

**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 losses in the international palm oil market.*

*On the currency front, Indian rupee against USD closed (13 Dec. 2013) at 62.12, up 1.14 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 weak tone in the coming days owing to limited buying against adequate supplies, higher global oilseed production estimates, and weak palm oil export demand. 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 2480-2600 ringgit per tons. Malaysian palm oil products for December 1-10 fell 26.06 per cent to 366,898 tons from 496,237 tons shipped during November 1 to 10.*

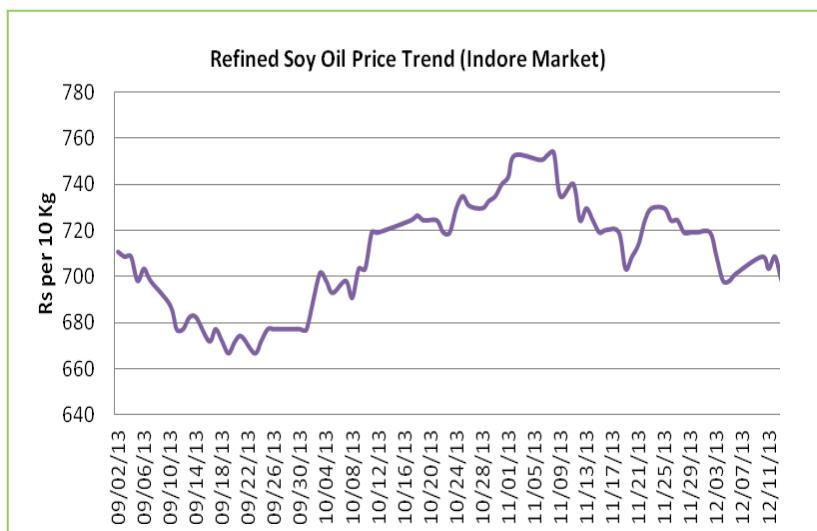
*On the international front, favorable weather conditions over South American soybean growing regions, better soybean yield over key soy producing regions of US and new US soybean crop arrivals are likely to curb bulls in soy oil prices. However, good demand from china may limit excessive losses in bean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

*Rising Malaysian palm oil inventories and uncertain palm oil demand as palm oil solidifies in the cold support the bears in the coming days. However, slower pace of palm oil production in South East Asian countries and in expectation of good biofuel demand may limit excessive losses.*

## 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.
- Weak meals export demand and an expected higher South American soybean crop likely to support the bears in the coming days. However, upcoming marriage season, and seasonal demand may limit downside risk in the prices.
- Indian buyers imported 0.0197 lakh tons of crude soybean degummed oil in 1-8 Dec 2013 majorly from Brazil and Argentina. While, sea of India revealed that India imported 14,980 tons in the November 2013-14 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 \$ 22 per tons.
- Import tariff value of crude soybean oil set at US \$995, down US \$30 from previous import tariff. As per Agriwatch second estimates, 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

- The USDA forecast global soybean production in 2013/14 at 284.9, up 16.9 Mln t from last year. While, global soy exports are projected at 108.8 Mln t and ending stocks seen at 70.6, up 10.4 Mln t.
- As per data released by the General Administration of Customs (GAC), China has imported 6.03 million tons of soybeans in November, a jump of 43.91 percent from the previous month. In the first 11 months of this year, China's soybean imports have totaled 55.97 million tons, up 6.6 percent y-o-y.
- According to the latest report released by Argentina's Agriculture Ministry, soybean planting was reported at 66 percent, higher than 63 percent completion for the same period in the previous year.
- 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.
- 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.

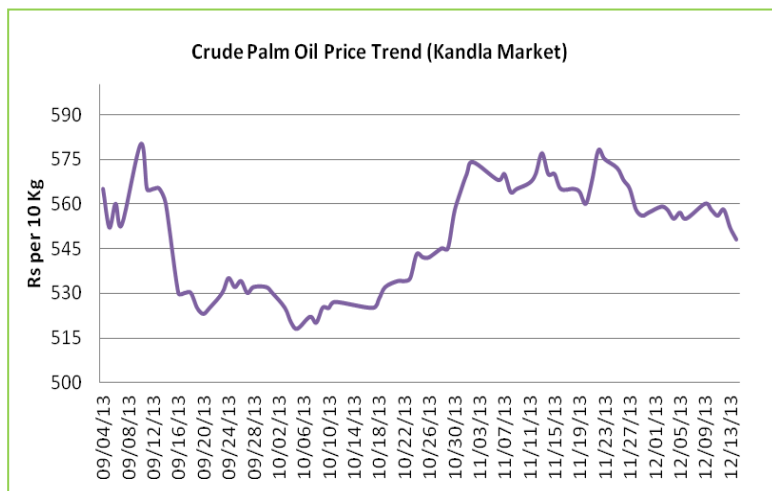
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 682-705 per 10 Kg in the near term.

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

### **Domestic Front**

- CPO Kandla 5% witnessed losses during the week in review tracking losses in the international palm oil market and need based buying.
- MMTC Ltd. has issued a tender to import 6,500 tons of RBD palmolein for immediate shipment. Of the total, 2,500 tons is for delivery at Krishnapatnam port and the 4000 tons at Kakinada port. The last date to submit bids is Dec. 17. The edible oil must be of Indonesian or Malaysian origin.
- Edible oils stock as on 1 Dec. 2013 at various ports of India is estimated at 5.9 lakh tons which consist of (CPO 3.2 lakh tons, RBD Palmolein 1.30 tons, soybean degummed Oil 35,000 tons, Crude Sunflower Oil one tons, Rapeseed Oil 8,000 tons) and 14.7 lakh tons in pipelines (SEA of India).
- At the import front, IBIS figures revealed that Indian buyers imported 0.185 Mln. tons of crude palm oil, 0.084 Mln. tons of RBD palmolein, 0.0268 Mln. tons of crude sunflower oil, and 0.0123 Mln. tons of crude palm kernel oil during 1-8 Dec 2013. While, last month Indian buyers imported 5.50 lakh tons of crude palm oil and RBD palmolein imports were 2.08 lakh tons during November 2013-14 oil year (Nov-Oct)
- Indian Government has revised the tariff value for of crude palm oil to US \$ 912 down by US \$2 per tons and raised base import price on refined palmolein by \$5 per tons to US \$ 957 per tons.
- We expect domestic palm oil prices likely to trade range bound in the days ahead.



### **International Front**

- BMD witnessed losses on w-o-w basis due to bearish MPOB palm oil statistics report and weak export demand. Crude palm oil at BMD December contract ended at RM 2,562 per tons, down by 108 points from last week. Malaysian palm oil products for December 1-10 fell 26.06 per cent to 366,898 tons from 496,237 tons shipped during November 1 to 10.
- As per data released by the Malaysian Palm Oil Board (MPOB), palm oil inventories rose 7.2 percent in November to 1.98 million tons. While, the palm oil production fell by 5.6 percent to 1.86 million tons in November. Exports also fell by 8.7 percent to 1.52 million tons from a month ago.
- 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.
- 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.
- Rising Malaysian palm oil inventories and uncertain palm oil demand as palm oil solidifies in the cold support the bears in the coming days. However, slower pace of palm oil production in South East Asian countries and in expectation of good biofuel demand may limit excessive losses.

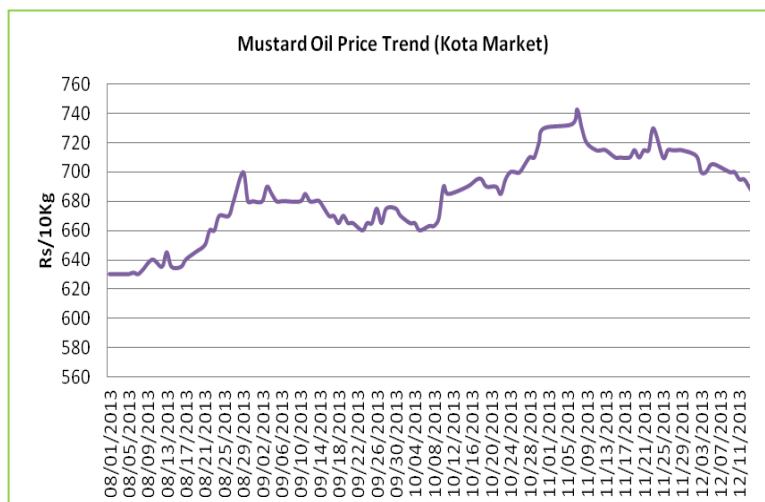
### **Price Outlook:**

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 lower during the week at the Kota market due to lackluster buying against adequate supplies and higher planting report.
- As per Ministry of Agriculture, sown area for Rabi mustard seed stood at 66.52 lakh hectares as on 12 Dec. 2013, up 2.87 lakh hectares compared to the corresponding period last year. Higher mustard seed planting and average demand against adequate supply may support the bears for short term. However, seasonal demand for oils may cap excessive downside.
- 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 is forecast at 16.9 Mln t, EU at 21.1 Mln t, China at 14.1 Mln t and India at 7.2 Mln t.

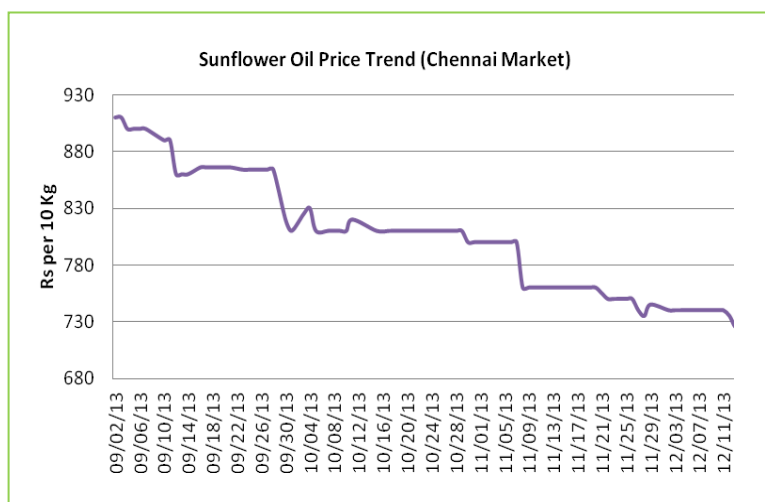
#### Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 678-697 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 3.20 lakh hectares as on 12 Dec. 2013, down 0.68 lakh hectares compared to the corresponding period last year.
- At import front, Indian buyers imported 0.268 lakh tons of crude sunflower oil during 1-8 days of December majorly from Ukraine and Argentina. While, SEA of India reports that crude sunflower oil imports by India during November of 2013-14-oil year (Nov-Oct) were 1.20 lakh tons. However, imports were higher on y-o-y basis in November by 0.73 lakh tons.
- We expect sunflower oil prices may trade with steady tone in the near term.

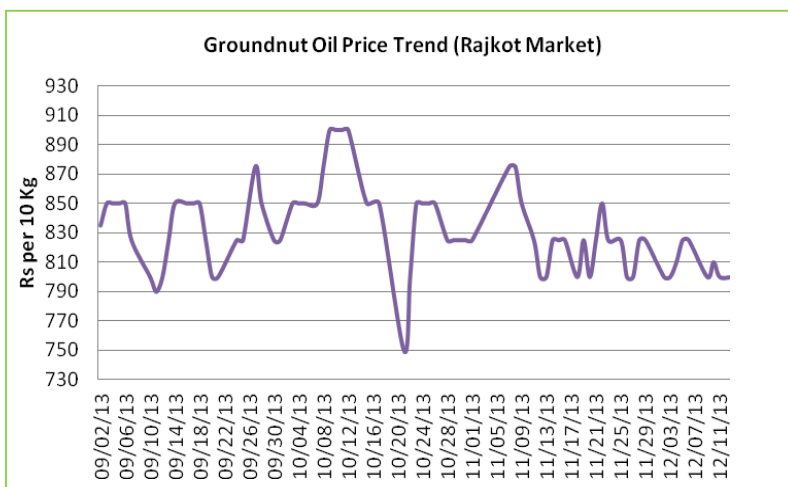


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 708-740 per 10 Kg.

### 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.
- Sown area for Rabi groundnut seed stood at 3.22 lakh hectares as on 12 Dec. 2013, down 0.20 lakh hectares compared to the corresponding period last year - Ministry of Agriculture,.
- 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.



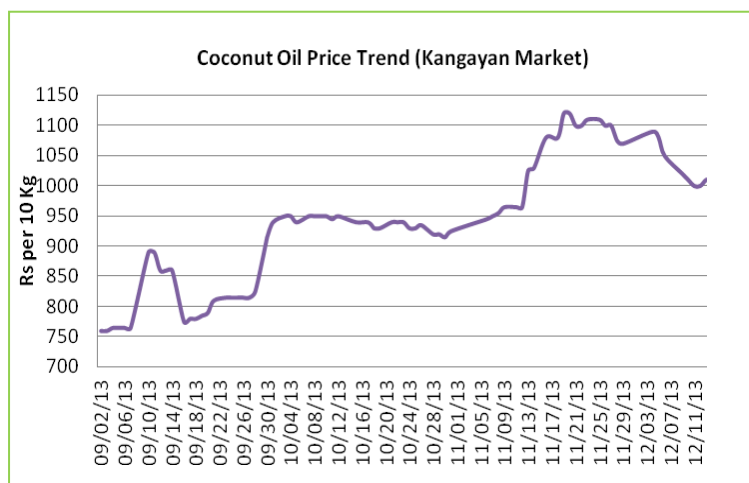
#### Price Outlook:

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 780-825 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:-

#### Domestic Front

- Coconut oil featured steady to weak tone at its benchmark market Kangayan during the week due to limited buying at higher quotes and weakness in the palm oil prices. However, corporate buying may reemerge at lower quotes.
- Weakness in the competing palm-kernel oil prices, 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.

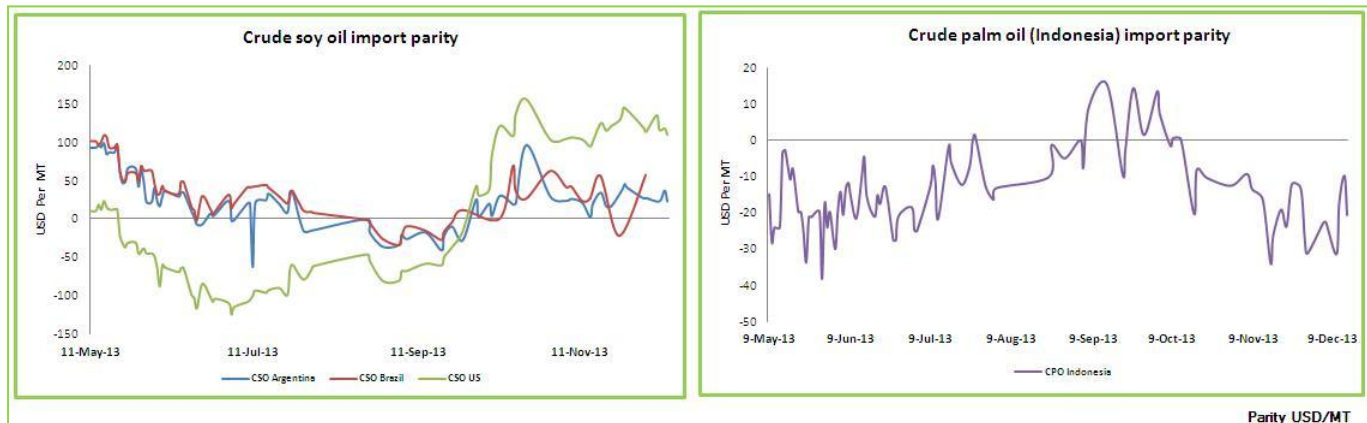


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 980-1020 per 10 Kg.

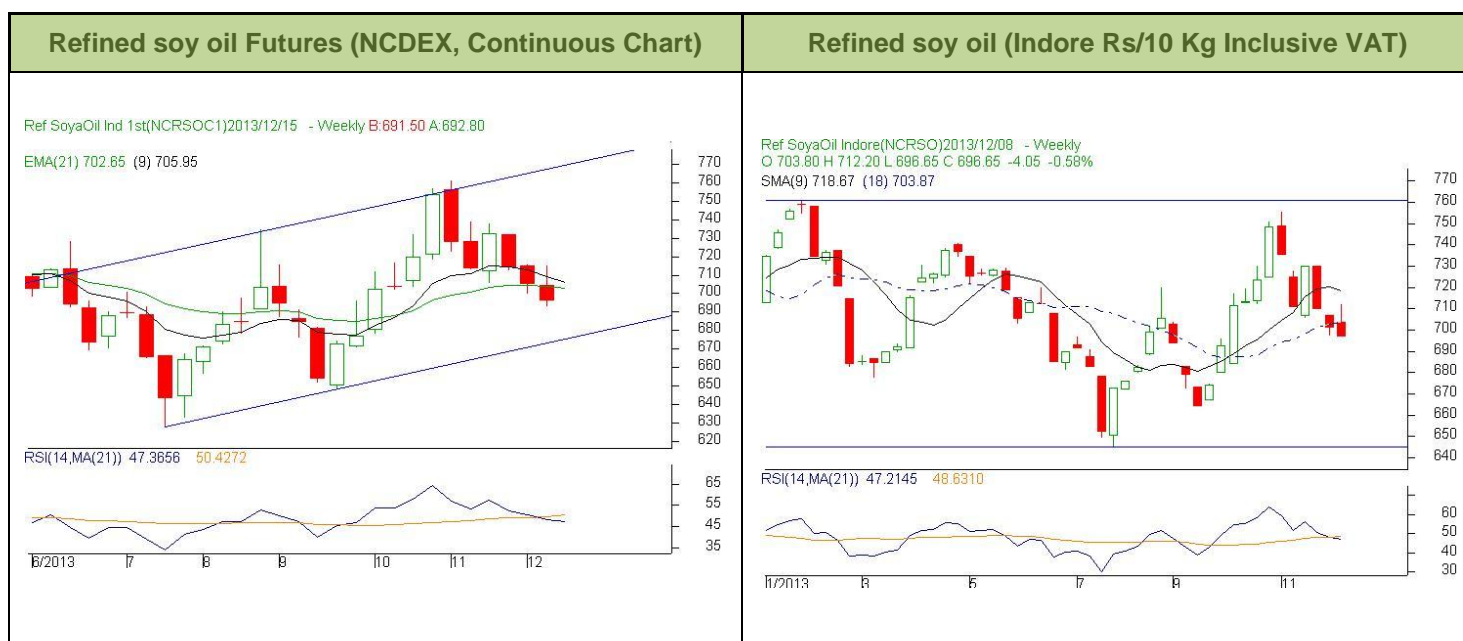


**Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil**

<b>Landed Cost Calculation as on 14/12/2013</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	895	NA	823	840
Freight (USD/MT)	75	65	60	20.0
C & F	970.0	65.0	883.0	860.0
Weight loss (0.25% of FOB)	2.24	#VALUE!	2.06	2.10
Finance charges (0.4% on CNF)	3.88	0.26	3.53	3.44
Insurance (0.3% of C&F)	3	0	3	3
CIF (Indian Port - Kandla)	979	#VALUE!	891	868
CVD	0	0	0	0
Duty USD per ton	24.88	24.88	24.88	22.80
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.4975	0.4975	0.4975	0.456
Exchange rate	62.18	62.18	62.18	62.18
Landed cost without customs duty in INR per ton	60876	#VALUE!	55417	53980
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	995	995	995	912
Fixed exchange rate by customs department	62.30	62.30	62.30	62.30
Duty component in INR per ton	1549.71	1549.71	1549.71	1420.44
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	63099	#VALUE!	57640	56073
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	64500	64500	64500	54800
Total landed cost USD per ton	1015	#VALUE!	927	902
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1037	1037	1037	881
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1401</b>	<b>#VALUE!</b>	<b>6860</b>	<b>-1273</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>22.54</b>	<b>#VALUE!</b>	<b>110.33</b>	<b>-20.48</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 note in the days ahead. Investors are advised to sell refined soy oil (Jan. contract).**

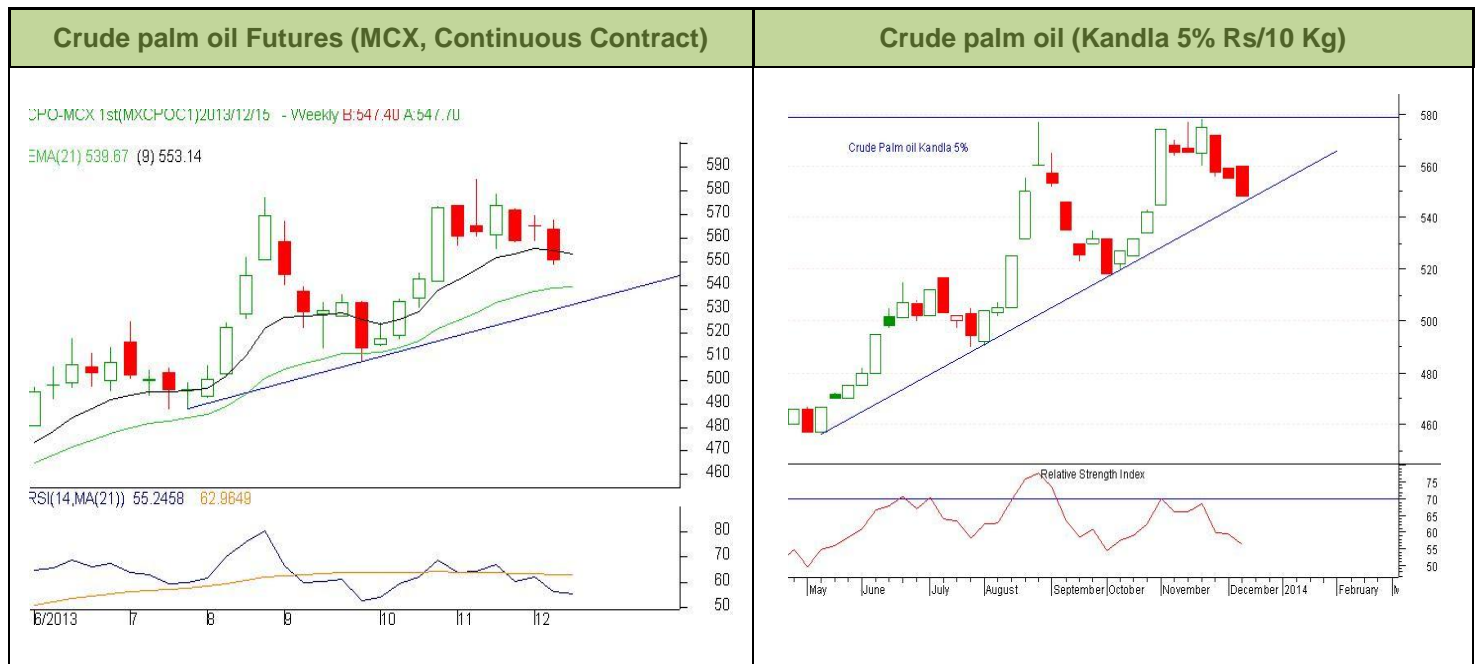
- ❖ Weekly chart of refined soy oil at NCDEX depicts losses. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 702 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 681-695 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 695 levels for a target of 684 and 681 with a stop loss at 702 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
674.00	678.00	694.45	705.00	710.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 682-705 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 - Jan. contract.**

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts consolidation in the prices. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 563 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 547-558 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 558 for a target of 550 and 547 with a stop loss at 563 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
540.00	545.00	554.90	564.00	570.00

**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
		12/13/2013	12/6/2013	
Refined Soybean Oil	Kota(Loose)	675	685	-10
	Rajkot (Loose)	675	680	-5
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	710	720	-10
	Kakinada	NA	NA	-
	Mumbai +VAT	665	665	Unch
	Indore	665	668	-3
	Soy Degum Mumbai+VAT	648	657	-9
	SoyDegum Kandla/Mundra+VAT	648	657	-9
	Haldiya Port (Loose)	683	689	-6
	Akola (Loose)	681	686	-5
	Amrawati (Loose)	681	686	-5
	Jalna	691	691	Unch
	Nagpur	691	696	-5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	595	605	-10
	Hyd. RBD Palmolein VAT	592	585	7
	Delhi RBD Palmolein (Loose)	620	630	-10
	Kandla CPO (5%FFA)	552	555	-3
	Kakinada.RBD.Palmolein(Loose)	589	591	-2
	Mumbai RBD Pamolein+ VAT	595	595	Unch
	Kandla RBD Palmolein +VAT	585	590	-5
Refined Sunflower Oil	Mumbai + VAT	710	715	-5
	Kandla/Mundra	650	660	-10
	Erode (Exp. Oil)+VAT	710	720	-10
	Hyderabad Exp +VAT	676	681	-5
	Chennai (Loose)	725	740	-15
	Bellary (Exp. Oil)+VAT	646	651	-5
	Latur (Exp. Oil)+VAT	646	661	-15
	Chellakere (Exp. Oil)+VAT	641	641	Unch
Groundnut Oil	Rajkot (Loose)	800	825	-25
	Chennai (Loose)	720	750	-30
	Delhi (Loose)	725	750	-25
	Hyderabad Exp +VAT	779	789	-10



	Mumbai + VAT	830	850	-20
	Gondal+VAT	NA	825	-
	Jamnagar +VAT	NA	825	-
	Narsarropeth+VAT	710	640	70
	Prodattour+VAT	681	NA	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	723	720	3
	Alwar (Expeller Oil)(Loose)	711	719	-8
	Kota (Expeller Oil) (Loose)	690	705	-15
	Jaipur (Expeller Oil) (Loose)	713	721	-8
	Delhi (Exp. Oil) (Loose)	730	738	-8
	SriGangaNagar(ExpOil-Loose)	706	705	1
	Hapur+VAT	776	775	1
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	755	760	-5
Refined Cottonseed Oil	Mumbai +VAT	645	650	-5
	Rajkot (Loose)	640	645	-5
	Delhi (Loose)	610	630	-20
	Hyderabad (Loose)	615	610	5
Coconut Oil	Kangayan (Crude)	1010	1050	-40
	Cochin	1020	1100	-80
	Trissur	1000	1085	-85
Sesame Oil	Delhi	1150	1150	Unch
	Mumbai	1250	1300	-50
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	720	-
Rice Bran Oil (4%)	Punjab	510	550	-40
Malaysia Palmolein USD/MT	FOB (January Shipment)	818	843	-25
	CNF (December Shipment) India	853	870	-17
Indonesia CPO USD/MT	FOB (January Shipment)	840	868	-28
	CNF (December Shipment) India	870	880	-10
Argentina FOB (\$/MT)		12/12/2013	12/5/2013	Change
Crude Soybean Oil Ship		903	921	-18
Refined Soy Oil (Bulk) Ship		934	953	-19
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		883	901	-18



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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