

Executive Summary

Domestic Veg. Oil Market Summary

Compared to the last week, edible oil basket witnessed recovery during the week under review. Soy, palm, and groundnut oil quoted higher on w-o-w basis.

On the currency front, Indian rupee against USD closed (25 April, 2014) at 60.60, down 0.53 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 renewed demand at lower quotes, optimism ahead of Ramadan festival demand and depreciating INR against USD makes edible oils expensive. 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 42.50 cents/lb to 44.20 cents/lb. CPO at BMD (May) is likely to trade in the range of 2690-2780 ringgit per tons.

Exports of Malaysian palm oil products during April 1-20 fell 5.9 percent to 722,170 tonnes from the 767,785 tonnes shipped during March 1-20, cargo surveyor Intertek Testing Services

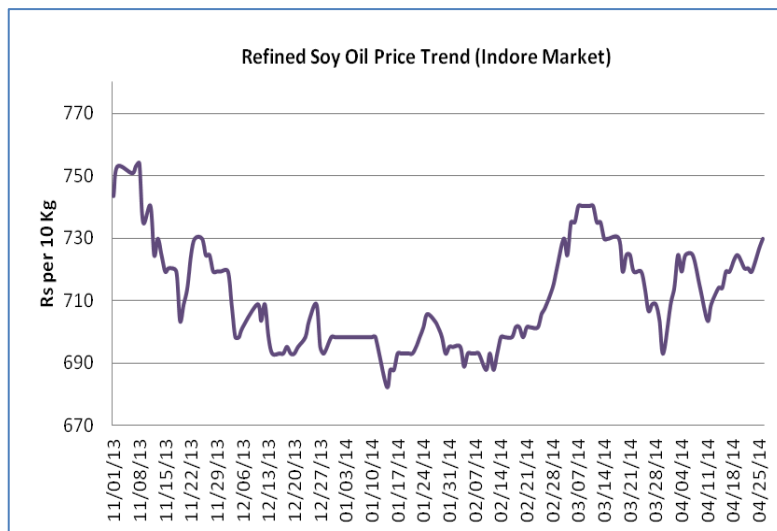
On the international front, tight soybean supplies in US may favor the bulls in the short term. However, soybeans supplies from South American countries are picking pace and cancellation of soybean cargos by Chinese buyers may limit the excessive gains.

Widening of the spread between palm oil and soft oil may favor demand at lower quotes and optimism that festive-driven demand will underpin prices in the coming weeks. However, uncertain demand prospects from China 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 firm tone tracking gains in the international oil & fats market and renewed demand at lower quotes.
- Crude soybean oil imports by India is likely to cross 1.5 million tons due to lower domestic oilseeds crushing and lower spread between palm and soybean oil prices. While, SEA of India reported that Indian buyer imported around 5.28 lakh tons of crude soybean oil majorly from Argentina and Brazil during Nov-March 2014, up 112.9 percent from the same period of last year.
- Lower soybean arrivals in the domestic cash market and optimism that lower rains in the current Kharif season could hinder the domestic oilseeds production in 2014/15 may support the soybean oil prices in the coming days. Current stock of edible oils as on 1st April, 2014 at various ports is estimated at 490,000 tons (CPO 270,000 tons, RBD palmolein 90,000 tons, soybean oil degummed 50,000 tons and crude sunflower oil 80,000 tons) and about 710,000 tons in pipelines – SEA of India
- Buyers are likely to import higher soybean oil in the coming days due to import parity and lower domestic crushing. Imported soy oil offered at discount at around USD 38-42 per MT (1-17 April) after refining & processing. Crude soy oil imports are likely to rise in the coming months due to cheaper bean oil from Argentina and lower domestic soy crushing.
- We expect soy oil may trade with a range bound to firm movement.



International Front

- Buenos Aires Grain Exchange reported that 21% of the soybean was harvested as of April 16, 2014. This is ahead of last year's pace of 18%. On the other hand, Brazilian farmers have harvested around 90 percent of the total soybean acreage estimated of 2013/14.
- As per Chinese customs department, China imported 15.3 Mln. t of soybean, during January to March 2014, up 34 percent compared to same period of the last year. Soybean imports from the USA were 13.7 Mln t, from Brazil to 1.0 Mln. t and rest others. Soybean oil imports increased to 274,000, up 44 percent, including 98,000 tons from Argentina and 105,000 tons from Brazil.
- On the soybean production front, CONAB revised its forecast for Brazil's 2014 soybean production to 86.1 Mln t from the previous figure of 85.4 Mln t. Last year soybean production was 81.5 Mln t. 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.
- 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.

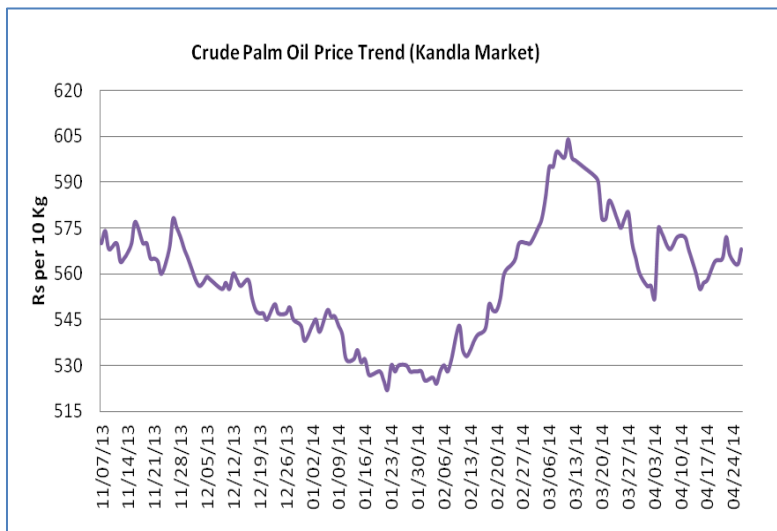
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 718-730 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.
- As per Solvent Extractors' Association of India, India palm oil imports including crude and refined fell 23 percent to 5.37 lakh tons from the same period of the last year. During Nov-Mar 2013/14, Import of refined palm oil reported at 817,615 tons compared to 620,698 tons during the same period of the last year. While, crude palm oil imports is down by 27.2% and reported at 2,273,444 tons compared to the same period of last year.
- Fears of El Nino may curb the domestic as well as international edible oils output and Muslim festivities in June may support the palm oil prices in the coming days. Moreover, lower soybean crushing in the domestic market may add fuel to the bullish sentiments. While, new soybean supplies from South American countries and South East Asian countries entering into higher palm oil production phase may curb the excessive gains.
- Imported palm oil offered at discount around USD 25-30 per MT (1-25 April) after refining & processing. Higher shipments of palm oil could notice in the month of April. 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 higher on optimism that good buying might witness from top buyers ahead of Muslim festivities in June. While, the beneficial rains over key palm producing regions support the palm oil output prospects. Exports of Malaysian palm oil products during April 1-20 fell 5.9 percent to 722,170 tonnes from the 767,785 tonnes shipped during March 1-20, cargo surveyor Intertek Testing Services (ITS) Malaysia has kept its crude palm oil export tax for May at 5.5 percent, the same as a month ago.
- As per Chinese customs department, China imported 1.6 million tons during Jan-Mar, 2014 up 0.1 million tons from the same period of the last year. Palm oil imports from Indonesia were 759,000 T and from Malaysia to 816,000 T.
- 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.
- 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, uncertain demand prospects from China and ending of lower palm oil yield phase may limit the excessive upside risk in the prices.

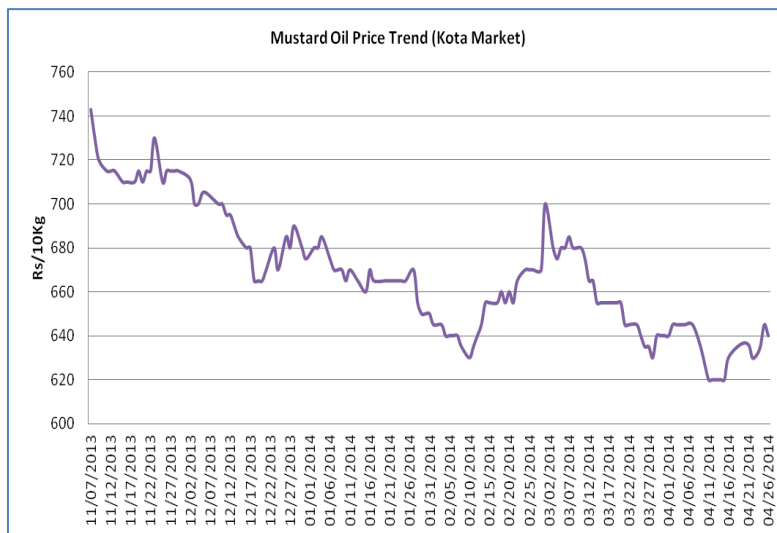
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 572-595 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to slightly firm tone during the week at the Kota market in line with the competing soy oil prices. While, rising mustard seed arrivals limit the upside.
- Lower oilseed crushing, good demand for edible oils ahead of Muslim festivities in June and gains in the competing oils likely to underpin the mustard oil prices in the coming days. However, ongoing arrivals from major producing regions may cap the excessive upside risk in the prices.
- On the harvesting pace, Rapeseed harvesting is almost over in Rajasthan and arrivals are likely to ease from the mid May. 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.

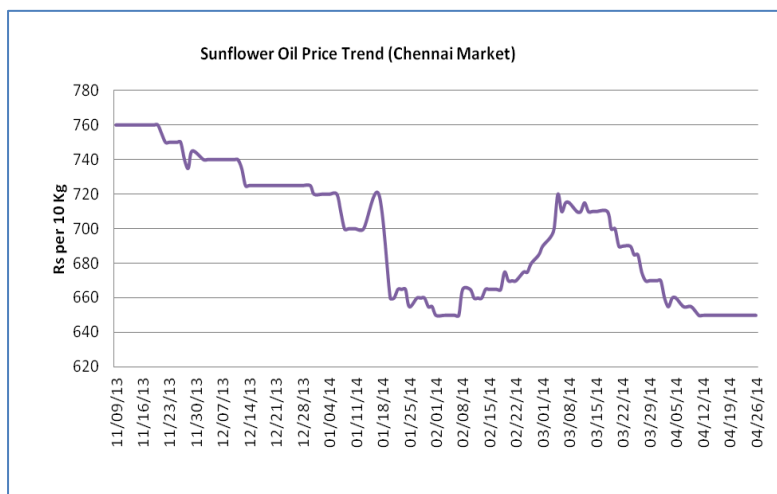


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 630-650 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

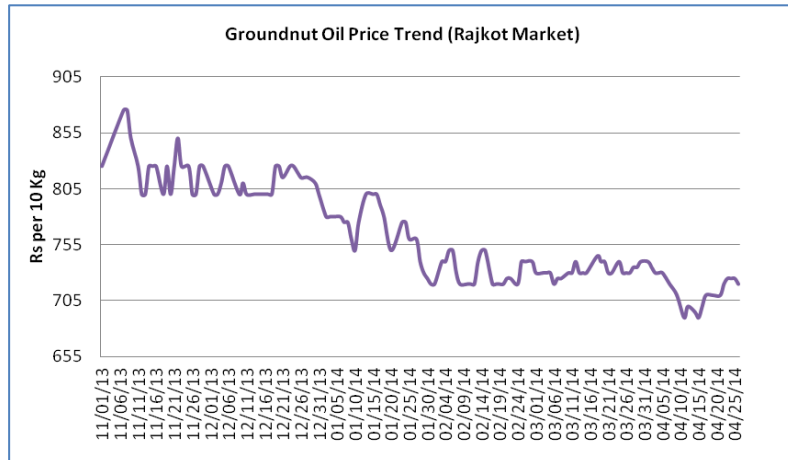
- Sunflower oil featured steady tone at its benchmark market Chennai during the week owing to sideways trend in the sunflower oil (Ukraine based) prices and need based demand for sunflower oils against adequate stocks.
- Crude sunflower oil (Ukraine origin) CIF at Kandla is being offered at \$940-945 per tons during the week. While, Sunflower oil FOB quoted around USD 860-865 per tons. Good demand noticed for sunflower oil from Indian buyers during April owing to attractive prices against other soft oils and fear of El Nino. We expect higher sunflower oil imports likely to continue in the coming weeks.
- On the import front, Indian buyers purchase 97,900 tons of crude sunflower oil majorly from Ukraine during March. While, India imported 5.18 lakh tons of crude sunflower oil in Nov.-March 2013/14, up 23 percent from same period of the last year – SEA of India.
- We expect sunflower oil prices may trade range bound to slightly firm tone 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 slightly firm tone at its benchmark market (Rajkot) during the week owing to renewed demand from wholesalers at lower quotes. While, adequate raw material supply for crushing limit the excessive gains.
- Groundnut oil prices are likely to trade with a steady to slightly firm tone in the coming days owing to renewed demand for groundnut oil in the cash market. However, adequate groundnut supplies and record production in the current year may cap the excessive gains. Groundnut oil is offered at around at Rs 700-710 per 10 Kg at Rajkot market excluding tax.
- 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. We expect prices are to trade with steady to slightly firm bias in the days ahead.

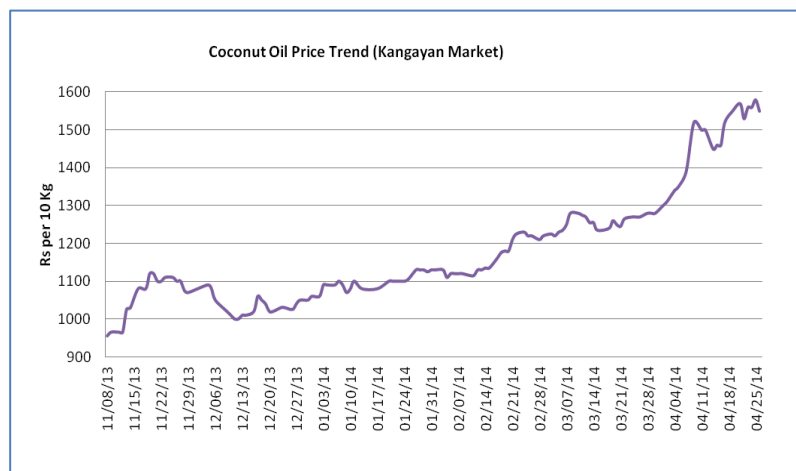


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 695-722 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

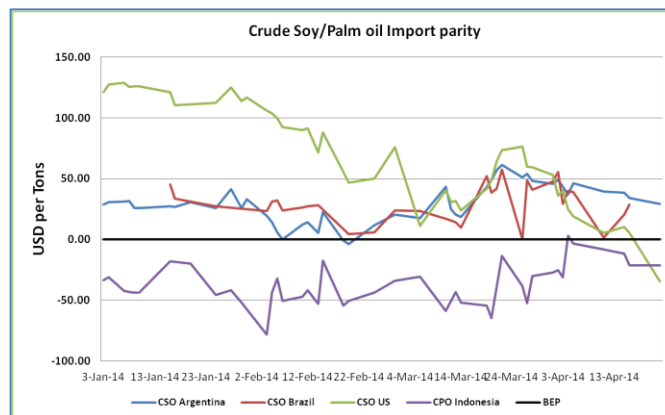
- Coconut oil featured firm tone at its benchmark market Kangayan during the week owing to lower arrivals in the southern India and tight copra supplies due to lean season. However, demand was need based at higher quotes and corporate shifted to palm oil products.
- Coconut oil at Kangayan market quoted at Rs 1550-1580 per 10 Kg during the week in review. 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.
- Lower copra stocks, weak copra arrivals from the major producing regions and better buying from the local traders likely to support the prices in the near term. 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 1550-1650 per 10 Kg.

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

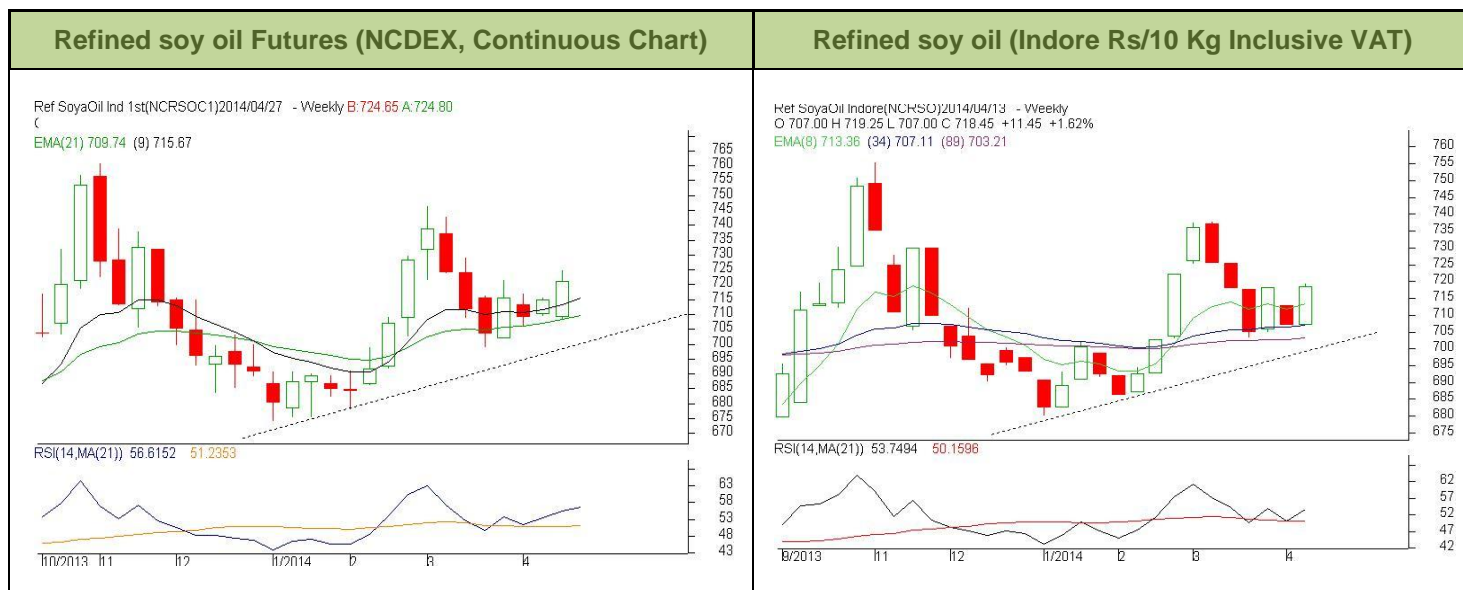
Landed Cost Calculation as on 22/04/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	882	934	959	875
Freight (USD/MT)	80	72	70	35
C & F	962.0	1006.0	1029.0	910.0
Weight loss (0.25% of FOB)	2.21	2.34	2.40	2.19
Finance charges (0.4% on CNF)	3.85	4.02	4.12	3.64
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	971	1015	1039	919
CVD	0	0	0	0
Duty USD per ton	24.79	24.79	24.79	24.12
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.495876	0.495876	0.495876	0.48246
Exchange rate	61.01	61.01	61.01	61.01
Landed cost without customs duty in INR per ton	59237	61948	63365	56041
Customs duty %	2.58%	2.58%	2.58%	2.58%
Base import price	961	961	961	935
Fixed exchange rate by customs department	60.80	60.80	60.80	60.80
Duty component in INR per ton	1507.46	1507.46	1507.46	1466.68
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	61417	64129	65545	58181
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	64000	64000	64000	56700
Total landed cost USD per ton	1007	1051	1074	954
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1049	1049	1049	929
Parity INR/MT (Domestic - Landed)	2583	-129	-1545	-1481
Parity USD/MT (Domestic - Landed)	42.33	-2.11	-25.33	-24.27
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	66517.45	69228.61	70645.48	64180.87
Soy/Palm oil imported Price (Including tax)	69843.32	72690.04	74177.75	67389.92
Loose price of Soy/Palm in Indore and Delhi market	72030.00	72030.00	72030.00	68775.00
Parity after processing and Taxes (Rs per MT)	2186.68	-660.04	-2147.75	1385.08
Parity after processing and Taxes (USD per MT)	35.84	-10.82	-35.20	22.70
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).

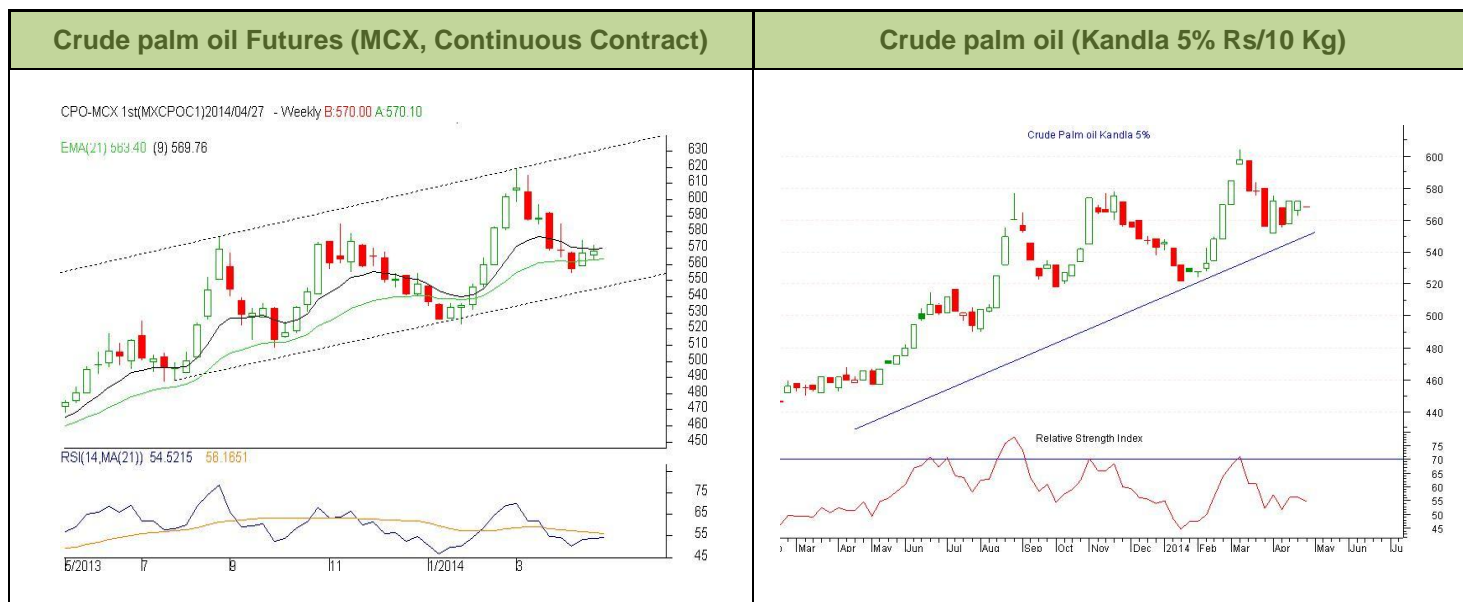
- ❖ Weekly chart of refined soy oil at NCDEX depicts firmness. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 712 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 718-730 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 718 levels for a target of 728 and 730 with a stop loss at 712.00 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
704.00	712.00	721.00	734.00	738.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 718-730 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices may trade with a steady to slightly firm tone in the coming days. Investors are advised to buy MCX CPO - May. 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 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 562-574 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 562 for a target of 572 and 574 with a stop loss at 556 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
549.00	553.00	564.60	575.00	581.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 572-595 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		25-Apr-14	18-Apr-14	
Refined Soybean Oil	Kota(Loose)	680	671	9
	Rajkot (Loose)	665	655	10
	Jaipur (Loose)	690	680	10
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	710	705	5
	Kakinada	NA	NA	-
	Mumbai +VAT	668	662	6
	Indore	692	690	2
	Soy Degum Mumbai+VAT	640	635	5
	SoyDegum Kandla/Mundra+VAT	640	635	5
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	707	701	6
	Amrawati (Loose)	707	701	6
	Jalna	706	701	5
	Nagpur	712	706	6
Palm Oil	Chennai.RBD.Palmolein.(Loose)	615	608	7
	Hyd. RBD Palmolein VAT	630	630	Unch
	Delhi RBD Palmolein (Loose)	660	655	5
	Kandla CPO (5%FFA)	572	566	6
	Kakinada.RBD.Palmolein(Loose)	601	599	2
	Mumbai RBD Pamolein+ VAT	615	610	5
	Kandla RBD Palmolein +VAT	605	603	2
Refined Sunflower Oil	Mumbai + VAT	665	665	Unch
	Kandla/Mundra	600	600	Unch
	Erode (Exp. Oil)+VAT	675	680	-5
	Hyderabad Exp +VAT	656	656	Unch
	Chennai (Loose)	650	650	Unch
	Bellary (Exp. Oil)+VAT	606	601	5
	Latur (Exp. Oil)+VAT	626	621	5
	Chellakere (Exp. Oil)+VAT	621	600	21
Groundnut Oil	Rajkot (Loose)	725	710	15
	Chennai (Loose)	750	750	Unch
	Delhi (Loose)	725	725	Unch
	Hyderabad Exp +VAT	815	821	-6
	Mumbai + VAT	760	750	10

	Gondal+VAT	720	NA	-
	Jamnagar +VAT	720	710	10
	Narsarropeth+VAT	760	750	10
	Prodattour+VAT	726	726	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	650	660	-10
	Alwar (Expeller Oil)(Loose)	653	639	14
	Kota (Expeller Oil) (Loose)	645	636	9
	Jaipur (Expeller Oil) (Loose)	648	644	4
	Delhi (Exp. Oil) (Loose)	660	658	2
	SriGangaNagar(ExpOil-Loose)	665	620	45
	Hapur+VAT	695	Closed	-
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	700	695	5
Refined Cottonseed Oil	Mumbai +VAT	665	660	5
	Rajkot (Loose)	660	640	20
	Delhi (Loose)	614	630	-16
	Hyderabad (Loose)	625	625	Unch
Coconut Oil	Kangayan (Crude)	NA	1550	-
	Cochin	1400	1350	50
	Trissur	1530	NA	-
Sesame Oil	Delhi	920	920	Unch
	Mumbai	980	980	Unch
Kardi	Mumbai	950	950	Unch
Rice Bran Oil (40%)	Delhi	480	NA	-
Rice Bran Oil (4%)	Punjab	525	525	Unch
Malaysia Palmolein USD/MT	FOB (May Shipment)	870	853	17
	CNF (May Shipment) India	887.5	890	-2.5
Indonesia CPO USD/MT	FOB (May Shipment)	870	875	-5
	CNF (May Shipment) India	900	905	-5
Argentina FOB (\$/MT)		24-Apr-14	17-Apr-14	Change
Crude Soybean Oil Ship		880	911	-31
Refined Soy Oil (Bulk) Ship		910	942	-32
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		860	891	-31
Refined Linseed Oil (Bulk) Ship		NA	NA	-



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