

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed sideways to weak trend during the week except coconut oil at Kochi, which remained firm on w-o-w basis due to supply concern and lower availability of copra.

Strong India rupee against US dollar, weak demand for edible oils in the cash market and correction in the international edible oils likely to weigh on the domestic cooking oil prices. However, diminishing oilseed arrivals and in expectation of renewed demand at lower quotes may limit the excessive losses in the coming days.

We expect edible oil complex to trade sideways to slightly weak tone due to strong India rupee against US dollar makes edible oil imports cheaper and weak cues from global market. However, in expectation of renewed demand at lower quotes, and optimism ahead of Ramadan festival demand may limit the downside risk in the prices.

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.

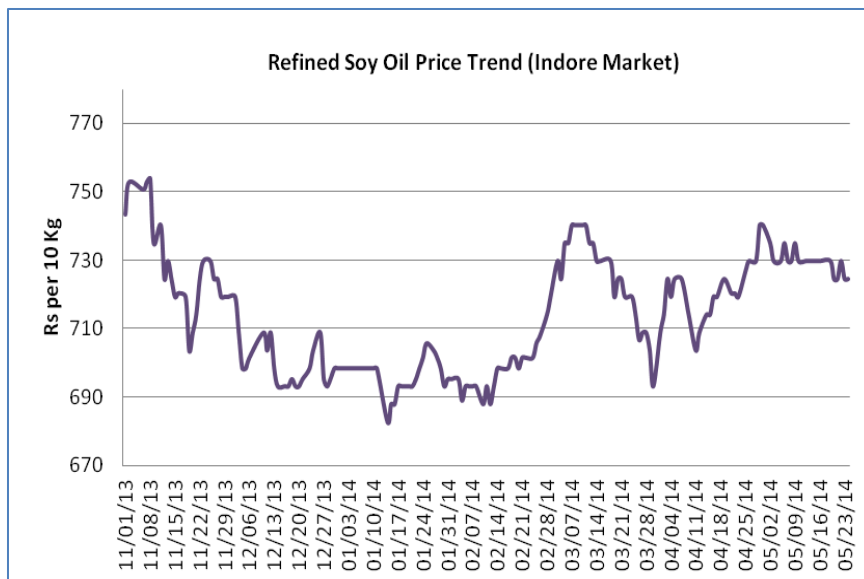
Malaysia, the second largest producer of palm oil is likely to see dry weather from mid-May to September, said Malaysian Meteorological Department. Dry weather could hinder the growth of palm fruit, resulting in lower yield in season ahead. Department has warned that there are 70 percent chances that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

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 featured steady to slightly weak tone owing to weak global cues and strong India rupee against US dollar.
- 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. We expect soy oil may trade with a steady to weak 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.

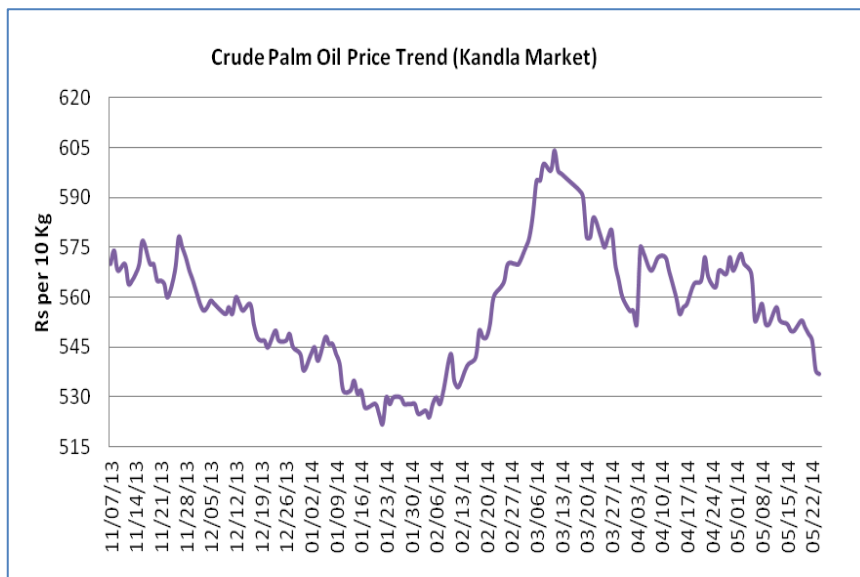
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 700-718 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.
- Firmness in the Indian rupee against US dollar and lackluster buying activities likely to support the bears in the coming days. 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 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.
- 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.

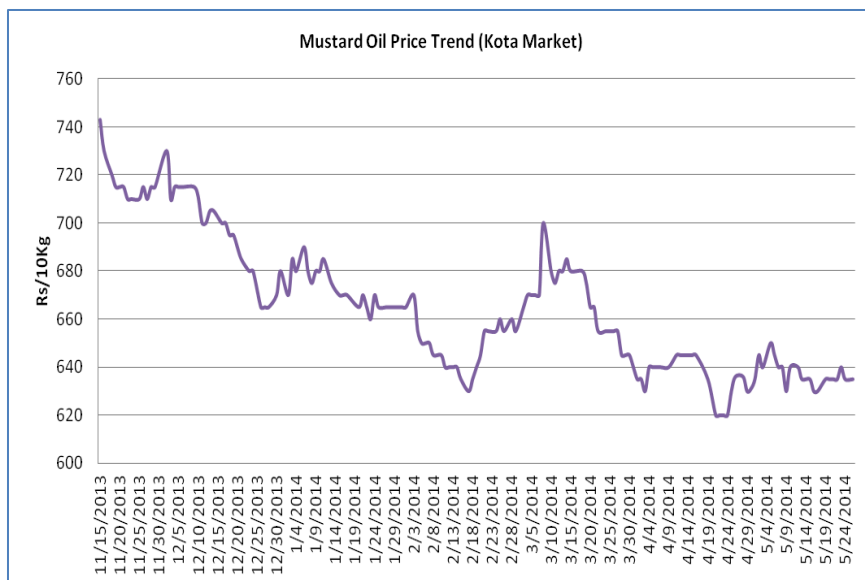
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 520-545 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.

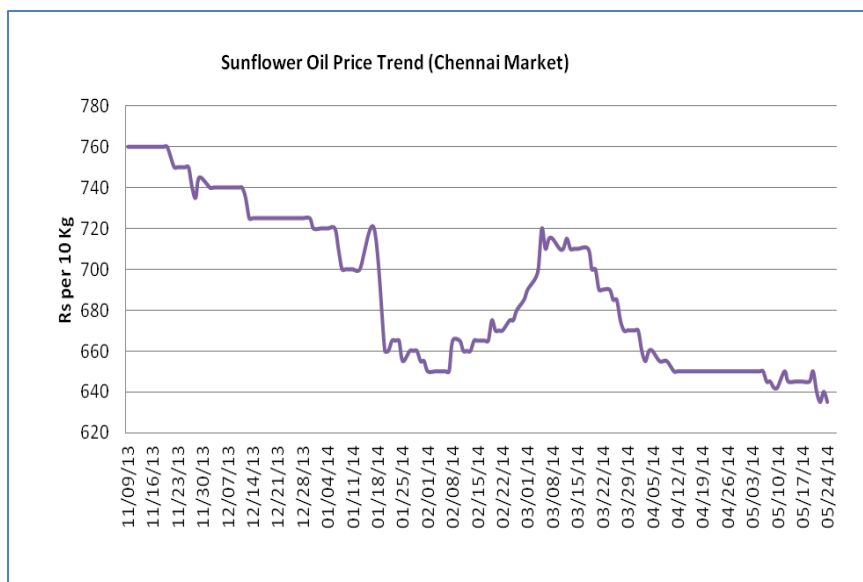


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 630-642 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

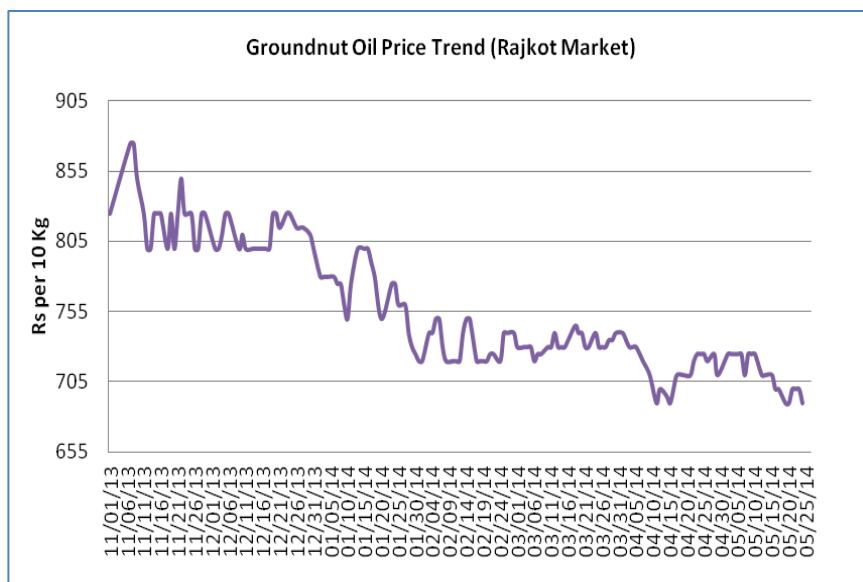
- Sunflower oil featured steady tone at its benchmark market Chennai during the week owing to sideways trend in the international sunflower oil market and need based demand for sunflower oil against adequate stocks.
- As per trade sources, India imported 3.11 lakh tons of crude sunflower oil during 21-28 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 625-650 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 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 700-715 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.

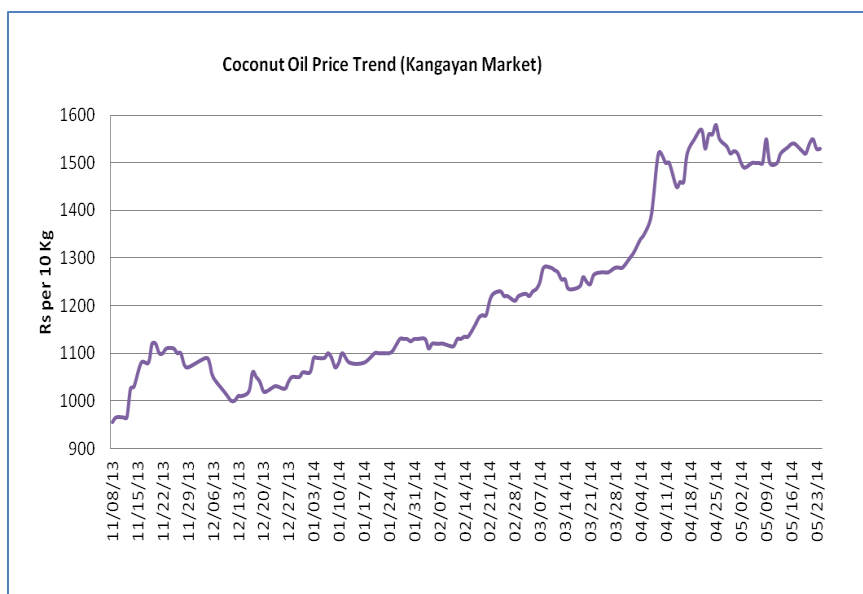


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 680-710 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.

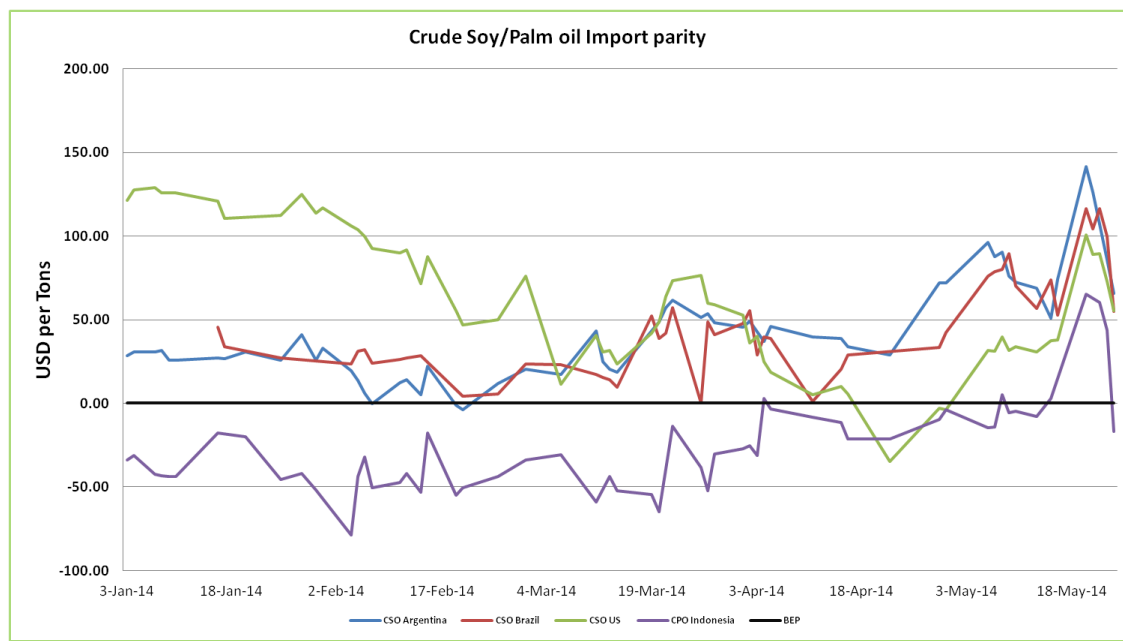


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1490-1565 per 10 Kg.

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

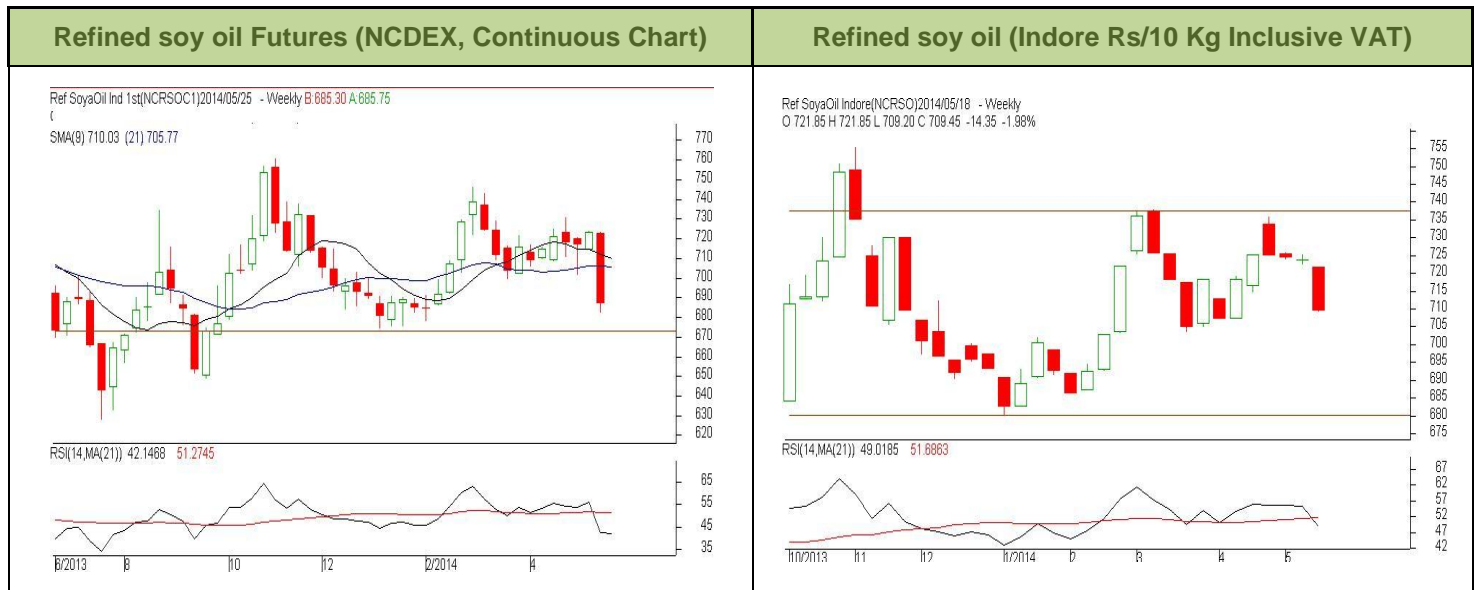
Landed Cost Calculation as on 24/5/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia
FOB USD per ton	875.59	894.2	895.73	843
Freight (USD/MT)	80	72	70	35
C & F	955.6	966.2	965.7	878.0
Weight loss (0.25% of FOB)	2.19	2.24	2.24	2.11
Finance charges (0.4% on CNF)	3.82	3.86	3.86	3.51
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	964	975	975	886
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	58.52	58.52	58.52	58.52
Landed cost without customs duty in INR per ton	56441	57069	57041	51864
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	58651	59279	59251	53980
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	62500	62500	62500	53000
Total landed cost USD per ton	1002	1013	1012	922
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1068	1068	1068	906
Parity INR/MT (Domestic - Landed)	3849	3221	3249	-980
Parity USD/MT (Domestic - Landed)	65.77	55.04	55.51	-16.74
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	63750.94	64378.91	64351.43	59979.70
Soy/Palm oil imported Price (Including tax)	66938.49	67597.85	67569.01	62978.69
Loose price of Soy/Palm in Indore and Delhi market	72450.00	72450.00	72450.00	65625.00
Parity after processing and Taxes (Rs per MT)	5511.51	4852.15	4880.99	2646.31
Parity after processing and Taxes (USD per MT)	94.18	82.91	83.41	45.22
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 losses and likely to trade with a weak tone in the coming days.

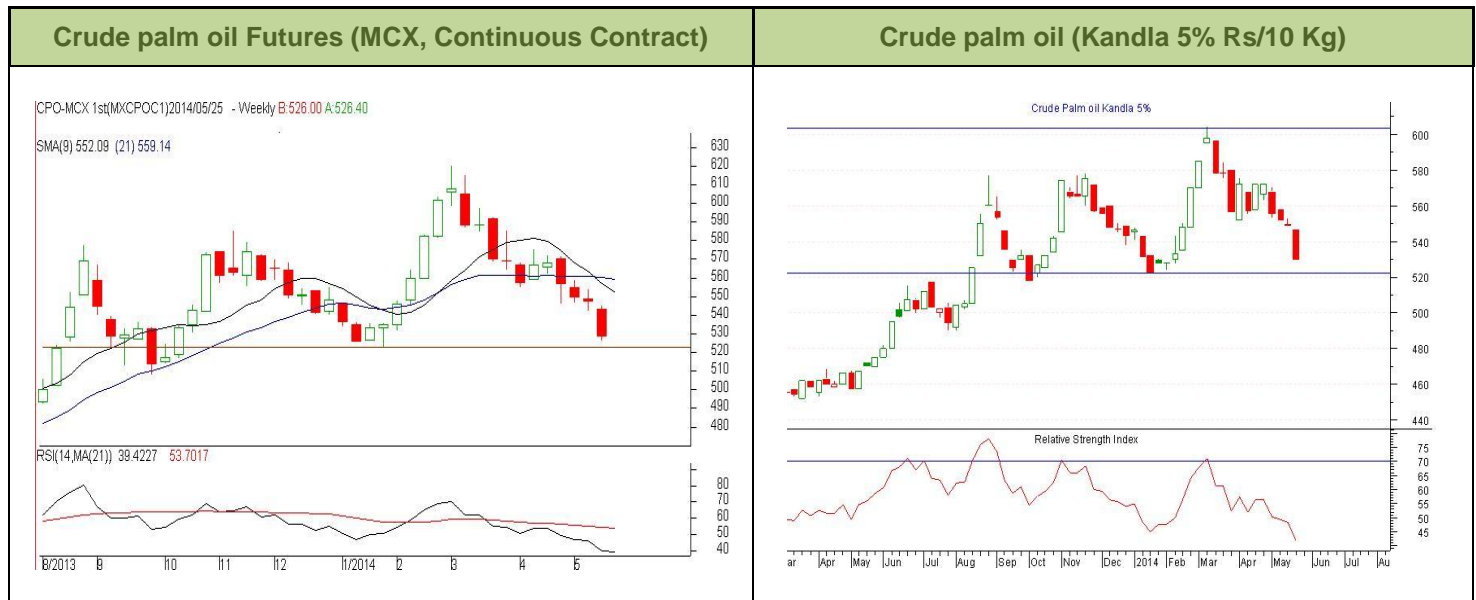
- ❖ Weekly chart of refined soy oil at NCDEX depicts weakness. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 702.60 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 674-693 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 short in RSO below 693 levels for a target of 677 and 674 with a stop loss at 702.60 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
662	670	686.70	705	718

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 700-718 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 to weak note in the near term.
- ❖ Any close above 539.60 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 512-530 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 530 for a target of 514 and 512 with a stop loss at 539.60 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	510.00	525.60	542.00	550.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 520-542 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		23-May-14	16-May-14	
Refined Soybean Oil	Kota(Loose)	660	670	-10
	Rajkot (Loose)	650	660	-10
	Jaipur (Loose)	NA	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	700	705	-5
	Kakinada	NA	NA	-
	Mumbai +VAT	672	678	-6
	Indore	690	695	-5
	Soy Degum Mumbai+VAT	625	630	-5
	SoyDegum Kandla/Mundra+VAT	625	630	-5
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	691	695	-4
	Amrawati (Loose)	687	694	-7
	Jalna	NR	NR	-
	Nagpur	NR	NR	-
Palm Oil	Chennai.RBD.Palmolein.(Loose)	580	597	-17
	Hyd. RBD Palmolein VAT	605	600	5
	Delhi RBD Palmolein (Loose)	625	648	-23
	Kandla CPO (5%FFA)	535	551	-16
	Kakinada.RBD.Palmolein(Loose)	572	588	-16
	Mumbai RBD Pamolein+ VAT	590	602	-12
	Kandla RBD Palmolein +VAT	572	588	-16
Refined Sunflower Oil	Mumbai + VAT	680	680	Unch
	Kandla/Mundra	585	605	-20
	Erode (Exp. Oil)+VAT	660	665	-5
	Hyderabad Exp +VAT	NR	NR	-
	Chennai (Loose)	640	645	-5
	Bellary (Exp. Oil)+VAT	NR	NR	-
	Latur (Exp. Oil)+VAT	NR	NR	-
	Chellakere (Exp. Oil)+VAT	590	600	-10
Groundnut Oil	Rajkot (Loose)	700	700	Unch
	Chennai (Loose)	740	760	-20
	Delhi (Loose)	720	730	-10
	Hyderabad Exp +VAT	NR	NR	-

	Mumbai + VAT	750	760	-10
	Gondal+VAT	NR	NR	-
	Jamnagar +VAT	700	700	Unch
	Narsarropeth+VAT	NR	NR	-
	Prodattour+VAT	NR	NR	-
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	655	665	-10
	Alwar (Expeller Oil)(Loose)	NR	NR	-
	Kota (Expeller Oil) (Loose)	630	640	-10
	Jaipur (Expeller Oil) (Loose)	653	660	-7
	Delhi (Exp. Oil) (Loose)	665	680	-15
	SriGangaNagar(ExpOil-Loose)	640	642	-2
	Hapur+VAT	700	705	-5
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	695	705	-10
Refined Cottonseed Oil	Mumbai +VAT	655	665	-10
	Rajkot (Loose)	635	640	-5
	Delhi (Loose)	630	640	-10
	Hyderabad (Loose)	600	590	10
Coconut Oil	Kangayan (Crude)	1530	1540	-10
	Cochin	1560	1530	30
	Trissur	1570	1595	-25
Sesame Oil	Delhi	915	930	-15
	Mumbai	930	945	-15
Kardi	Mumbai	930	950	-20
Rice Bran Oil (40%)	Delhi	525	515	10
Rice Bran Oil (4%)	Punjab	550	525	25
Malaysia Palmolein USD/MT	FOB	825	850	-25
	CNF India	865	883	-18
Indonesia CPO USD/MT	FOB	845	862	-17
	CNF India	875	893	-18
Argentina FOB (\$/MT)		22-May-14	15-May-14	Change
Crude Soybean Oil Ship		879	866	13
Refined Soy Oil (Bulk) Ship		909	896	13
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		859	846	13



Refined Linseed Oil (Bulk) Ship	NA	NA	-
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