

Executive Summary

Domestic Veg. Oil Market Summary

Compared to the last week, edible oil basket featured weak tone during the week under review. Soy, palm, and groundnut oil quoted lower on w-o-w basis. While, coconut oil witnessed gains during the week on tight copra supplies.

On the currency front, Indian rupee against USD closed (11 April. 2014) at 60.17, down 017 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 Malaysian palm oil exports.

We expect edible oil complex to trade sideways owing to in expectation of renewed demand at lower quotes. However, rising mustard seed supplies and higher global oilseeds production estimates may limit the upside risk in the prices.

International Veg. Oil Market Summary

CBOT soy oil (May) is expected to stay in the range of 41.50 cents/lb to 43.50 cents/lb. CPO at BMD (May) is likely to trade in the range of 2590-2700 ringgit per tons.

Exports of Malaysian palm oil products for Apr. 1-10 rose 3.2 percent to 306,605 tons from 297,064 tons shipped during Mar. 1-10 - cargo surveyor Societe Generale de Surveillance.

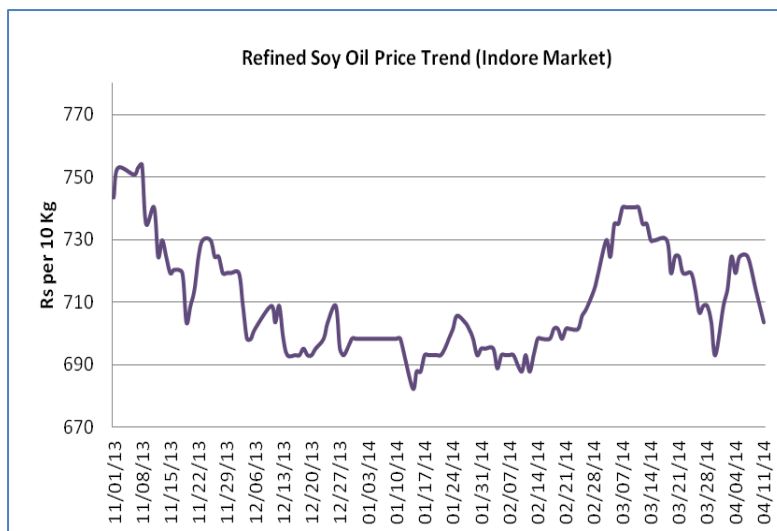
On the international front, tight soybean supplies in US may favor the bulls in the short term. However, soybeans supplies from South American countries are picking pace and cancellation of soybean cargos by Chinese buyers may limit the excessive gains.

Widening of the spread between palm oil and soft oil may favor palm oil demand at lower quotes and optimism that festive-driven demand will underpin prices in the coming weeks. However, adequate stocks at Chinese port and ending of lower palm oil yield phase may limit the excessive upside risk in the prices.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured steady to weak tone tracking need-based demand at spot market and losses in the international palm oil market.
- As per IBIS (compiled by Agriwatch), Indian buyer imported around 1.58 lakh tons of crude soybean oil majorly from Argentina and Brazil during March 2014. Buyers are likely to import higher soybean oil in the coming days due to import parity and lower domestic crushing. 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 import parity in CSO from the South American countries.
- Imported soy oil offered at discount at around USD 35-45 per MT (1-12 April) v/s USD 20-60 per MT (March). Crude soy oil imports are likely to rise in the coming months due to cheaper bean oil from Argentina and lower domestic soy crushing. Import parity for soy oil from Argentina is likely to hover in positive territory in the days ahead.
- Renewed demand could witness at lower quotes, lower soybean arrivals in the domestic market and tight US soybean supplies situation likely to support the soy oil. However, South American soybean supplies pick up pace as harvest accelerates, may curb the excessive gains. We expect soy oil may trade with a range bound to firm movement.



International Front

- As per Safras & Mercado, Brazilian farmers have harvested 80% of the total soybean acreage as of April 4, 2014. While, at the same period of the last year was 76%. Harvesting in Mato Grosso stood at 99 89%, Parana at 93%, Minas Gerais at 94 %, Goias at 99% and in Rio Grande do Sul at 35%.
- As per USDA, US, soybean stocks were slashed to 3.67 million tons from the March estimate of 3.95 million tons, as USDA raised US exports to 43 million tons from March's 41.64 million tons. Stocks a year earlier were 3.83 million tons. On the soybean production front, Soybean production in Brazil and Argentina is forecasted at 87.50 million tons and 54 million tons respectively, higher compared to the last year. In the previous year, Brazil harvested 82 million tons of soybeans. While, Argentina's soy production was estimated at 49.30 million tons in 2012/13.
- Oil World Brazil may export around 5.5 million tons of soybeans in April, lower compared to the last month, which was 6.23 million tons. Last year at the same period the soybean exports from Brail was 7.15 million tons.
- The projected range for the season-average soybean price is raised 5 cents at the midpoint to 12.50 to \$13.50 per bushel. Soybean oil prices are projected at 38 to 40 cents per pound, up 1.5 cents at the midpoint - USDA.
- On the international front, tight soybean supplies in US may favor the bulls in the short term. However, soybeans supplies from South American countries are picking pace and cancellation of soybean cargos by Chinese buyers may limit the excessive gains.

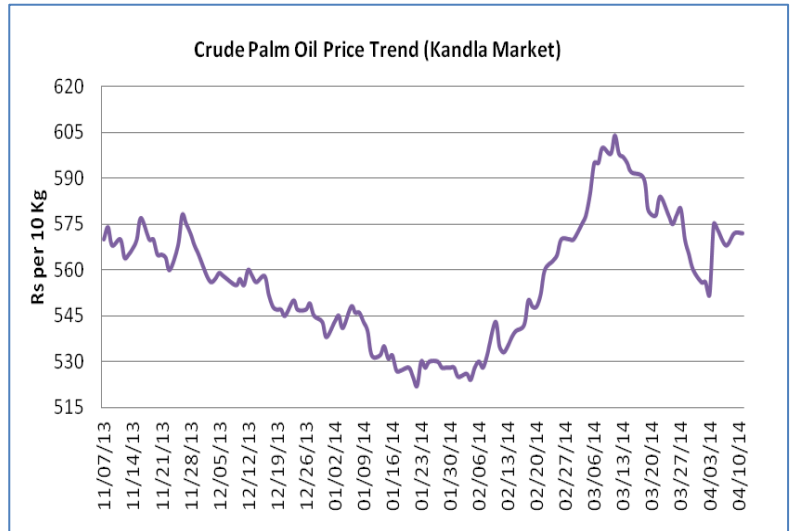
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 697-718 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed consolidation in the prices during the week in review.
- IBIS figures (compiled by Agriwatch) revealed that Indian buyers imported 5.03 lakh tons of crude palm oil, and 1.61 lakh tons of RBD palmolein, during March 2014. Palm oil share in imports is likely to fall in the coming months due to cheaper availability of soft oils. During Nov.-Feb. 2013/14, India imported 18.4 lakh tons of crude palm oil and 7.05 lakh tons of RBD palmolein. Palm oil imports dropped 38 percent in January and fell 50 percent in February compared to corresponding period of the last year.
- We projected edible oils imports at 10.9 million tons in the 2013/14 oil year (Nov-Oct), 5.1 percent higher 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.
- We expect domestic palm oil prices likely to trade range bound in the days ahead.



International Front

- Crude palm oil at BMD May contract ended slightly lower on bearish MPOB's report. However, losses were capped due to optimism that good buying might witness from top buyers ahead of Muslim festivities. Exports of Malaysian palm oil products for Apr. 1-10 rose 3.2 percent to 306,605 tons from 297,064 tons shipped during Mar. 1-10 - cargo surveyor Societe Generale de Surveillance.
- Malaysian palm oil inventories for March estimated at 1,687,709 tons against a revised 1,656,908 tons last month. Inventories surged by rose 2 percent compared to last month. However, Malaysian palm oil inventories hovering at 22.2 percent lower on y-o-y basis. Higher palm oil production and weak exports helped lift stocks. On the production front, palm oil output for March is estimated at 1.49 million tons, up 17.3 percent on m-o-m basis - Malaysian Palm Oil Board.
- 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.
- Widening of the spread between palm oil and soft oil may favor demand at lower quotes and optimism that festive-driven demand will underpin prices in the coming weeks. However, adequate stocks at Chinese port and ending of lower palm oil yield phase may limit the excessive upside risk in the prices.

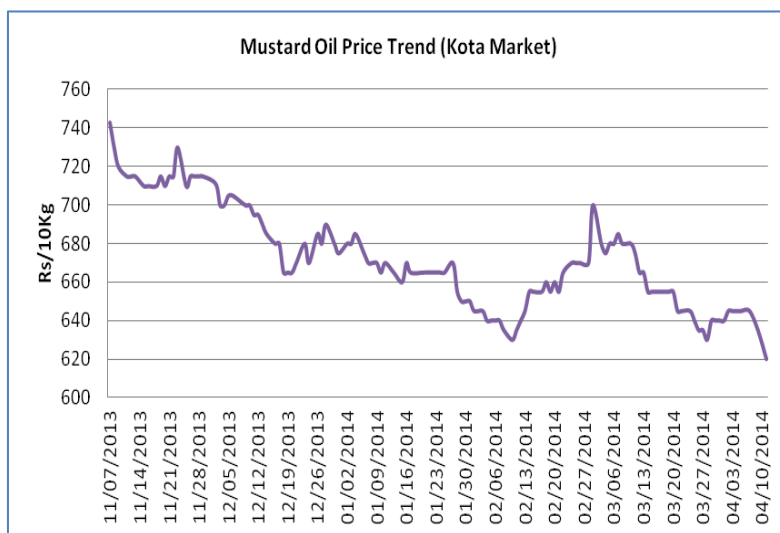
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 552-575 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 in line with the competing oil prices and rising mustard seed arrivals.
- Rising mustard seed supplies in the cash market and adequate availability of rapeseed oil likely to weigh on the prices in the near term. However, good demand for mustard seed from millers, may limit the downside. Mustard seed, harvesting of total estimated acreage is likely to complete by the end of the April.
- On the supply side, market participants are expecting 0.15-0.28 million tons of crop loss in mustard due to unseasonal rains in late February. Mustard seed production seen at 75.6 lakh tons, up 3.6 lakh tons from the previous oil year - Agriwatch estimates.
- We expect RM seed oil prices may trade range bound in the coming days. Rapeseed production in the European Union is seen at 21.1 million tons, down 0.3 million tons compared to the last season – Coceral.

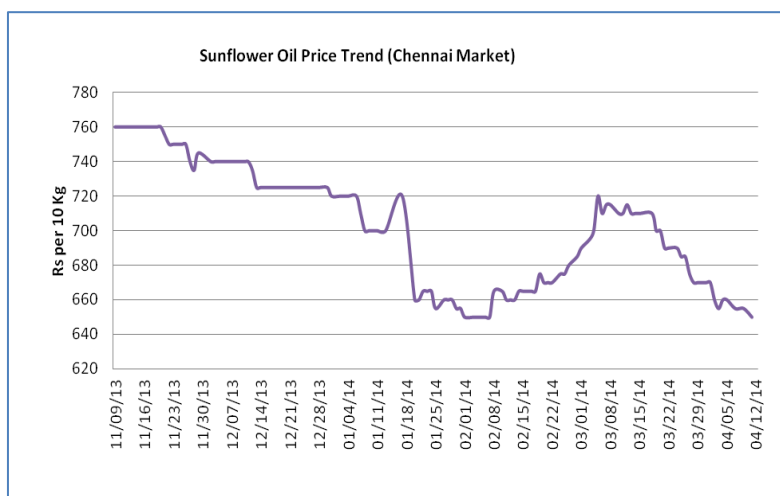


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 612-628 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

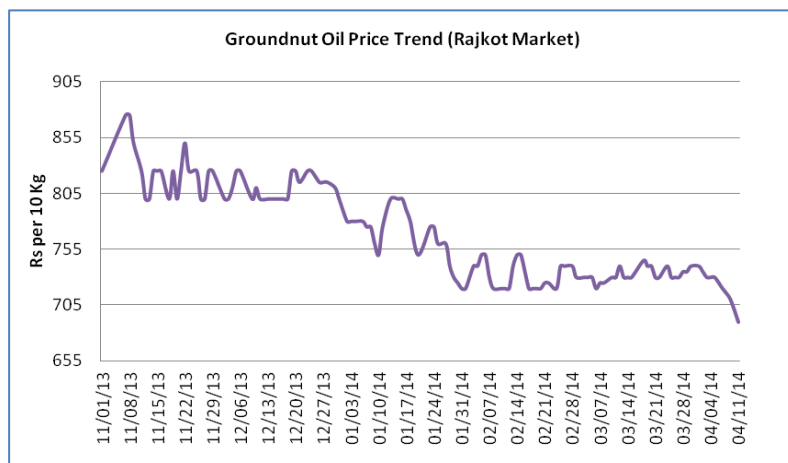
- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week owing to correction in the sunflower oil (Ukraine based) prices and weak demand for edible oils in the domestic edible oil market.
- As per IBIS (compiled by Agriwatch), buyers purchase around 1.66 lakh tons of crude sunflower oil majorly from Ukraine during March. During (Nov-Feb) 2013/14, India imported 4.20 lakh tons of crude sunflower oil. As per the median of estimates from six processors and brokers compiled by Bloomberg, purchases of crude sunflower oil by India probably seen at 100,000 tons in March higher from a month earlier.
- Currently crude sunflower oil (Ukraine origin) CIF at Kandla is being offered at \$930-935 per tons, down 2.1 percent a week earlier due to correction in the international sun oil market. While, spread between the CIF sun oil and the soy oil is eased to US dollar 20-25 /T.
- We expect sunflower oil prices may trade range bound in the coming days.



Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 640-665 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices trade sideways to weak tone at its benchmark market (Rajkot) during the week owing to lackluster demand against adequate supply.
- As per sources, groundnut oil prices are likely to trade with a weak tone in the coming days due to adequate raw material stocks for crushing and persistent weakness in the cottonseed. However, lower prices against comparative oils may trigger retail demand. New summer groundnut seed crop arrivals are likely to commence from May onwards.
- Groundnut oil production for 2013-14 marketing year is projected at six lakh tons which is significantly higher than last year production estimate of 3.28 lakh tons. Groundnut oil prices breached its support around Rs 715 per 10 Kg during the week in review and we expect prices are to trade with steady to weak bias in the days ahead.

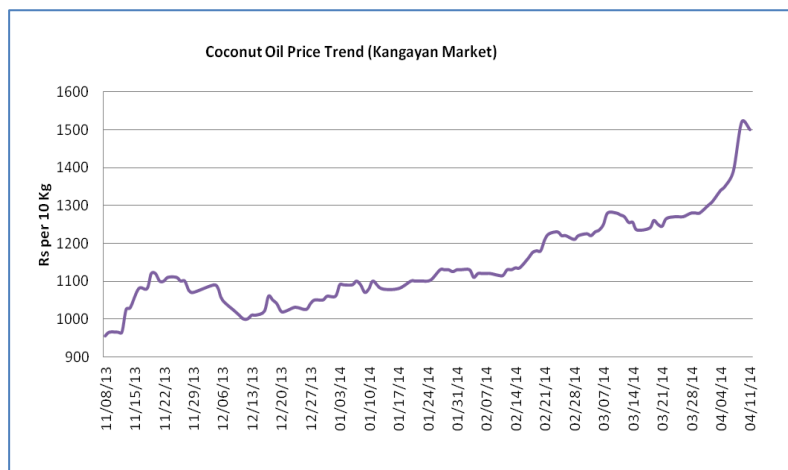


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 665-700 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

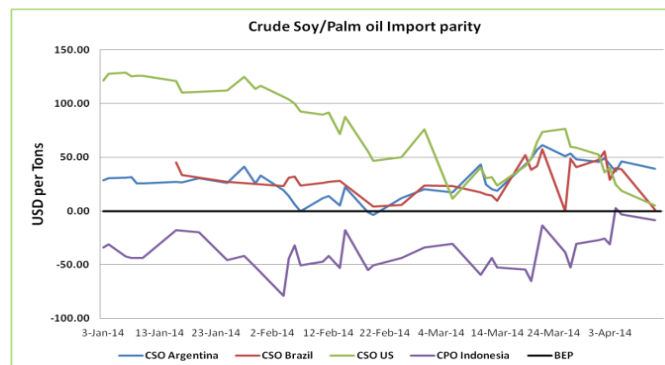
- Coconut oil featured firm tone at its benchmark market Kangayan during the week owing to tight copra supplies in the southern India and lean season. However, demand was need based at higher quotes and corporate shifted to palm oil products.
- Coconut oil quoted Rs 1470 per 10 Kg, up 11.57 percent on w-o-w basis. As per sources, lackluster demand feature in the market due to higher prices and cheaper availability of substitute products (palm kernel oil). As per Cochin Oil Merchants Association, around 50 per cent drop in certain coconut growing areas of Kerala noticed due to a drought-like situation. Moreover, good export demand of raw nuts has resulted in the shortage of copra.
- Prices are likely to trade with a high volatility in the coming days due to tight supplies. However, commencement of copra production season in Kerala and copra arrivals likely to pick up, which may pressurize the prices in the medium term.



Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1450-1550 per 10 Kg.

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

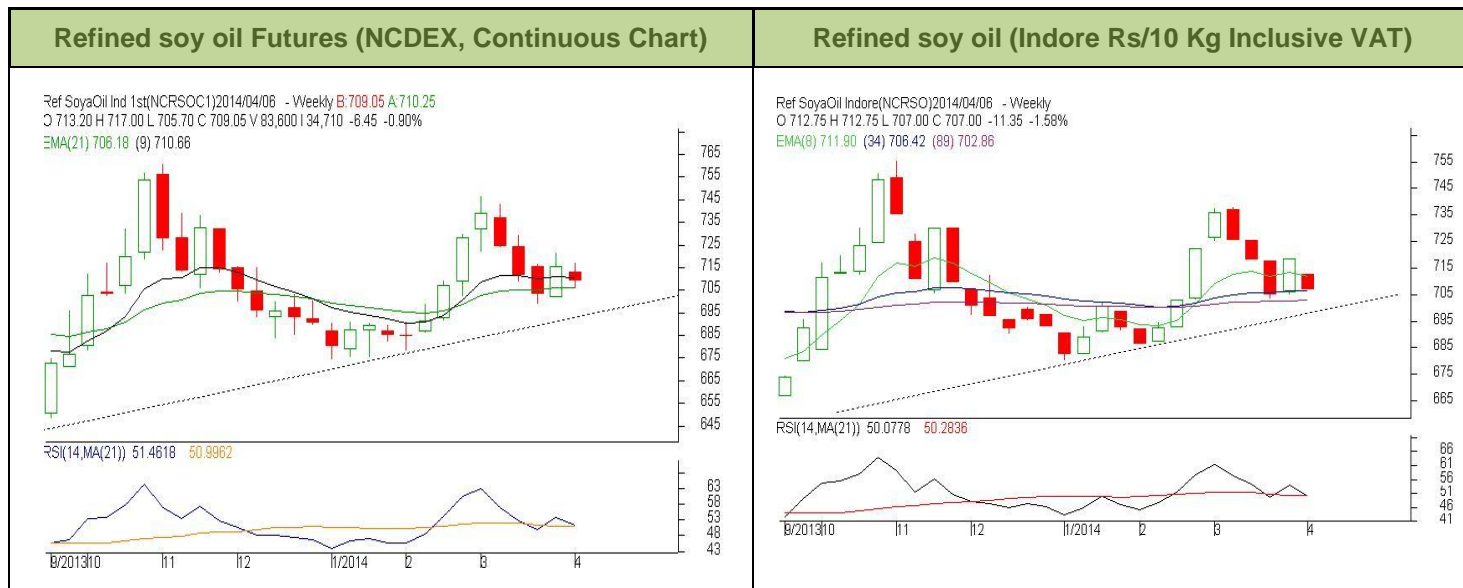
Landed Cost Calculation as on 11/04/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	877	925	926	850
Freight (USD/MT)	80	70	65	35
C & F	957.0	995.0	991.0	885.0
Weight loss (0.25% of FOB)	2.19	2.31	2.32	2.13
Finance charges (0.4% on CNF)	3.83	3.98	3.96	3.54
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	966	1004	1000	893
CVD	0	0	0	0
Duty USD per ton	25.41	25.41	25.41	24.87
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.50826	0.50826	0.50826	0.497424
Exchange rate	60.26	60.26	60.26	60.26
Landed cost without customs duty in INR per ton	58205	60518	60275	53831
Customs duty %	2.58%	2.58%	2.58%	2.58%
Base import price	985	985	985	964
Fixed exchange rate by customs department	60.45	60.45	60.45	60.45
Duty component in INR per ton	1536.22	1536.22	1536.22	1503.46
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	60414	62727	62484	56008
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62800	62800	62800	55500
Total landed cost USD per ton	1003	1041	1037	929
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1042	1042	1042	921
Parity INR/MT (Domestic - Landed)	2386	73	316	-508
Parity USD/MT (Domestic - Landed)	39.60	1.21	5.24	-8.43
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	65513.84	67826.98	67584.40	62007.93
Soy/Palm oil imported Price (Including tax)	68789.53	71218.33	70963.62	65108.32
Loose price of Soy/Palm in Indore and Delhi market	70350.00	70350.00	70350.00	68250.00
Parity after processing and Taxes (Rs per MT)	1560.47	-868.33	-613.62	3141.68
Parity after processing and Taxes (USD per MT)	25.90	-14.41	-10.18	52.14
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 firm note in the days ahead. Investors are advised to buy refined soy oil (May. contract).

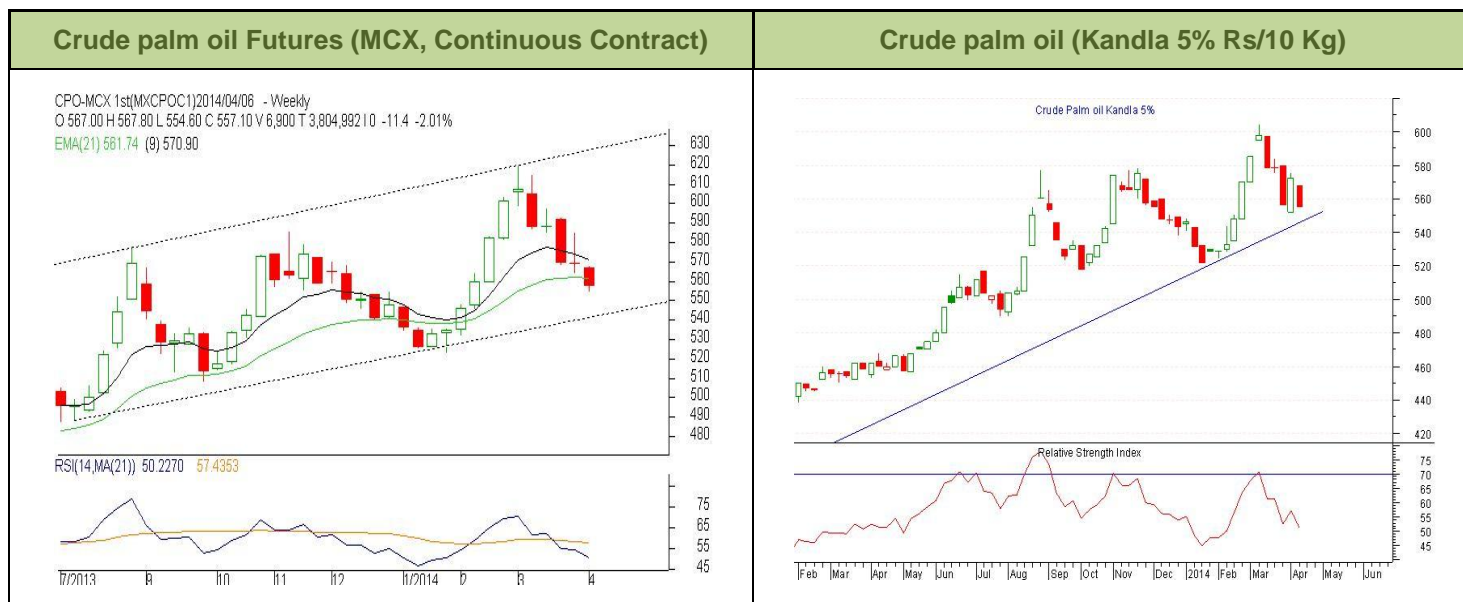
- ❖ Weekly chart of refined soy oil at NCDEX depicts consolidation. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 685 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 692-707 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 692 levels for a target of 705 and 707 with a stop loss at 685 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
680.00	684.00	698.10	709.00	713.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 697-718 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts losses in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 556.60 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 550-561 level. RSI is moving towards neutral zone suggesting likely range bound in the coming week.

Strategy: Market participants are advised to go long in CPO above 550 for a target of 559 and 561 with a stop loss at 545 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
539.00	543.00	553.20	565.00	571.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 552-575 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		11-Apr-14	4-Apr-14	
Refined Soybean Oil	Kota(Loose)	660	675	-15
	Rajkot (Loose)	650	650	Unch
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	New Delhi (Loose)	700	705	-5
	Kakinada	NA	NA	-
	Mumbai +VAT	655	665	-10
	Indore	670	685	-15
	Soy Degum Mumbai+VAT	628	625	3
	SoyDegum Kandla/Mundra+VAT	628	625	3
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	694	704	-10
	Amrawati (Loose)	694	704	-10
	Jalna	691	701	-10
	Nagpur	698	709	-11
Palm Oil	Chennai.RBD.Palmolein.(Loose)	600	615	-15
	Hyd. RBD Palmolein VAT	620	625	-5
	New Delhi RBD Palmolein (Loose)	650	660	-10
	Kandla CPO (5%FFA)	555	572	-17
	Kakinada.RBD.Palmolein(Loose)	586	606	-20
	Mumbai RBD Pamolein+ VAT	603	625	-22
	Kandla RBD Palmolein +VAT	593	605	-12
Sunflower Oil	Mumbai + VAT	675	695	-20
	Kandla/Mundra	605	610	-5
	Erode (Exp. Oil)+VAT	680	695	-15
	Hyderabad Exp +VAT	646	656	-10
	Chennai (Loose)	650	660	-10
	Bellary (Exp. Oil)+VAT	616	641	-25
	Latur (Exp. Oil)+VAT	626	636	-10
	Chellakere (Exp. Oil)+VAT	610	615	-5
Groundnut Oil	Rajkot (Loose)	690	730	-40
	Chennai (Loose)	750	740	10
	New Delhi (Loose)	730	740	-10
	Hyderabad Exp +VAT	815	799	16
	Mumbai + VAT	740	770	-30
	Gondal+VAT	700	735	-35

	Jamnagar +VAT	690	730	-40
	Narsarropeth+VAT	770	770	Unch
	Prodattour+VAT	731	726	5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	642	663	-21
	Alwar (Expeller Oil)(Loose)	639	654	-15
	Kota (Expeller Oil) (Loose)	620	645	-25
	Jaipur (Expeller Oil) (Loose)	641	658	-17
	New Delhi (Exp. Oil) (Loose)	650	672	-22
	Sri-GangaNagar(ExpOil-Loose)	625	655	-30
	Hapur +VAT	705	715	-10
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) + VAT	705	725	-20
Refined Cottonseed Oil	Mumbai +VAT	655	665	-10
	Rajkot (Loose)	640	640	Unch
	New Delhi (Loose)	620	635	-15
	Hyderabad (Loose)	615	610	5
Coconut Oil	Kangayan (Crude)	1500	1340	160
	Cochin	1295	1280	15
	Trissur	1475	1330	145
Sesame Oil	New Delhi	920	920	Unch
	Mumbai	1000	1000	Unch
Kardi	Mumbai	950	950	Unch
Rice Bran Oil (40%)	New Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	525	525	Unch
Malaysia Palmolein USD/MT	FOB (April Shipment)	855	860	-5
	CNF (April Shipment) India	875	900	-25
Indonesia CPO USD/MT	FOB (April Shipment)	850	865	-15
	CNF (April Shipment) India	890	913	-23
Argentina FOB (\$/MT)		10-Apr-14	3-Apr-14	Change
Crude Soybean Oil Ship		887	870	17
Refined Soy Oil (Bulk) Ship		918	900	18
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		867	850	17
Refined Linseed Oil (Bulk) Ship		NA	NA	-



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