

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket noticed sideways to bearish trend during the week except coconut oil, which remained firm on w-o-w basis.

On the currency front, Indian rupee against USD closed (09May 2014) at 59.83, down 0.4 percent as compared to the previous week. Factors to watch in the coming weeks will be on 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, and optimism ahead of Ramadan festival demand.

International Veg. Oil Market Summary

US Department of Agriculture (USDA) said that according to the private exporters, 140,000 tonnes of US soybean have been sold to unknown destination, for delivery in 2014/15 starting on Sept 1.

Ukraine, the major producer of sunflower oil in the world, is likely to produce 4.25 MMT of sunflower oil by the end of MY 2013/14, which is around 14 percent higher than the previous season. In May 2014-15 the country is expected to produce 4.3 MMT of sunflower oil, recording another growth of 3 percent.

Sunflower oil export from Ukraine, during the initial four month of the current season (Sept-Dec'13) stood at 1.23 MMT, around 3 percent lower the quantity exported last season during corresponding period. Sunflower Oil trade is not active as it was expected earlier due to massive fall in prices during initial period of the season. Ukraine Sunflower oil export during MY 2013/14 is expected to be around 3.7 MMT, 14 percent higher on Y-o-Y basis, same would be around 3.8 MMT in MY 2013/14 on strong demand and promising production.

Soybean crop in Brazil, which is in the end phase of harvesting will produce 86.57 million tonnes of oilseed, which was earlier expected to be around 86.08 million tonnes, as forecasted in April, said Conab, the Agriculture Ministry's crop supply agency.

Argentina soy crop production is likely to touch the level of 55.5 million tonnes this season. Earlier it was estimated to be around 54.5 million tonnes. Reason for the same is the yield, which stood higher what was expected earlier.

BMD CPO could move with slight fluctuation but any uptrend is not being gestured in near term due to Strong Ringgit, as reported by the market participants.

Malaysian palm oil products export for April rose 1.7 percent to 1.22 million tons from 1.20 million tons shipped during Mar., cargo surveyor Societe Generale de Surveillance.

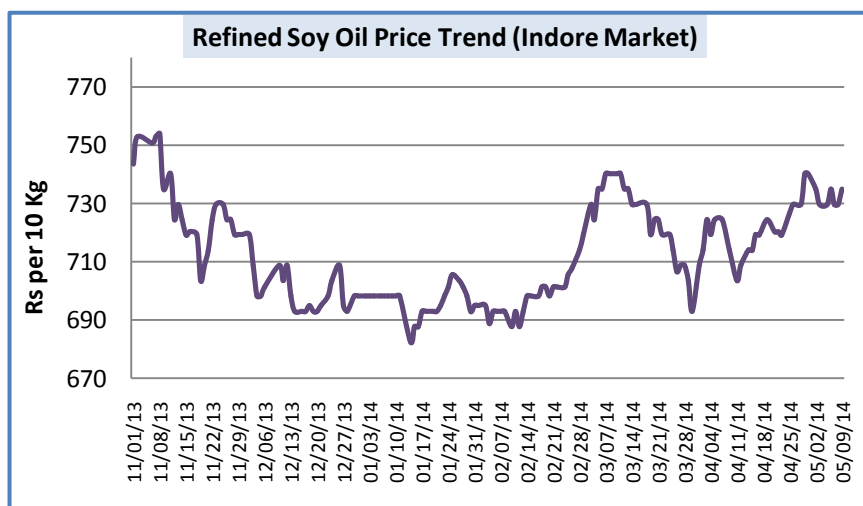
On the international front, tight soybean supplies in US may favor the bulls in the short term. However, soybeans supplies from South American countries are picking pace and cancellation of soybean cargos by Chinese buyers may limit the excessive gains.

Widening of the spread between palm oil and soft oil may favor 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 upside risk in the prices.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil remained range bound with firm biasness during the week.
- Soybean crushing units are operating at 25-30 percent due to lower availability of soybean and crusher had crushed 5 million tons of soybeans during current soybean marketing year till March (Oct-Sept) lower by 1 million tons compared to the same period of last year - SOPA.
- 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.
- 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 (1-25 April) after refining & processing.
- We expect soy oil may trade with a range bound to firm movement.



International Front

- Soybean crop in Brazil, which is in the end phase of harvesting will produce 86.57 million tonnes of oilseed, which was earlier expected to be around 86.08 million tonnes, as forecasted in April, said Conab, the Agriculture Ministry's crop supply agency.
- As per Brazilian trade ministry, Brazil exported 8.25 million tons of soybean in April compared with 6.23 million tons in March. While, on the other hand, Brazil exported 115,900 tons of soybean oil in April, down 1800 tons from last month.
- As per USDA sowing report, farmers have started planting soybeans. About 3% of the overall soybean crop has been planted as on 28 April, 2014, down 1 point lower to the five-year average.
- 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.

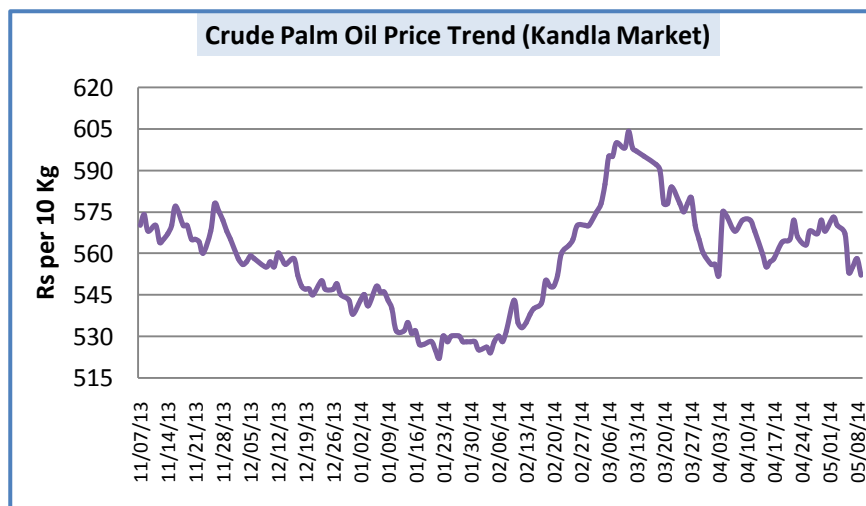
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 725-740 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook :-

Domestic Front

- CPO Kandla 5% witnessed bearish momentum in the prices during the week in review.
- As per the latest government notification, Indian Government has revised the tariff value for crude palm oil to US \$ 920, RBD palm oil to US \$943, Crude and refined palmolein to 961, 964 (US dollar per metric tons) respectively. Moreover, USD 980 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.
- 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.
- Lower soybean crushing in the domestic market and 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. While, new soybean supplies from South American countries may curb the bulls.
- 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

- Stock of palm oil in Malaysia is being reported a three month high in April. Palm oil stock reached to 1.70 MMT in April, which was 1.69 MMT in March. The stockpile in Malaysia, world second largest palm grower, is putting pressure on the benchmark prices i.e. FCPO. It should be noted that bench mark prices have noticed a drastic drop of 12 percent since touching 2,916 ringgit (\$900) per tonne in March, the highest price level since September 2012. Production on other hand is being estimated at a median of 1.53 million tonnes, 2.4 percent higher and highest since December 2013. Malaysian Palm oil export recorded with median at 1.29 MMT, 3.8 percent higher than the 1.24 MMT export in March.
- Crude palm oil at BMD May contract ended lower on profit booking and strong MYR against USD. However, optimism that good buying might witness from top buyers ahead of Muslim festivities in June limit the excessive losses. Market participants focus on the first 10 days of export data for June, which may gauge the demand prospects.
- Malaysian palm oil products export for Apr. rose 1.7 percent to 1.22 million tons from 1.20 million tons shipped during Mar., cargo surveyor Societe Generale de Surveillance. Indonesia lowered its export tax for crude palm oil to 12 percent for May from 13.5 percent in April - Indonesian Trade Ministry.
- As per Oil World, global palm oil imports during April-to-June 2014 seen at 10.5 million tons down 0.9 million tons from previous quarter (Jan.-March) in expectation of good buying from major importers ahead of Muslim festivities in late June.

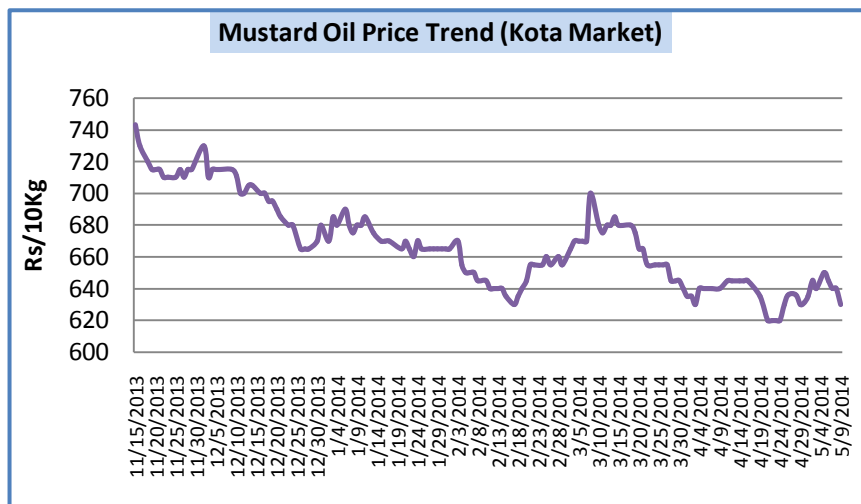
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 552-560 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to slightly weak tone during the week at the Kota market tracking losses in the international palm oil market and rising mustard seed arrivals. While, upcoming Muslim festivities in June may curb excessive losses.
- As per sources, good demand from oil millers for mustard seed and lower oilseed crushing, and in anticipation of good demand for edible oils ahead of Muslim festivities in June may underpin the mustard oil prices in the coming days. However, ongoing RM 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 June. 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.

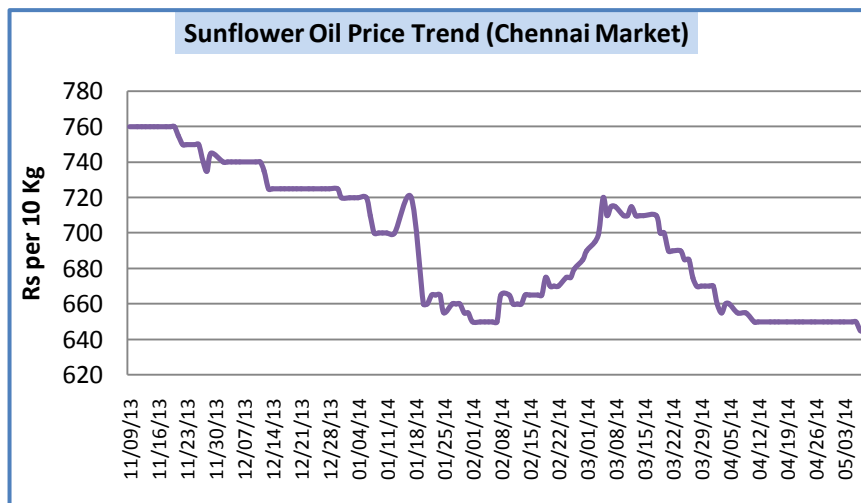


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 630-642 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

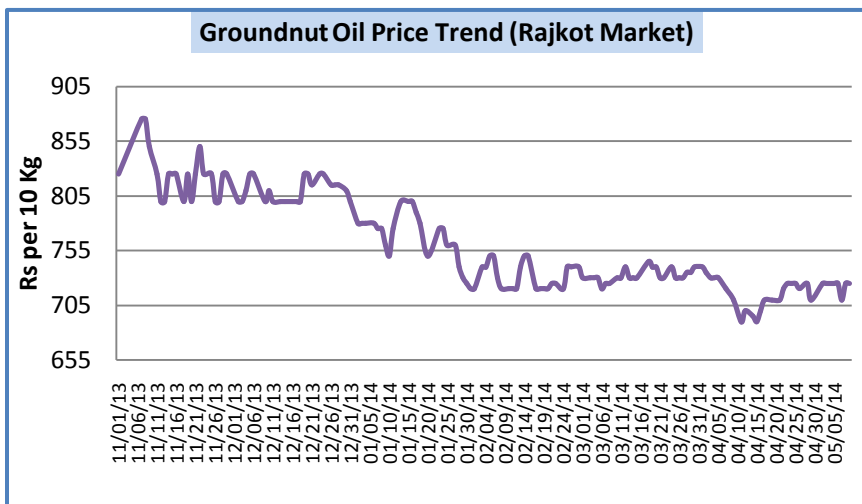
- Sunflower oil featured slightly weak tone at its benchmark market Chennai during the week owing to sideways trend in the international sunflower oil market and need based demand for sunflower oil against adequate stocks.
- As per trade sources, India imported 3.11 lakh tons of crude sunflower oil during 21-28 April, 2014 majorly from Ukraine on an average rate of Rs 583 per 10 Kg. 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.
- 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.
- According to GAFTA, sunflower seed has been sown on 2.2 Mln. ha as of April 25, 2014 which is up from the planting speed of last year and represents 51% of the forecast area. 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 640-652 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 710-720 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.

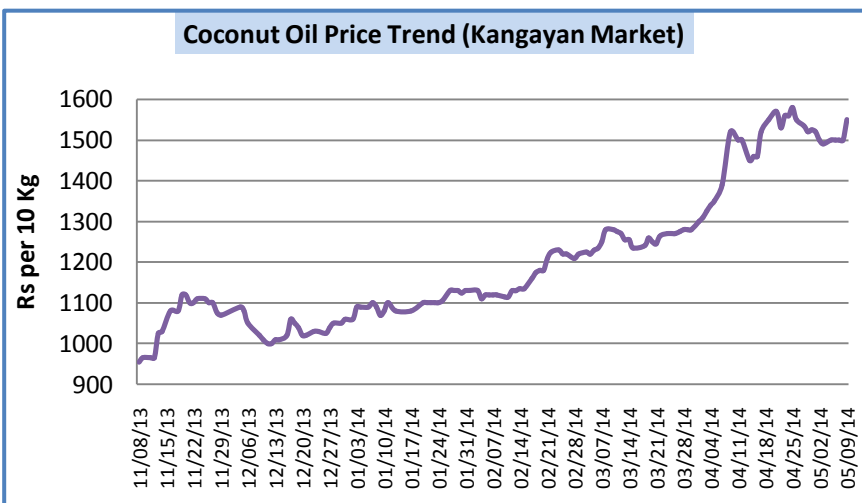


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 710-730 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured bullish tone at its benchmark market Kangayan during the week after seeing the downfall in prices.
- Coconut oil at Kangayan market quoted at Rs 1500-1525 per 10 Kg during the week in review. 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.

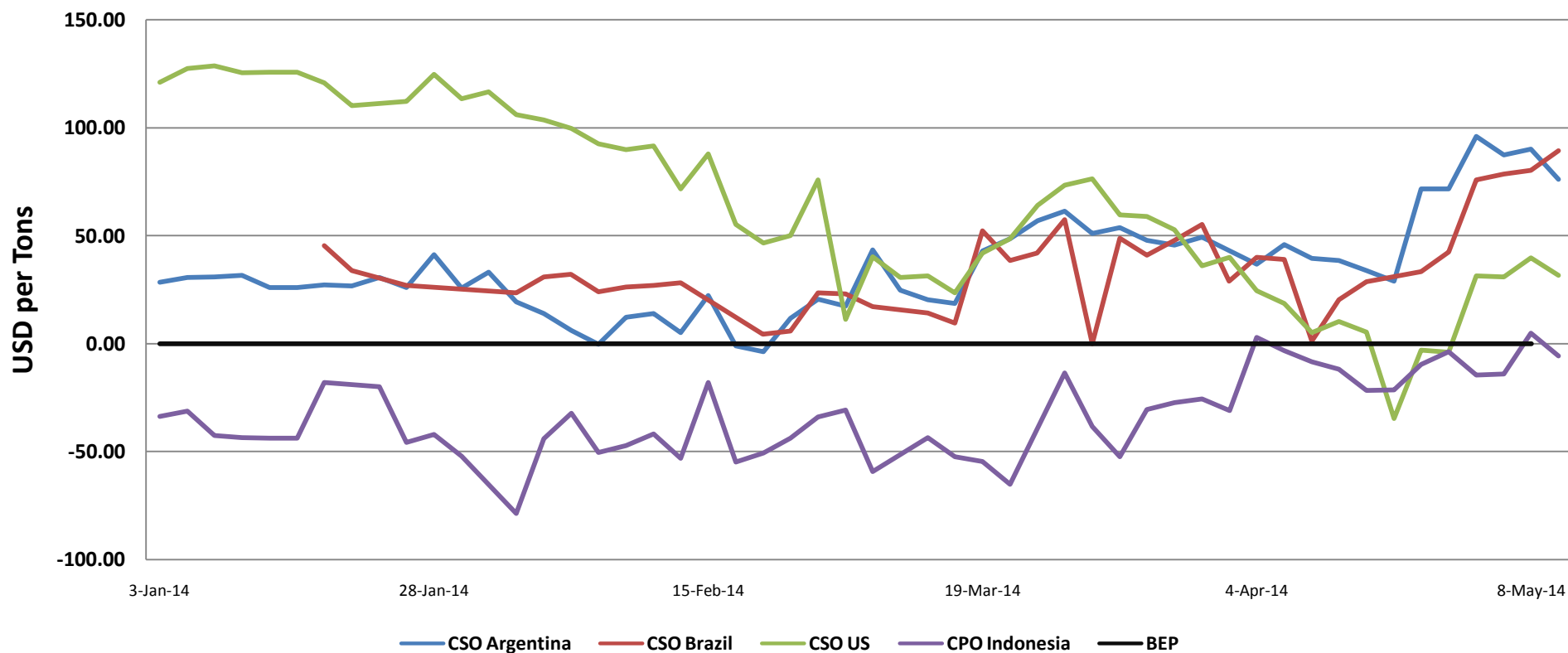


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1490-1565 per 10 Kg.

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

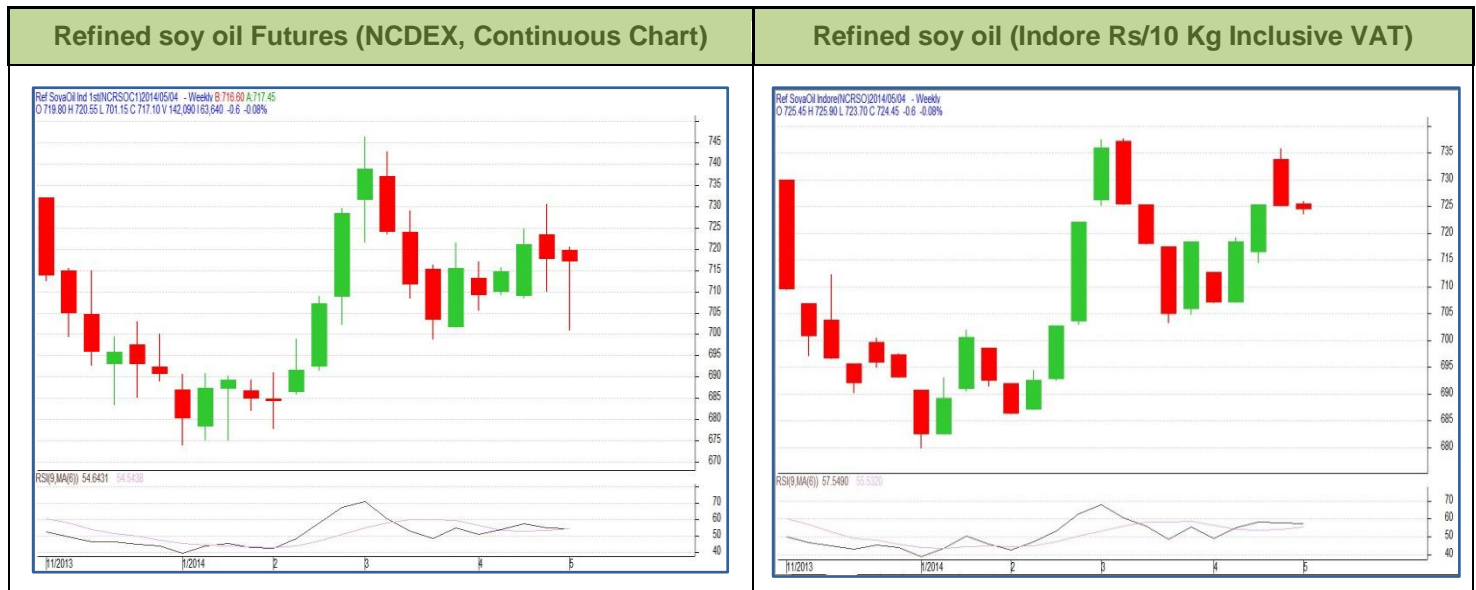
Landed Cost Calculation as on 9/5/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	864	859	918	848
Freight (USD/MT)	80	72	70	35
C & F	944.0	931.0	988.0	883.0
Weight loss (0.25% of FOB)	2.16	2.15	2.30	2.12
Finance charges (0.4% on CNF)	3.78	3.72	3.95	3.53
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	953	940	997	891
CVD	0	0	0	0
Duty USD per ton	25.28	25.28	25.28	23.74
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.50568	0.50568	0.50568	0.47472
Exchange rate	60.05	60.05	60.05	60.05
Landed cost without customs duty in INR per ton	57214	56427	59883	53523
Customs duty %	2.58%	2.58%	2.58%	2.58%
Base import price	980	980	980	920
Fixed exchange rate by customs department	60.80	60.80	60.80	60.80
Duty component in INR per ton	1537.27	1537.27	1537.27	1443.15
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	59424	58637	62093	55639
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	64000	64000	64000	55300
Total landed cost USD per ton	990	976	1034	927
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1066	1066	1066	921
Parity INR/MT (Domestic - Landed)	4576	5363	1907	-339
Parity USD/MT (Domestic - Landed)	76.20	89.31	31.76	-5.64
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	64523.99	63737.12	67192.79	61638.77
Soy/Palm oil imported Price (Including tax)	67750.18	66923.98	70552.43	64720.71
Loose price of Soy/Palm in Indore and Delhi market	73500.00	73500.00	73500.00	67725.00
Parity after processing and Taxes (Rs per MT)	5749.82	6576.02	2947.57	3004.29
Parity after processing and Taxes (USD per MT)	95.75	109.51	49.09	50.03
Source: Agriwatch				

Crude Soy/Palm oil Import parity



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 – Though prices moved quiet low during the week, we are expecting a recovery in prices in near term. For medium term basis, we advise investors to buy refined soy oil (June 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 693 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 705-735 level in near to medium term. RSI is near to neutral zone and shows evidence of divergence with the ref. soy oil prices.

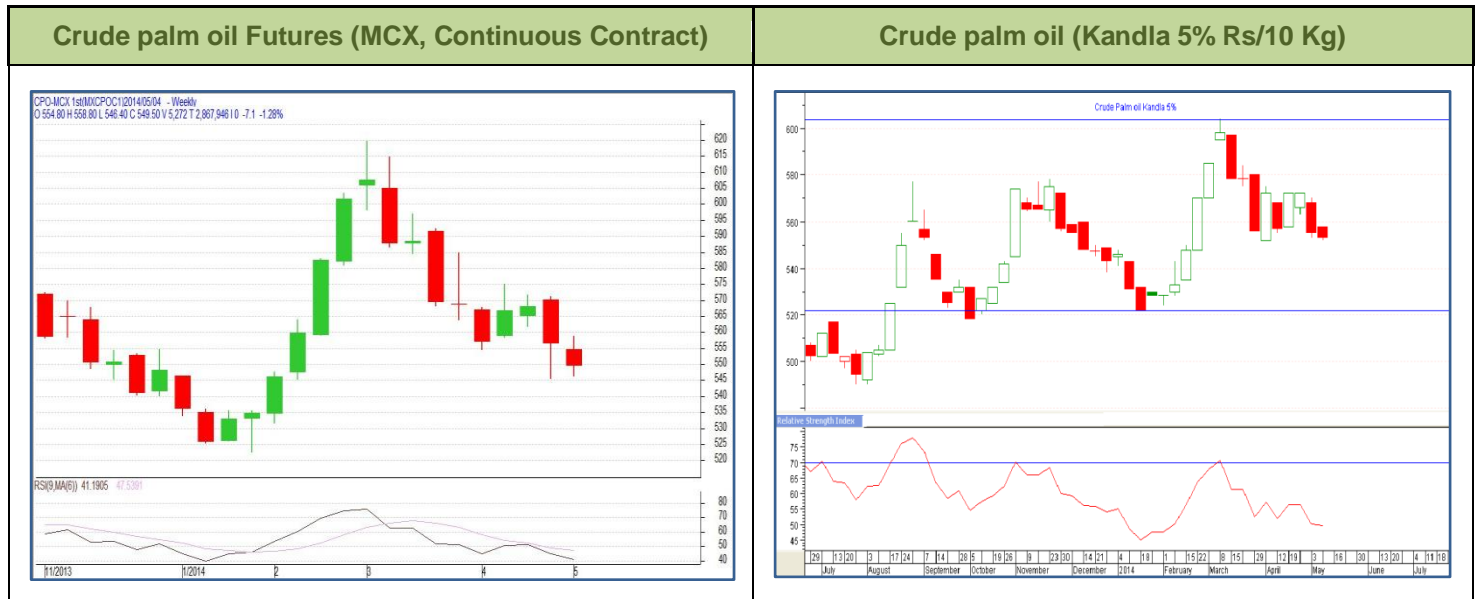
Strategy: Market participants are advised to go long in RSO above 705 levels for a target of 725 and 735 with a stop loss at 693 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
681	686	717.5	740	755

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 705-735 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)



Outlook -Prices are showing downtrend during the week, still we are expecting a recovery in prices in near term. For medium term basis, we advise investors to buy refined Palm Oil (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 529 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 540-570 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 540 for a target of 558 and 570 with a stop loss at 529 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
520	525	549.5	580	587

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 540-570 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		9-May-14	2-May-14	
Refined Soybean Oil	Kota(Loose)	675	670	5
	Rajkot (Loose)	660	660	Unch
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	700	705	-5
	Kakinada	NA	NA	-
	Mumbai +VAT	660	665	-5
	Indore	700	700	Unch
	Soy Degum Mumbai+VAT	640	645	-5
	SoyDegum Kandla/Mundra+VAT	640	645	-5
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	704	711	-7
	Amrawati (Loose)	704	711	-7
	Jalna	706	706	Unch
	Nagpur	709	716	-7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	592	600	-8
	Hyd. RBD Palmolein VAT	598	600	-2
	Delhi RBD Palmolein (Loose)	645	653	-8
	Kandla CPO (5%FFA)	553	553	Unch
	Kakinada.RBD.Palmolein(Loose)	576	586	-10
	Mumbai RBD Pamolein+ VAT	600	605	-5
	Kandla RBD Palmolein +VAT	590	598	-8
Refined Sunflower Oil	Mumbai + VAT	670	670	Unch
	Kandla/Mundra	605	610	-5
	Erode (Exp. Oil)+VAT	670	675	-5
	Hyderabad Exp +VAT	656	661	-5
	Chennai (Loose)	642	650	-8
	Bellary (Exp. Oil)+VAT	601	611	-10
	Latur (Exp. Oil)+VAT	621	626	-5
	Chellakere (Exp. Oil)+VAT	615	615	Unch
Groundnut Oil	Rajkot (Loose)	725	725	Unch
	Chennai (Loose)	730	750	-20
	Delhi (Loose)	730	735	-5
	Hyderabad Exp +VAT	821	815	6
	Mumbai + VAT	770	760	10
	Gondal+VAT	720	725	-5

	Jamnagar +VAT	730	730	Unch
	Narsarropeth+VAT	780	750	30
	Prodattour+VAT	741	711	30
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	665	662	3
	Alwar (Expeller Oil)(Loose)	690	651	39
	Kota (Expeller Oil) (Loose)	630	630	Unch
	Jaipur (Expeller Oil) (Loose)	658	647	11
	Delhi (Exp. Oil) (Loose)	670	668	2
	SriGangaNagar(ExpOil-Loose)	635	645	-10
	Hapur+VAT	700	710	-10
	Kolkata	692	NA	-
	Agra (Kacchi Ghani Oil) +VAT	690	695	-5
Refined Cottonseed Oil	Mumbai +VAT	670	675	-5
	Rajkot (Loose)	650	655	-5
	Delhi (Loose)	640	641	-1
	Hyderabad (Loose)	580	590	-10
Coconut Oil	Kangayan (Crude)	1550	1500	50
	Cochin	1490	1470	20
	Trissur	1520	1480	40
Sesame Oil	Delhi	920	920	Unch
	Mumbai	980	980	Unch
Kardi	Mumbai	950	950	Unch
Rice Bran Oil (40%)	Delhi	515	NA	-
Rice Bran Oil (4%)	Punjab	525	525	Unch
Malaysia Palmolein USD/MT	FOB	843	843	Unch
	CNF India	870	880	-10
Indonesia CPO USD/MT	FOB	848	845	3
	CNF India	880	885	-5
Argentina FOB (\$/MT)		8-May-14	1-May-14	Change
Crude Soybean Oil Ship		854	NA	-
Refined Soy Oil (Bulk) Ship		884	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		834	NA	-
Refined Linseed Oil (Bulk) Ship		NA	NA	-



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