

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 oil and fats market.

On the currency front, Indian rupee against USD closed (20 Dec. 2013) at 62.04, up 0.14 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 slightly firm tone in the coming days in expectation of renewed demand at lower quotes, winter seasonal demand for oils and hot weather conditions over key soybean producing regions of South America. However, higher global oilseeds production estimates may limit excessive gains.

International Veg. Oil Market Summary

CBOT soy oil (Jan) is expected to stay in the range of 39.70 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 1-20 fell 12 per cent to 883,575 tons from a month earlier, surveyor Intertek.

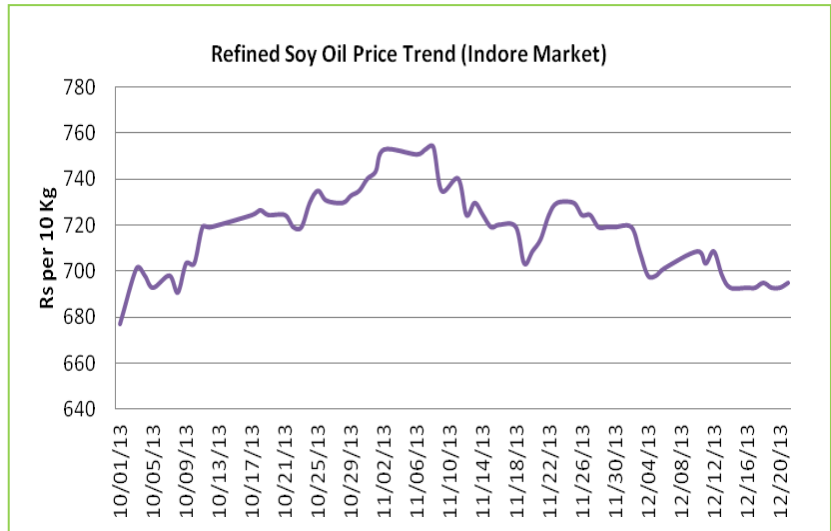
On the international front, hot weather concern over key soybean growing regions of South America and good demand from china are likely to support the bulls in the soy oil prices. However, adequate soybean supplies may limit excessive gains in the coming days.

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 steady tone on need based buying, higher prices of Indian meals comparative to global soy meal prices and sideways trend in the international palm oil market.
- India imports 0.097 lakh tons of crude degummed soybean oil (edible grade) majorly from Argentina during 1-15 Dec. 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.
- Weak international oil and fats market, lackluster buying interest, higher cotton, soy seed arrivals in the market and an expected higher South American soybean crop in the current season likely to support the bears in the medium term. While, seasonal winter demand for oils and in expectation of renewed demand at lower quotes may limit downside risk in the prices.
- 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 slightly firm tone in the coming days.



International Front

- According to Argentina's Agriculture Ministry, the 2013-14 soybean planting area is reported at 20.80 million hectares compared to its previous estimate of 20.70 million hectares.
- Informa Economics has pegged the 2014 soybean plantings at 81.929 million acres, lower from its previous estimate by 1.9 million acres.
- The National Oilseed Processors Association (NOPA) has reported the soybeans crush at 160.145 million bushels in November '13, up from 157.063 million in October '13 and the highest since January 2010. Further, the US soy meal exports for November were reported at 813,323 tons, up from 701,802 tons in October.
- In Brazil's main soy growing areas, there is a rising concern of cases of Asian rust, a fungus that has caused losses in output in previous years. This is primarily due to a rainy December month mostly in the regions of Goias and Sao Paulo.
- 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.
- On the international front, hot weather concern over key soybean growing regions of South America and good demand from china are likely to support the bulls in the soy oil prices. However, adequate soybean supplies may limit excessive gains in the coming days.

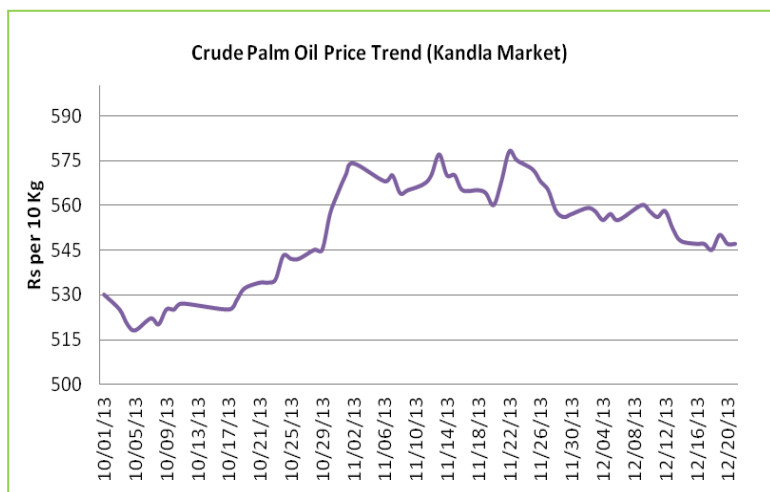
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 688-712 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed steady tone during the week in review tracking sideways trend in the international palm oil market and need based buying.
- At the import front, IBIS figures revealed that Indian buyers imported 1.68 lakh tons of crude palm oil, 0.36 lakh tons of RBD palmolein and 0.265 lakh tons of crude sunflower oil in the first fifteen days of December. 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 years (Nov-Oct).
- 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).
- 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

- CPO at BMD witnessed steady tone on w-o-w basis owing to weaker ringgits and better Malaysian palm oil export prospects. However, excessive gains were curbed due to rising palm oil inventories in Malaysia. Crude palm oil at BMD January contract ended at RM 2,544 per tons, up by one points from last week. Malaysian palm oil products for December 1-20 fell 12 per cent to 883,575 tons from a month earlier, surveyor Intertek
- As per Indonesian Palm Oil Association, Indonesia's crude palm oil and its derivatives exports rose 8 percent to 2.01 million tons in November compared with the previous month. Indian buyers imported 529,520 tons of palm oil products in November.
- 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.
- 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.

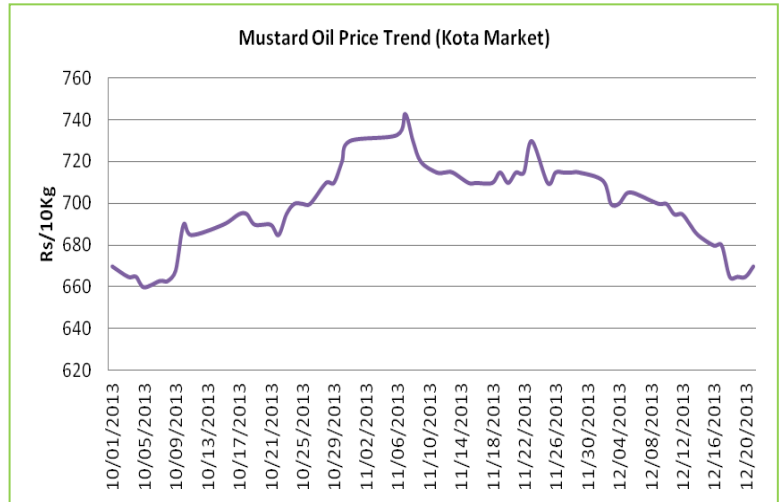
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 543-565 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady tone during the week at the Kota market due to lackluster buying against adequate supplies and higher planting report.
- Falling RM seed arrivals in the spot market during the past two weeks and renewed demand at lower quotes likely to support the bulls for the short term. However, higher mustard seed planting report and adequate mustard seed stocks may curb excessive gains.
- Sown area for Rabi groundnut seed stood at 67.53 lakh hectares as on 19 Dec. 2013, up 3.88 lakh hectares compared to the corresponding period last year - Ministry of Agriculture.
- 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 German government's statistics, the winter rapeseed sown area is reported at 1.43 million hectares, down from last year by 1.80 percent. As per Britain's farm ministry, the rapeseed production for the current year is estimated at 2.13 million tons, down from last year by 17 percent.

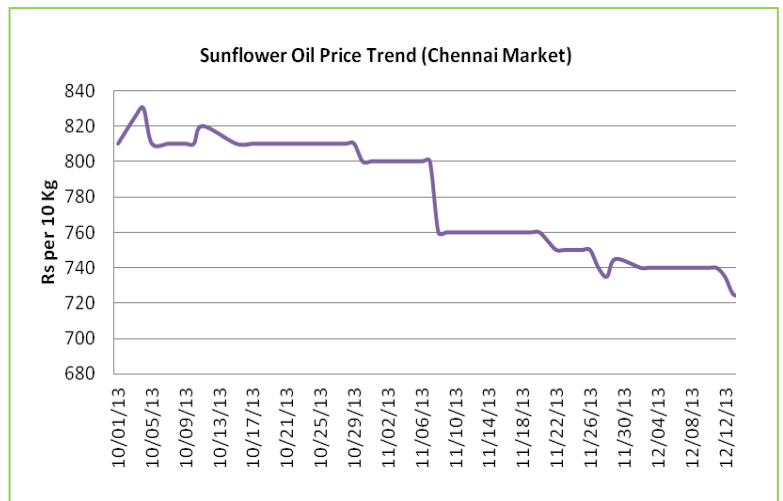
Price Outlook:

Rapeseed oil (without VAT) in Kota market is likely to trade in the price band of Rs 660-680 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

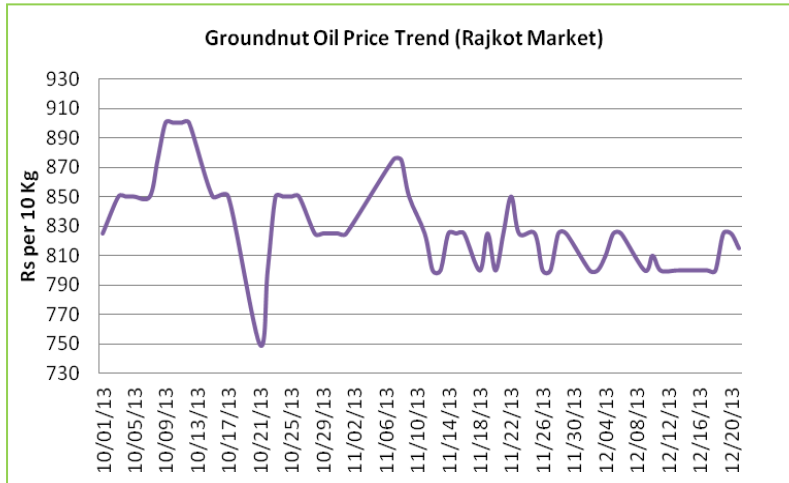
- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week owing to stable demand from stockists and higher imports during October.
- India imports 0.265 lakh tons of crude sunflower oil majorly from Ukraine during Dec 1-15. While, SEA of India reports that crude sunflower 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.
- As per Ministry of Agriculture, sown area for Rabi sunflower seed stood at 3.23 lakh hectares as on 19 Dec. 2013, down 0.9 lakh hectares compared to the corresponding period last year.
- 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 3.44 lakh hectares as on 19 Dec. 2013, down 0.23 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.



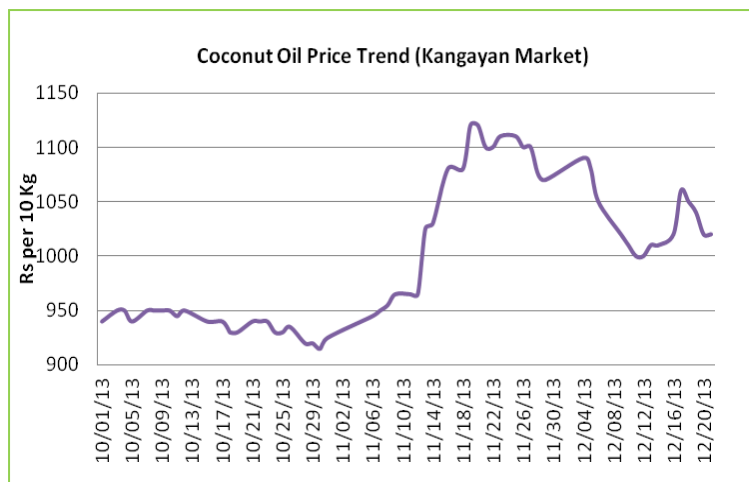
Price Outlook:

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

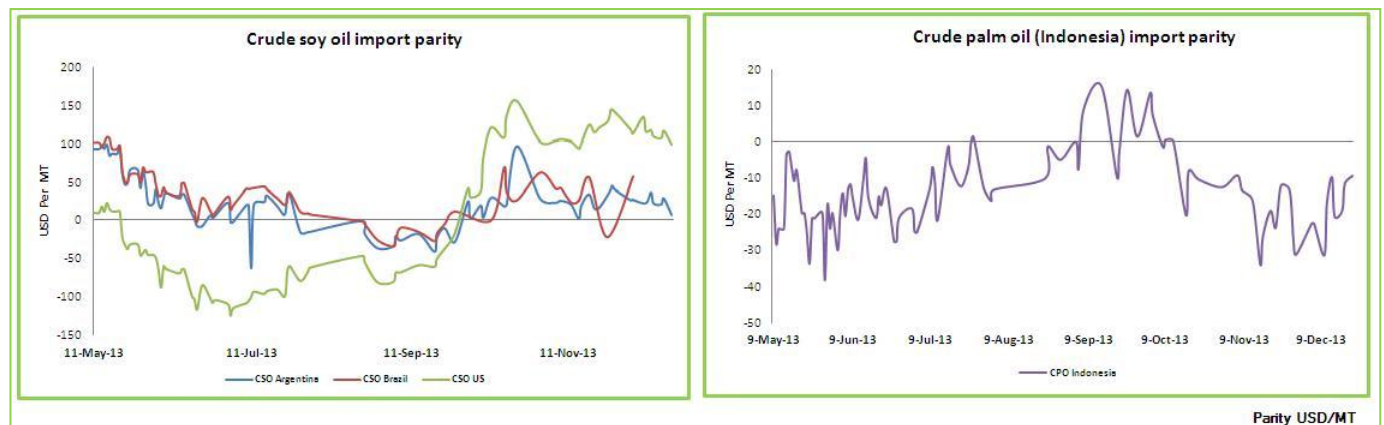
- Coconut oil featured steady tone at its benchmark market Kangayan during the week due to limited buying at higher quotes and weakness in the palm oil prices. However, corporate buying may reemerge at lower quotes.
- Weakness in the competing palm-kernel oil prices, limited buying at higher quotes, 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 980-1050 per 10 Kg.

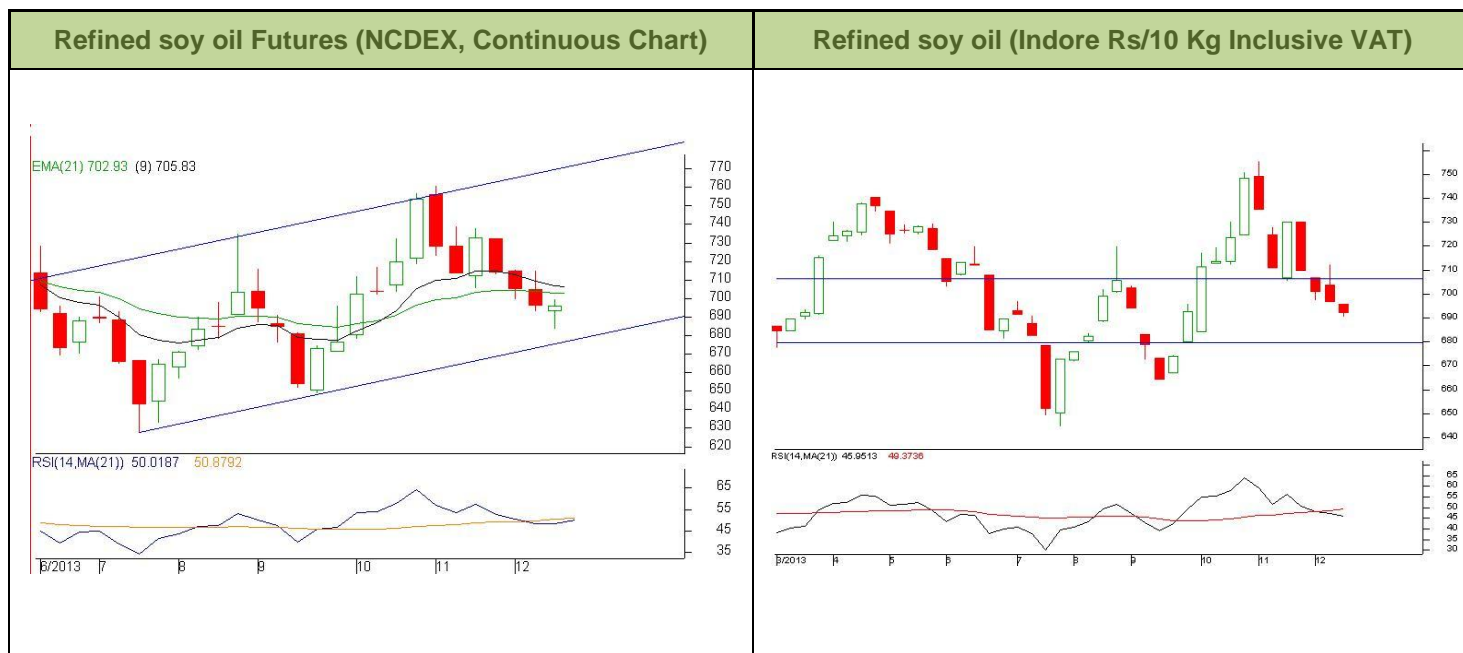
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 21/12/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	886	NA	809	835
Freight (USD/MT)	75	65	60	15.0
C & F	961.0	65.0	869.0	850.0
Weight loss (0.25% of FOB)	2.22	-	2.02	2.09
Finance charges (0.4% on CNF)	3.84	0.26	3.48	3.40
Insurance (0.3% of C&F)	3	0	3	3
CIF (Indian Port - Kandla)	970	-	877	858
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	61.98	61.98	61.98	61.98
Landed cost without customs duty in INR per ton	60117	-	54363	53181
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	62340	-	56586	55275
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62800	62800	62800	54700
Total landed cost USD per ton	1006	-	913	892
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1013	1013	1013	883
Parity INR/MT (Domestic - Landed)	460	-	6214	-575
Parity USD/MT (Domestic - Landed)	7.43	-	100.26	-9.27
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 note in the days ahead. Investors are advised to buy refined soy oil (Jan. contract).

- ❖ Weekly chart of refined soy oil at NCDEX depicts steady tone. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 688 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 696-710 level in near to medium term. RSI is near to neutral zone and shows evidence of divergence with the ref. soy oil prices.

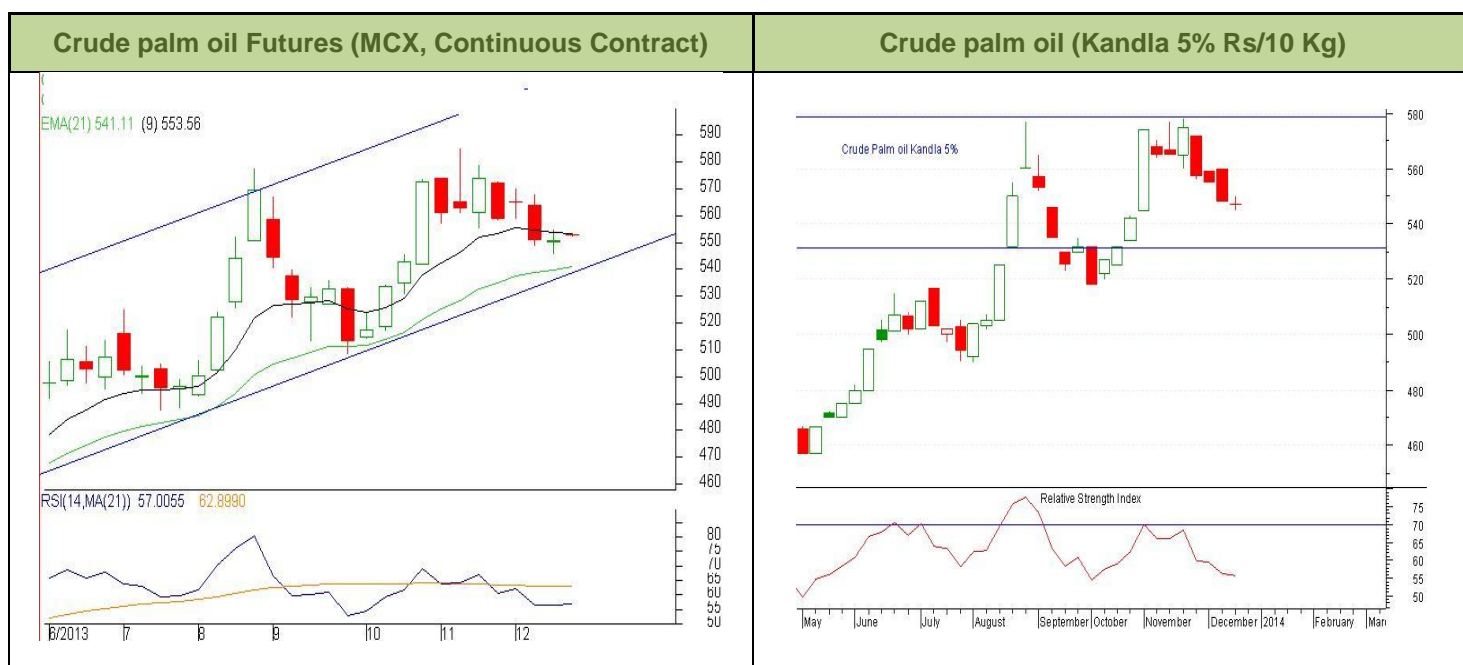
Strategy: Market participants are advised to go long in RSO above 696 levels for a target of 708 and 710 with a stop loss at 688 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
675.00	680.00	696.90	712.00	715.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 688-712 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 to firm note in the near term.
- ❖ Any close below 552 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 555-564 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 555 for a target of 562 and 564 with a stop loss at 552 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
540.00	545.00	555.20	567.00	572.00

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 543-565 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/20/2013	12/13/2013	
Refined Soybean Oil	Kota(Loose)	665	675	-10
	Rajkot (Loose)	660	675	-15
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	707	710	-3
	Kakinada	NA	NA	-
	Mumbai +VAT	660	665	-5
	Indore	660	665	-5
	Soy Degum Mumbai+VAT	628	648	-20
	SoyDegum Kandla/Mundra+VAT	628	648	-20
	Haldiya Port (Loose)	NA	683	-
	Akola (Loose)	674	681	-7
	Amrawati (Loose)	674	681	-7
	Jalna	686	691	-5
	Nagpur	684	691	-7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	590	595	-5
	Hyd. RBD Palmolein VAT	580	592	-12
	Delhi RBD Palmolein (Loose)	615	620	-5
	Kandla CPO (5%FFA)	547	552	-5
	Kakinada.RBD.Palmolein(Loose)	581	589	-8
	Mumbai RBD Pamolein+ VAT	578	595	-17
	Kandla RBD Palmolein +VAT	575	585	-10
Refined Sunflower Oil	Mumbai + VAT	690	710	-20
	Kandla/Mundra	630	650	-20
	Erode (Exp. Oil)+VAT	705	710	-5
	Hyderabad Exp +VAT	681	676	5
	Chennai (Loose)	725	725	Unch
	Bellary (Exp. Oil)+VAT	636	646	-10
	Latur (Exp. Oil)+VAT	636	646	-10
	Chellakere (Exp. Oil)+VAT	626	641	-15
Groundnut Oil	Rajkot (Loose)	825	800	25
	Chennai (Loose)	720	720	Unch
	Delhi (Loose)	725	725	Unch
	Hyderabad Exp +VAT	768	779	-11



	Mumbai + VAT	820	830	-10
	Gondal+VAT	825	NA	-
	Jamnagar +VAT	825	NA	-
	Narsarropeth+VAT	720	710	10
	Prodattour+VAT	691	681	10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	703	723	-20
	Alwar (Expeller Oil)(Loose)	701	711	-10
	Kota (Expeller Oil) (Loose)	665	690	-25
	Jaipur (Expeller Oil) (Loose)	697	713	-16
	Delhi (Exp. Oil) (Loose)	725	730	-5
	SriGangaNagar(ExpOil-Loose)	690	706	-16
	Hapur+VAT	775	776	-1
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	745	755	-10
Refined Cottonseed Oil	Mumbai +VAT	620	645	-25
	Rajkot (Loose)	625	640	-15
	Delhi (Loose)	608	610	-2
	Hyderabad (Loose)	590	615	-25
Coconut Oil	Kangayan (Crude)	1020	1010	10
	Cochin	1010	1020	-10
	Trissur	1010	1000	10
Sesame Oil	Delhi	1150	1150	Unch
	Mumbai	1230	1250	-20
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	520	NA	-
Rice Bran Oil (4%)	Punjab	515	510	5
Malaysia Palmolein USD/MT	FOB (January Shipment)	795	818	-23
	CNF (December Shipment) India	830	853	-23
Indonesia CPO USD/MT	FOB (February-March Shipment)	835	840	-5
	CNF (December Shipment) India	850	870	-20
Argentina FOB (\$/MT)		12/19/2013	12/12/2013	Change
Crude Soybean Oil Ship		884	903	-19
Refined Soy Oil (Bulk) Ship		915	934	-19
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		864	883	-19



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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