

## **Executive Summary**

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

*Compared to the last week, edible oil basket featured mixed tone during the week under review. Palm, coconut, and RM seed oil quoted up tracking renewed buying and slight gain in the international palm oil market. However, soybean and sunflower oil quoted steady.*

*On the currency front, Indian rupee against USD closed (05 Jan. 2014) at 62.15, down 0.49 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 inventories.*

*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 38.00 cents/lb to 39.70 cents/lb. CPO at BMD (Jan) is likely to trade in the range of 2570-2670 ringgit per tons. According to data released by cargo surveyor Intertek Testing Services, exports of Malaysian palm oil products for Dec fell 1.1 percent to 1,433,910 tons from 1,449,664 tons shipped in November.*

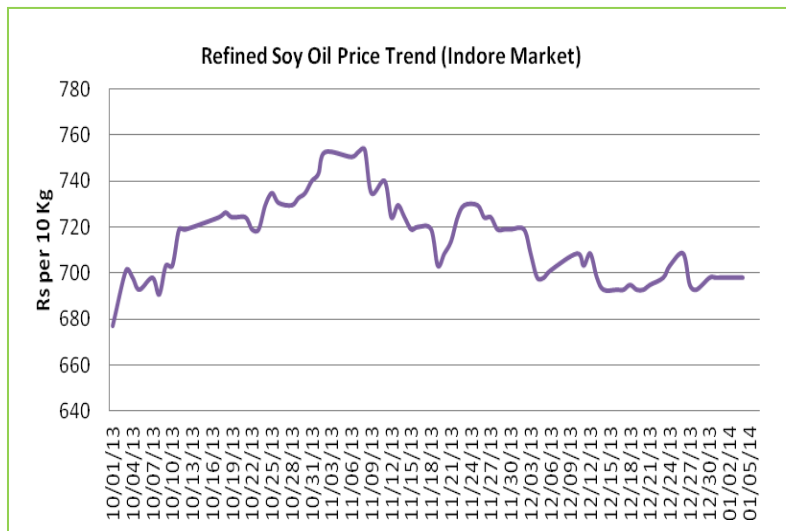
*On the international front, adequate soybean supplies, rains over key Argentinean soybean growing regions eased the heat concern and on an estimated rise in global soy, supplies may favor the bears. While, good demand from china may limit downside risk in the prices.*

*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.
- At the import front, IBIS figures revealed that India imported 0.34 lakh tons of crude soybean degummed oil during Dec 1-29, 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.
- US dollar 958 per tons sets as a new base import price for crude soybean oil. 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.
- Rains over Argentina's key soy growing belt support the soil moisture and an expected higher South American soybean crop in the current season likely to support the bears in the days ahead. However, slow palm oil production in Malaysia may cap excessive losses.
- We expect soy oil may trade with a steady to slightly firm tone in the coming days.



### International Front

- According to Rosario exchange, Argentina's soybeans production for 2013-14 is expected to be 55 million tons, up from 48.3 million tons of output seen last year. The planting area for soybean is up 6 percent from previous year to 20.7 million hectares. Sowing has progressed to 80 percent of the expected area as of 30 Dec 2013.
- 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.
- China imported 6.03 million tons of soybeans and 0.56 million tons of rapeseed in November 2013 - General Administration Customs of China.
- As per Indonesia's agriculture ministry, the country's 2014 soybeans production is expected at 1.5 million tons, up 86 percent from previous year. The country is expected to import 700,000 tons of soybeans.
- On the international front, adequate soybean supplies, rains over key Argentinean soybean growing regions eased the heat concern and on an estimated rise in global soy, supplies may favor the bears. While, good demand from china may limit downside risk in the prices.

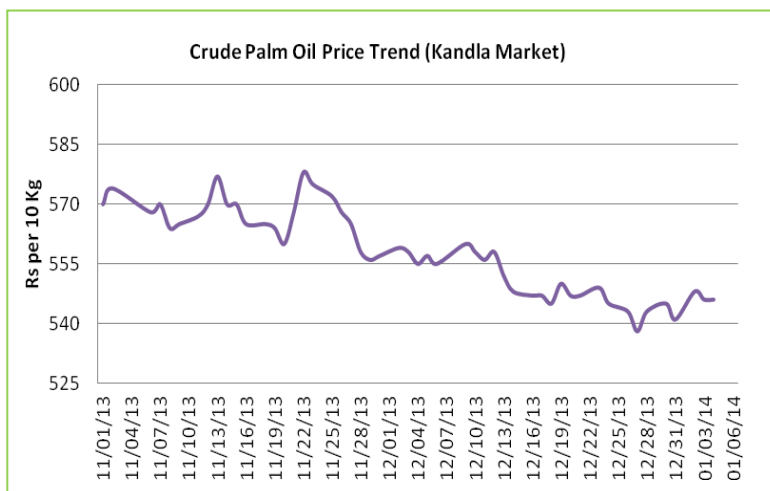
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 685-708 per 10 Kg in the near term.

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

### **Domestic Front**

- CPO Kandla 5% witnessed steady note during the week in review tracking slight gains in the international palm oil market and need based buying.
- Indian Government has revised the tariff value for crude palm oil to US \$ 892, RBD palm oil to US \$922, Crude and refined palmolein to 925 928 (US dollar per metric tons) respectively. 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 6.84 lakh tons of crude palm oil, 2.63 lakh tons of RBD palmolein, 1.51 lakh tons of crude sunflower oil and 0.212 lakh tons of crude palm kernel oil during 1-29 Dec. 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 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).
- 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. Crude palm oil at BMD December contract ended at RM 2,640 per tons, up by 6 points from last week. According to data released by cargo surveyor Intertek Testing Services, exports of Malaysian palm oil products for Dec fell 1.1 percent to 1,433,910 tons from 1,449,664 tons shipped in November.
- 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.

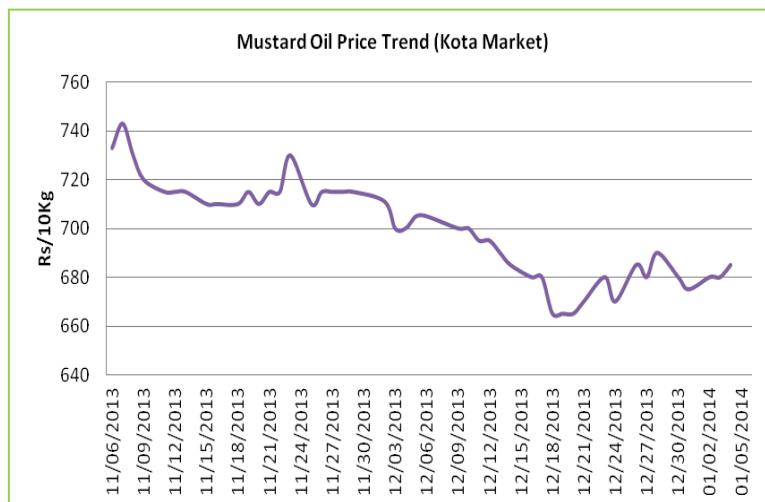
### **Price Outlook:**

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 during December 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.
- As per sources, higher mustard seed planting and average demand may support the bears for short term. However, excessive fall in temperature in main RM seed regions persist may affect crop yields. We expect RM seed oil prices may trade range bound in the days ahead.

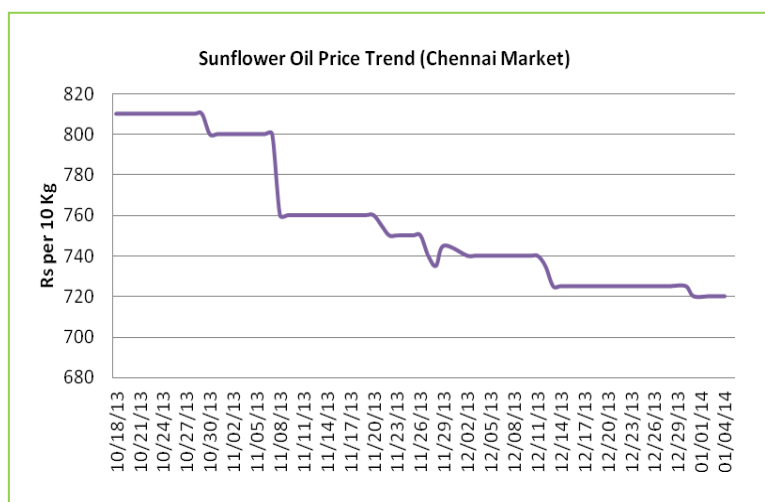


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 675-700 per 10 Kg.

### **Sunflower oil Fundamental Review and Analysis:-**

#### **Domestic Front**

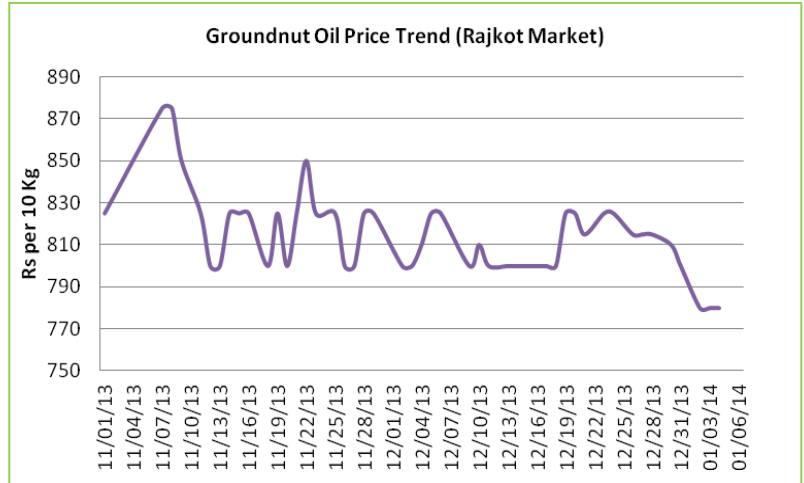
- Sunflower oil featured steady tone at its benchmark market Chennai during the week owing to stable demand from stockists and higher imports during last two months.
- As per Ministry of Agriculture, sown area for Rabi sunflower seed stood at 3.35 lakh hectares as on 26 Dec. 2013, down 0.93 lakh hectares compared to the corresponding period last year.
- 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. At import front, Indian buyers imported 1.51 lakh tons of crude sunflower oil during 1-29 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 weak movement at its benchmark market (Rajkot) during the week due to higher groundnut seed production in the current season and lackluster buying.
- 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.



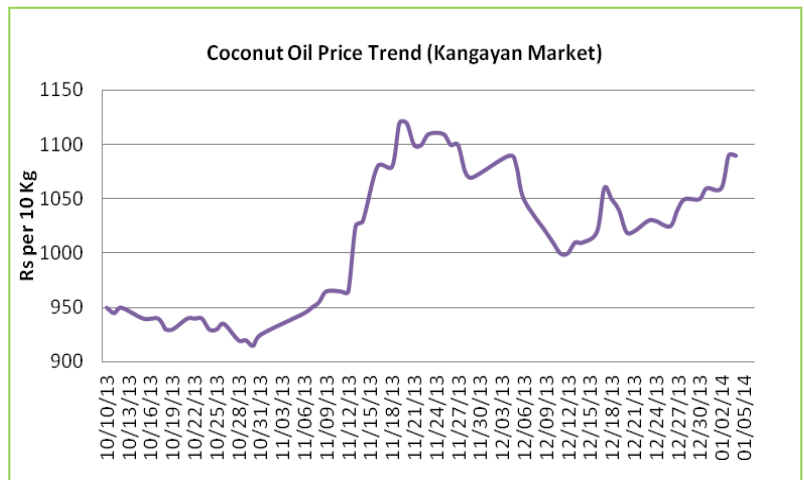
### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 770-815 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:-

#### Domestic Front

- Coconut oil featured steady to firm tone at its benchmark market Kanganayan during the week due to renewed demand at lower quotes. However, prices may consolidate in the near term.
- 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. 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.

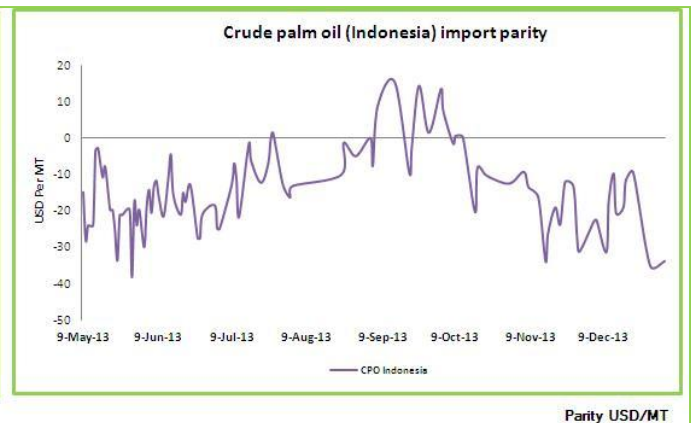
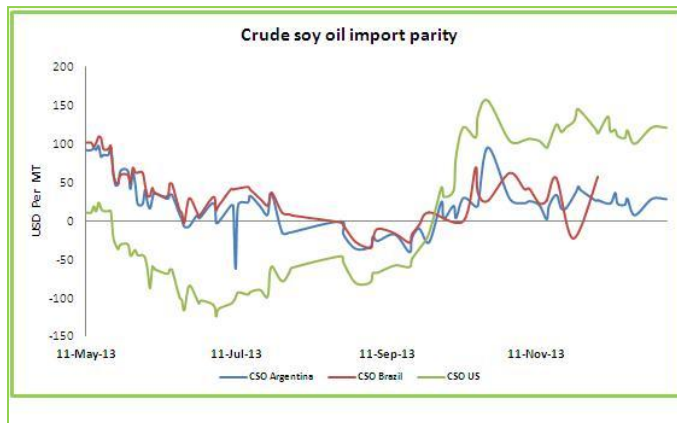


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1075-1120 per 10 Kg.



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

<b>Landed Cost Calculation as on 4/1/2014</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	866	NA	785	835
Freight (USD/MT)	75	65	60	32.0
C & F	941.0	65.0	845.0	867.0
Weight loss (0.25% of FOB)	2.17	-	1.96	2.09
Finance charges (0.4% on CNF)	3.76	0.26	3.38	3.47
Insurance (0.3% of C&F)	3	0	3	3
CIF (Indian Port - Kandla)	950	-	853	875
CVD	0	0	0	0
Duty USD per ton	23.95	23.95	23.95	22.30
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.479	0.479	0.479	0.446
Exchange rate	62.25	62.25	62.25	62.25
Landed cost without customs duty in INR per ton	59122	-	53092	54478
Customs duty %	2.5%	2.5%	2.5%	2.5%
Base import price	958	958	958	892
Fixed exchange rate by customs department	62.30	62.30	62.30	62.30
Duty component in INR per ton	1492.09	1492.09	1492.09	1389.29
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61287	-	55257	56541
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	63200	63200	63200	54600
Total landed cost USD per ton	985	-	888	908
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1015	1015	1015	877
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1913</b>	<b>-</b>	<b>7943</b>	<b>-1941</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>30.73</b>	<b>-</b>	<b>127.60</b>	<b>-31.18</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 note in the days ahead. Investors are advised to buy refined soy oil (Feb. 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 674 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 677-687 level in near to medium term. RSI is near to neutral zone and shows evidence of divergence with the ref. soy oil prices.

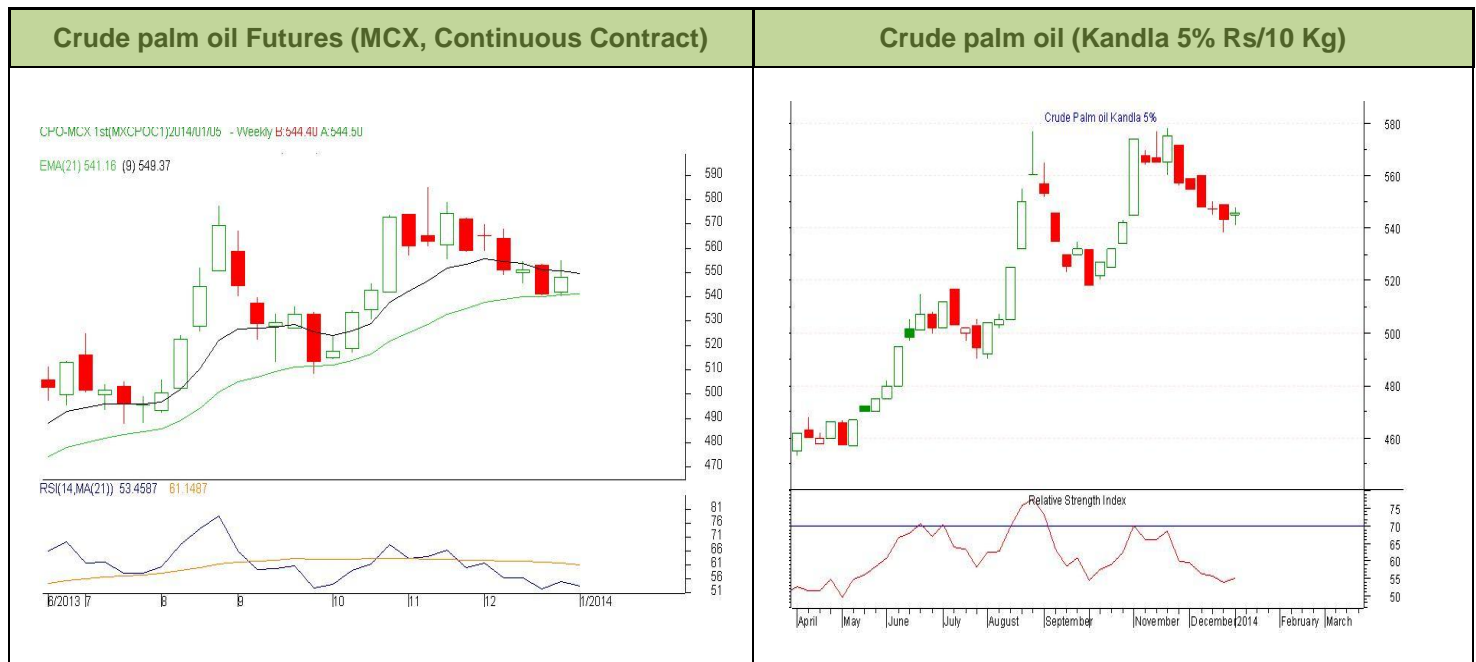
**Strategy:** Market participants are advised to go long in RSO above 677 levels for a target of 685 and 687 with a stop loss at 674 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
669.00	673.00	683.85	696.00	702.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of 685-708 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 slight gains in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close below 538 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 540-550 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 between 540-542 for a target of 548 and 550 with a stop loss at 538 on closing basis.

#### CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
530.00	535.00	548.10	558.00	562.00

**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
		1/3/2014	12/27/2013	
Refined Soybean Oil	Kota(Loose)	670	670	Unch
	Rajkot (Loose)	650	664	-14
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	710	710	Unch
	Kakinada	NA	NA	-
	Mumbai +VAT	655	665	-10
	Indore	665	662	3
	Soy Degum Mumbai+VAT	632	628	4
	SoyDegum Kandla/Mundra+VAT	632	628	4
	Haldiya Port (Loose)	NA	686	-
	Akola (Loose)	671	678	-7
	Amrawati (Loose)	671	678	-7
	Jalna	676	681	-5
	Nagpur	681	688	-7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	585	583	2
	Hyd. RBD Palmolein VAT	570	575	-5
	Delhi RBD Palmolein (Loose)	620	615	5
	Kandla CPO (5%FFA)	546	538	8
	Kakinada.RBD.Palmolein(Loose)	579	579	Unch
	Mumbai RBD Pamolein+ VAT	577	575	2
	Kandla RBD Palmolein +VAT	570	570	Unch
Refined Sunflower Oil	Mumbai + VAT	710	710	Unch
	Kandla/Mundra	640	640	Unch
	Erode (Exp. Oil)+VAT	700	695	5
	Hyderabad Exp +VAT	671	666	5
	Chennai (Loose)	720	725	-5
	Bellary (Exp. Oil)+VAT	616	626	-10
	Latur (Exp. Oil)+VAT	636	636	Unch
	Chellakere (Exp. Oil)+VAT	611	616	-5
Groundnut Oil	Rajkot (Loose)	780	815	-35
	Chennai (Loose)	720	730	-10
	Delhi (Loose)	725	725	Unch
	Hyderabad Exp +VAT	789	773	16



	Mumbai + VAT	800	820	-20
	Gondal+VAT	775	820	-45
	Jamnagar +VAT	775	820	-45
	Narsarropeth+VAT	750	720	30
	Prodattour+VAT	681	691	-10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	705	709	-4
	Alwar (Expeller Oil)(Loose)	691	696	-5
	Kota (Expeller Oil) (Loose)	680	680	Unch
	Jaipur (Expeller Oil) (Loose)	702	701	1
	Delhi (Exp. Oil) (Loose)	731	722	9
	SriGangaNagar(ExpOil-Loose)	692	697	-5
	Hapur+VAT	775	776	-1
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	745	737	8
Refined Cottonseed Oil	Mumbai +VAT	610	615	-5
	Rajkot (Loose)	610	580	30
	Delhi (Loose)	604	600	4
	Hyderabad (Loose)	585	590	-5
Coconut Oil	Kangayan (Crude)	1090	1040	50
	Cochin	1030	1010	20
	Trissur	1090	1040	50
Sesame Oil	Delhi	1200	1100	100
	Mumbai	1170	1210	-40
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	515	515	Unch
Malaysia Palmolein USD/MT	FOB (January Shipment)	810	805	5
	CNF (January Shipment) India	843	835	8
Indonesia CPO USD/MT	FOB (February-March Shipment)	835	840	-5
	CNF (January Shipment) India	855	850	5
<b>Argentina FOB (\$/MT)</b>		<b>1/2/2014</b>	<b>12/26/2013</b>	<b>Change</b>
Crude Soybean Oil Ship		NA	NA	-
Refined Soy Oil (Bulk) Ship		NA	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		NA	NA	-



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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