

Executive Summary

Domestic Veg. Oil Market Summary

Compared to the last week, edible oil basket featured firm tone during the week under review. Soy and palm oil prices featured firm note on w-o-w basis.

On the currency front, Indian rupee against USD closed (14 Feb. 2014) at 61.93, up 0.57 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 recovery in the oil complex and renewed demand at lower quotes. However, higher global oilseeds production estimates and adequate edible oil supplies in the cash market may limit upside risk in the prices.

International Veg. Oil Market Summary

CBOT soy oil (Mar) is expected to stay in the range of 38.00 cents/lb to 40.25 cents/lb. CPO at BMD (Apr) is likely to trade in the range of 2580-2700 ringgit per tons. Exports of Malaysian palm oil products for February 1 to 10 rose 8.4 per cent to 308,485 tons from 284,693 tons shipped during January 1 to 10 - Cargo surveyor Societe Generale de Surveillance (SGS).

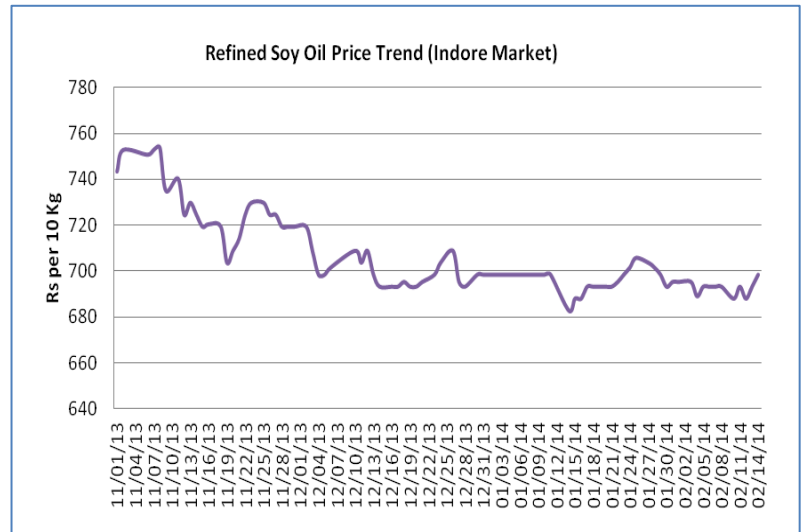
On the international front, adequate soybean supplies, higher South American soybean production estimates in the current season and on an estimated rise in global oilseed supplies may favor the bears. While, good demand from China and talks of heat concern over Brazil could limit downside risk in the prices.

Lower than expected Malaysian palm oil inventories for January and South East Asian countries are in lower palm oil yield phase may support the bulls in the days ahead. While, higher global soybean crop estimates and adequate supplies may limit excessive gains in the palm oil prices.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured steady to slightly firm tone tracking need-based demand at spot market and recovery in the international oil& fats market.
- On the supply side, as per the second advance estimates, Ministry of agriculture lowers its soybean output projections for 2013/14 to 12.45 million tons. While, last year India's soybean production was 12.21 million tons. While, 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.
- Talks of crop loss in Brazil and lower than expected Malaysian palm oil inventories for Jan. could support the domestic soy oil in the near term. However, weak soymeal export demand and need based demand for oil might caps the excessive gains.
- Current stock of edible oils as on 1st February, 2014 at various ports is estimated at 705,000 tons (CPO 330,000 tons, RBD Palmolein 175,000 tons, Degummed Soybean Oil 80,000 tons, Crude Sunflower Oil 105,000 tons and Canola Rape Oil 15,000 tons) and about 810,000 tons in pipelines. Total stock, both at ports and in pipelines has decreased by 80,000 tons to 1,515,000 tons (SEA of India).
- 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.
- We expect soy oil may trade with a steady to slightly firm tone in the coming days.



International Front

- According to numbers from China's General Administration of Customs, China imported 5.91 million tons of soybeans in January, up 23.7 percent from the corresponding period of last year due to good demand for meals and good crush margins.
- As per Safras & Mercado, Brazilian farmers have harvested 13% of the soybean acreage as of Feb. 7, 2014, up 3 percent from corresponding period of the last year. 19 percent harvesting complete in Mato Grosso.
- As per USDA, global soybean production is projected at record 287.7 million, up 0.9 million tons. Soybean production for Brazil is projected at 90.0 million tons, up one million from last month estimates and for the Argentina soybean crop seen at 54.0 million tons, down 0.5 million from last month estimates.
- According to local reports, the soybean in Brazil is in the period of germination to plant development stage and the crop condition is good. Various analyst forecast soybean crop in Brazil between 89.5-91.5 million tons in the current marketing year.
- On the international front, adequate soybean supplies, higher South American soybean production estimates in the current season and on an estimated rise in global oilseed supplies may favor the bears. While, good demand from China and talks of heat concern over Brazil could limit downside risk in the prices.

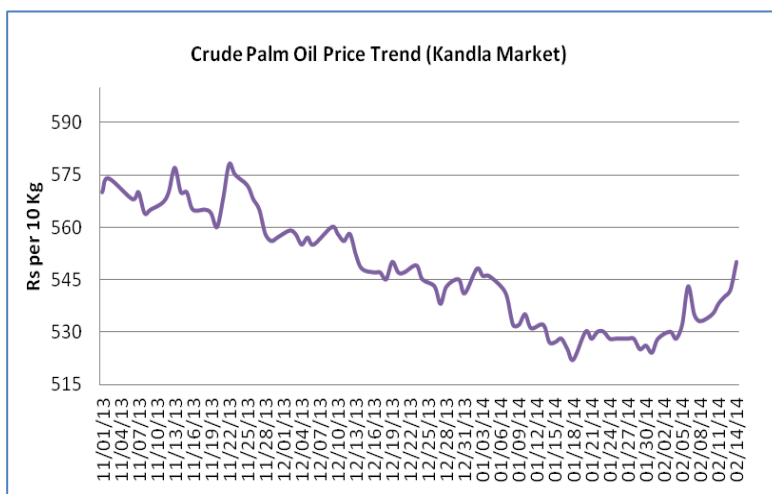
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 688-708 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed firm note during the week in review due to need based buying and firm cues from the international palm oil market.
- As per SEA of India, Indian buyers imported 15.7 lakh tons of crude palm oil in the 2013-14 oil years (Nov-Oct) till Jan., which was 16.93 percent lower against corresponding period of last year. Meanwhile, RBD palmolein imports were also higher at 5.7 lakh tons during 2012-13 oil years (Nov-Oct) till Jan., up 59.6 percent compared to the last year.
- As per the latest government notification, Indian Government has revised the tariff value for crude palm oil to US \$ 866, RBD palm oil to US \$897, Crude and refined palmolein to 895, 898 (US dollar per metric tons) respectively. Moreover, USD 916 per tons sets, as a new base import price for crude soybean oil Tariff value is the base price at which the customs duty is determined to prevent under-invoicing.
- We expect domestic palm oil prices likely to trade range bound to slightly firm tone in the days ahead.



International Front

- CPO at BMD witnessed slight gains on w-o-w basis owing to talks of crop damage in Brazil. However, weak export demand capped the excessive gains. Crude palm oil at BMD April contract ended at RM 2,665 per tons, up by 87 points from last week.
- Exports of Malaysian palm oil products for February 1 to 10 rose 8.4 per cent to 308,485 tons from 284,693 tons shipped during January 1 to 10 - Cargo surveyor Societe Generale de Surveillance (SGS).
- As per MPOB's report, Malaysian palm oil stocks for January eased to 1.93 million tons, down 2.6 percent from the last month. While, palm oil output estimate in Jan pegged at 1.51 million tons and export estimates pegged at 1.36 million tons.
- According to a Malaysian government circular, Malaysia has kept its crude palm oil export tax for February unchanged from the previous month at 5%.
- China imports 6,52,503 tons of palm oil and 89,501 tons of soy oil during December, down 31.6% and 55.8% on Y-o-Y basis respectively – Chinese Customs Department.
- Lower than expected Malaysian palm oil inventories for January and South East Asian countries are in lower palm oil yield phase may support the bulls in the days ahead. While, higher global soybean crop estimates and adequate supplies may limit excessive gains in the palm oil prices.

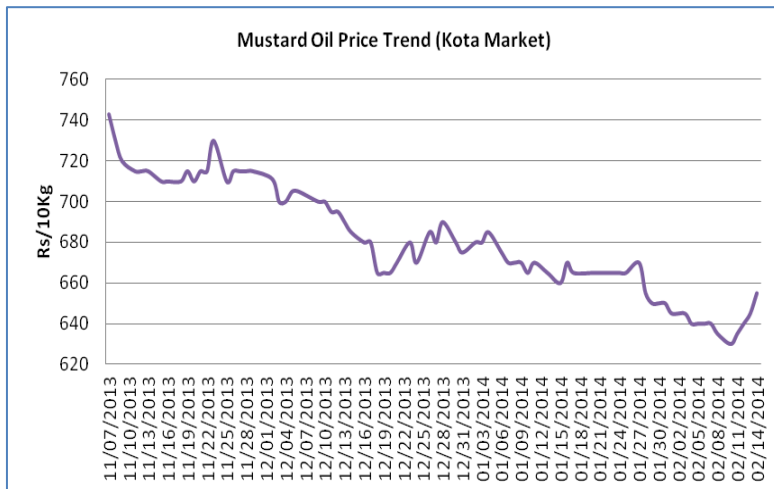
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 550-568 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 in line with the competing soy oil prices and renewed demand.
- On the supply side, as per the second advance estimates of production released by Ministry of agriculture, mustard seed output is estimated at 8.25 million tons, up .22 million tons from 2012/13 estimates. As per Agriwatch estimates, mustard seed production seen at 75.6 lakh tons, up 3.6 lakh tons from the previous oil year and mustard oil output seen at 27.97 lakh tons in 2013-14 Oil year (Nov-Oct). Meanwhile, the government target mustard seed production forecast for 2013/14 sets at 7.49 million tons. As per Oil world, world production of rapeseed was pegged at 69.3 million tons, up 8.4 per cent from a year earlier.
- New mustard seed arrivals from MP and Rajasthan registered with an average of 0.35 and 0.25-0.30 lakh bags on daily basis respectively. Moreover, new crop arrivals are likely to pick up pace in the coming week.
- Sown area for Rabi groundnut seed stood at 71.67 lakh hectares as on 31 Jan. 2014, up 4 lakh hectares compared to the corresponding period last year - Ministry of Agriculture.
- We expect RM seed oil prices may trade range bound in the days ahead.

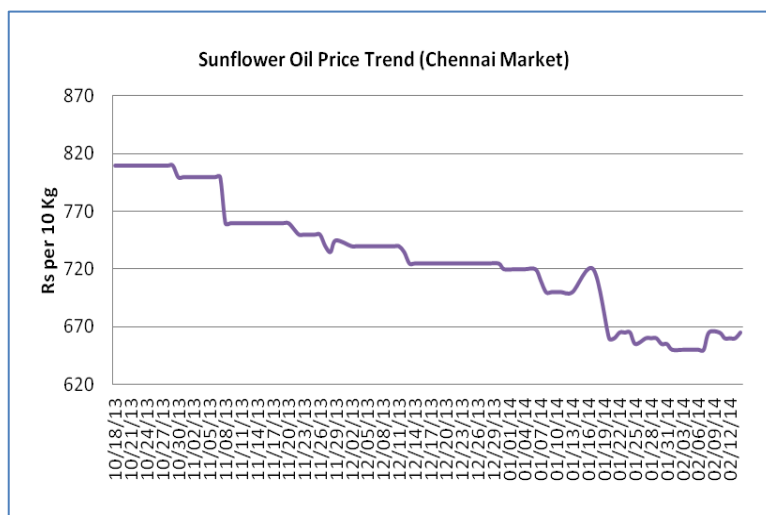


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 648-668 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

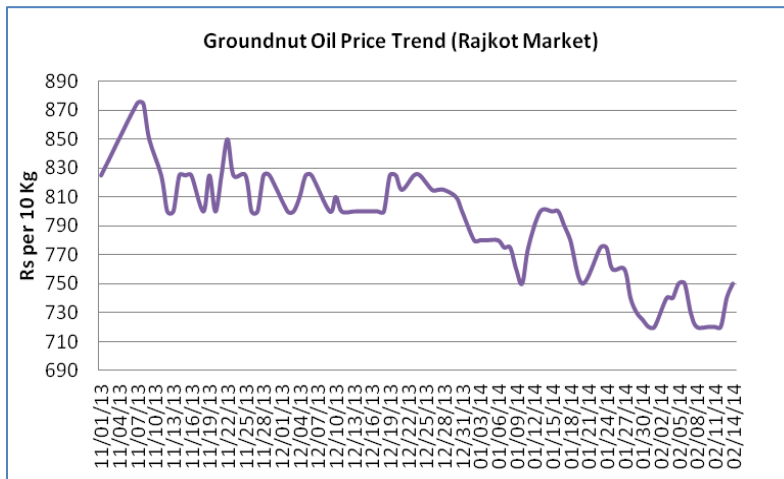
- Sunflower oil featured steady to slightly firm tone at its benchmark market Chennai during the week owing to stable demand from stockists and firmness in the oil complex. However, higher imports during last three months curb the bulls.
- SEA of India reports that crude sunflower oil imports by India during Nov-Jan of 2013-14-oil year (Nov-Oct) were 3.62 lakh tons. However, imports were higher on y-o-y basis by 1.16 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.
- 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. 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 655-695 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices recovered from lower levels at its benchmark market (Rajkot) during the week tracking renewed demand from wholesalers. However, higher groundnut seed production in the current season and adequate raw material supplies for crushing limit the excessive gains.
- Groundnut oil prices are likely gain further in the coming days in anticipation of good demand from retail. However, higher G/N production and weak export demand may limit the excessive gains. As per Agriwatch, groundnut oil production for 2013-14 marketing year is projected at six lakh tons which is higher than last year production estimate of 3.28 lakh tons.
- As per SOMA, lower price difference between G/N oil and other edible oils support the retail demand. Groundnut seed production could be around 25.95 lakh tons. While, last year groundnut production was seven lakh tons (SEA of India). 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.
- We expect groundnut oil prices may trade sideways in the days ahead.

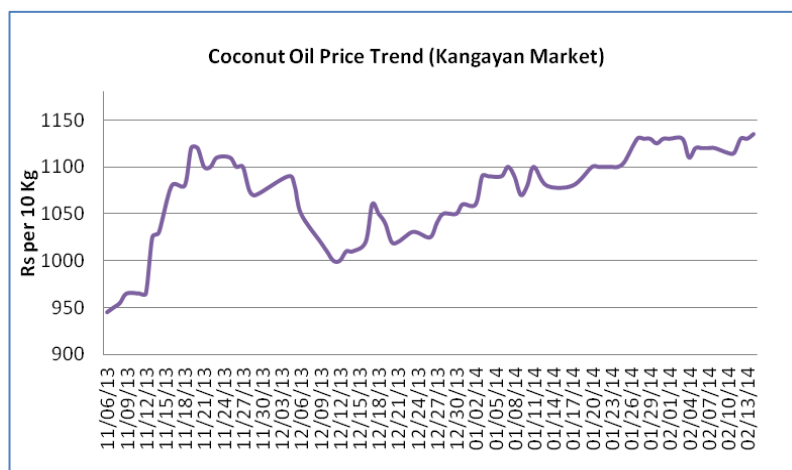


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 735-765 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

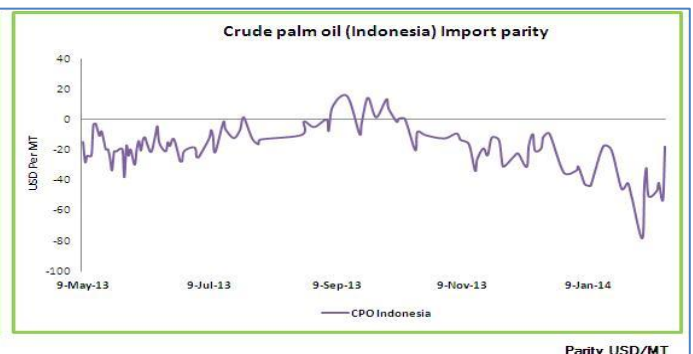
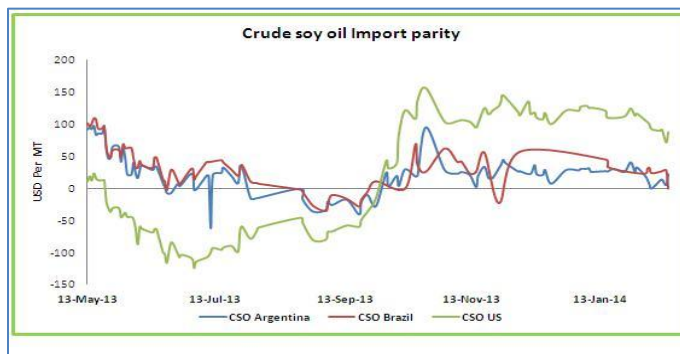
- Coconut oil featured steady to firm tone at its benchmark market Kanganayan during the week due to gains in the international oil & fats market and lean season for copra in Southern India. However, limited buying interest at higher quotes limit the upside risk in the prices.
- Lower arrivals of copra, lean season, and coconut crop damage in Philippines support the market sentiments. However, coconut oil prices may fall due to commencement of copra production season in Kerala and copra arrivals likely to pick up in the coming weeks.
- 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.
- We expect coconut oil prices may trade range bound in the coming week.



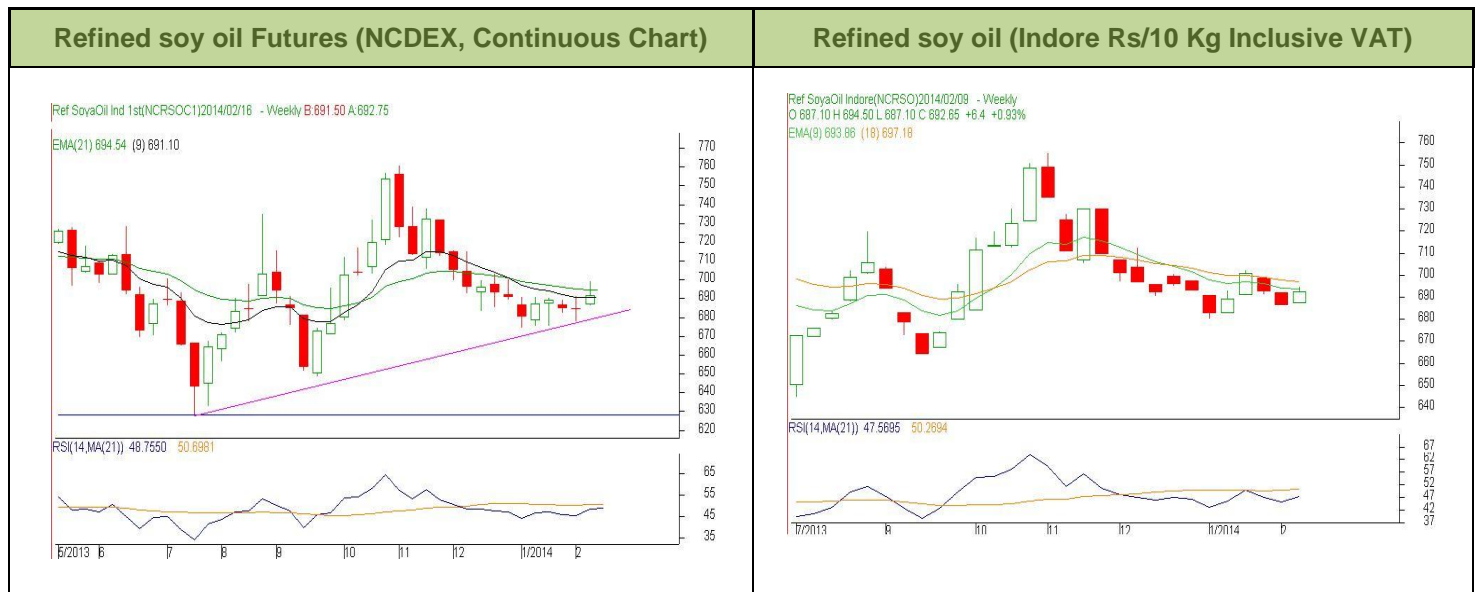
Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1090-1155 per 10 Kg.

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

Landed Cost Calculation as on 15/02/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	875	NA	825	828
Freight (USD/MT)	75	65	60	35.0
C & F	950.0	65.0	885.0	863.0
Weight loss (0.25% of FOB)	2.19	-	2.06	2.07
Finance charges (0.4% on CNF)	3.80	0.26	3.54	3.45
Insurance (0.3% of C&F)	3	0	3	3
CIF (Indian Port - Kandla)	959	-	893	871
CVD	0	0	0	0
Duty USD per ton	23.66	23.66	23.66	22.11
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.473172	0.473172	0.473172	0.442212
Exchange rate	61.82	61.82	61.82	61.82
Landed cost without customs duty in INR per ton	59275	-	55221	53852
Customs duty %	2.58%	2.58%	2.58%	2.58%
Base import price	917	917	917	857
Fixed exchange rate by customs department	62.20	62.20	62.20	62.20
Duty component in INR per ton	1471.56	1471.56	1471.56	1375.28
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61420	-	57366	55900
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62800	62800	62800	54800
Total landed cost USD per ton	994	-	928	904
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1016	1016	1016	886
Parity INR/MT (Domestic - Landed)	1380	-	5434	-1100
Parity USD/MT (Domestic - Landed)	22.32	-	87.90	-17.80
Source: Agriwatch				
Refining/ Processing Cost per MT	2600.00	2600.00	2600.00	3200.00
Freight to Inland location (Indore)	2500.00	2500.00	2500.00	2500.00
Cost of Imported oil after refining/Processing	66519.90	-	62465.74	59100.36
Soy/Palm oil imported Price (Including tax)	69845.89	-	65589.03	62055.38
Source: Agriwatch				


Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory due to lower 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 slightly firm note in the days ahead. Investors are advised to buy refined soy oil (Feb. contract) on dips.

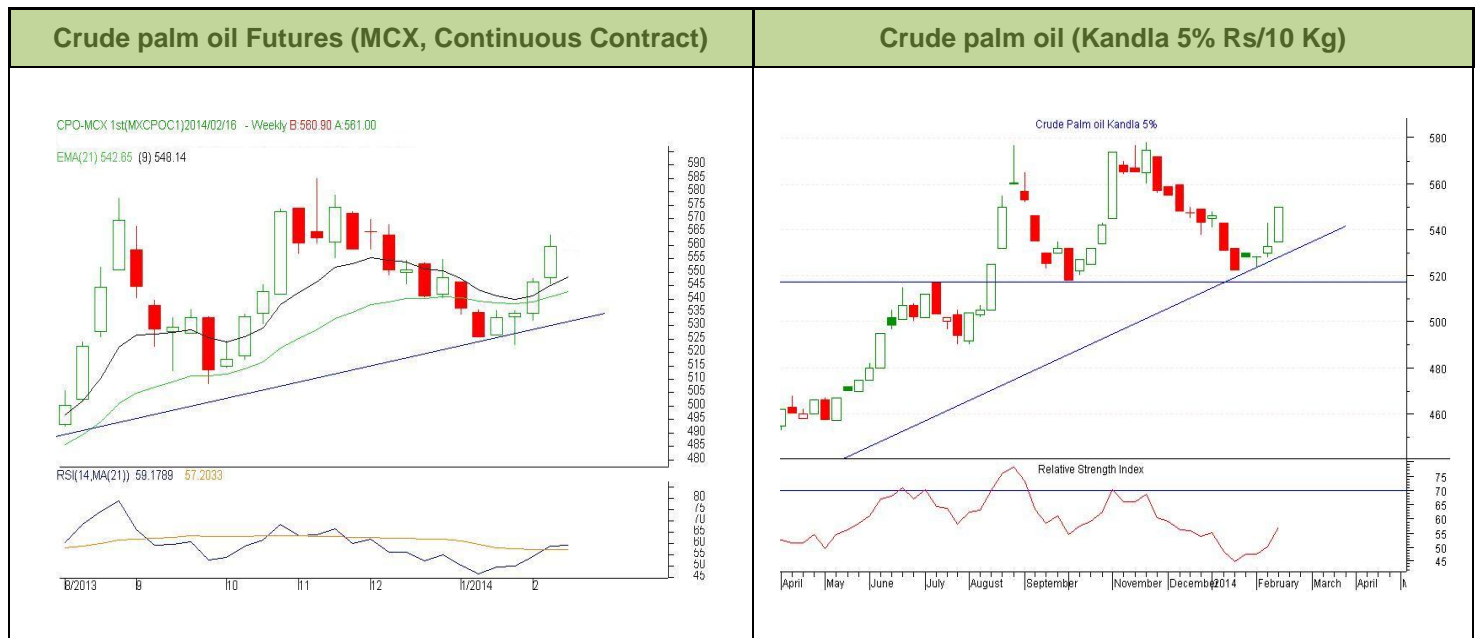
- ❖ Weekly chart of refined soy oil at NCDEX depicts slight firmness. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 681 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 687-700 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 687 levels for a target of 697 and 700 with a stop loss at 681 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
675.00	679.00	688.70	701.00	706.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of 688-708 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady to firm tone in the coming days. Investors are advised to buy MCX CPO - Feb. contract.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts gains in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 549 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 555-568 level. RSI is moving towards neutral zone suggesting likely range bound to slightly firm movement in the coming week.

Strategy: Market participants are advised to go long in CPO 555 for a target of 565 and 568 with a stop loss at 549.00 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
545.00	551.00	559.80	569.00	574.00

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 550-568 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		14-Feb-14	7-Feb-14	
Refined Soybean Oil	Kota(Loose)	670	650	20
	Rajkot (Loose)	655	650	5
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	700	685	15
	Kakinada	NA	NA	-
	Mumbai +VAT	665	657	8
	Indore	665	660	5
	Soy Degum Mumbai+VAT	628	615	13
	SoyDegum Kandla/Mundra+VAT	628	615	13
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	673	673	Unch
	Amrawati (Loose)	672	673	-1
	Jalna	NA	676	-
	Nagpur	681	679	2
Palm Oil	Chennai.RBD.Palmolein.(Loose)	605	595	10
	Hyd. RBD Palmolein VAT	575	560	15
	Delhi RBD Palmolein (Loose)	635	620	15
	Kandla CPO (5%FFA)	550	535	15
	Kakinada.RBD.Palmolein(Loose)	605	581	24
	Mumbai RBD Pamolein+ VAT	610	590	20
	Kandla RBD Palmolein +VAT	610	585	25
Refined Sunflower Oil	Mumbai + VAT	685	680	5
	Kandla/Mundra	615	605	10
	Erode (Exp. Oil)+VAT	695	680	15
	Hyderabad Exp +VAT	NR	641	-
	Chennai (Loose)	665	650	15
	Bellary (Exp. Oil)+VAT	NR	601	-
	Latur (Exp. Oil)+VAT	NR	611	-
	Chellakere (Exp. Oil)+VAT	600	591	9
Groundnut Oil	Rajkot (Loose)	750	730	20
	Chennai (Loose)	725	720	5
	Delhi (Loose)	710	710	Unch
	Hyderabad Exp +VAT	NR	778	-
	Mumbai + VAT	760	760	Unch
	Gondal+VAT	740	730	10
	Jamnagar +VAT	740	730	10
	Narsarropeth+VAT	NR	660	-
	Prodattour+VAT	NR	681	-

Rapeseed Oil	Mumbai (Exp. Oil) +VAT	675	670	5
	Alwar (Expeller Oil)(Loose)	675	666	9
	Kota (Expeller Oil) (Loose)	655	640	15
	Jaipur (Expeller Oil) (Loose)	669	660	9
	Delhi (Exp. Oil) (Loose)	690	680	10
	SriGangaNagar(ExpOil-Loose)	656	657	-1
	Hapur+VAT	740	722	18
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	720	705	15
Refined Cottonseed Oil	Mumbai +VAT	630	625	5
	Rajkot (Loose)	615	620	-5
	Delhi (Loose)	630	610	20
	Hyderabad (Loose)	565	550	15
Coconut Oil	Kangayan (Crude)	1135	1120	15
	Cochin	1140	1105	35
	Trissur	1140	1130	10
Sesame Oil	Delhi	1050	1105	-55
	Mumbai	1160	1180	-20
Kardi	Mumbai	950	950	Unch
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	500	500	Unch
Malaysia Palmolein USD/MT	FOB (January Shipment)	843	805	38
	CNF (January Shipment) India	873	843	30
Indonesia CPO USD/MT	FOB (February-March Shipment)	860	833	27
	CNF (January Shipment) India	881	858	23
Argentina FOB (\$/MT)		13-Feb-14	6-Feb-14	Change
Crude Soybean Oil Ship		885	865	20
Refined Soy Oil (Bulk) Ship		916	895	21
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		865	845	20
Refined Linseed Oil (Bulk) Ship		905	885	20

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