

Executive Summary

Domestic Veg. Oil Market Summary

Compared to the last week, most of the edible oils featured steady to slightly firm tone during the week under review tracking renewed buying and slight gain in the international palm oil market.

On the currency front, Indian rupee against USD closed (27 Dec. 2013) at 61.85, up 0.31 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 expectation of renewed demand at lower quotes, winter seasonal demand for oils and slower pace of palm oil production in South East Asian countries. 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 39.00 cents/lb to 41.00 cents/lb. CPO at BMD (Mar) is likely to trade in the range of 2580-2660 ringgit per tons. Malaysian palm oil products for December 1-25 fell 7.6 per cent to 1.13 lakh tons from a month earlier, cargo surveyor Societe Generale de Surveillance.

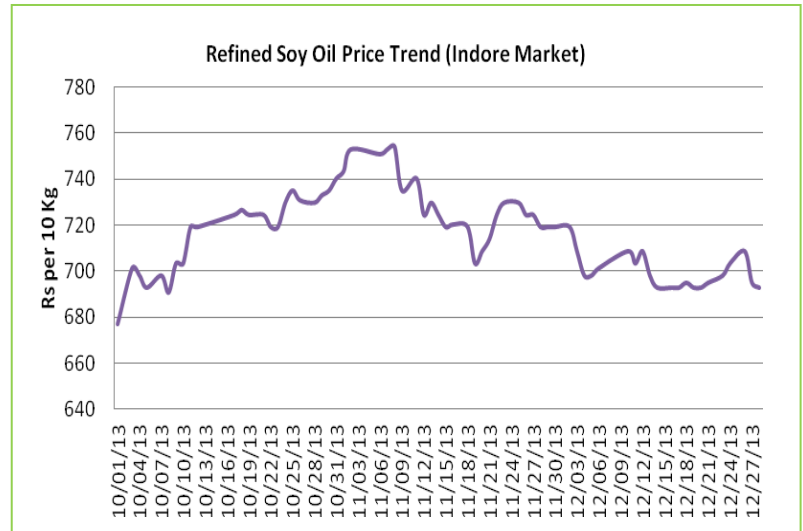
On the international front, adequate soybean supplies and good demand from china are likely to support the prices of soy oil. However, rains over key Argentinean soybean growing regions eased the heat concern, which may limit excessive gains.

Slower pace of palm oil production in the South East Asian countries and in expectation of good biofuel demand may support the palm oil prices in the coming days. However, higher soybean supplies forecast in 2014 and uncertain palm oil demand as palm oil solidifies in the cold may cap excessive gains.

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 soy oil market.
- Renewed demand at lower quotes and gains in the international palm oil market support the bulls for short term. However, higher cotton, soy seed arrivals in the market and an expected higher South American soybean crop in the current season likely to cap excessive gains in the coming weeks.
- IBIS data revealed that India imported 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.
- 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

- As per the Chinese Ministry of Commerce, China is likely to import 6.67 million tons of soybean in December 2013, higher than its previous forecast of 6.34 million tons. In addition, the soybean import in January is projected to fall to 2.37 million tons.
- According to Argentina's Agriculture Ministry, farmers have planted 77 percent of this season's expected soy area (as on 19 December), advancing 7 percent during the week. The 2013-14 soybean planting area is projected at 20.80 million hectares.
- China imported 6.03 million tons of soybeans and 0.56 million tons of rapeseed in November 2013 - General Administration Customs of China.
- 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.
- On the international front, adequate soybean supplies and good demand from china are likely to support the prices of soy oil. However, rains over key Argentinean soybean growing regions eased the heat concern, which may limit excessive gains.

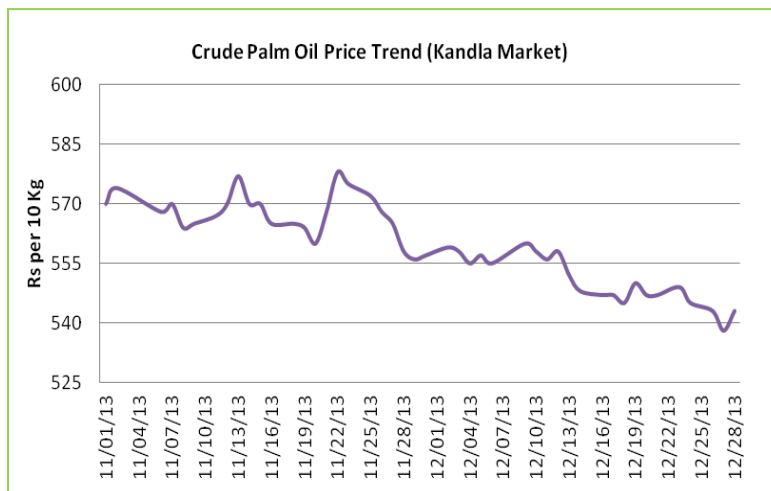
Price Outlook:

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 to firm note during the week in review tracking slight gains in the international palm oil market and need based buying.
- India's palm oil imports during 2013/14 seen at 8.30 million tons, up 0.05 million tons from last year – Dorab Mistry. 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 to firm tone on w-o-w basis owing to weaker ringgits and in expectation of lower palm oil supplies during the first quarter of 2014. However, weak Malaysian palm oil export prospects may limit excessive gains. Crude palm oil at BMD January contract ended at RM 2,632 per tons, up by 10 points from last week. Malaysian palm oil products for December 1-25 fell 7.6 per cent to 1.13 lakh tons from a month earlier, cargo surveyor Societe Generale de Surveillance.
- CPO at BMD may go to 2,600-2,900 ringgits/tons in near term if Brent crude prices remain in the range of \$95-115/barrel and weather remains normal. Moreover, prices could touch 3,000 ringgits/tons by March 2014 for short term - Mistry.
- As per Indonesian ministry, Indonesia kept its export tax for crude palm oil unchanged at 12 percent for January. 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, 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.
- Slower pace of palm oil production in the South East Asian countries and in expectation of good biofuel demand may support the palm oil prices in the coming days. However, higher soybean supplies forecast in 2014 and uncertain palm oil demand as palm oil solidifies in the cold may cap excessive gains.

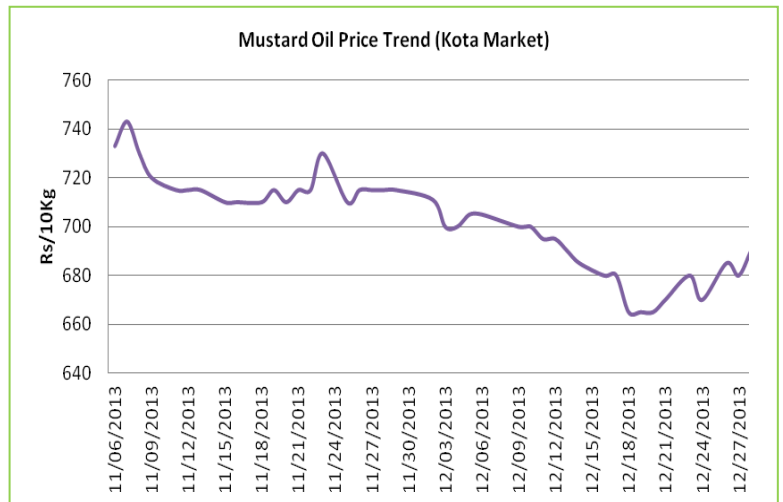
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 538-560 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to firm tone during the week at the Kota market due to falling mustard seed arrivals.
- Sown area for Rabi groundnut seed stood at 68.86 lakh hectares as on 26 Dec. 2013, up 4.38 lakh hectares compared to the corresponding period last year - Ministry of Agriculture. Falling RM seed arrivals in the spot market during the past fifteen days 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.
- 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

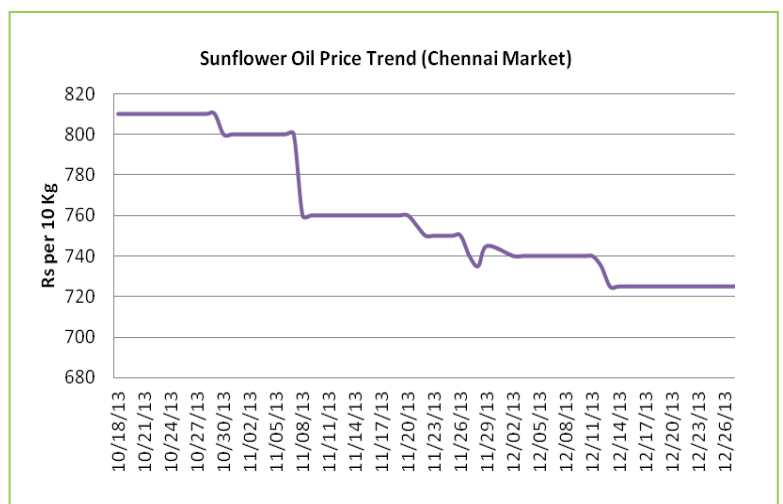
- As per German government's statistics, the winter rapeseed sown area is reported at 1.43 million hectares, down from last year by 1.80 percent. As per Britain's farm ministry, the rapeseed production for the current year is estimated at 2.13 million tons, down from last year by 17 percent.

Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 675-700 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady tone at its benchmark market Chennai during the week owing to stable demand from stockists and higher imports during last two months.
- As pre Dorab Mistry, sunflower oil imports may rise by 23 percent to 12 lakh tons during 2013-14. Indian buyers imported 9.73 lakh tons during 2013-13 oil year. 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 3.35 lakh hectares as on 26 Dec. 2013, down 0.93 lakh hectares compared to the corresponding period last year. We expect sunflower oil prices may trade with steady tone in the near term.

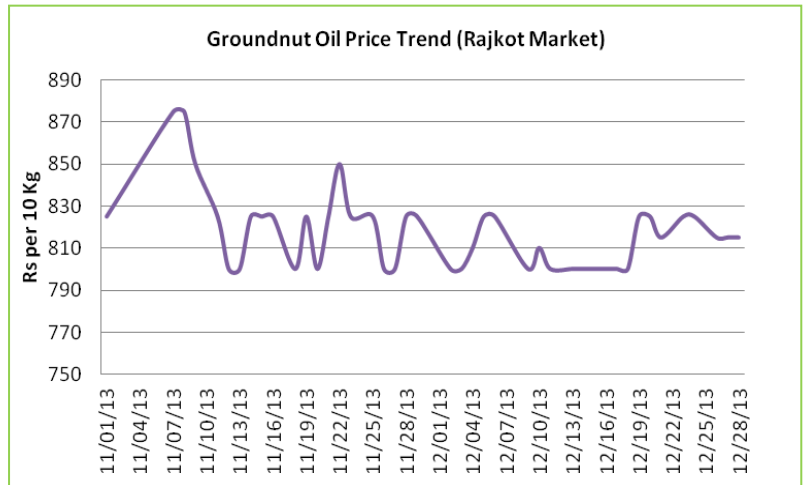


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 708-740 per 10 Kg.

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 3.59 lakh hectares as on 26 Dec. 2013, down 0.51 lakh hectares compared to the corresponding period last year - Ministry of Agriculture.
- Higher groundnut seed production in the current season, 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. Groundnut oil prices likely to trade range bound in the coming 2-3 weeks.
- 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.



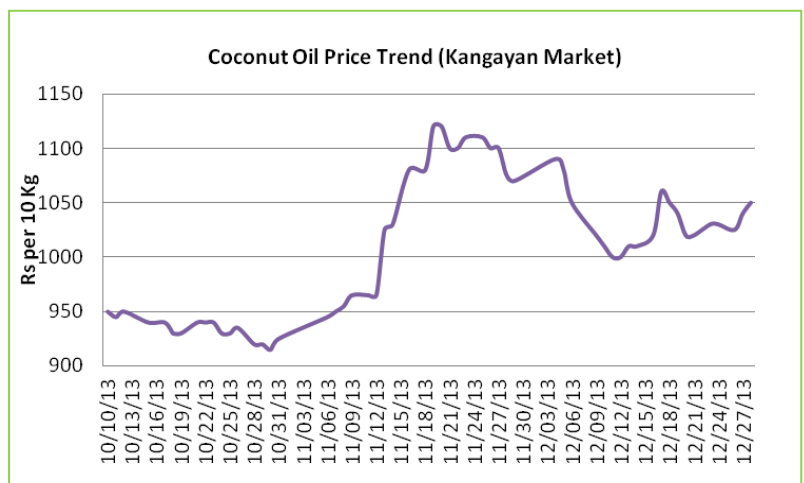
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 800-845 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 and weakness in the palm oil products prices. However, corporate buying may reemerge at lower quotes.
- As per Dorab Mistry, international coconut oil prices may go to US dollar 1500 per tons and above in 2014 moreover, likely to trade with higher premiums compared to the palm kernel oil prices. Lackluster buying at higher quotes, copra stocks offload by stockists and consolidation in the palm oil prices 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.

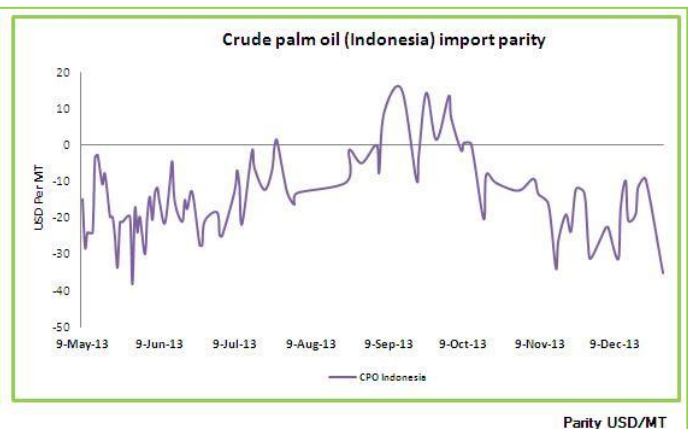
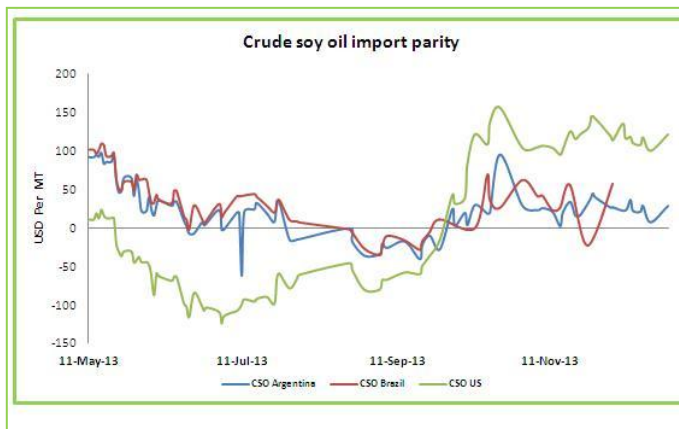


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1035-1085 per 10 Kg.

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

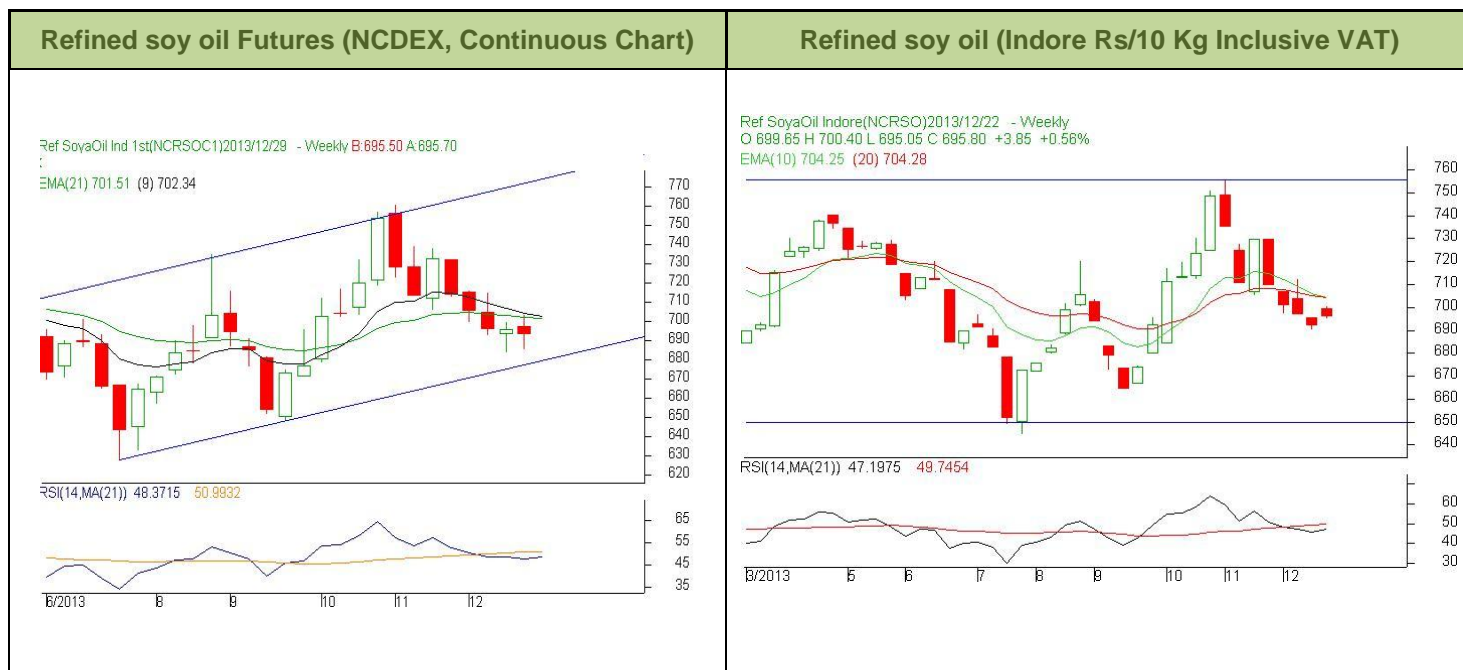
Landed Cost Calculation as on 28/12/2013	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	877	NA	800	840
Freight (USD/MT)	75	65	60	5.0
C & F	952.0	65.0	860.0	845.0
Weight loss (0.25% of FOB)	2.19	-	2.00	2.10
Finance charges (0.4% on CNF)	3.81	0.26	3.44	3.38
Insurance (0.3% of C&F)	3	0	3	3
CIF (Indian Port - Kandla)	961	-	868	853
CVD	0	0	0	0
Duty USD per ton	25.50	25.50	25.50	21.35
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.51	0.51	0.51	0.427
Exchange rate	61.92	61.92	61.92	61.92
Landed cost without customs duty in INR per ton	59496	-	53748	52819
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	1020	1020	1020	854
Fixed exchange rate by customs department	61.55	61.55	61.55	61.55
Duty component in INR per ton	1569.53	1569.53	1569.53	1314.09
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61739	-	55990	54806
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	63500	63500	63500	54300
Total landed cost USD per ton	997	-	904	885
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1026	1026	1026	877
Parity INR/MT (Domestic - Landed)	1761	-	7510	-506
Parity USD/MT (Domestic - Landed)	28.44	-	121.28	-8.17

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 682 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 690-709 level in near to medium term. RSI is near to neutral zone and shows evidence of divergence with the ref. soy oil prices.

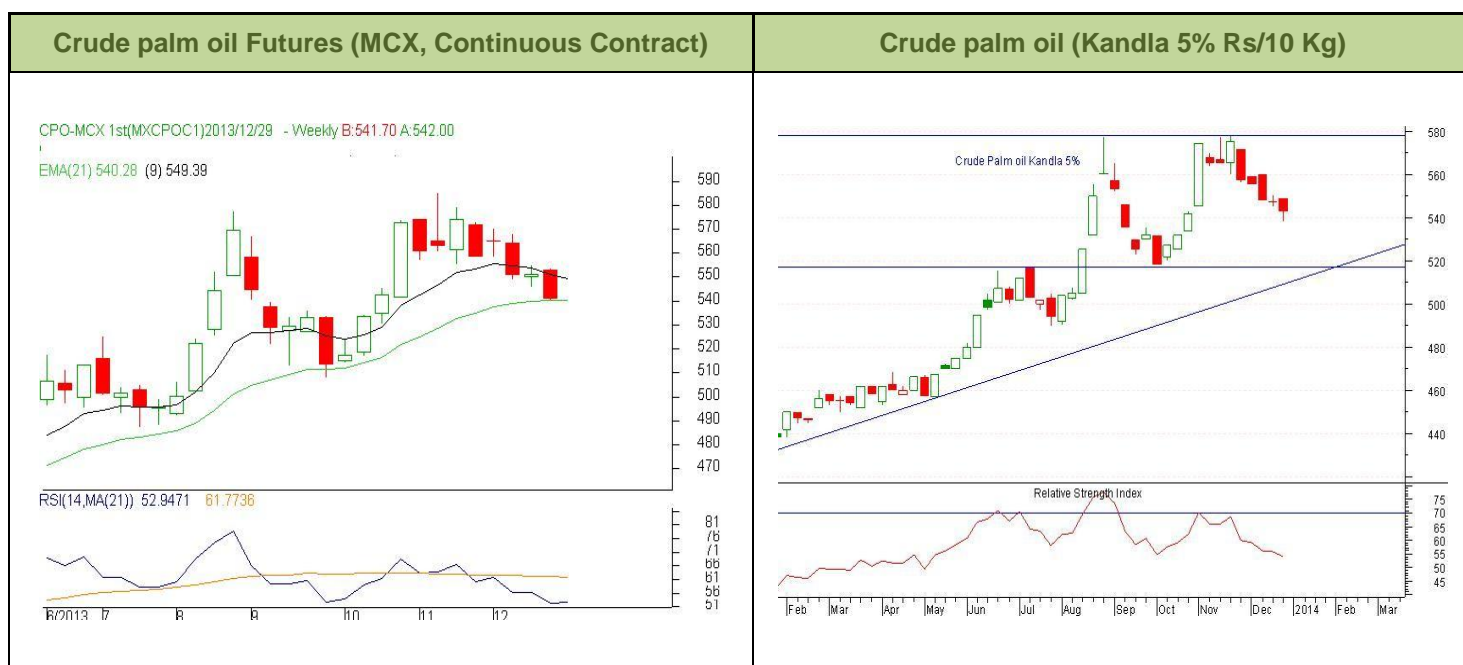
Strategy: Market participants are advised to go long in RSO above 690 levels for a target of 706 and 709 with a stop loss at 682 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
675.00	680.00	692.95	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 losses in the prices. We expect prices may trade with a steady 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 545 for a target of 555 and 558 with a stop loss at 539 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
535.00	540.00	547.20	562.00	568.00

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 538-560 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12/27/2013	12/20/2013	
Refined Soybean Oil	Kota(Loose)	670	665	5
	Rajkot (Loose)	664	660	4
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	710	707	3
	Kakinada	NA	NA	-
	Mumbai +VAT	665	660	5
	Indore	662	660	2
	Soy Degum Mumbai+VAT	628	628	Unch
	SoyDegum Kandla/Mundra+VAT	628	628	Unch
	Halidiya Port (Loose)	686	NA	-
	Akola (Loose)	678	674	4
	Amrawati (Loose)	678	674	4
	Jalna	681	686	-5
	Nagpur	688	684	4
Palm Oil	Chennai.RBD.Palmolein.(Loose)	583	590	-7
	Hyd. RBD Palmolein VAT	575	580	-5
	Delhi RBD Palmolein (Loose)	615	615	Unch
	Kandla CPO (5%FFA)	538	547	-9
	Kakinada.RBD.Palmolein(Loose)	579	581	-2
	Mumbai RBD Pamolein+ VAT	575	578	-3
	Kandla RBD Palmolein +VAT	570	575	-5
Refined Sunflower Oil	Mumbai + VAT	710	690	20
	Kandla/Mundra	640	630	10
	Erode (Exp. Oil)+VAT	695	705	-10
	Hyderabad Exp +VAT	666	681	-15
	Chennai (Loose)	725	725	Unch
	Bellary (Exp. Oil)+VAT	626	636	-10
	Latur (Exp. Oil)+VAT	636	636	Unch
	Chellakere (Exp. Oil)+VAT	616	626	-10
Groundnut Oil	Rajkot (Loose)	815	825	-10
	Chennai (Loose)	730	720	10
	Delhi (Loose)	725	725	Unch



	Hyderabad Exp +VAT	773	768	5
	Mumbai + VAT	820	820	Unch
	Gondal+VAT	820	825	-5
	Jamnagar +VAT	820	825	-5
	Narsarropeth+VAT	720	720	Unch
	Prodattour+VAT	691	691	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	709	703	6
	Alwar (Expeller Oil)(Loose)	696	701	-5
	Kota (Expeller Oil) (Loose)	680	665	15
	Jaipur (Expeller Oil) (Loose)	701	697	4
	Delhi (Exp. Oil) (Loose)	722	725	-3
	SriGangaNagar(ExpOil-Loose)	697	690	7
	Hapur+VAT	776	775	1
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	737	745	-8
Refined Cottonseed Oil	Mumbai +VAT	615	620	-5
	Rajkot (Loose)	580	625	-45
	Delhi (Loose)	600	608	-8
	Hyderabad (Loose)	590	590	Unch
Coconut Oil	Kangayan (Crude)	1040	1020	20
	Cochin	1010	1010	Unch
	Trissur	1040	1010	30
Sesame Oil	Delhi	1100	1150	-50
	Mumbai	1210	1230	-20
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	520	-
Rice Bran Oil (4%)	Punjab	515	515	Unch
Malaysia Palmolein USD/MT	FOB (January Shipment)	805	795	10
	CNF (December Shipment) India	835	830	5
Indonesia CPO USD/MT	FOB (February-March Shipment)	840	835	5
	CNF (December Shipment) India	850	850	Unch
Argentina FOB (\$/MT)		12/26/2013	12/19/2013	Change
Crude Soybean Oil Ship		NA	884	-
Refined Soy Oil (Bulk) Ship		NA	915	-



Sunflower Oil Ship	NA	NA	-
Cottonseed Oil Ship	NA	864	-
Refined Linseed Oil (Bulk) Ship	NA	NA	-

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