

## **Executive Summary**

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

*Compared to the last week, edible oil basket featured weak tone during the week under review. Soy and palm oil prices featured weak note on w-o-w basis. While, coconut oil at Kangayan market posted gains on w-o-w basis.*

*On the currency front, Indian rupee against USD closed (28 Mar. 2014) at 59.92, 1.6 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 and palm oil demand, and Malaysian palm oil exports.*

*We expect edible oil complex to trade sideways to weak tone owing to weakness in the international oil complex, rising mustard seed supplies in Rajasthan and higher global oilseeds production estimates. However, lower palm oil imports by Indian buyers in the last two months and dry weather concern in South East Asian countries may limit downside risk in the prices.*

### **International Veg. Oil Market Summary**

*CBOT soy oil (May) is expected to stay in the range of 39.6 cents/lb to 42.20 cents/lb. CPO at BMD (May) is likely to trade in the range of 2650-2785 ringgit per tons. Malaysian palm oil products exports for March 1-25 fell 11.5 percent to 927,290 tons from the 1,048,311 tons shipped during Feb. 1-25 - Cargo surveyor Intertek Testing Services.*

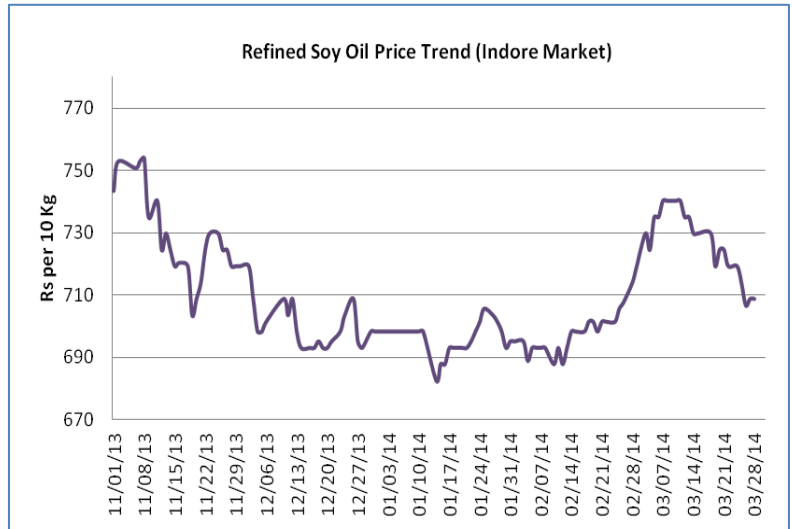
*On the international front, soybeans supplies from South American countries are likely to pick up pace in the coming months and uncertainty about Chinese soybean demand may favors the bears. However, soybean crop losses in Latem, and soy crop tightness in US may limit the excessive losses.*

*Upcoming soybean crop arrivals from Latem and adequate edible oils stocks in China support the bears. However, lower than expected Malaysian palm oil inventories for February, and South East Asian countries are in lower palm oil yield phase may limit the excessive losses.*

### Soy oil Fundamental Analysis and Outlook:-

#### Domestic Front

- Soybean oil featured steady to weak tone tracking need-based demand at spot market and consolidation in the international oil & fats market.
- Weak demand for edible oils in the cash market, strong Indian rupee against US dollar made oil imports cheaper and new supplies from South American countries likely to weigh on the prices in the coming days. However, lower soybean arrivals in the domestic market and dry weather over South East Asian oil palm growing belt may limit the excessive losses.
- India imported 3.39 lakh tons during Nov-Feb, 2014, up 68.6 percent from last year same period. While, Indian buyers imported 10.9 lakh tons of crude soy degummed oil in 2012/13 oil year – SEA of India.
- Currently CIF crude soybean oil (Argentina origin) is offering at US dollar 958-980 per MT. While, last year at the same period was quoted at US\$ 1080-1090 per MT. We expect crude soybean oil imports for the 2013/14 oil year seen at 1.25-1.35 million tons due to lower production of soybean in India and parity from the South American countries.
- On the supply side, as per Agriwatch third estimates, soybean production for 2013-14 is projected at 11.4 million tons, which is lower than last year production estimate of 12.5 million tons. We expect soy oil may trade with a range bound to weak movement.



#### International Front

- South America's top five producing countries soybean production forecast at 151.45 million tons in the 2013-14 season, 0.85 million tons higher from the February estimate. Moreover, Brazil and Argentina soybean production estimate for 2013/14 at 84.5 million and 53.5 million tons respectively.
- China imported 2.36 million tons of soybean from Brazil in the first quarter of the year. The imports moved up by 254% compared to the same period last year.
- Brazilian crushing association Abiove cut its forecast for the current soybean crop to a still-record 86.1 million tonnes from 88.6 million tonnes in February. Moreover, Abiove also lowered soybean exports from 44 million tonnes rather than 44.5 million tonnes would be available for export.
- Argentina soybean production forecast at 54 million tons in the 2013/14 season, up 9.5 percent from last year. Moreover, harvesting of 2013/14 soy has begun in the Pampas belt – Argentina's Government.
- According to Safras & Mercado, the soybean production would be 86.1 million tons, while the January forecast for the soybean output was 91.8 million tons.
- On the international front, soybeans supplies from South American countries are likely to pick up pace in the coming months and uncertainty about Chinese soybean demand may favors the bears. However, soybean crop losses in Latam, and soy crop tightness in US may limit the excessive losses.

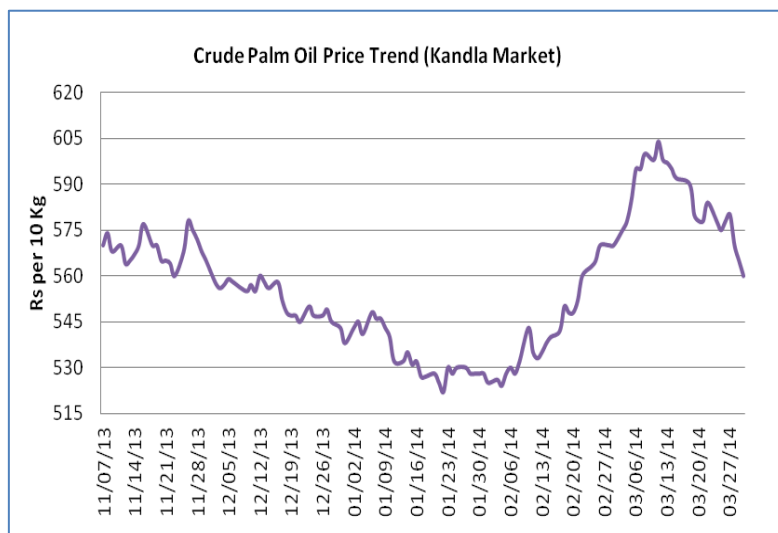
#### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 690-710 per 10 Kg in the near term.

## Palm oil Fundamental Analysis and Outlook -:

### Domestic Front

- CPO Kandla 5% witnessed losses during the week in review due to correction in the international palm oil prices and strong Indian rupee against US dollar.
- India's edible oils likely to rise by 4 percent in 2013/14 to 10.8 million tons in expectation of higher imports of sunflower and soyoil. While, palm oil imports seen lower at 7.4 million tons from the last oil year (2012/13) - Ruchi Soya. While, we projected edible oils imports at 10 .9 million tons in the 2013/14 oil year (Nov-Oct), higher 5.1 percent from the last year and the palm oil imports would be lowered compared to the last year as the soft oil premiums over CPO lower to US dollar 45 per tons. While, last year the soft oils premium over CPO was around US 350-400 per tons.
- Recovery in the Indian rupee against US dollar, and commencement of summer season likely to support the bears in the coming days. However, lower palm oil imports during the first two months of 2014 and lower palm oil production phase in Malaysia could limit the excessive losses in the CPO prices.
- On the import front, As per SEA of India, Indian buyers imported 18.4 lakh tons of crude palm oil in the 2013-14 oil years (Nov-Oct) till Feb., which was 7.2 lakh tons lower against corresponding period of last year. Meanwhile, RBD palmolein imports were higher during 2013/14 oil years (Nov-Oct) till Feb., at 7.05 lakh tons up 45.9 percent compared to the last year same period.
- We expect domestic palm oil prices likely to trade range bound to weak tone in the days ahead.



### International Front

- Crude palm oil at BMD May contract ended at RM 2,708 per tons (on 28 March 2014), down by 114 points from last week. Malaysian palm oil products exports for March 1-25 fell 11.5 percent to 927,290 tons from the 1,048,311 tons shipped during Feb. 1-25 - Cargo surveyor Intertek Testing Services.
- As per Moody's Investors Service, crude palm oil prices seen average between US\$700 and US\$800 per tons this year. Moreover, prices would remain above US\$700 per tons in the next 2-3 years due to elastic food-based usage and rising biodiesel consumption.
- Indonesia increased its export tax for crude palm oil to 13.5 percent in April from 10.5 percent in March - Indonesian Trade Ministry. While, Malaysia also raised its crude palm oil export tax for April to 5.5 percent.
- As per MPOB's report, Malaysian palm oil stocks for February eased to 1.65 million tons, down 14.3 percent from the last month. While, palm oil output estimate in Feb pegged at 1.27 million tons and export estimates pegged at 1.34 million tons.
- Upcoming soybean crop arrivals from Latam and adequate edible oils stocks in China support the bears. However, lower than expected Malaysian palm oil inventories for February, and South East Asian countries are in lower palm oil yield phase may limit the excessive losses.

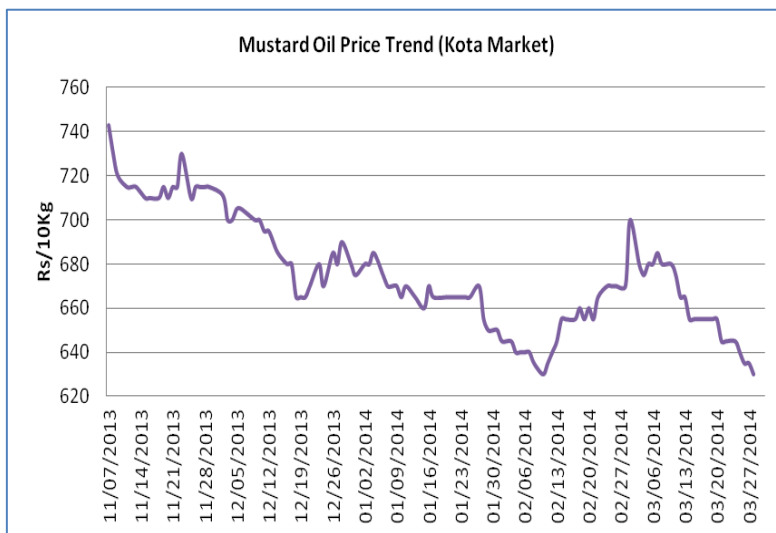
### Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 545-568 per 10 Kg in the near term.

## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

- Mustard oil featured weak tone during the week at the Kota market in line with the competing oil prices and rising RM seed supplies from major producing regions.
- As per trade sources, rising mustard seed arrivals in the cash market of Rajasthan and correction in the oil & fats market likely to weigh on the mustard oil prices in the coming weeks. However, good demand for mustard seed from millers and upcoming navratras demand could limit the excessive losses. Around 25-30 percent of the mustard seed, harvesting of total estimated acreage had completed. Market participants are expecting 0.15-0.28 million tons of crop loss in mustard due to unseasonal rains.
- On the supply side, as per Agriwatch estimates, mustard seed production seen at 75.6 lakh tons, up 3.6 lakh tons from the previous oil year. Meanwhile, the government target mustard seed production forecast for 2013/14 sets at 7.49 million tons. India's rapeseed production estimate for 2013/14 pegged at 72.5 lakh tons, up 1.5 lakh tons from last year. -COOIT
- We expect RM seed oil prices may trade range bound in the days ahead.

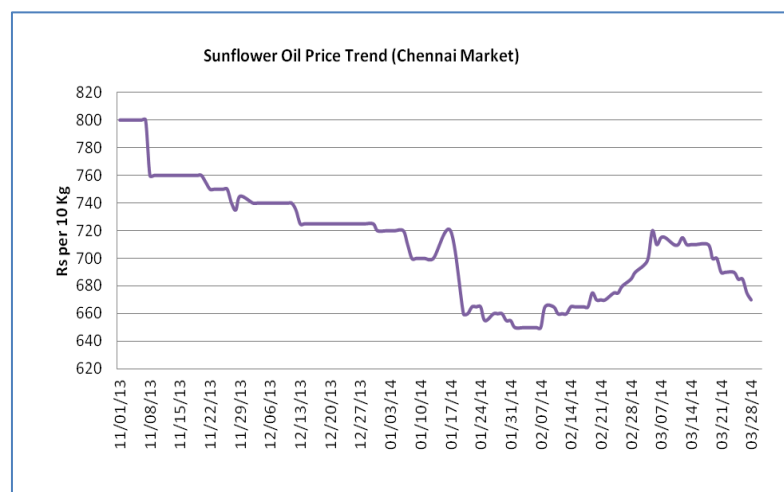


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 618-645 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

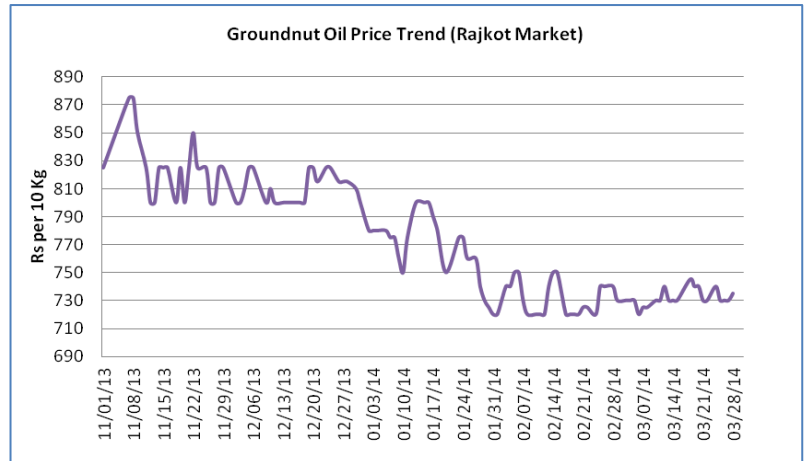
- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week owing to correction in the sunflower oil (Ukraine based) prices and weak demand for edible oils in the domestic edible oil market.
- As per sources, Indian buyers had imported in between 0.35-0.45 lakh tons during the first 25 days of March. Market may consolidate in the near term owing to summer season approaching which may ease domestic demand. However, geopolitical concern in Ukraine may limit the excessive losses in the coming days.
- SEA of India reports that crude sunflower oil imports by India during Nov-Feb of 2013-14-oil year (Nov-Oct) were 4.20 lakh tons. However, imports were higher on y-o-y basis by 0.89 lakh tons. India is likely to purchase 1.45 million tons sunflower oil in 2013/14 – Ruchi Soya.
- 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 645-680 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices trade sideways at its benchmark market (Rajkot) during the week owing to lackluster demand against adequate supply. Moreover, higher groundnut seed production in the current season and adequate raw material supplies for crushing limit the excessive gains.
- As per trade sources, new summer groundnut seed crop arrivals are likely to commence from May onwards. 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. Groundnut oil prices are hovering in the range of Rs 715-750 per 10 Kg during the last two months and prices are likely to stay range bound in the coming days owing to lower export demand for groundnut seed.
- We expect groundnut oil prices may trade sideways in the days ahead.

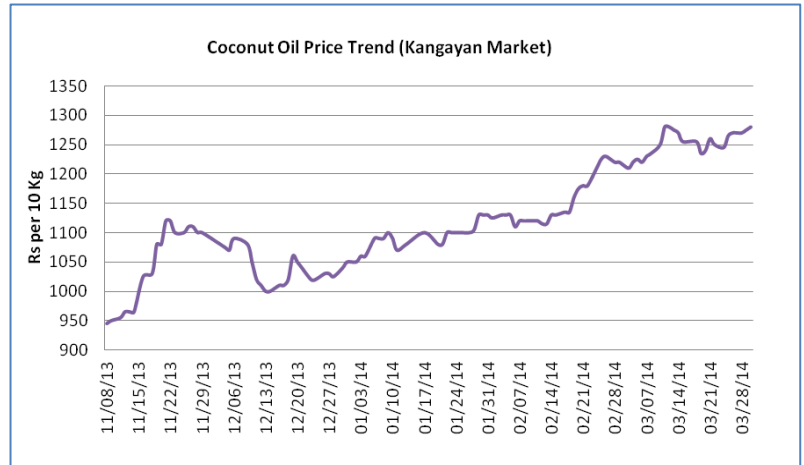


### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 720-755 per 10 Kg.

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

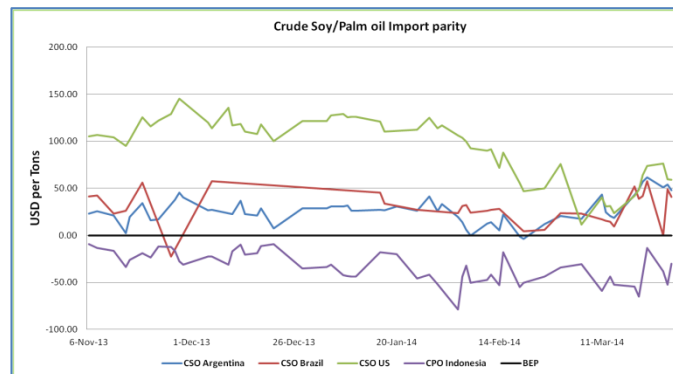
- Coconut oil featured steady to firm tone at its benchmark market Kanganayan during the week due to gains in the international oil & fats market and lean season for copra in Southern India. However, limited buying interest at higher quotes limit the upside risk in the prices.
- Lower copra arrivals in the major producing regions of Kerala 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 medium term. However, for short term prices may trade steady to slightly firm tone.
- 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 1215-1300 per 10 Kg.

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

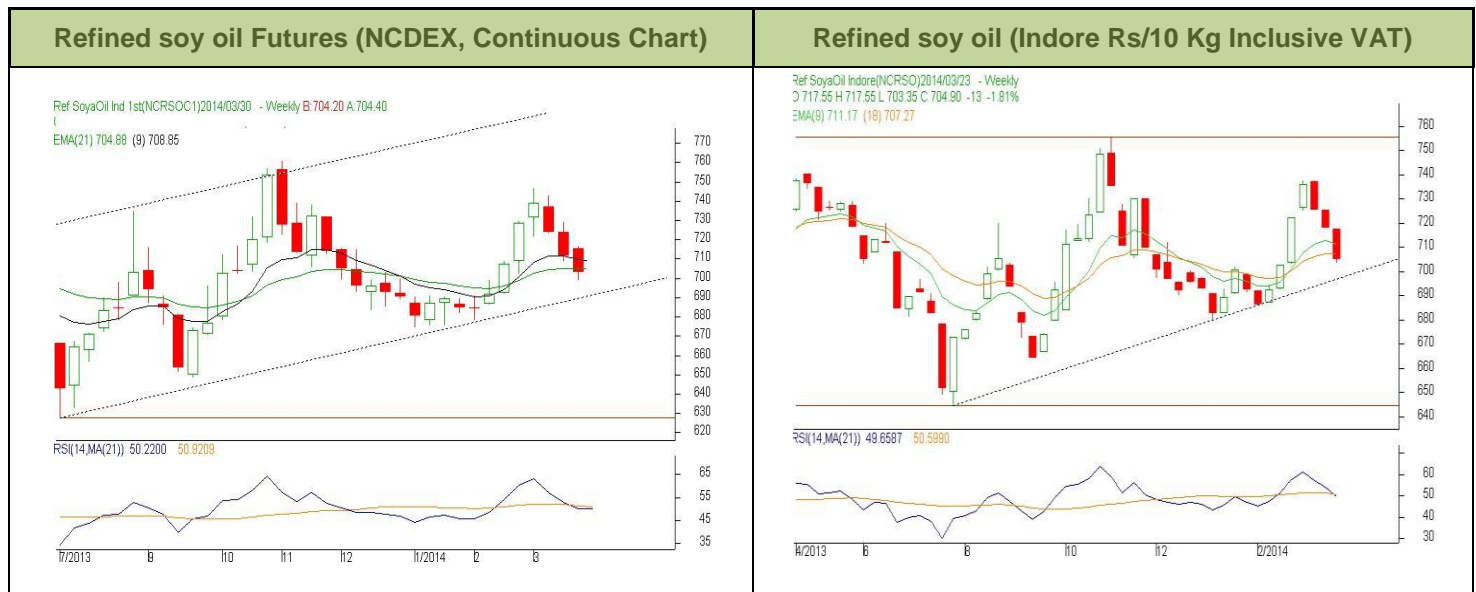
<b>Landed Cost Calculation as on 28/03/2014</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	876	893	880	875
Freight (USD/MT)	80	70	65	35
C & F	956.0	963.0	945.0	910.0
Weight loss (0.25% of FOB)	2.19	2.23	2.20	2.19
Finance charges (0.4% on CNF)	3.82	3.85	3.78	3.64
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	965	972	954	919
Duty USD per ton	23.58	23.58	23.58	25.08
Cess (2% on duty) USD per ton	0.471624	0.471624	0.471624	0.501552
Exchange rate	60.09	60.09	60.09	60.09
Landed cost without customs duty in INR per ton	57980	58406	57315	55196
Customs duty %	2.58%	2.58%	2.58%	2.58%
Base import price	914	914	914	972
Fixed exchange rate by customs department	62.00	62.00	62.00	62.00
Duty component in INR per ton	1462.03	1462.03	1462.03	1554.81
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	60115	60541	59450	57424
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	63000	63000	63000	55600
Total landed cost USD per ton	1000	1008	989	956
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1048	1048	1048	925
<b>Parity INR/MT (Domestic - Landed)</b>	<b>2885</b>	<b>2459</b>	<b>3550</b>	<b>-1824</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>48.01</b>	<b>40.92</b>	<b>59.08</b>	<b>-30.35</b>
Source: Agriwatch				
Refining/ Processing Cost per MT	2600.00	2600.00	2600.00	3200.00
Freight to Inland location (Indore for soy and Delhi for Palm oil)	2500.00	2500.00	2500.00	2800.00
Cost of Imported oil after refining/Processing	65214.79	65640.92	64549.78	63423.93
Soy/Palm oil imported Price (Including tax)	68475.53	68922.97	67777.27	66595.13
Loose price of Soy/Palm in Indore and Delhi market	70875.00	70875.00	70875.00	69825.00
Parity after processing and Taxes (Rs per MT)	<b>2399.47</b>	<b>1952.03</b>	<b>3097.73</b>	<b>3229.87</b>
Parity after processing and Taxes (USD per MT)	<b>39.93</b>	<b>32.49</b>	<b>51.55</b>	<b>53.75</b>
Source: Agriwatch				


**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 (Apr. contract) on rise.**

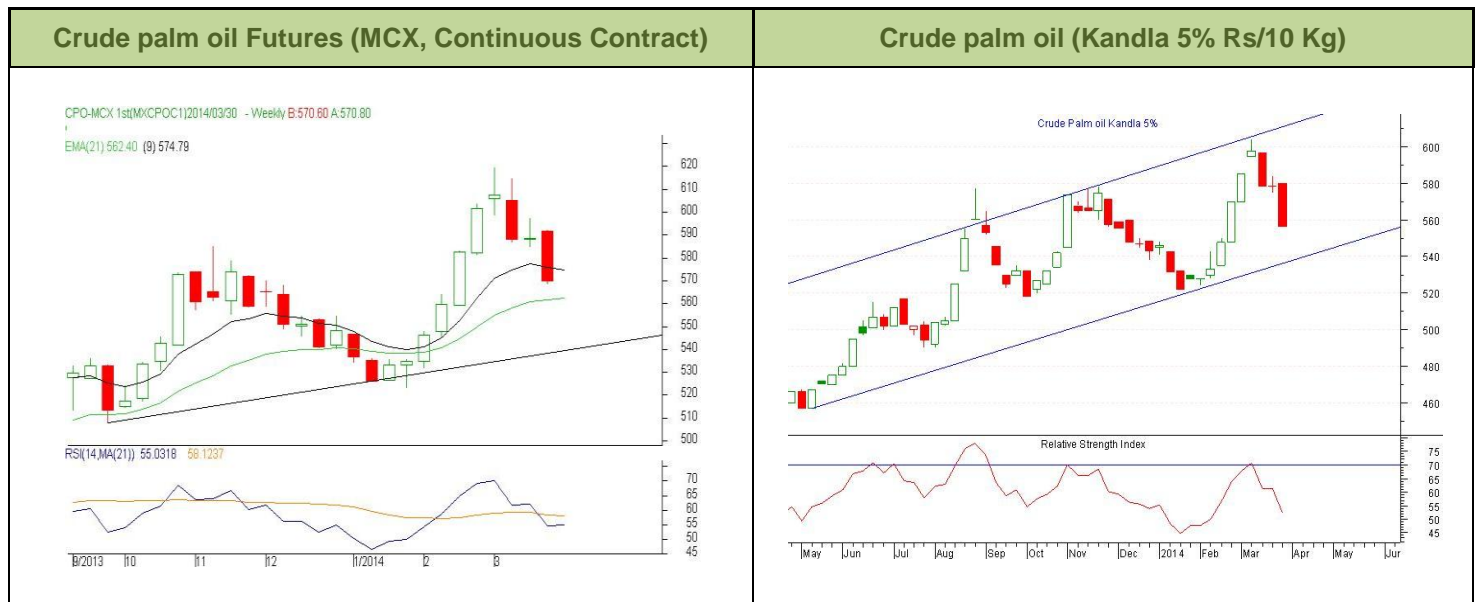
- ❖ Weekly chart of refined soy oil at NCDEX depicts weakness. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 715 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 709-697 level 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 709 levels for a target of 699 and 697 with a stop loss at 715 on closing basis.

#### RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
687.00	692.00	703.35	715.00	722.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of Rs 690-710 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 sell MCX CPO - Apr. contract.**

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts losses in the prices. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 583.80 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 579-569 level. RSI is moving towards neutral zone suggesting likely range bound in the coming week.

**Strategy:** Market participants are advised to go short in CPO below 579 for a target of 571 and 569 with a stop loss at 583.80 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
555.00	560.00	570.00	585.00	590.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 545-568 per 10 Kg.



Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-Mar-14	21-Mar-14	
Refined Soybean Oil	Kota(Loose)	660	675	-15
	Rajkot (Loose)	645	655	-10
	Jaipur (Loose)	670	680	-10
	Hyderabad+ VAT	NA	NA	-
	New Delhi (Loose)	710	720	-10
	Kakinada	NA	NA	-
	Mumbai +VAT	670	677	-7
	Indore	675	690	-15
	Soy Degum Mumbai+VAT	630	655	-25
	SoyDegum Kandla/Mundra+VAT	630	655	-25
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	696	706	-10
	Amrawati (Loose)	696	706	-10
	Jalna	696	701	-5
	Nagpur	701	711	-10
Palm Oil	Chennai.RBD.Palmolein.(Loose)	620	640	-20
	Hyd. RBD Palmolein VAT	625	630	-5
	New Delhi RBD Palmolein (Loose)	665	675	-10
	Kandla CPO (5%FFA)	556	575	-19
	Kakinada.RBD.Palmolein(Loose)	606	626	-20
	Mumbai RBD Pamolein+ VAT	625	648	-23
	Kandla RBD Palmolein +VAT	612	630	-18
Sunflower Oil	Mumbai + VAT	700	710	-10
	Kandla/Mundra	615	655	-40
	Erode (Exp. Oil)+VAT	710	730	-20
	Hyderabad Exp +VAT	651	681	-30
	Chennai (Loose)	670	690	-20
	Bellary (Exp. Oil)+VAT	641	651	-10
	Latur (Exp. Oil)+VAT	646	661	-15
	Chellakere (Exp. Oil)+VAT	630	650	-20
Groundnut Oil	Rajkot (Loose)	735	730	5
	Chennai (Loose)	720	720	Unch
	New Delhi (Loose)	740	740	Unch
	Hyderabad Exp +VAT	789	815	-26
	Mumbai + VAT	770	770	Unch
	Gondal+VAT	735	740	-5

	Jamnagar +VAT	735	745	-10
	Narsarropeth+VAT	800	760	40
	Prodattour+VAT	711	701	10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	670	685	-15
	Alwar (Expeller Oil)(Loose)	656	661	-5
	Kota (Expeller Oil) (Loose)	630	645	-15
	Jaipur (Expeller Oil) (Loose)	660	667	-7
	New Delhi (Exp. Oil) (Loose)	682	715	-33
	Sri-GangaNagar(ExpOil-Loose)	655	662	-7
	Hapur +VAT	715	715	Unch
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) + VAT	710	720	-10
Refined Cottonseed Oil	Mumbai +VAT	662	680	-18
	Rajkot (Loose)	635	645	-10
	New Delhi (Loose)	625	645	-20
	Hyderabad (Loose)	610	620	-10
Coconut Oil	Kangayan (Crude)	1280	1245	35
	Cochin	1280	1200	80
	Trissur	1280	1240	40
Sesame Oil	New Delhi	920	950	-30
	Mumbai	1030	1060	-30
Kardi	Mumbai	950	950	Unch
Rice Bran Oil (40%)	New Delhi	450	485	-35
Rice Bran Oil (4%)	Punjab	525	520	5
Malaysia Palmolein USD/MT	FOB (April Shipment)	873	910	-37
	CNF (April Shipment) India	915	940	-25
Indonesia CPO USD/MT	FOB (April Shipment)	875	NA	-
	CNF (April Shipment) India	922	950	-28
<b>Argentina FOB (\$/MT)</b>		<b>27-Mar-14</b>	<b>20-Mar-14</b>	<b>Change</b>
Crude Soybean Oil Ship		848	890	-42
Refined Soy Oil (Bulk) Ship		877	921	-44
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		841	870	-29
Refined Linseed Oil (Bulk) Ship		NA	NA	-



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