

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, amid drought conditions prevailing in Tamil Nadu.

Vegoil imports in India stood 8.32 lakh tonnes in April this year, 27 per cent higher than previous year during the corresponding period due to increased shipment of crude palm oil (CPO) and crude soft oils. The same was around 6.54 lakh tonnes in April last year, Solvent Extractors Association of India said.

Prices of coconut oil surged a new high as drought in western districts of Tamil Nadu has created a big supply gap in copra. Only local coconut oil crushers procured copra whereas Kerala crushers are not buying much as they have ample stocks with them.

Diminishing arrivals and lesser availability of mustard seed with crushers has boosted the mustard oil prices. It is believed that the traders and stockiest are developing inventories on expectation of lesser production this year.

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

Production of palm oil on global front is expected to boost up by 6 percent in 2014/15 largely due to gains in Indonesia. Besides being one of the major edible oil, palm oil is stretching its applications, particularly in Malaysia and Indonesia. According to the latest estimates by USDA, Palm oil production on global front is likely to be around 62.35 million metric tonnes compare to 58.77 expected by the end of season 2013/14.

Global Sunflower seed oil production is likely to decline in upcoming season, 2014/15 by 1.95 percent on reduced planting in EU Russia and Turkey. The production of same is expected around 15.52 million metric tonnes in 2014/15 which was 15.83 million metric tonnes in 2013/14, as estimated by USDA.

Rapeseed production on global front is likely to decline in 2014/15 as area would remain steady and yield return to trend levels. Production in major exporting countries namely Canada, Australia and Ukraine is expected lower but supply in Canada would remain unchanged because of large ending stock of 2013/14.

Malaysia, the second largest producer of palm oil is likely to see dry weather from mid-May to September, said Malaysian Meteorological Department. Dry weather could hinder the growth of palm fruit, resulting in lower yield in season ahead. Department has warned that there are 70 percent chances that El Nino weather phenomenon will occur in second half of the year.

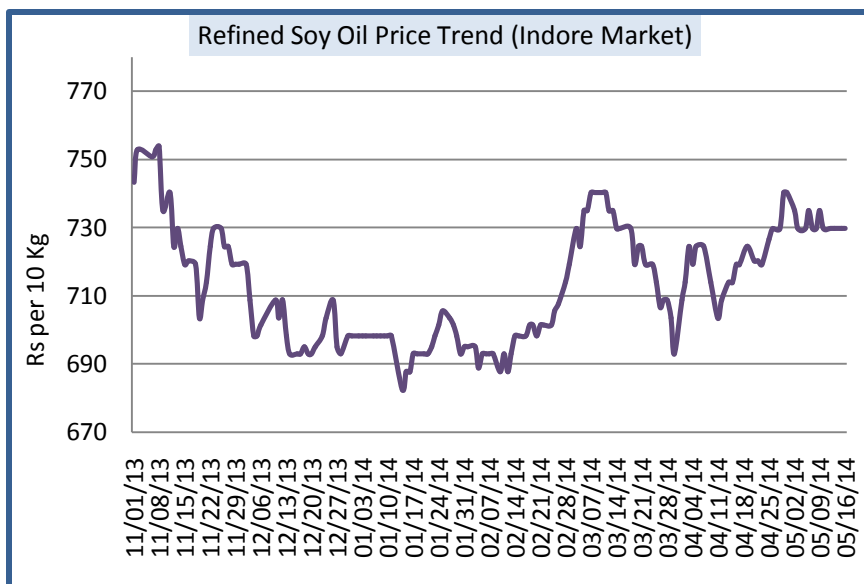
Iraq has issued a tender to buy minimum 10,000 tonnes of sunflower oil, said trade ministry in a statement. The deadline of tender is 26 May, 2014 and offers must remain valid till 30 May, 2014. As per the ministry's statement oil could be sourced from any origin apart from China.

Soybean imports in China during April 2014 is estimated around 6.5 million tons, nearly 40.6% higher than the imports in March 2014, which stood around 4.62 million tons.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil remained steady on weak global cues.
- Soybean production in India during 2014/15 is projected around 12 million tonnes, which was estimated 11 million tonnes for 2013/14.
- India is expected to import 1.65 million tonnes of soybean oil in 2014/15 compared to 1.5 million tonnes expected till the end of 2013/14.
- 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
- We expect soy oil may trade with a steady movement.



International Front

- As per the USDA latest report, Soybean production on global front is likely to be around 300 million tonnes, higher than 284 million tonnes in 2013/14, which is adding weight to the global soybean stocks and ultimately hurting the prices.
- Soybean imports in China during April 2014 is estimated around 6.5 million tons, nearly 40.6% higher than the imports in March 2014, which stood around 4.62 million tons.
- 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.

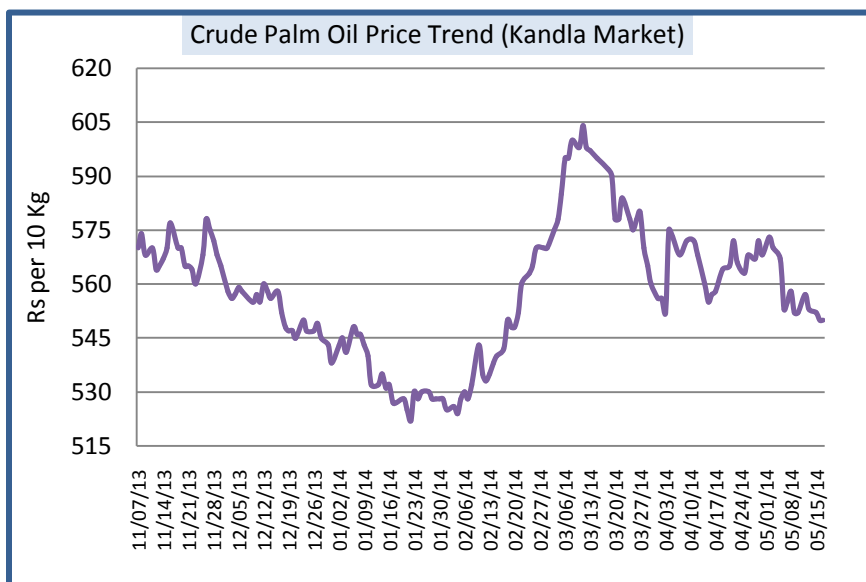
Price Outlook:

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 weak momentum in the prices during the week.
- India is likely to import 8.8 million tonnes of palm oil in 2014/15 higher when compared to 8.3 million tonnes expected for the current year.
- 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.



International Front

- Malaysian palm oil export during the initial 15 days of May 2014 rose to 28.0 percent to 640,101 tonnes from 500,057 tonnes exported during April 1-15, 2014 as reported by Reuters.
- 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.

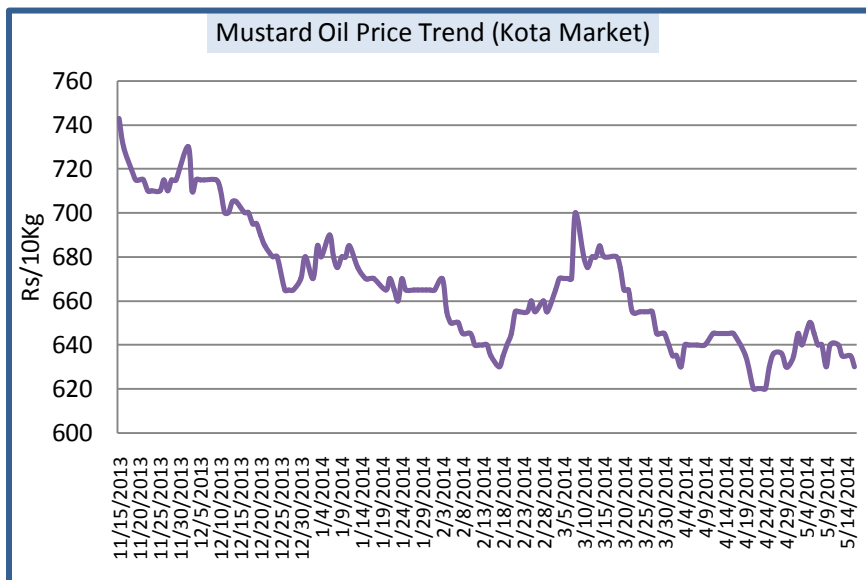
Price Outlook:

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 noticed a steady tone but is likely to see firmness amid the depleting arrivals and upcoming Ramadan.
- 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.
- 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.

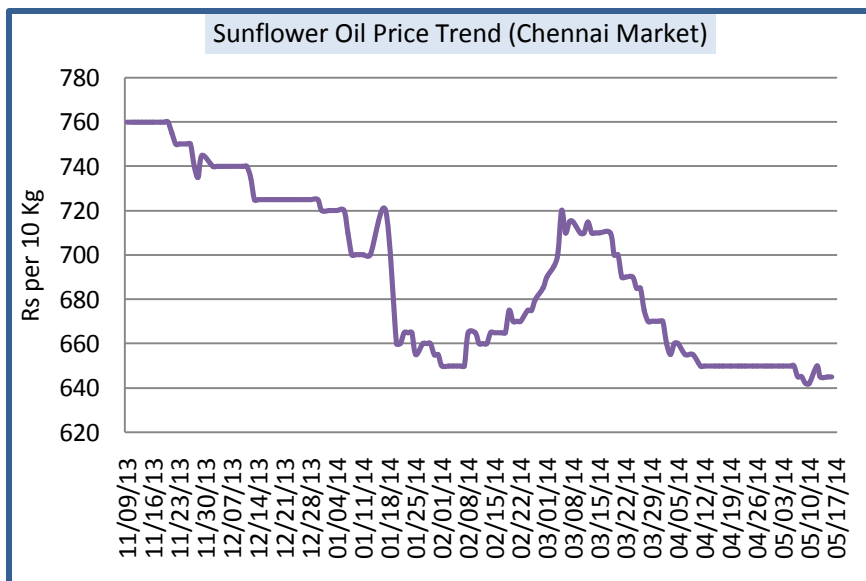


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 630-642 per 10 Kg.

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.

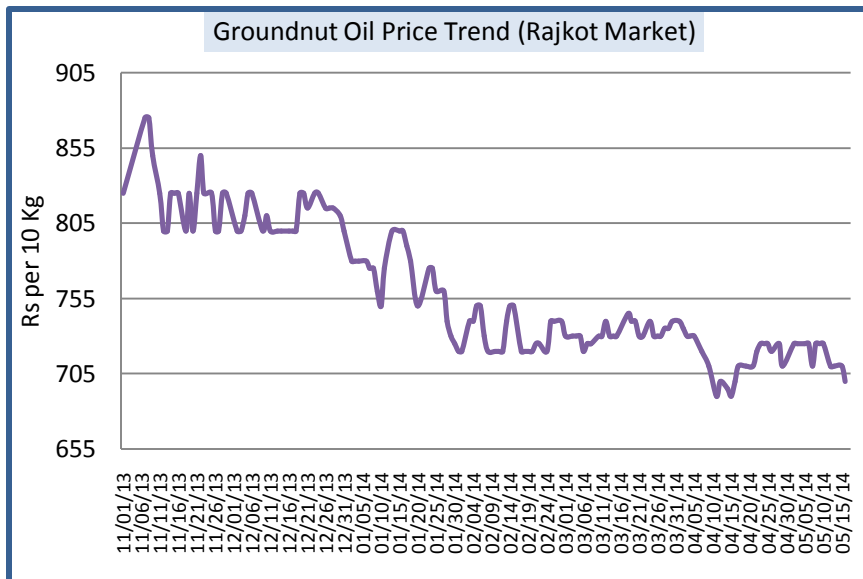


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 640-652 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices trade weak tone at its benchmark market (Rajkot) during the week.
- 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 700-725 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.



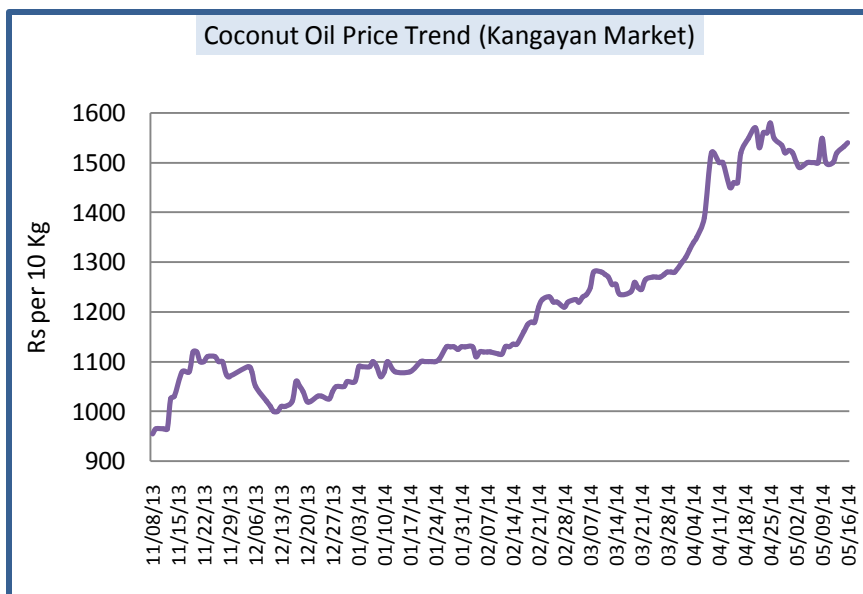
Price Outlook

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 due to drought in Tamil Nadu.
- Coconut oil at Kangayan market quoted at Rs 1500-1540 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.

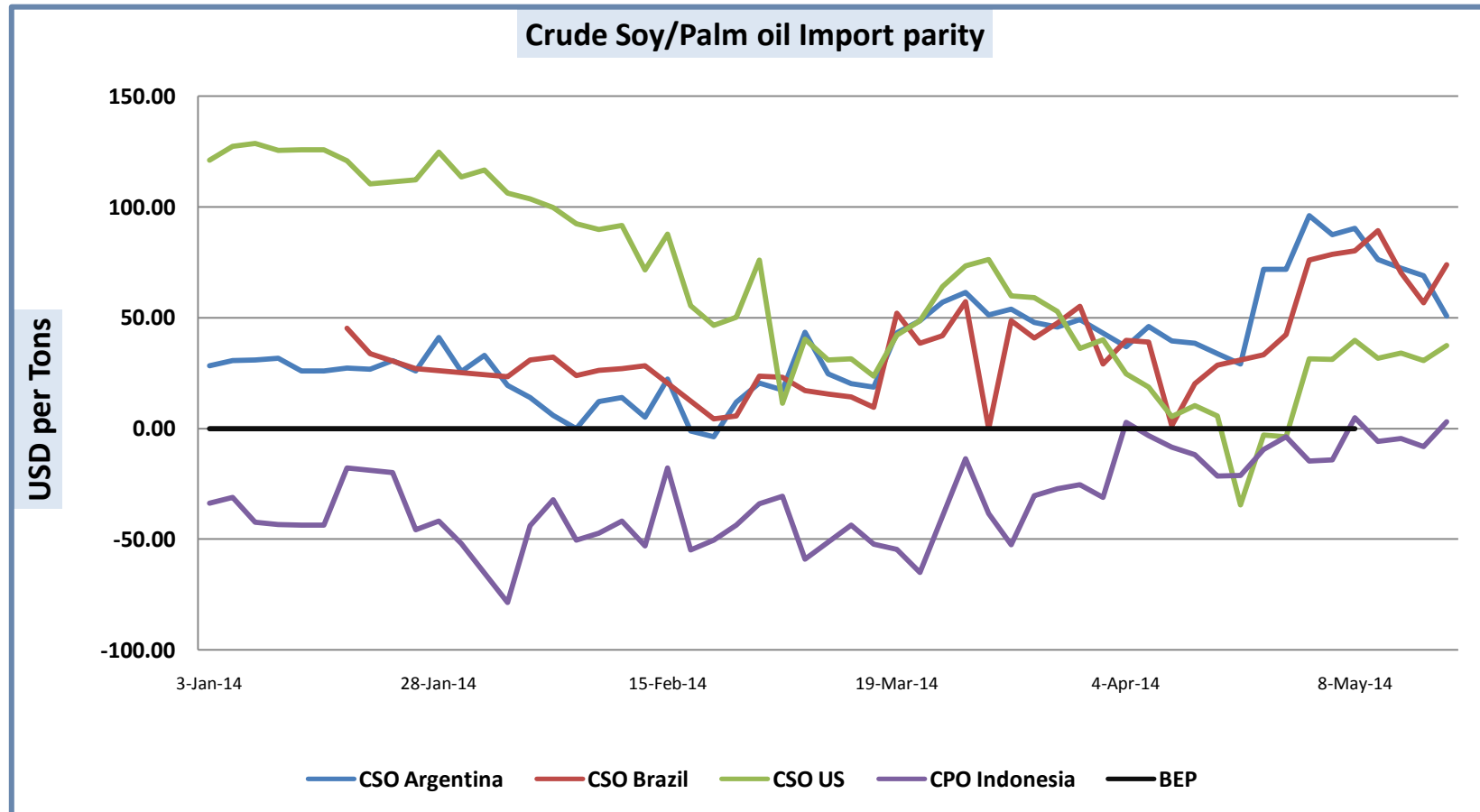


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1490-1565 per 10 Kg.

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

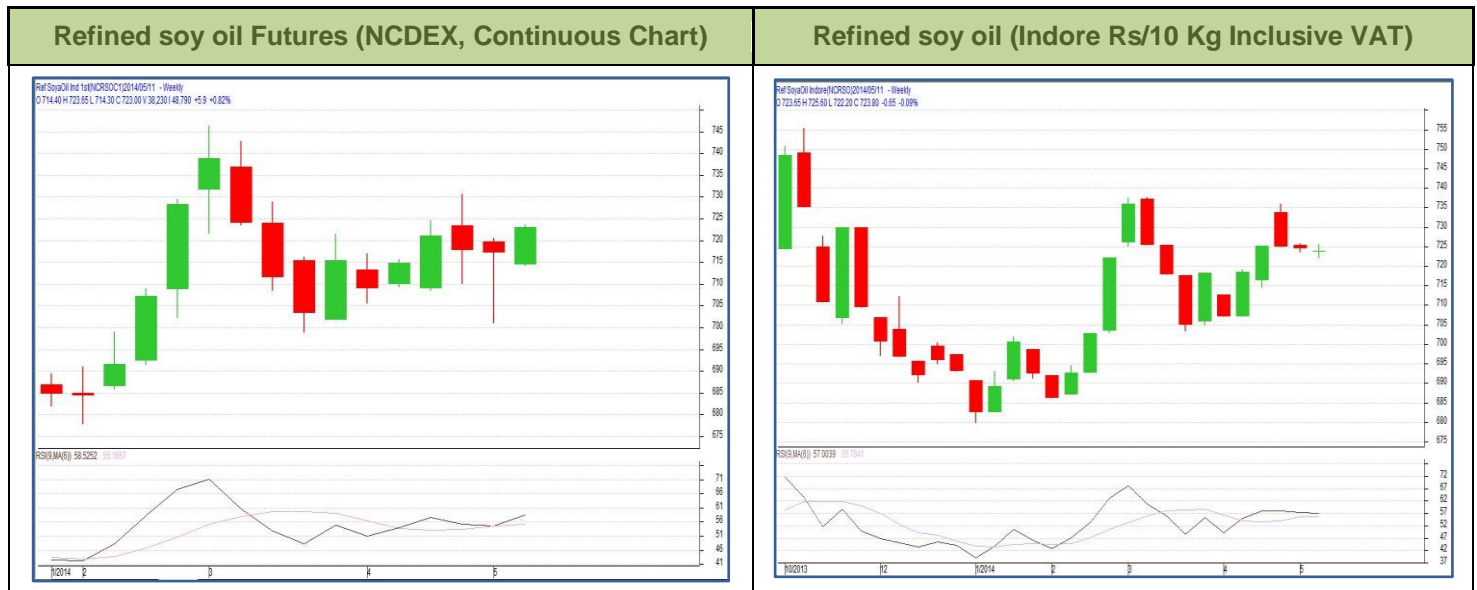
Landed Cost Calculation as on 16/5/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	869.51	899.05	915.79	862
Freight (USD/MT)	80	72	70	35
C & F	949.5	971.1	985.8	897.0
Weight loss (0.25% of FOB)	2.17	2.25	2.29	2.16
Finance charges (0.4% on CNF)	3.80	3.88	3.94	3.59
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	958	980	995	905
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	58.86	58.86	58.86	58.86
Landed cost without customs duty in INR per ton	56407	57688	58565	53294
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	58618	59899	60775	55410
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	63000	63000	63000	551000
Total landed cost USD per ton	996	1018	1033	941
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1070	1070	1070	9361
Parity INR/MT (Domestic - Landed)	4382	3101	2225	495590
Parity USD/MT (Domestic - Landed)	74.45	52.69	37.81	8419.81
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	63717.59	64998.66	65874.79	61409.99
Soy/Palm oil imported Price (Including tax)	66903.47	68248.59	69168.53	64480.49
Loose price of Soy/Palm in Indore and Delhi market	72975.00	72975.00	72975.00	68040.00
Parity after processing and Taxes (Rs per MT)	6071.53	4726.41	3806.47	3559.51
Parity after processing and Taxes (USD per MT)	103.15	80.30	64.67	60.47
Source: Agriwatch				

Crude soy oil and Crude 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 – Movement in prices on daily basis though witnessed fluctuation but weekly momentum is bullish in Soy oil. For medium term we advise traders to buy.

- ❖ 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 713 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 718-733 level in near to medium term. RSI is near to neutral zone and shows evidence of divergence with the ref. soy oil prices.

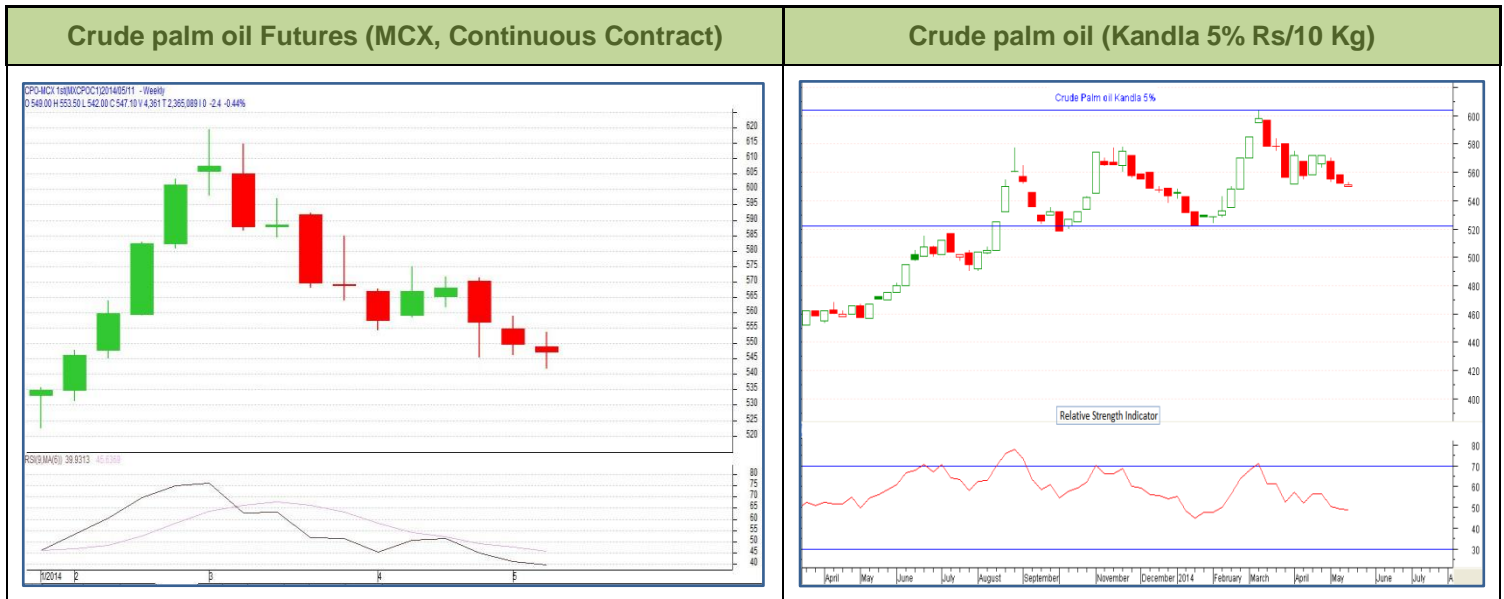
Strategy: Market participant advised to go long in RSO above 718 levels for a target of 727 and 733 with a stop loss at 713 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
700	704	723	740	745

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 718-733 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)



Outlook -Prices are showing downtrend during the week, for the coming period also we are expecting weak tone. For the coming week we advise traders to sell crude palm oil.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts losses in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close above 564 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 555-535 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 555 for a target of 540 and 535 with a stop loss at 564 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
525	530	547.1	568	575

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 555-535 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		16-May-14	9-May-14	
Refined Soybean Oil	Kota(Loose)	670	675	-5
	Rajkot (Loose)	660	660	Unch
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	705	700	5
	Kakinada	NA	NA	-
	Mumbai +VAT	678	660	18
	Indore	695	700	-5
	Soy Degum Mumbai+VAT	630	640	-10
	SoyDegum Kandla/Mundra+VAT	630	640	-10
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	695	704	-9
	Amrawati (Loose)	694	704	-10
	Jalna	NR	706	-
	Nagpur	NR	709	-
Palm Oil	Chennai.RBD.Palmolein.(Loose)	597	592	5
	Hyd. RBD Palmolein VAT	600	598	2
	Delhi RBD Palmolein (Loose)	648	645	3
	Kandla CPO (5%FFA)	551	553	-2
	Kakinada.RBD.Palmolein(Loose)	588	576	12
	Mumbai RBD Pamolein+ VAT	602	600	2
	Kandla RBD Palmolein +VAT	588	590	-2
Refined Sunflower Oil	Mumbai + VAT	680	670	10
	Kandla/Mundra	605	610	-5
	Erode (Exp. Oil)+VAT	665	670	-5
	Hyderabad Exp +VAT	NR	656	-
	Chennai (Loose)	645	642	3
	Bellary (Exp. Oil)+VAT	NR	601	-
	Latur (Exp. Oil)+VAT	NR	621	-
	Chellakere (Exp. Oil)+VAT	600	615	-15
Groundnut Oil	Rajkot (Loose)	700	725	-25
	Chennai (Loose)	760	730	30
	Delhi (Loose)	730	730	Unch
	Hyderabad Exp +VAT	NR	821	-
	Mumbai + VAT	760	770	-10

	Gondal+VAT	NR	720	-
	Jamnagar +VAT	700	730	-30
	Narsarropeth+VAT	NR	780	-
	Prodattour+VAT	NR	741	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	665	665	Unch
	Alwar (Expeller Oil)(Loose)	705	690	15
	Kota (Expeller Oil) (Loose)	640	630	10
	Jaipur (Expeller Oil) (Loose)	660	658	2
	Delhi (Exp. Oil) (Loose)	680	670	10
	SriGangaNagar(ExpOil-Loose)	642	635	7
	Hapur+VAT	705	700	5
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	705	690	15
Refined Cottonseed Oil	Mumbai +VAT	665	670	-5
	Rajkot (Loose)	640	650	-10
	Delhi (Loose)	640	640	Unch
	Hyderabad (Loose)	590	580	10
Coconut Oil	Kangayan (Crude)	1540	1550	-10
	Cochin	1530	1490	40
	Trissur	1595	1520	75
Sesame Oil	Delhi	930	920	10
	Mumbai	945	980	-35
Kardi	Mumbai	950	950	Unch
Rice Bran Oil (40%)	Delhi	515	515	Unch
Rice Bran Oil (4%)	Punjab	525	525	Unch
Malaysia Palmolein USD/MT	FOB	850	843	7
	CNF India	883	870	13
Indonesia CPO USD/MT	FOB	862	848	14
	CNF India	893	880	13
Argentina FOB (\$/MT)		15-May-14	8-May-14	Change
Crude Soybean Oil Ship		866	854	12
Refined Soy Oil (Bulk) Ship		896	884	12
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		846	834	12
Refined Linseed Oil (Bulk) Ship		NA	NA	-



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