

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 (6 Dec. 2013) at 61.42, up 1.61 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 and inventory level.

We expect edible oil complex to trade sideways tone in the coming days owing to limited buying against adequate supplies, strong Indian rupee 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 (Jan) is expected to stay in the range of 39.50 cents/lb to 42.85 cents/lb. CPO at BMD (Jan) is likely to trade in the range of 2570-2690 ringgit per tons. Exports of Malaysian palm oil products for November fell 4.87 per cent to 1,472,694 tons from last month - SGS. Traders wait for data from the Malaysian Palm Oil Board Dec. 10.

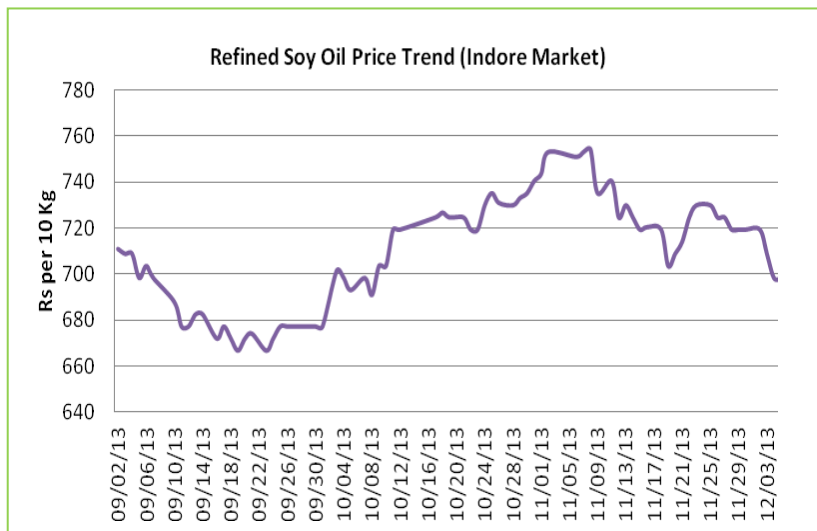
On the international front, favorable weather conditions over South American soybean growing regions, better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in soy oil prices. However, good demand from china may limit excessive losses in bean 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 losses on need based buying, higher prices of Indian meals comparative to global soy meal prices and strong Indian rupee against US dollar.
- 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.
- 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.
- 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.
- We expect soy oil may trade with a steady tone in the coming days.



International Front

- As per Safras & Mercado, Brazilian farmers have planted 88% of the estimated soybean acreage by November 29, 2013, up 10% from previous week and 86% reported at the corresponding period of the last year.
- 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.

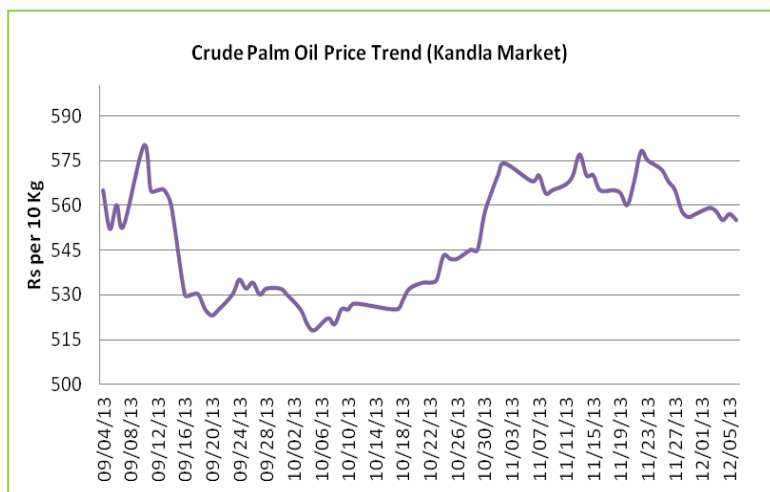
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 692-720 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).
- 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.
- 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).
- 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 and may support the palm oil prices in the coming month. Crude palm oil at BMD December contract ended at RM 2,670 per tons, up by 12 points from last week. Exports of Malaysian palm oil products for November fell 4.87 per cent to 1,472,694 tons from last month - SGS.
- As per Reuters survey, Malaysian palm oil ending stocks for November seen at 1.98 Mln tons, up 7.2 pct from last month. While, Nov. palm oil output seen at 1.95 Mln tons, down one pct on m-o-m basis.
- 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 has 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.
- 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. Traders wait for data from the Malaysian Palm Oil Board Dec. 10.

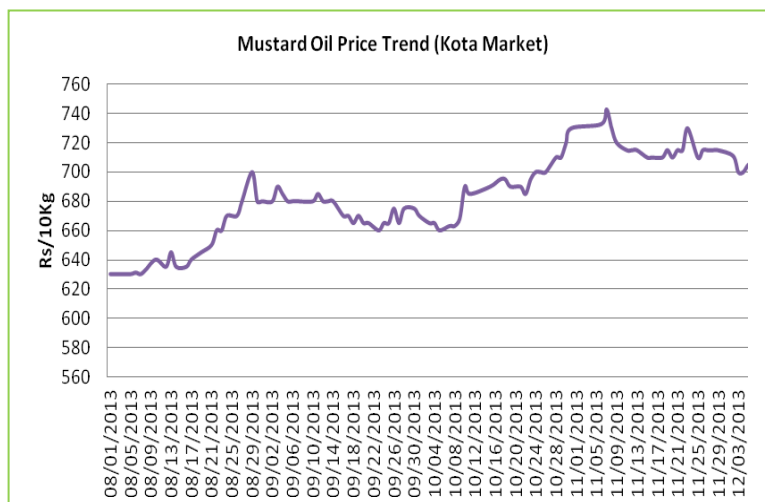
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 540-568 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 due to lackluster buying against adequate supplies and higher planting report. However, bullish cues from the international palm oil market limit downside
- As per sources, higher mustard seed planting and average demand may support the bears for short term. However, seasonal demand for oils may cap excessive downside. As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 64.23 lakh hectares as on 05 Dec. 2013, up 3.44s 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.



International Front

- As per Informa Economics, global rapeseed production for 2014-15 is projected at 68.5 million tons, down 0.5 million tons from last year. Output in Canada s forecast at 16.9 Mln t, EU at 21.1 Mln t, China at 14.1Mln t and India at 7.2 Mln t.

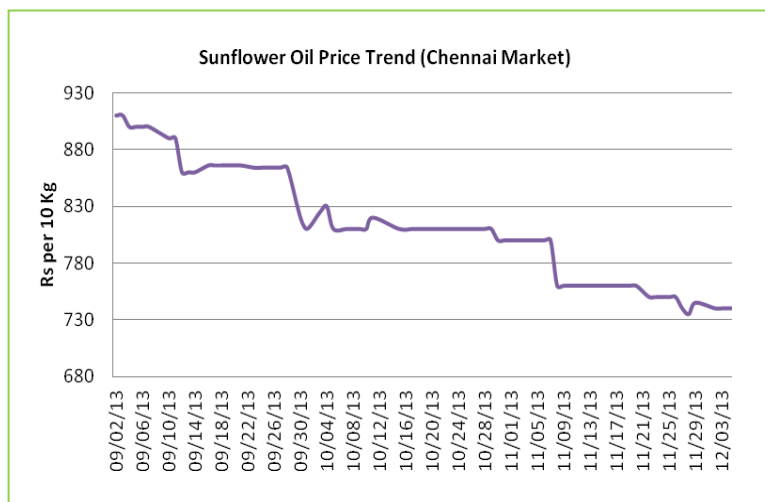
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 690-715 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 3.08 lakh hectares as on 05 Dec. 2013, down 0.58 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.

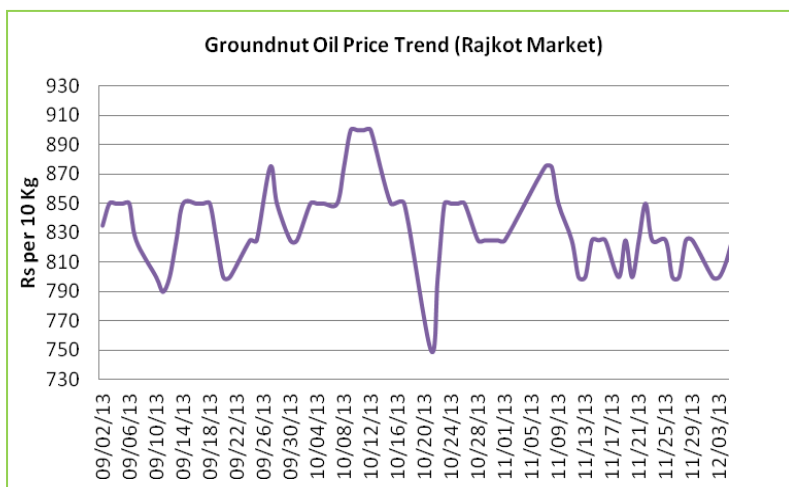


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 715-750 per 10 Kg.

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.



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.

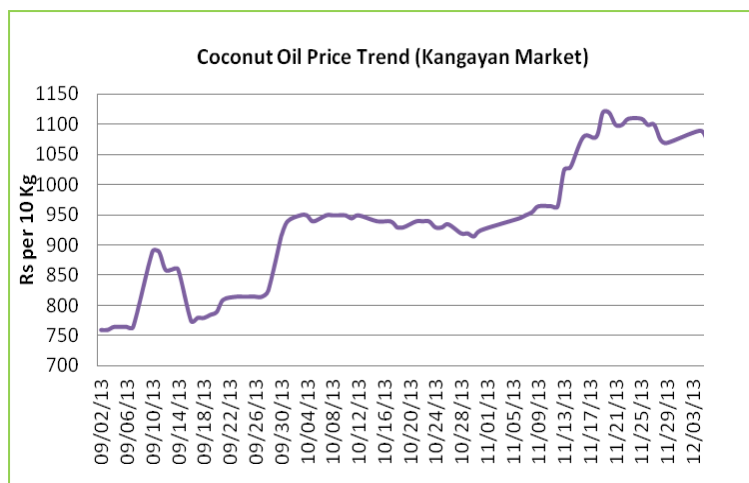
Price Outlook:

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

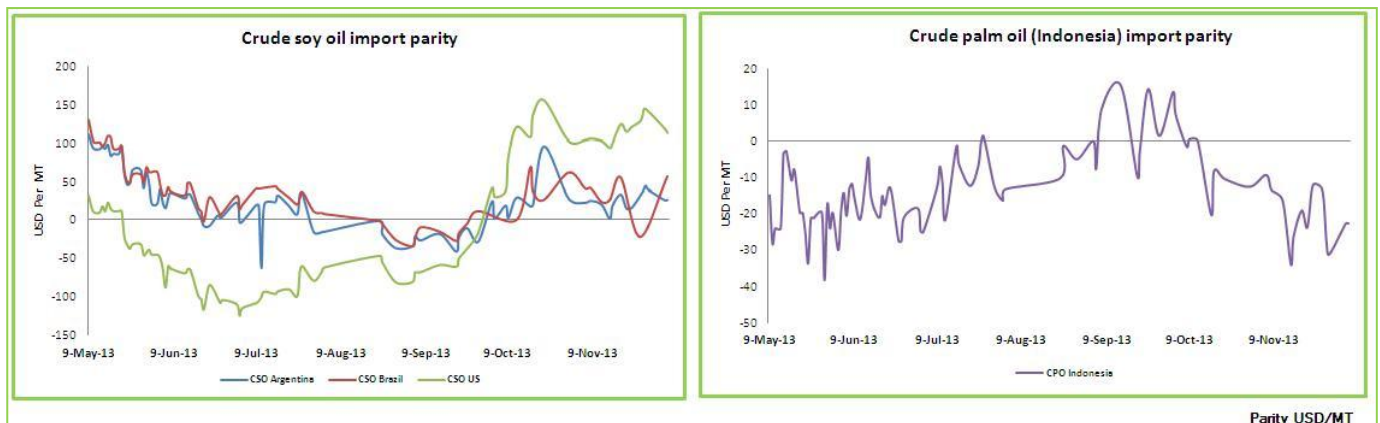
- Coconut oil featured steady to slightly weak tone at its benchmark market Kanganayan during the week due to limited buying at higher quotes. However, corporate buying may reemerge at lower quotes.
- As per sources, average copra supplies, limited buying at higher quotes, and profit booking by stockists 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.

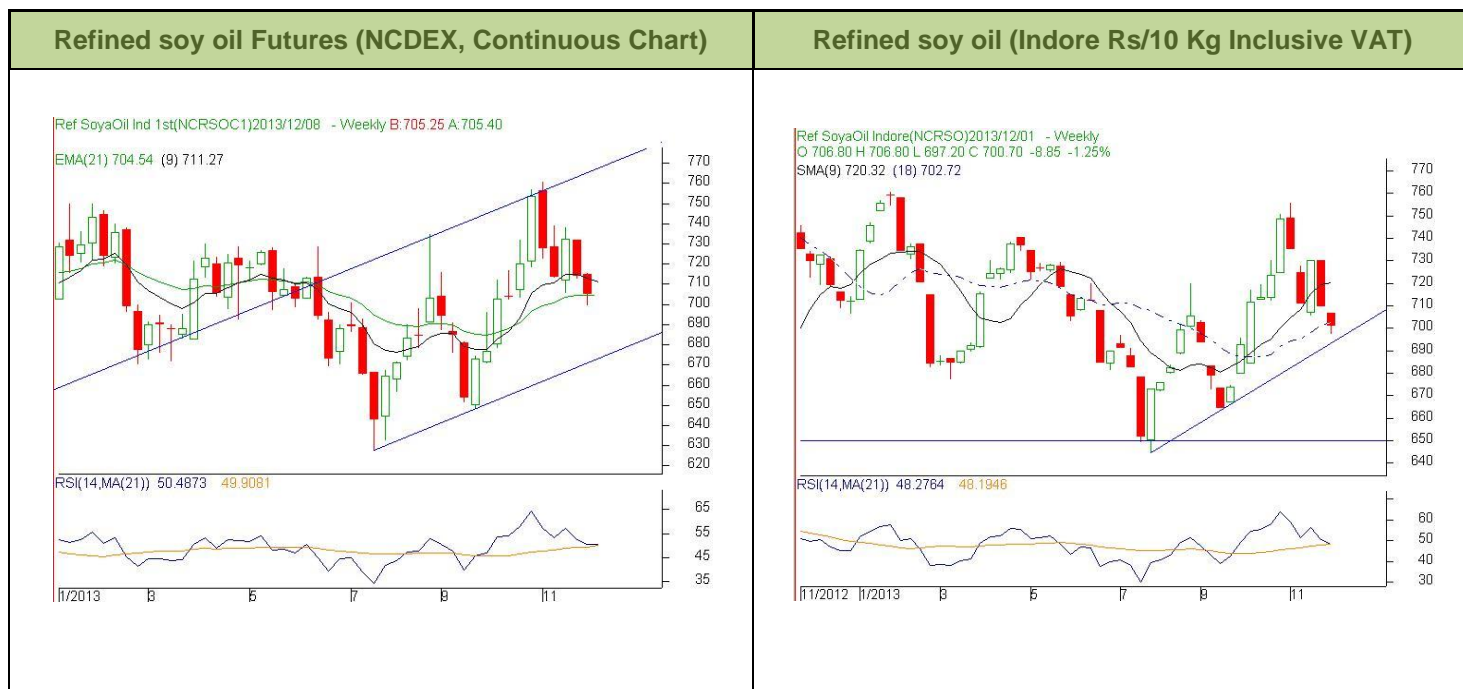
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 06/12/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	917.13	897	846	868
Freight (USD/MT)	75	65	60	12.0
C & F	992.1	962.0	906.0	880.0
Weight loss (0.25% of FOB)	2.29	2.24	2.12	2.17
Finance charges (0.4% on CNF)	3.97	3.85	3.62	3.52
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	1001	971	914	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	61.66	61.66	61.66	61.66
Landed cost without customs duty in INR per ton	61744	59870	56385	54774
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	64031	62157	58672	56889
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	65700	65700	65700	55500
Total landed cost USD per ton	1038	1008	952	923
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1066	1066	1066	900
Parity INR/MT (Domestic - Landed)	1669	3543	7028	-1389
Parity USD/MT (Domestic - Landed)	27.07	57.46	113.98	-22.53
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).

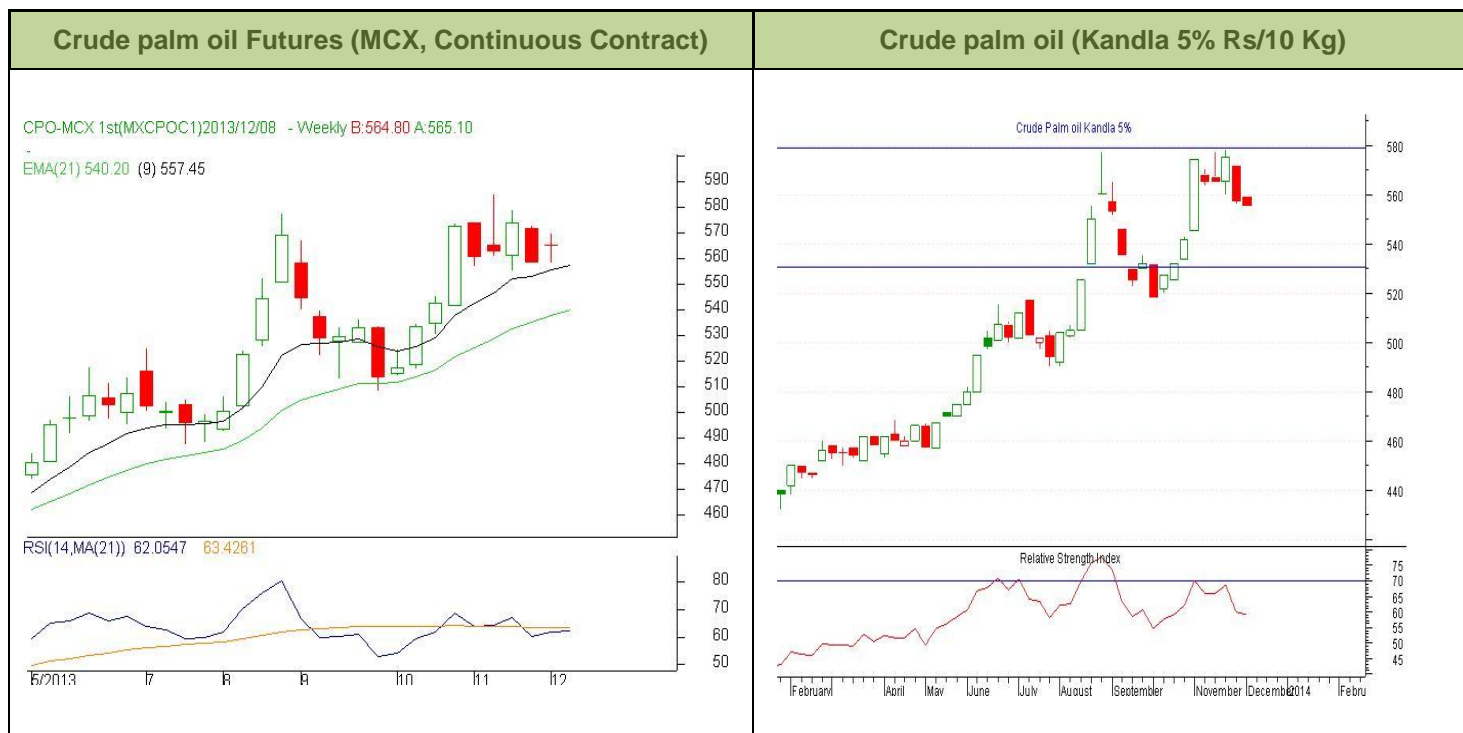
- ❖ Weekly chart of refined soy oil at NCDEX depicts losses. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close below 698 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 703-717 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 above 703 levels for a target of 713 and 717 with a stop loss at 698 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
682.00	690.00	709.00	718.00	725.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 692-720 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady tone in the coming days. Investors are advised to buy MCX CPO - Jan. contract.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts consolidation in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close below 559 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 563-573 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 563 for a target of 571 and 573 with a stop loss at 559 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
552.00	557.00	568.40	575.00	582.00

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 540-568 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/6/2013	11/29/2013	
Refined Soybean Oil	Kota(Loose)	685	700	-15
	Rajkot (Loose)	680	690	-10
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	720	725	-5
	Kakinada	NA	NA	-
	Mumbai +VAT	665	670	-5
	Indore	668	685	-17
	Soy Degum Mumbai+VAT	657	672	-15
	SoyDegum Kandla/Mundra+VAT	657	670	-13
	Halদিয়া Port (Loose)	689	NA	-
	Akola (Loose)	686	696	-10
	Amrawati (Loose)	686	696	-10
	Jalna	691	701	-10
	Nagpur	696	706	-10
Palm Oil	Chennai.RBD.Palmolein.(Loose)	600	605	-5
	Hyd. RBD Palmolein VAT	585	600	-15
	Delhi RBD Palmolein (Loose)	630	620	10
	Kandla CPO (5%FFA)	555	556	-1
	Kakinada.RBD.Palmolein(Loose)	591	594	-3
	Mumbai RBD Pamolein+ VAT	595	595	Unch
	Kandla RBD Palmolein +VAT	590	590	Unch
Refined Sunflower Oil	Mumbai + VAT	715	720	-5
	Kandla/Mundra	660	670	-10
	Erode (Exp. Oil)+VAT	720	735	-15
	Hyderabad Exp +VAT	681	NA	-
	Chennai (Loose)	740	745	-5
	Bellary (Exp. Oil)+VAT	651	NA	-
	Latur (Exp. Oil)+VAT	661	NA	-
	Chellakere (Exp. Oil)+VAT	641	NA	-
Groundnut Oil	Rajkot (Loose)	825	825	Unch
	Chennai (Loose)	750	765	-15
	Delhi (Loose)	750	750	Unch
	Hyderabad Exp +VAT	789	820	-31



	Mumbai + VAT	850	850	Unch
	Gondal+VAT	825	825	Unch
	Jamnagar +VAT	825	825	Unch
	Narsarropeth+VAT	640	670	-30
	Prodattour+VAT	NA	740	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	720	723	-3
	Alwar (Expeller Oil)(Loose)	719	716	3
	Kota (Expeller Oil) (Loose)	705	715	-10
	Jaipur (Expeller Oil) (Loose)	721	729	-8
	Delhi (Exp. Oil) (Loose)	738	735	3
	SriGangaNagar(ExpOil-Loose)	705	720	-15
	Hapur+VAT	775	770	5
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	760	760	Unch
Refined Cottonseed Oil	Mumbai +VAT	650	665	-15
	Rajkot (Loose)	645	635	10
	Delhi (Loose)	630	630	Unch
	Hyderabad (Loose)	610	NA	-
Coconut Oil	Kangayan (Crude)	1050	1070	-20
	Cochin	1100	1100	Unch
	Trissur	1085	1100	-15
Sesame Oil	Delhi	1150	1250	-100
	Mumbai	1300	1350	-50
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	720	NA	-
Rice Bran Oil (4%)	Punjab	550	590	-40
Malaysia Palmolein USD/MT	FOB (December Shipment)	843	845	-2
	CNF (December Shipment) India	870	870	Unch
Indonesia CPO USD/MT	FOB (December Shipment)	868	865	3
	CNF (December Shipment) India	880	880	Unch
Argentina FOB (\$/MT)		12/5/2013	11/29/2013	Change
Crude Soybean Oil Ship		921	923	-2
Refined Soy Oil (Bulk) Ship		953	955	-2
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		901	903	-2



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.