

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed sideways to slightly weak trend during the week owing to weak cues from global oil & fats market and higher edible oil imports.

Coconut oil was the worst performer in the edible oil complex and quoted Rs 1387 per 10 Kg (weekly average), down 8.1 percent from last week average at Kangayan market. On the currency front, Indian rupee against USD closed (06 June 2014) at 59.17, down 0.11 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, Malaysian palm oil inventories, and weather over US soybean growing belt, 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 ahead of festivities and diminishing oilseed arrivals. However, adequate imported oils in the cash market and weak cues from global market may limit the excessive gains.

Recommendation:

Market participant are advised to go long in RSO above 656 levels for a target of 665 and 667 with a stop loss at 650.60 on closing basis and go long in CPO above 504 for a target of 511 and 513 with a stop loss at 499.80 on closing basis.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 38.50 cents/lb to 39.80 cents/lb. CPO at BMD (July) is likely to trade in the range of 2385-2485 ringgit per tons.

Intertek Testing Services reported that Malaysian palm oil products exports in May rose 7.8 percent to 1,315,952 tons. Good demand witnessed from India & sub continent and EU countries.

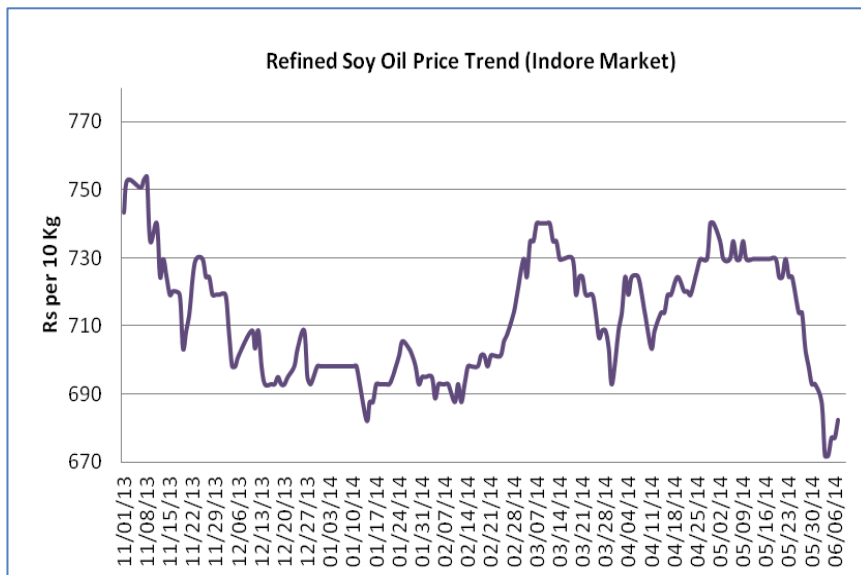
Improved weather over US soybean growing belt, higher US soybean planting pace, and talks of US corn acreage shifting to soybean favors the bears. However, tight soybean supplies in US may limit the excessive losses in soy complex.

Strong Ringgits against US dollar, diminishing palm oil exports compared to the fortnight pace and rising palm oil supply in the South East countries may pressurize the palm oil prices in the coming days. However, in expectation of good demand from top palm oil buyers ahead of festivities in July and domestic demand for bio diesel may curb the losses.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured weak tone owing to correction in the international soybean oil market and higher imports during the May.
- Subdued demand against adequate imported soybean oil supplies, weakness in the international oil & fats market and favorable weather condition over US soybean growing belt favor the bears for short term. However, limited soybean supplies for crushing and an anticipation of renewed demand at lower quotes may curb the excessive losses.
- As per IBIS data (compiled by Agriwatch), India imported 1.86 lakh tons of crude soybean oil during May 2014. Soy oil import figures from top sources as follows: 1.25 lakh tons from Argentina, 0.55 lakh tons from Brazil, 0.03 lakh tons from Ukraine and 0.03 lakh tons from other sources. While, SEA of India reported that Indian buyer imported 6.41 lakh tons of crude soybean oil majorly from Argentina and Brazil during (November-April) 2014, up 114.3 percent from the same period of last year.
- On the import parity front, margins on refining crude degummed soybean oil eased during the last week owing to correction in the domestic soy oil market. However, we expect import parity in soybean oil continues to be in positive zone. We expect soy oil may trade with a steady note.



International Front

- As per Oil World, the global soybean inventories are likely to be record large at around 90 Mln. T at the end of next season, to 31.6% of annual consumption.
- Dry weather on Argentina's Pampas farm belt over recent days has helped growers increase the pace of soybean harvesting after delays caused by extremely wet May weather - Buenos Aires Grains Exchange
- Rabobank deepened expectations for the drop in soybean prices ahead, despite a relatively downbeat forecast for US production, but remained upbeat on prospects for palm oil futures. The bank cut by \$0.50 a bushel to \$11.50 a bushel its forecast for average Chicago soybean futures prices in the October-to-December quarter, and by \$0.95 a bushel to \$11.25 a bushel its estimate for the average value in the first three months of 2015.
- US soybean planting is reported at 78% by 1 June, which is above 5-year average of 70% and ahead from 55% during the same period last year. Soybean emergence is reported at 50% slightly higher than 5-year average of 45% and above 29% during the same period last year.
- Improved weather over US soybean growing belt, higher US soybean planting pace, and talks of US corn acreage shifting to soybean favors the bears. However, tight soybean supplies in US may limit the excessive losses in soy complex.

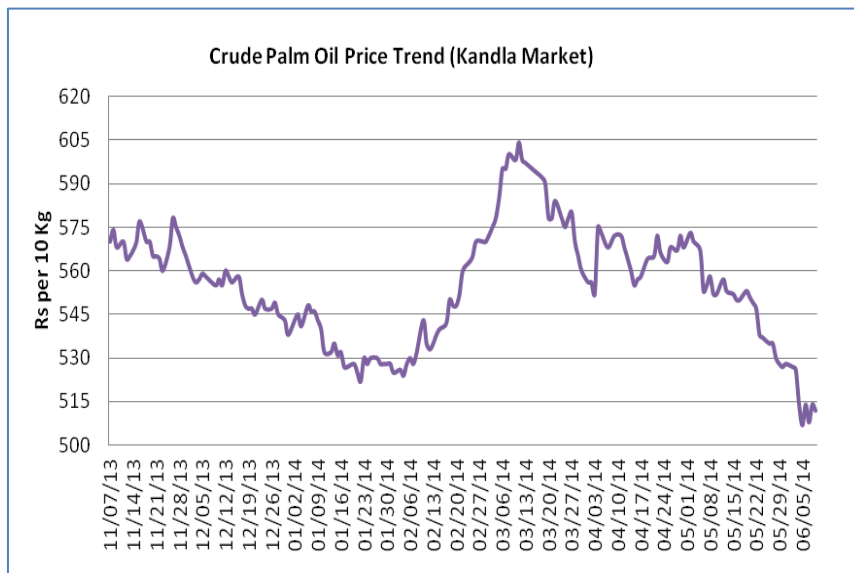
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 675-690 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.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 6.18 lakh tons of crude palm oil which consist of 2.98 lakh tons from Indonesia, 2.65 lakh tons from Malaysia, 0.057 lakh tons from Philippines and 0.48 lakh tons from Thailand. On the other hand, Indian RBD palmolein imports reached to 1.25 lakh tons during May 2014 majorly from Indonesia (0.98 lakh tons) and Malaysia (0.27 lakh tons).
- In expectation of higher Malaysian palm oil inventories for May and fading Malaysian palm oil export demand may pressurize the palm oil prices in the days ahead. However, in an anticipation of renewed demand at lower quotes may curb the excessive losses.
- We expect palm oil likely to trade range bound in the days ahead.



International Front

- Crude palm oil August contract at BMD fell to MYR 2,414/Tons, down 9 points from last week due to stronger ringgit against USD, losses at CBOT soy complex and expectation of higher palm oil inventories for May. ITS reported Malaysian palm oil products exports in May rose 7.8 percent to 1,315,952 tons; market participants were expecting 3-4 percent higher from the current scenario. India & sub continent imported 3.46 lakh tons of palm oil & its product during May, up 34.1 percent from last month.
- As per Reuters survey, Malaysian palm stocks pegged at 1.81 million tons for May, up 2.4 percent from last month. On the production front, palm oil output seen up 7.1 percent to 1.67 million tons for May. Exports were forecast at 1.36 million tonnes, up 8.0 percent from April.
- According to the trade ministry, Indonesia sets its export tax for crude palm oil at 12 percent in June, unchanged from May. Malaysian palm oil exports are projected to 17.2 million tons, down 1 million tons from last year due to dry weather concern and higher share of old oil palm trees which led to insufficient replanting - Oil World.
- Strong Ringgits against US dollar, diminishing palm oil exports compared to the fortnight pace and rising palm oil supply in the South East countries may pressurize the palm oil prices in the coming days. However, in expectation of good demand from top palm oil buyers ahead of festivities in July and domestic demand for bio diesel may curb the losses.

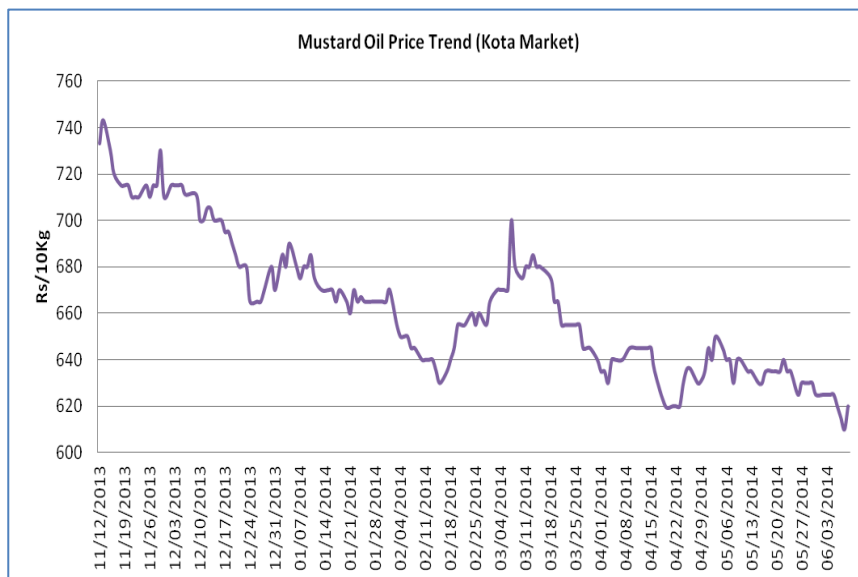
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 508-522 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady tone at major cash market tracking slight losses in the international palm oil market. However, recovery in the edible oil complex limits the downside.
- As per sources, negative RM seed crush margin and lackluster buying against adequate stocks weigh on the market sentiments. However, upcoming festivities in July may limit the downside risk in the prices.
- On the supply side, we have revised mustard output estimates for 2014 to 77.4 lakh tons, up 5.4 lakh tons from the previous oil year. While, mustard oil output estimates pegged at 28.12 lakh tons for 2013-14 oil year - Agriwatch estimates. Last year mustard oil production was 2.66 million tons.
- We expect RM seed oil prices may trade range bound in the coming days.

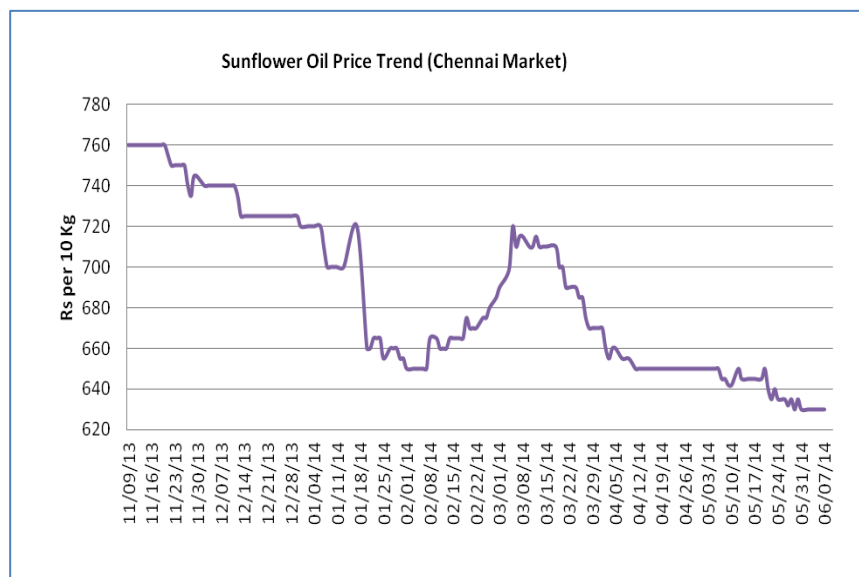


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 610-625 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

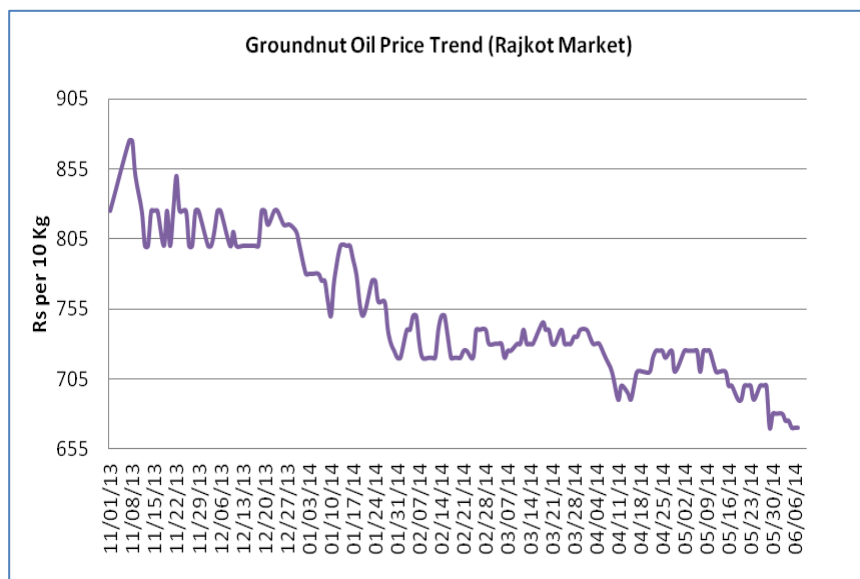
- Sunflower oil featured steady tone at its benchmark market Chennai during the week owing to sideways trend in the international sunflower oil market and need based demand for sunflower oil against adequate stocks.
- Sunflower oil CIF Ukraine origin at Kandla port is offered at USD 915 per tons (June delivery). While, July and August delivery is quoted around USD 920/T and USD 925/T respectively. Domestic sunflower oil likely to trade range bound in the near term.
- As per IBIS data (compiled by Agriwatch), India imported 2.85 lakh tons of crude sunflower oil during May 2014 majorly from Ukraine. While, Indian buyers purchase 688,846 tons of crude sunflower oil majorly from Ukraine during Nov-Apr, 2014. While, India imported 510,118 tons of crude sunflower oil from same period of the last year – SEA of India. US sunflower plantation stood at 13 percent of the estimated crop area, up 2 percent from the last year. The five-year average is 23 percent.
- 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 615-640 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.
- As per sources, new summer groundnut seed arrivals from major producing regions likely to pressurize the prices in the near term. However, lower quotes may support retail demand.
- IOPEPC estimate groundnut production in Gujarat at 18,7347 tons which was planted in 93,200 ha. The total study area of the council including others stood at 96331 ha and the production along with Gujarat is estimated at 193258 tons. 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 are likely to trade with a steady to weak tone in the coming days owing to adequate stock against limited buying in the cash market. However, lower quotes may trigger demand from retail, which could cap the excessive losses.

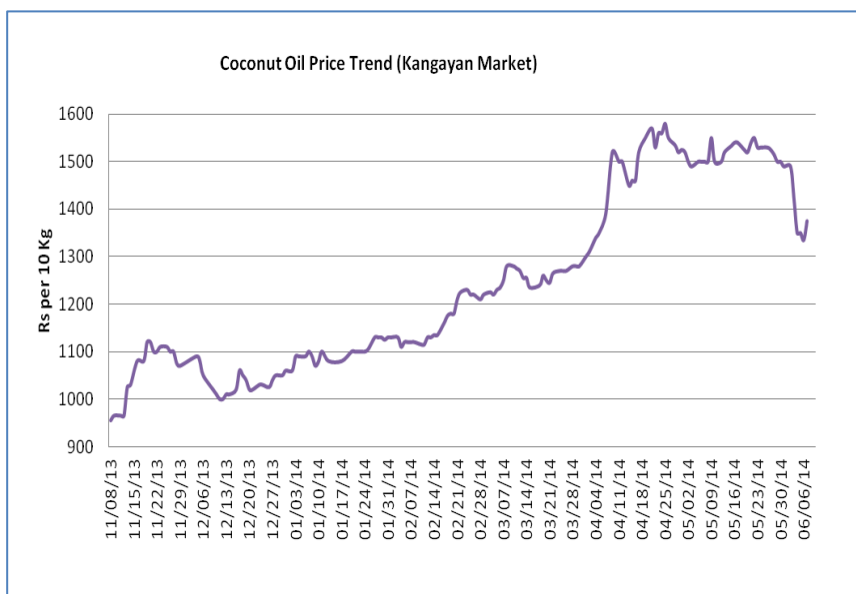


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 660-680 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured weak tone at its benchmark market Kangayan during the week due to new supplies from Tamil Nadu and stocks offloading by stockists.
- Coconut oil at Kangayan market quoted at Rs 1387 per 10 Kg (weekly average), down 8.14 percent from last week. Cochin Oil Merchants Association reported that despite of higher prices retail demand for coconut oil is good and palm, sunflower oil is blended with coconut oil to reduce the production cost.
- Lackluster buying and commencement of copra arrivals from major producing regions likely to weigh on the market in the coming days. Higher copra arrivals are likely to hit the cash market of Southern India.



Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1320-1480 per 10 Kg.

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

Landed Cost Calculation as on 06/06/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	855	867	886	803	785
Freight (USD/MT)	80	72	70	35	35.0
C & F	935.0	939.0	956.0	838.0	820.0
Weight loss (0.25% of FOB)	2.14	2.17	2.22	2.01	1.96
Finance charges (0.4% on CNF)	3.74	3.76	3.82	3.35	3.28
Insurance (0.3% of C&F)	3	3	3	3	2
CIF (Indian Port - Kandla)	944	948	965	846	828
CVD	0	0	0	0	0
Duty USD per ton	24.82	24.82	24.82	23.14	97.51
CVD value USD per ton	0	0	0	0	0
Cess (2% on duty) USD per ton	0.496392	0.496392	0.496392	0.462852	1.95024
Exchange rate	59.19	59.19	59.19	59.19	59.19
Landed cost without customs duty in INR per ton	55857	56097	57113	50067	48992
Customs duty %	2.58%	2.58%	2.58%	2.58%	10.20%
Base import price	962	962	962	897	956
Fixed exchange rate by customs department	60.10	60.10	60.10	60.10	60.10
Duty component in INR per ton	1491.66	1491.66	1491.66	1390.87	5860.47
Clearing charges INR per ton	483	483	483	483	483
Brokerage INR per ton	190	190	190	190	190
Total landed cost INR per ton	58021	58261	59278	52131	55525
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	59500	59500	59500	51200	59300
Total landed cost USD per ton	980	984	1001	881	938
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1005	1005	1005	865	1002
Parity INR/MT (Domestic - Landed)	1479	1239	222	-931	3775
Parity USD/MT (Domestic - Landed)	24.98	20.93	3.76	-15.73	63.77
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	2800.00
Cost of Imported oil after refining/Processing	63121.23	63361.42	64377.50	58131.12	58325.18
Soy/Palm oil imported Price (Including tax)	66277.29	66529.49	67596.38	61037.68	61241.44
Loose price of Soy/Palm in Indore and Delhi market	67725.00	67725.00	67725.00	63000.00	63000.00
Parity after processing and Taxes (Rs per MT)	1447.71	1195.51	128.62	1962.32	1758.56
Parity after processing and Taxes (USD per MT)	24.46	20.20	2.17	33.15	29.71
Source: Agriwatch					

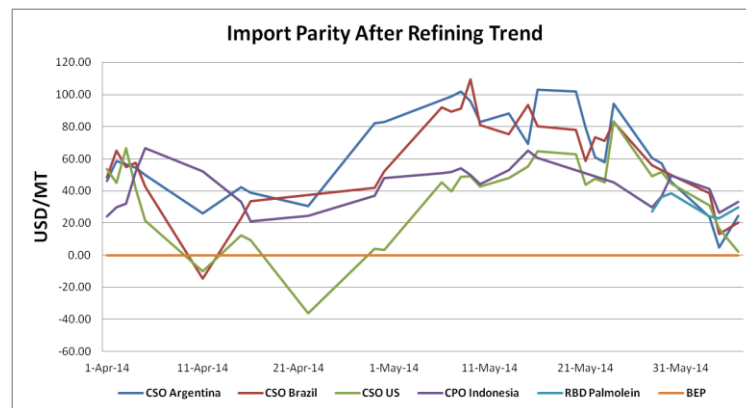
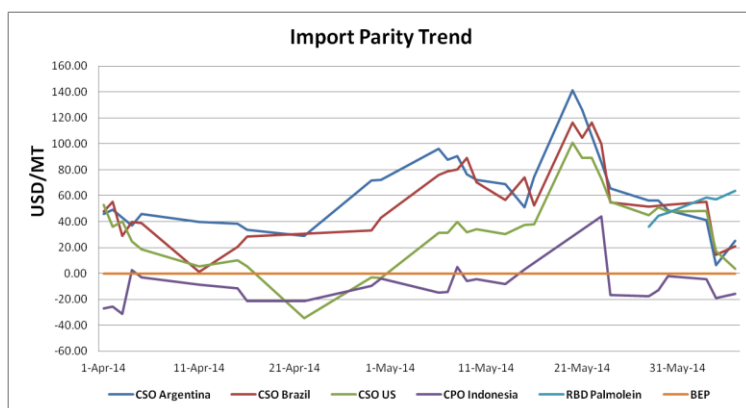
Import Parity Before Refining in US dollar per tons

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
30-May-14	48.75	52.77	47.72	-2.09	46.73
3-June-14	41.18	55.29	48.22	-4.56	58.43
4-June-14	6.19	14.24	17.27	-18.81	57.22
6-June-14	24.98	20.93	3.76	-15.73	63.77

Import Parity After Refining in US dollar per tons

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
30-May-14	45.85	50.07	44.77	49.39	38.39
3-June-14	23.73	38.55	31.12	41.32	24.11
4-June-14	4.73	13.19	16.36	26.30	22.89
6-June-14	24.46	20.20	2.17	33.15	29.71

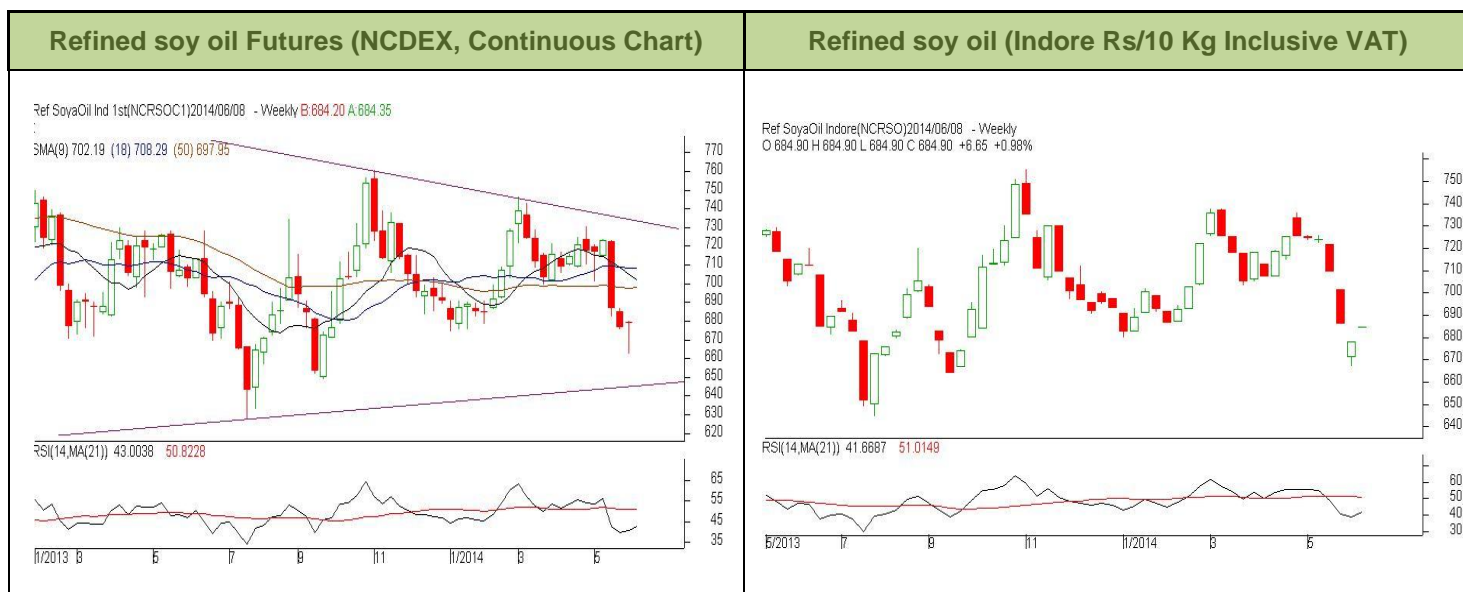
Soy oil and Palm oil Import Parity Trend



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 – Refined soybean oil witnessed recovery during the week in review and likely to trade with a slightly firm tone in the coming days.

- ❖ 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 650.60 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 656-667 level in near to medium term. RSI is near to oversold region and no evidence of divergence with the ref. soy oil prices noticed.

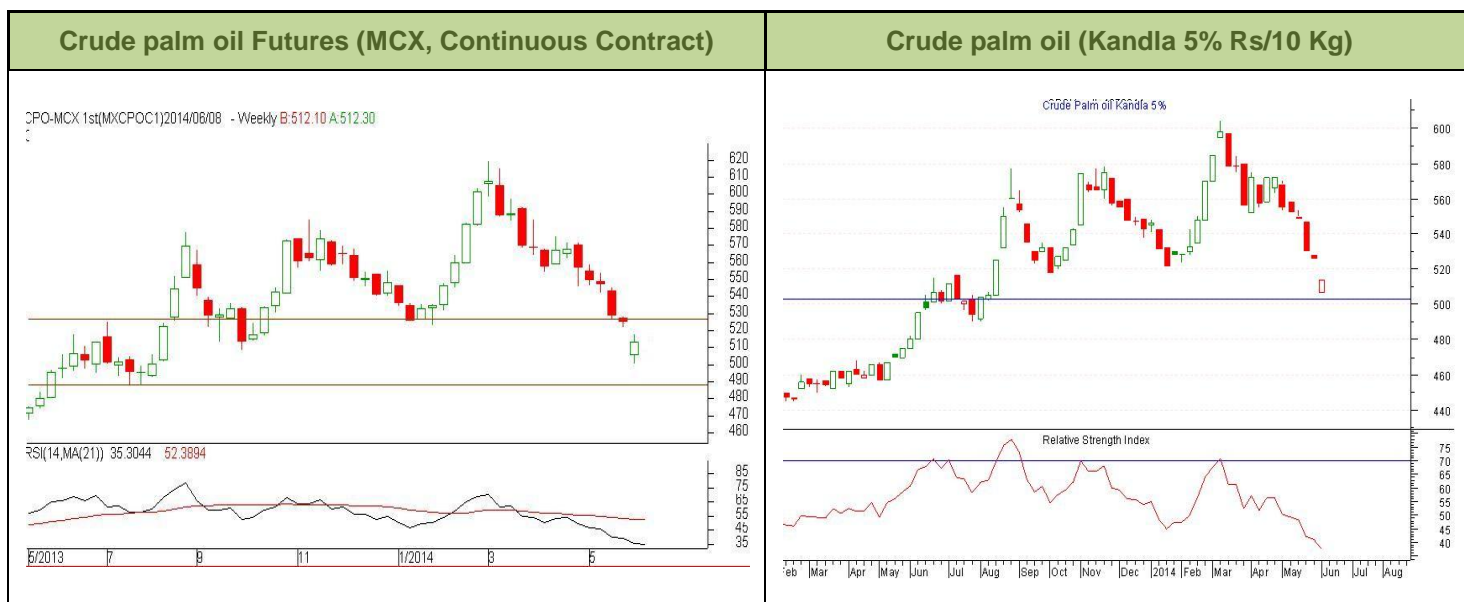
Strategy: Market participant advised to go long in RSO above 656 levels for a target of 665 and 667 with a stop loss at 650.60 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
646.00	649.00	659.65	678.00	682.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 675-690 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 steady to firm tone. For the coming week we advise traders to buy 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 slightly firm note in the near term.
- ❖ Any close below 499.80 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 504-513 level. RSI is moving towards oversold zone suggesting likely range bound to weak tone in the coming week.

Strategy: Market participants are advised to go long in CPO above 504 for a target of 511 and 513 with a stop loss at 499.80 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
494.00	498.00	509.60	521.00	525.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 508-525 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		6-Jun-14	30-May-14	
Refined Soybean Oil	Kota(Loose)	645	650	-5
	Rajkot (Loose)	620	625	-5
	Delhi (Loose)	675	700	-25
	Mumbai +VAT	648	665	-17
	Indore	645	660	-15
	Kandla/Mundra	630	635	-5
	Kolkata	630	635	-5
	Indore (Soy Solvent Crude)	610	617	-7
	Mumbai (Soy Degum) +VAT	595	612	-17
	Kandla/Mundra (Soy Degum) +VAT	595	612	-17
	Akola (Loose)	672	678	-6
	Amrawati (Loose)	673	677	-4
	Jalna	670	690	-20
	Nagpur	678	682	-4
	Alwar	670	680	-10
	Solapur	678	655	23
	Bundi	650	652	-2
	Kolkata	638	655	-17
	Dhule	684	677	7
Palm Oil	Mumbai (Loose)	553	570	-17
	Rajkot (Loose)	540	551	-11
	Chennai (Loose)	555	570	-15
	Hyderabad (Loose)	570	570	Unch
	Delhi (Loose)	600	615	-15
	Kandla CPO (5%FFA)	512	526	-14
	Kandla (RBD Palm oil)	535	550	-15
	Mumbai RBD Pamolein+ VAT	555	574	-19
	Kandla RBD Pamolein+ VAT	545	560	-15
	Mangalore RBD Pamolein+ VAT	565	572	-7
	Chennai RBD Pamolein+ VAT	565	572	-7
	Kakinada RBD Pamolein+ VAT	545	557	-12
	KPT (krishna patnam)+VAT	545	552	-7
	Haldia +VAT	540	555	-15
Refined Sunflower Oil	Mumbai + VAT	665	680	-15
	Mumbai(Exp. Oil)+VAT	575	570	5

	Kandla/Mundra (Crude) +VAT	580	585	-5
	Erode (Exp. Oil)+VAT	650	655	-5
	Hyderabad Ref +VAT	646	646	Unch
	Chennai (Loose)	625	635	-10
	Bellary (Exp. Oil)+VAT	580	595	-15
	Latur (Exp. Oil)+VAT	600	605	-5
	Chellakere (Exp. Oil)+VAT	580	590	-10
Groundnut Oil	Rajkot (Loose)	670	680	-10
	Chennai (Loose)	740	740	Unch
	Delhi (Loose)	710	730	-20
	Hyderabad Exp +VAT	824	830	-6
	Mumbai + VAT	730	740	-10
	Gondal+VAT	665	675	-10
	Jamnagar +VAT	675	680	-5
	Narsarropeth+VAT	800	830	-30
	Prodattour+VAT	740	745	-5
Rapeseed Oil/Mustard Oil	Mumbai (Exp. Oil) +VAT	642	642	Unch
	Sri-GangaNagar(Exp Oil-Loose)	607	630	-23
	Alwar (Expeller Oil) (Loose)	655	645	10
	Kota (Expeller Oil) (Loose)	625	625	Unch
	Jaipur (Expeller Oil) (Loose)	638	643	-5
	New Delhi (Exp. Oil) (Loose)	658	670	-12
	Hapur (Expeller Oil) +VAT	680	700	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	640	660	-20
	Kota (Kacchi Ghani Oil)	660	655	5
	Jaipur (Kacchi Ghani Oil)	665	670	-5
	Agra (Kacchi Ghani Oil) + VAT	685	687	-2
	Bharatpur (Kacchi Ghani Oil)	680	682	-2
	Neewai (Kacchi Ghani Oil) + VAT	648	652	-4
	Hapur (Kacchi Ghani Oil)+VAT	700	720	-20
Refined Cottonseed Oil	Mumbai +VAT	635	650	-15
	Rajkot (Loose)	620	595	25
	New Delhi (Loose)	605	622	-17
	Hyderabad (Loose)	605	600	5
Coconut Oil	Kangayan (Crude)	1335	1500	-165
	Cochin	1510	1570	-60
	Trissur	1340	1515	-175

Sesame Oil	New Delhi	950	910	40
	Mumbai	920	920	Unch
Kardi	Mumbai	930	930	Unch
Rice Bran Oil (40%)	New Delhi	520	515	5
Rice Bran Oil (4%)	Punjab	550	550	Unch
Rice Bran Oil (4%)	Uttar Pradesh	550	550	Unch
Malaysia Palmolein USD/MT	FOB	785	805	-20
	CNF India	820	845	-25
Indonesia CPO USD/MT	FOB	803	815	-12
	CNF India	830	855	-25
Ukraine Origin CSFO USD/MT Kandla	CIF	920	940	-20
Argentina FOB (\$/MT)		5-Jun-14	29-May-14	Change
Crude Soybean Oil Ship		858	856	2
Refined Soy Oil (Bulk) Ship		888	886	2
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		838	836	2
Refined Linseed Oil (Bulk) Ship		NA	NA	-

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