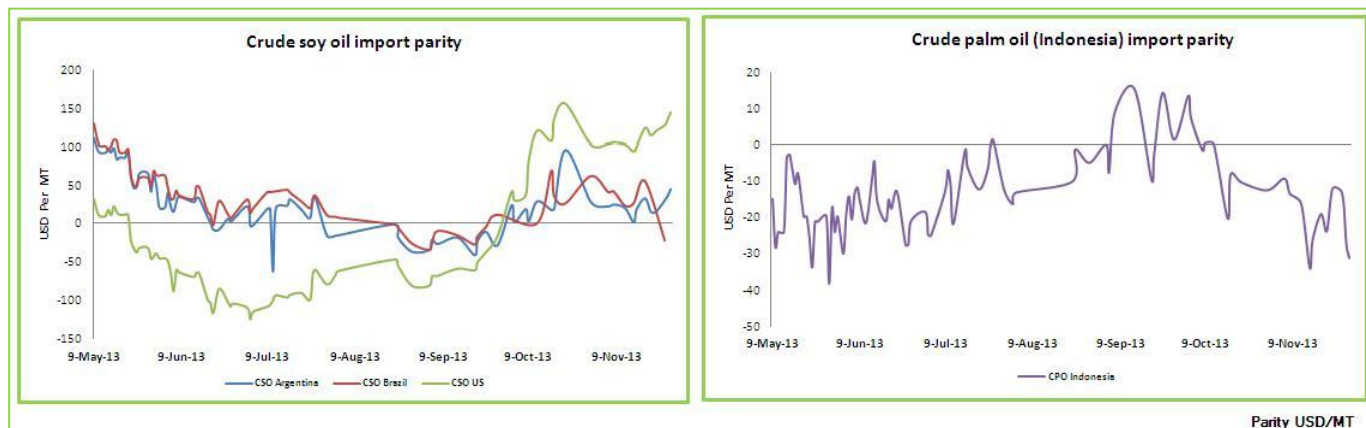
- Coconut oil featured steady to slightly weak tone at its benchmark market Kanganayan during the week due to limited buying at higher quotes. However, corporate buying may reemerge at lower quotes.
- As per sources, average copra supplies, limited buying at higher quotes, and profit booking by stockists likely to support the bears for the short term. However, lean season and coconut crop damage in Philippines may limit excessive losses in the domestic prices.
- 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 1025-1100 per 10 Kg.

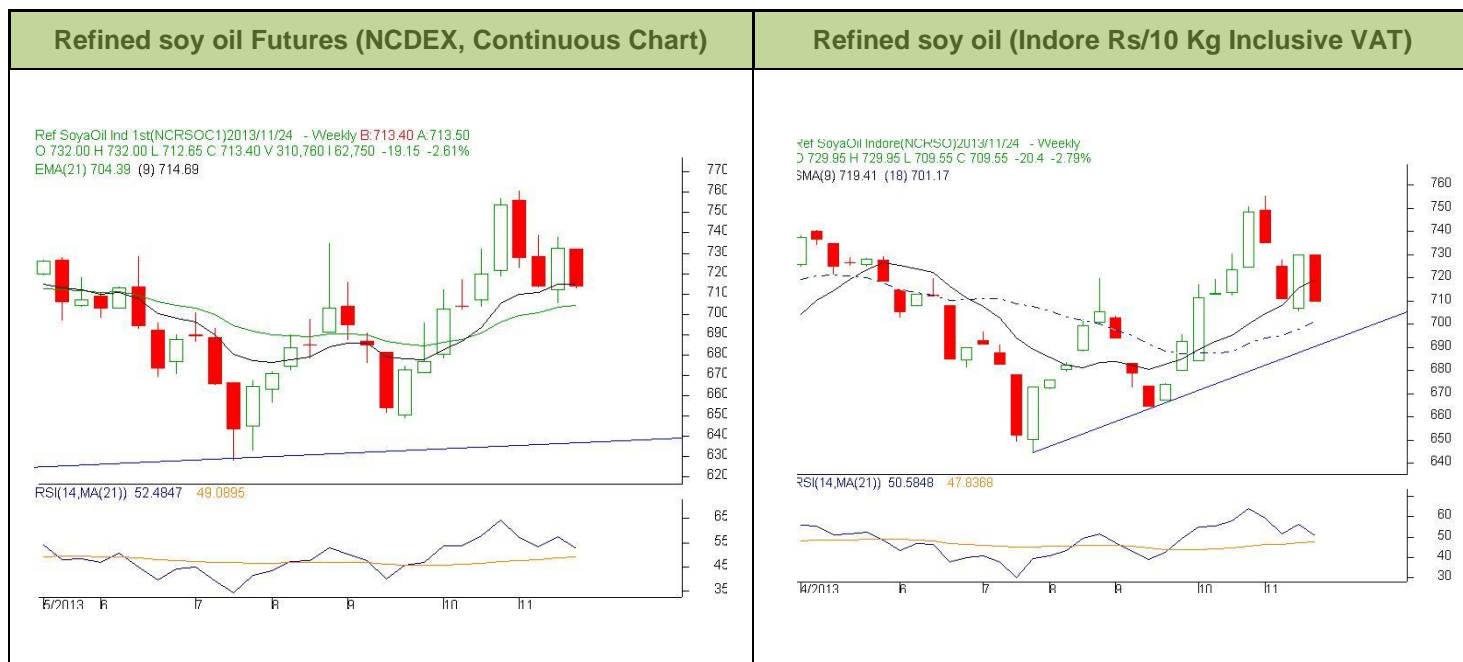
**Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil**

<b>Landed Cost Calculation as on 29/11/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	916	NA	NA	865
Freight (USD/MT)	75	65	60	15.0
C & F	991.0	65.0	60.0	880.0
Weight loss (0.25% of FOB)	2.29	-	-	2.16
Finance charges (0.4% on CNF)	3.96	0.26	0.24	3.52
Insurance (0.3% of C&F)	3	0	0	3
CIF (Indian Port - Kandla)	1000	-	-	888
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	62.39	62.39	62.39	62.39
Landed cost without customs duty in INR per ton	62404	-	-	55422
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	64691	-	-	57537
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	67200	67200	67200	55600
Total landed cost USD per ton	1037	-	-	922
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1077	1077	1077	891
<b>Parity INR/MT (Domestic - Landed)</b>	<b>2509</b>	<b>-</b>	<b>-</b>	<b>-1937</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>40.22</b>	<b>-</b>	<b>-</b>	<b>-31.05</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 weak tone in the days ahead. Investors are advised to sell refined soy oil (Jan. contract).**

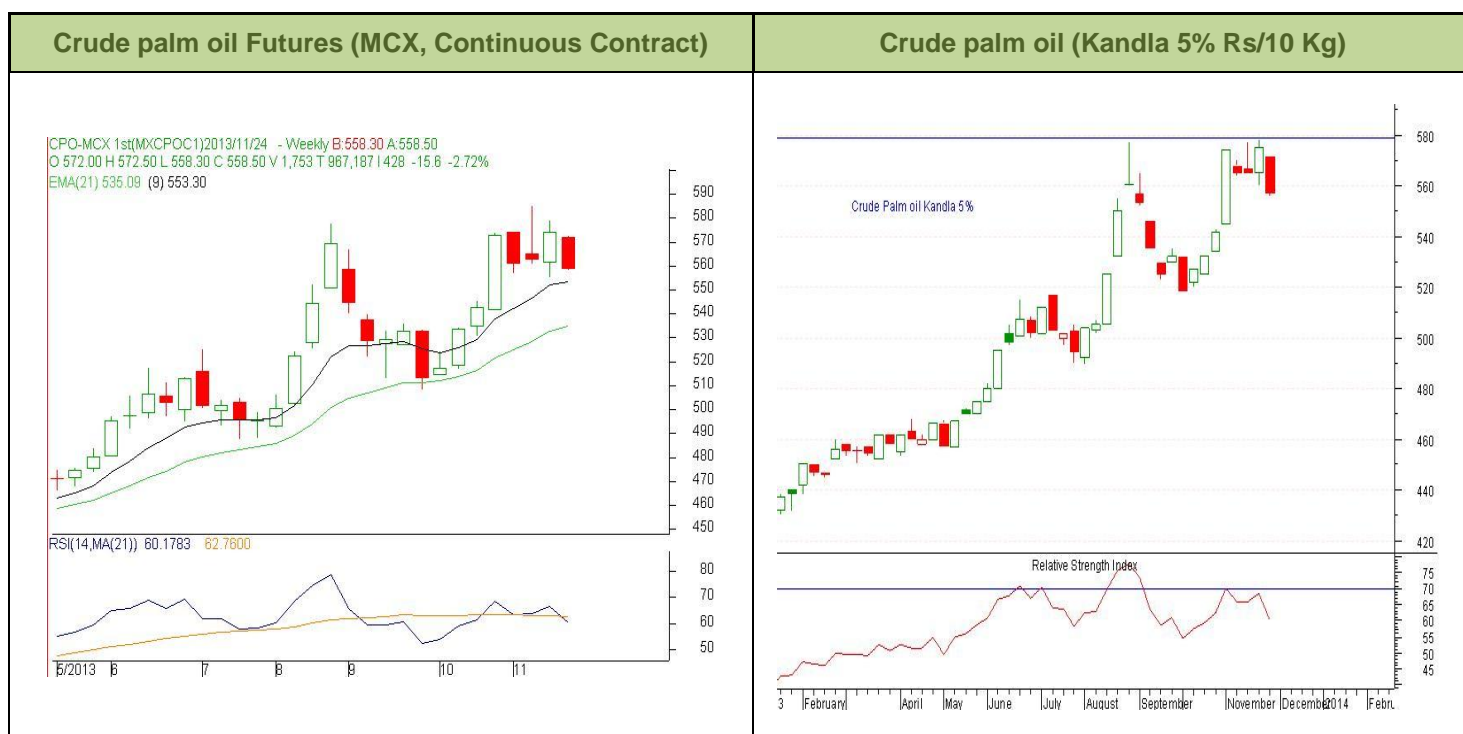
- ❖ Weekly chart of refined soy oil at NCDEX depicts losses. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 732 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 725-704 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 between 721-725 levels for a target of 708 and 704 with a stop loss at 732 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
691.00	700.00	716.85	732.00	742.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 700-722 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 572 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 567-555 level. RSI is moving towards neutral zone suggesting likely range bound movement in the coming week.

**Strategy:** Market participants are advised to go short in CPO below 567 for a target of 559 and 555 with a stop loss at 572 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
545.00	550.00	564.70	575	585

**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 545-570 per 10 Kg.



Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		11/29/2013	11/22/2013	
Refined Soybean Oil	Kota(Loose)	700	715	-15
	Rajkot (Loose)	690	698	-8
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	725	740	-15
	Kakinada	NA	NA	-
	Mumbai +VAT	670	690	-20
	Indore	685	690	-5
	Soy Degum Mumbai+VAT	672	672	Unch
	SoyDegum Kandla/Mundra+VAT	670	672	-2
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	696	712	-16
	Amrawati (Loose)	696	712	-16
	Jalna	701	721	-20
	Nagpur	706	726	-20
Palm Oil	Chennai.RBD.Palmolein.(Loose)	605	620	-15
	Hyd. RBD Palmolein VAT	600	580	20
	Delhi RBD Palmolein (Loose)	620	635	-15
	Kandla CPO (5%FFA)	556	578	-22
	Kakinada.RBD.Palmolein(Loose)	594	606	-12
	Mumbai RBD Pamolein+ VAT	595	610	-15
	Kandla RBD Palmolein +VAT	590	615	-25
Refined Sunflower Oil	Mumbai + VAT	720	745	-25
	Kandla/Mundra	670	680	-10
	Erode (Exp. Oil)+VAT	735	745	-10
	Hyderabad Exp +VAT	NA	711	-
	Chennai (Loose)	745	750	-5
	Bellary (Exp. Oil)+VAT	NA	664	-
	Latur (Exp. Oil)+VAT	NA	676	-
	Chellakere (Exp. Oil)+VAT	NA	NA	-
Groundnut Oil	Rajkot (Loose)	825	850	-25
	Chennai (Loose)	765	780	-15
	Delhi (Loose)	750	750	Unch
	Hyderabad Exp +VAT	820	825	-5



	Mumbai + VAT	850	860	-10
	Gondal+VAT	825	850	-25
	Jamnagar +VAT	825	850	-25
	Narsarropeth+VAT	670	660	10
	Prodattour+VAT	740	751	-11
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	723	730	-7
	Alwar (Expeller Oil)(Loose)	716	726	-10
	Kota (Expeller Oil) (Loose)	715	715	Unch
	Jaipur (Expeller Oil) (Loose)	729	748	-19
	Delhi (Exp. Oil) (Loose)	735	745	-10
	SriGangaNagar(ExpOil-Loose)	720	724	-4
	Hapur+VAT	770	780	-10
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	760	780	-20
Refined Cottonseed Oil	Mumbai +VAT	665	665	Unch
	Rajkot (Loose)	635	655	-20
	Delhi (Loose)	630	650	-20
	Hyderabad (Loose)	NA	NA	-
Coconut Oil	Kangayan (Crude)	1070	1100	-30
	Cochin	1100	1090	10
	Trissur	1100	1110	-10
Sesame Oil	Delhi	1250	1250	Unch
	Mumbai	1350	1250	100
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	590	625	-35
Malaysia Palmolein USD/MT	FOB (December Shipment)	845	858	-13
	CNF (December Shipment) India	870	885	-15
Indonesia CPO USD/MT	FOB (December Shipment)	865	870	-5
	CNF (December Shipment) India	880	895	-15
Argentina FOB (\$/MT)		11/28/2013	11/21/2013	Change
Crude Soybean Oil Ship		NA	951	-
Refined Soy Oil (Bulk) Ship		NA	984	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		NA	931	-



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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