

Executive Summary**Domestic Veg. Oil Market Summary**

Compared to the last week, edible oil basket featured steady to weak tone during the week under review. Palm, soy, and RM seed oil quoted down tracking losses in the international palm oil market. While, coconut oil quoted slightly firm.

On the currency front, Indian rupee against USD closed (10 Jan. 2014) at 61.89, down 0.47 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 figures.

We expect edible oil complex to trade sideways to slightly weak tone due to higher global oilseeds production estimates, adequate edible oil supplies in the cash market and weakness in the international palm oil market. However, renewed demand at lower quotes may emerge, and slower pace of palm oil production in South East Asian countries may limit excessive losses.

International Veg. Oil Market Summary

CBOT soy oil (Jan) is expected to stay in the range of 36.90 cents/lb to 38.70 cents/lb. CPO at BMD (Feb) is likely to trade in the range of 2425-2560 ringgit per tons. According to data released by cargo surveyor Intertek Testing Services (ITS), exports of Malaysian palm oil products from January 1 to 10 fell 21.5 per cent to 284,693 tons from corresponding period of the last month.

On the international front, adequate soybean supplies, rains over key Argentinean soybean growing regions 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.

Higher than expected Malaysian palm oil inventories for December and uncertain palm oil demand as palm oil solidifies in the cold may support the bears in the days ahead. While, slower pace of palm oil production in the South East Asian countries, and good biofuel demand may limit downside risk in the palm oil prices.

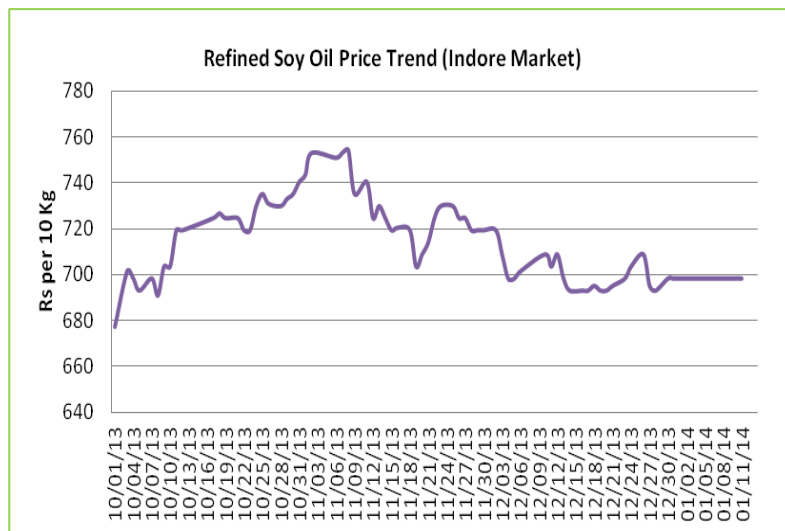
Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured steady to weak tone on need based buying against adequate supplies, higher prices of Indian meals and weakness in the international soy oil market.
- Higher soybean production estimates for South American countries, favorable weather conditions over Argentina's key soy growing belt support the soil moisture and adequate edible oils supplies in the cash market support the bears in the days ahead.
- 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.
- We expect soy oil may trade with a steady to slightly weak tone in the coming days.



International Front

- According to FCStone, Brazil's soybean production for 2014 seen at 90.2 million tons, up 0.5 million tons from previous forecast of 89.3. While, last year Brazil produced 81.5 million tons of soybean.
- China imported 63.38 million tons of soy in 2013, a rise of 8.6 percent from the year due to expand in crushing capacity and good demand. December soybean imports jumped 26 percent on Y-o-Y basis to 7.4 million tons.
- 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 USDA's WASDE report, global soybean production is projected at 286.8 million tons, up 1.9 million tons due to higher production estimates for the United States and Brazil. Moreover, Brazil soybean crop seen at 89 million tons, up one million tons from previous estimates.
- On the international front, adequate soybean supplies, rains over key Argentinean soybean growing regions 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.

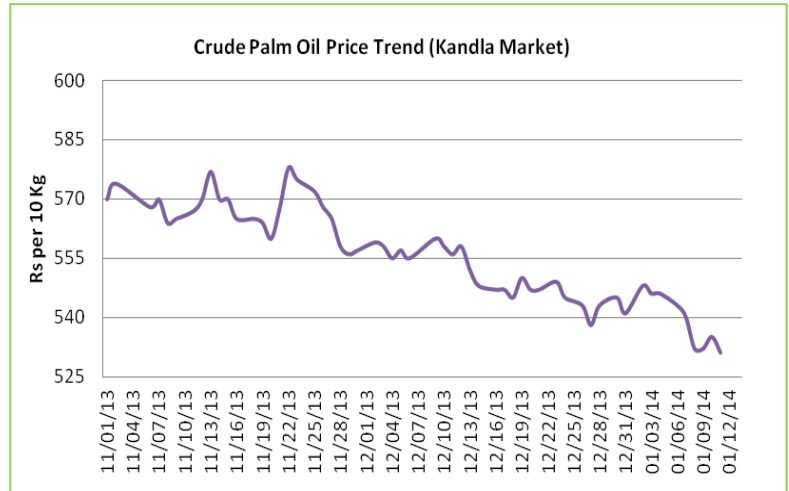
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 675-700 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed steady to weak note during the week in review tracking losses in the international palm oil market and need based buying.
- The CCEA has approved the proposal for increasing the import duty on refined edible oils of vegetable origin to 10 percent to maintain a reasonable differential between import duty on crude and refined vegetable oils to protect the domestic refining industry and domestic farmers. Earlier the import duty on refined edible oils was 7.5 percent.
- At the import front, IBIS figures revealed that Indian buyers imported 1.86 lakh tons of crude palm oil, 1.71 lakh tons of RBD palmolein, 1.53 lakh tons of crude sunflower oil during 30 Dec-05 Jan. 2014. 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).
- We expect domestic palm oil prices likely to trade range bound in the days ahead.



International Front

- CPO at BMD witnessed weak tone on w-o-w basis owing to higher than expected Malaysian palm oil inventories for December and in expectation of higher global edible oil supplies in the current year. Crude palm oil at BMD December contract ended at RM 2,517 per tons, down by 123 points from last week. According to data released by cargo surveyor Intertek Testing Services (ITS), exports of Malaysian palm oil products from January 1 to 10 fell 21.5 per cent to 284,693 tons from corresponding period of the last month.
- As per data released by the Malaysian Palm Oil Board (MPOB), palm oil inventories rose 0.3 percent in December to 1.985 million tons. While, the palm oil production fell by 10.75 percent to 1.667 million tons in December. Exports also rose by 0.3 percent to 1.50 million tons from a month ago.
- 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.
- Higher than expected Malaysian palm oil inventories for December and uncertain palm oil demand as palm oil solidifies in the cold may support the bears in the days ahead. While, slower pace of palm oil production in the South East Asian countries, and in expectation of good biofuel demand may limit downside risk in the palm oil prices.

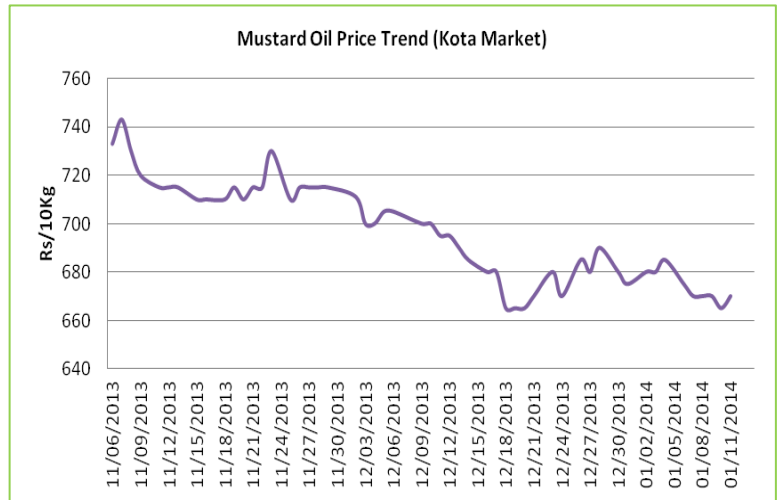
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 525-545 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to weak tone during the week at the Kota market due to higher mustard seed sowing report and adequate edible oils supplies in the cash market.
- As per sources, extreme cold weather over key mustard growing regions of Rajasthan raises the concern of lower yields, if the temperature remains below normal levels.
- Sown area for Rabi groundnut seed stood at 70.35 lakh hectares as on 09 Jan. 2014, up 4.13 lakh hectares compared to the corresponding period last year - Ministry of Agriculture.
- 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

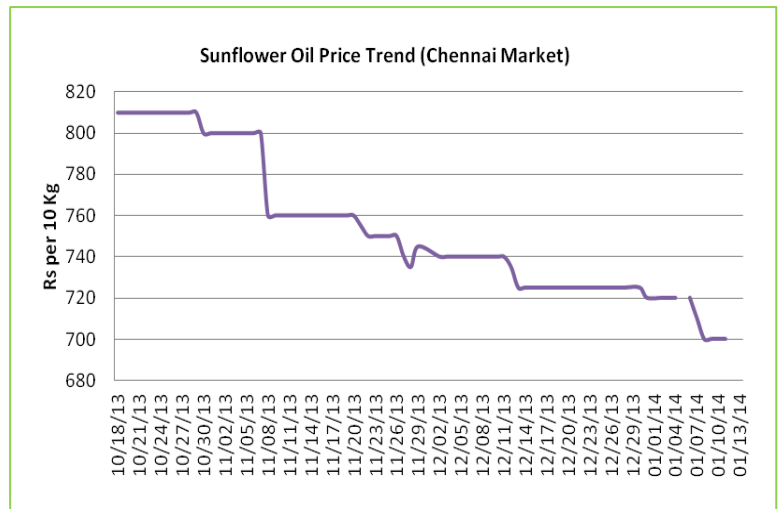
- Informa Economics forecasts global rapeseed production 2014/15 (Jun/May) to 687 lakh tons. Value in parenthesis are previous rapeseed production estimates wherein Canada is estimated at 169 (180) lakh tons, India at 72 (70) lakh tons, and EU-28 at 211 (208) lakh tons.

Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 662-685 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 last three months.
- As per Ministry of Agriculture, sown area for Rabi sunflower seed stood at 3.80 lakh hectares as on 09 Jan. 2014, down 0.70 lakh hectares compared to the corresponding period last 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. 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.
- We expect sunflower oil prices may trade with steady tone in the near term.



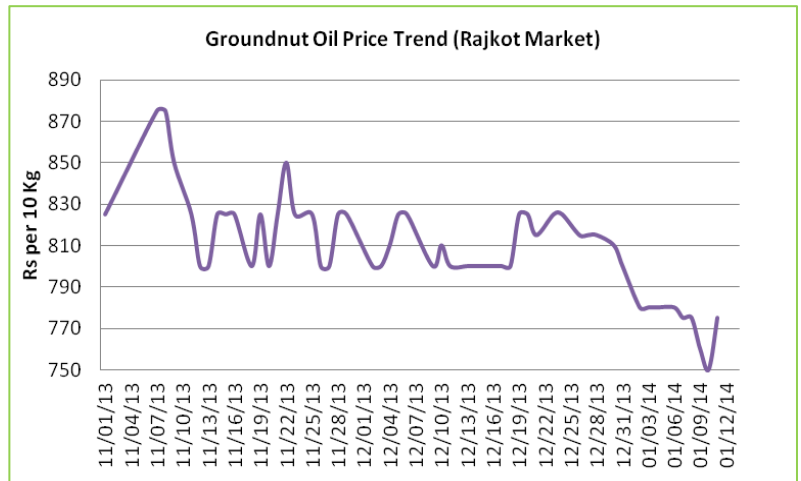
International Front

- As per UkrAgroConsult, Ukraine sunflower seed production in the current year seen at 10.3 million tons, down 0.1 million tons from last year in expectation of lower sunflower seed acreage

Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 690-715 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 adequate supplies.
- Average export demand for groundnut seed, good raw material availability for crushing may support the bears. However, lower quotes of groundnut oil may support the retail demand in the coming days.
- Sown area for Rabi groundnut seed stood at 5.59 lakh hectares as on 09 Jan. 2014, down 0.55 lakh hectares compared to the corresponding period last year - Ministry of Agriculture.
- As per SOMA, lower price difference between G/N oil and other edible oils support the retail demand. Currently, demand has crossed over 250 tons per day. Groundnut seed production could be around 25.95 lakh tons. While, last year groundnut production was seven lakh tons (SEA of India). 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.

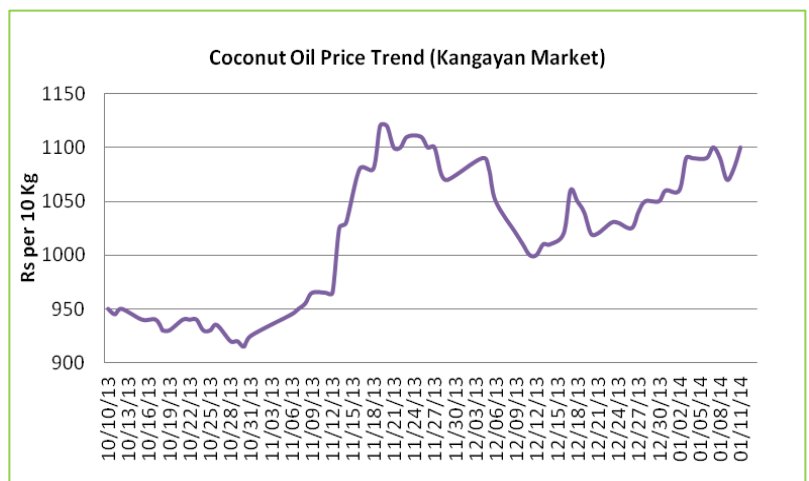


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 760-810 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- **Domestic Front**

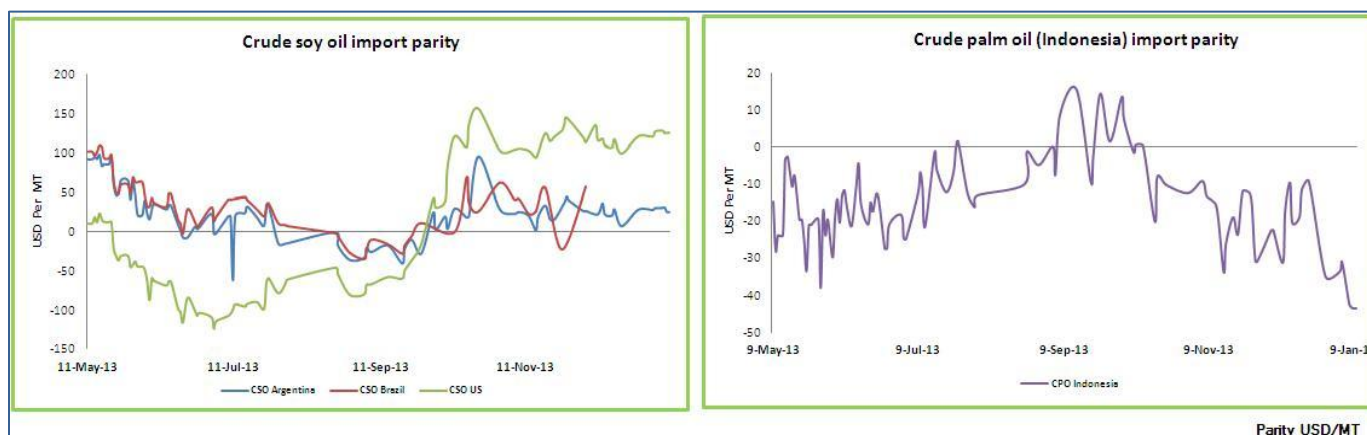
- Coconut oil featured steady to firm tone at its benchmark market Kanganayan during the week due to gains in the international coconut oil prices. However, lower demand witnessed at higher quotes.
- Lackluster buying at higher quotes, copra stocks offload by stockists and weakness in the palm oil products 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. 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.
- Domestic market would be inactive in the coming days due to Hindu's festivities. 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.

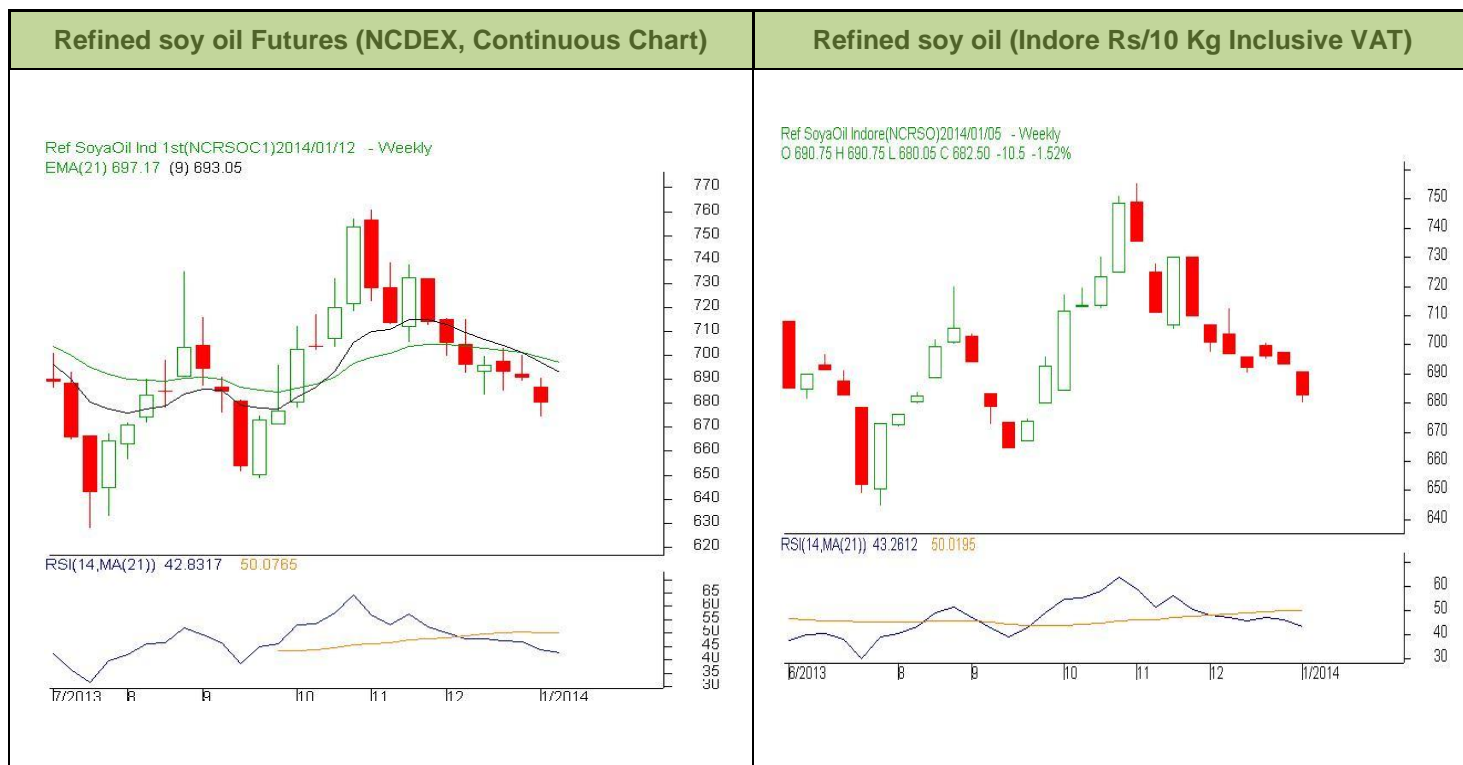
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 10/1/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	855	NA	771	830
Freight (USD/MT)	75	65	60	32.0
C & F	930.0	65.0	831.0	862.0
Weight loss (0.25% of FOB)	2.14	-	1.93	2.08
Finance charges (0.4% on CNF)	3.72	0.26	3.32	3.45
Insurance (0.3% of C&F)	3	0	2	3
CIF (Indian Port - Kandla)	939	-	839	870
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	62.24	62.24	62.24	62.24
Landed cost without customs duty in INR per ton	58421	-	52203	54156
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	60587	-	54369	56218
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62200	62200	62200	53500
Total landed cost USD per ton	973	-	874	903
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	999	999	999	860
Parity INR/MT (Domestic - Landed)	1613	-	7831	-2718
Parity USD/MT (Domestic - Landed)	25.92	-	125.83	-43.67
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 (Feb. contract) on rise.

- ❖ Weekly chart of refined soy oil at NCDEX depicts steady to weak tone. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 686 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 668-680 level in near to medium term. RSI is near to neutral zone and shows evidence of divergence with the ref. soy oil prices.

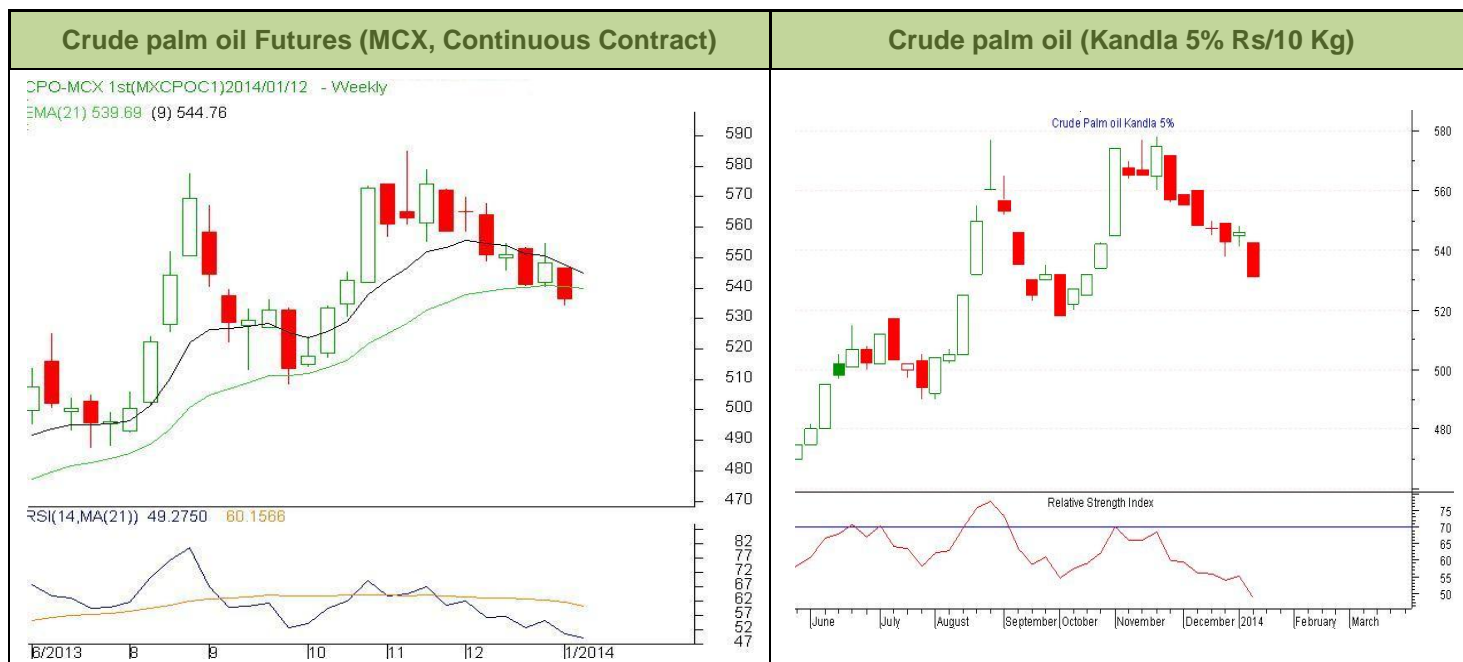
Strategy: Market participants are advised to go short in RSO below 680 levels for a target of 670 and 668 with a stop loss at 686 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
661.00	665.00	676.20	685.00	688.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 675-700 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 sel 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 to slightly weak note in the near term.
- ❖ Any close above 545.20 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 541-532 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 541 for a target of 534 and 532 with a stop loss at 545.20 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
525.00	528.00	536.20	546.00	552.00

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 525-545 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		10-Jan-14	3-Jan-14	
Refined Soybean Oil	Kota(Loose)	655	670	-15
	Rajkot (Loose)	640	650	-10
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	700	710	-10
	Kakinada	NA	NA	-
	Mumbai +VAT	650	655	-5
	Indore	648	665	-17
	Soy Degum Mumbai+VAT	623	632	-9
	SoyDegum Kandla/Mundra+VAT	622	632	-10
	Haldiya Port (Loose)	676	NA	-
	Akola (Loose)	668	671	-3
	Amrawati (Loose)	668	671	-3
	Jalna	671	676	-5
	Nagpur	678	681	-3
Palm Oil	Chennai.RBD.Palmolein.(Loose)	586	585	1
	Hyd. RBD Palmolein VAT	575	570	5
	Delhi RBD Palmolein (Loose)	600	620	-20
	Kandla CPO (5%FFA)	535	546	-11
	Kakinada.RBD.Palmolein(Loose)	560	579	-19
	Mumbai RBD Pamolein+ VAT	575	577	-2
	Kandla RBD Palmolein +VAT	572	570	2
Refined Sunflower Oil	Mumbai + VAT	700	710	-10
	Kandla/Mundra	625	640	-15
	Erode (Exp. Oil)+VAT	700	700	Unch
	Hyderabad Exp +VAT	661	671	-10
	Chennai (Loose)	700	720	-20
	Bellary (Exp. Oil)+VAT	614	616	-2
	Latur (Exp. Oil)+VAT	621	636	-15
	Chellakere (Exp. Oil)+VAT	611	611	Unch
Groundnut Oil	Rajkot (Loose)	750	780	-30
	Chennai (Loose)	720	720	Unch
	Delhi (Loose)	700	725	-25
	Hyderabad Exp +VAT	794	789	5

	Mumbai + VAT	780	800	-20
	Gondal+VAT	750	775	-25
	Jamnagar +VAT	750	775	-25
	Narsarropeth+VAT	730	750	-20
	Prodattour+VAT	681	681	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	700	705	-5
	Alwar (Expeller Oil)(Loose)	691	691	Unch
	Kota (Expeller Oil) (Loose)	665	680	-15
	Jaipur (Expeller Oil) (Loose)	689	702	-13
	Delhi (Exp. Oil) (Loose)	724	731	-7
	SriGangaNagar(ExpOil-Loose)	695	692	3
	Hapur+VAT	747	775	-28
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	740	745	-5
Refined Cottonseed Oil	Mumbai +VAT	608	610	-2
	Rajkot (Loose)	605	610	-5
	Delhi (Loose)	590	604	-14
	Hyderabad (Loose)	575	585	-10
Coconut Oil	Kangayan (Crude)	1080	1090	-10
	Cochin	1080	1030	50
	Trissur	1080	1090	-10
Sesame Oil	Delhi	1200	1200	Unch
	Mumbai	1200	1170	30
Kardi	Mumbai	1000	1000	Unch
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	510	515	-5
Malaysia Palmolein USD/MT	FOB (January Shipment)	798	810	-12
	CNF (January Shipment) India	830	843	-13
Indonesia CPO USD/MT	FOB (February-March Shipment)	813	835	-22
	CNF (January Shipment) India	835	855	-20
Argentina FOB (\$/MT)		9-Jan-14	3-Jan-14	Change
Crude Soybean Oil Ship		856	866	-10
Refined Soy Oil (Bulk) Ship		885	896	-11
Sunflower Oil Ship		NA	915	-
Cottonseed Oil Ship		836	846	-10



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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