

Executive Summary**Domestic Veg. Oil Market Summary**

Edible oil basket witnessed sideways to firm trend during the week owing to firm cues from global oil & fats market. While, higher edible oil imports in May limit the excessive gains.

On the currency front, Indian rupee against USD closed (15 June 2014) at 59.81, down 1.07 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 exports, and weather over US soybean growing belt, and crude oil prices.

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, higher imported oils in the cash market may limit the excessive gains.

Recommendation:

Market participant advised to go long in RSO above 673 levels for a target of 680 and 682 with a stop loss at 669 on closing basis and buy CPO above 518 for a target of 526 and 528 with a stop loss at 513.50 on closing basis.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 38.70 cents/lb to 39.80 cents/lb. CPO at BMD (July) is likely to trade in the range of 2385-2485 ringgit per tons.

ITS reported that Malaysian palm oil exports slide 7.8 percent for the 1-15 days of June to 5.89 lakh tons compared to same period of the last month

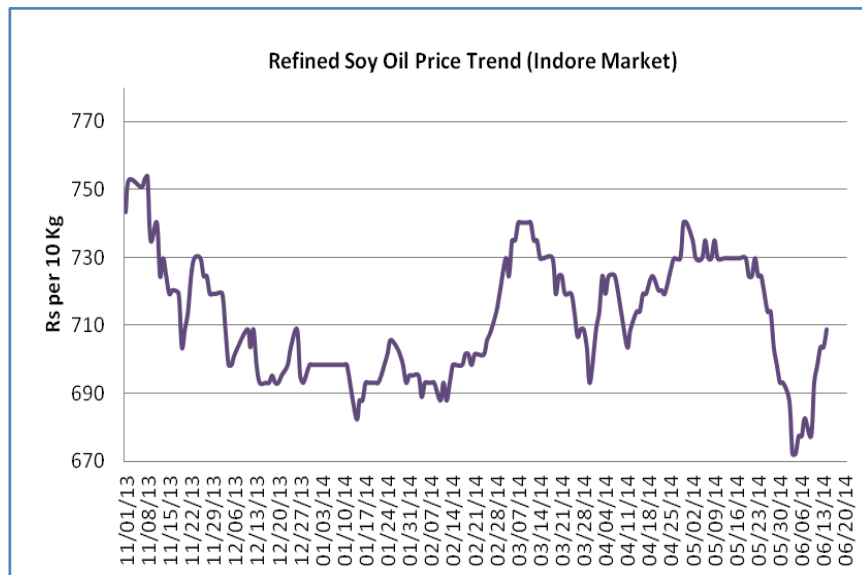
Improved weather over US soybean growing belt, higher US soybean planting pace, and talks of US corn acreage shifting to soybean favors the bears. However, tight soybean supplies in US may limit the excessive losses in soy complex.

Escalating geopolitical tension in Iraq, in anticipation of good demand from top palm oil buyers ahead of festivities in July and rising domestic demand for bio diesel may support the palm oil prices for short term. However, rising palm oil supply in the South East countries may dent the bulls rally.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil recovered during the week under review owing to improved buying and firmness in the crude oil prices.
- Thin soybean supplies for crushing, better buying ahead of Ramadan seasonal demand for oils and geopolitical tension in Iraq likely to support the edible oils prices in the days ahead. However, higher edible oil imports and good global soybean supplies may curb excessive losses.
- As per IBIS data (compiled by Agriwatch), India imported 0.547 lakh tons of soybean oil from South American countries during 02-08 June 2014. Soy oil import figures



- from top sources as follows: 0.292 lakh tons from Argentina, and 0.255 lakh tons from Brazil. 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 had increased during the last week owing to recovery in the domestic soy oil market. Refiners get Rs 4-6 per Kg parity after refining the imported crude soybean oil. We expect higher soybean oil imports in the coming weeks to meet the seasonal demand for edible oils during the Ramadan and lower soybean crushing. We expect soy oil may trade with a steady note.

International Front

- US soybean planting is reported at 92% by 15 Jun which is slightly above 5 year average of 90% and also ahead from 87% during the same period last year. Soybean emergence is reported at 83% higher than 5 year average of 77% and above 71% during the same period last year. Further, about 73% is under is good to excellent condition. The factor is bearish for the international soybean for short-term.
- As per the latest USDA's WASDE report for June, US soybean ending stocks for the 2014/2015 is projected at 325 million bushels, down 5 million bushels from May projection. While, soybean oil ending stocks seen at 75 million lb for 2014/15. For 2014/15, soybean season-average price is projected at \$9.75 to \$11.75 per bushel, unchanged from last month. Soybean oil prices are projected at USD 37 to 41 cents per pound unchanged from last month.
- Chinese soybean imports stood at 5.97 million tons in May, down 8.2 percent from April. Market participants are expecting that soybean shipments could fall again in June, due to severe supply glut and negative crush margin. 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, equivalent to 31.6% of annual consumption.
- 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.

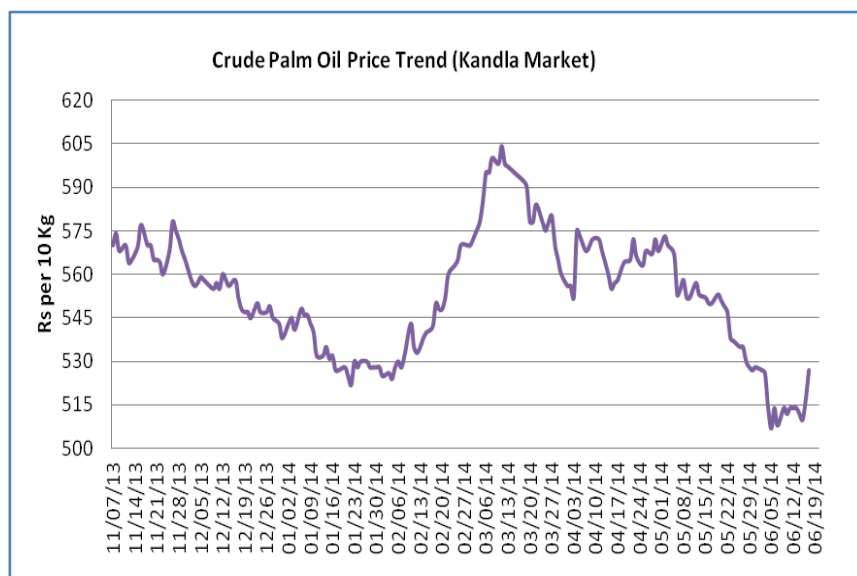
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 685-708 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed recovery due to gains in the crude oil prices and in expectation of good demand ahead of festivities during the week.
- As per IBIS data (compiled by Agriwatch), India imported 1.53 lakh tons of CPO and RBD Palmolein from South East Asian countries, and 0.302 lakh tons of CDSO majorly from Argentina and Brazil during 02-08 June 2014. 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).
- India's crude palm oil imports rose 43.9 percent to 547,151 tons in May from a month ago. While, RBD palmolein imports stood at 100,605 tons, down 73 percent on m-o-m basis – SEA of India. On the palm oil price front, prices for imported crude palm oil is averaged USD 798/T during 1-15 June 2014 v/s USD 802/T at the same period of last year. While, RBD palmolein is offered at USD 789/T averaged during 1-15 June 2014 down 3.1 percent from the same period of last year. We expect palm oil likely to trade range bound in the days ahead.



International Front

- Crude Palm Oil August contract at Bursa Malaysia settled at MYR 2,427/T, up 13 points from last week due to firmness in the crude oil prices, improved buying ahead of Muslim festivities and concern of El Nino pattern. However, rising palm oil inventories limit the excessive gains.
- ITS reported that Malaysian palm oil exports were slide 7.8 per cent for the 1-15 days of June to 5.89 lakh tons compared to same period of the last month. According to the trade ministry, Indonesia sets its export tax for crude palm oil at 12 percent in June, unchanged from May.
- MPOB Report's Highlights - Malaysian palm oil inventories rose 4.2 percent to 1.84 million tons in May compared to the last month due to lower exports and higher palm oil production. Malaysia's palm oil exports in May stood at 1.40 million tons, 10.7% higher from the previous month. On the production front, palm oil output rose by 6.5 percent to 1.66 million tons on m-o-m basis. Report was slightly bearish for palm oil as market participants were expecting 1.81 MMT of palm oil inventories as of May.
- Escalating geopolitical tension in Iraq, in anticipation of good demand from top palm oil buyers ahead of festivities in July and rising domestic demand for bio diesel may support the palm oil prices for short term. However, rising palm oil supply in the South East countries may dent the bulls rally.

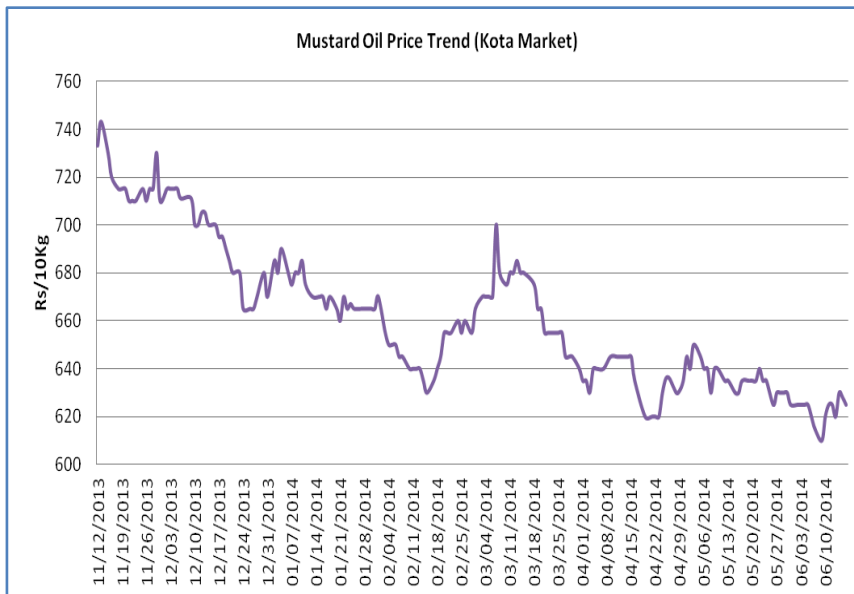
Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 522-538 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to slightly firm tone at major cash market tracking gains in the international oil & fats market and improved buying in the soft oils.
- 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.
- Mustard oil at Kota market is quoted at Rs 627 per 10 Kg (weekly average), up 1.29 percent from last week. Demand in the cash market was need based. We expect RM seed oil prices may trade range bound to slightly firm tone in the coming days in anticipation of good demand during Ramadan and firmness in the edible oil basket.

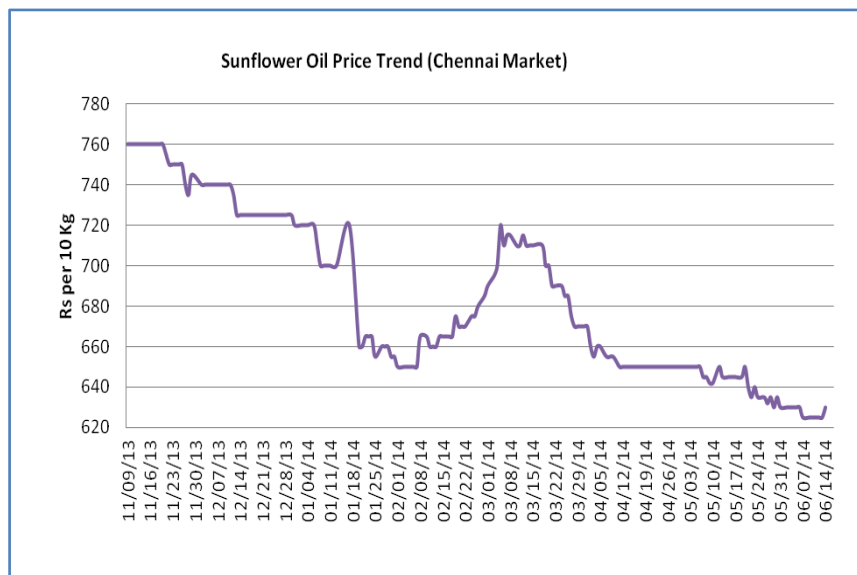


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 610-625 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady tone at its benchmark market Chennai during the week owing to and higher imported sunflower oil from Ukraine.
- As per IBIS data (compiled by Agriwatch), India imported 0.41 lakh tons of crude sunflower oil during 02-08 June 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.
- Sunflower oil CIF Ukraine origin at Kandla port is offered at USD 935 per tons. Last week it was around USD 915-920/T. July delivery CIF sun oil (Ukraine origin) is offered at USD 935/T and August delivery is quoted at USD 940/T as on 17 July, 2014. We expect sunflower oil prices may trade range bound in the coming days.

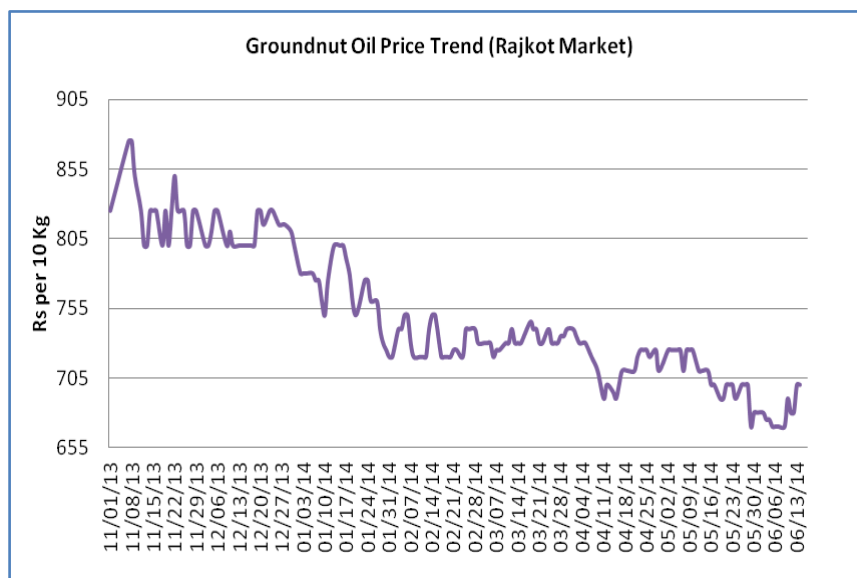


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 615-640 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices trade firm at its benchmark market (Rajkot) during the week in line with the other edible oils.
- 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 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.



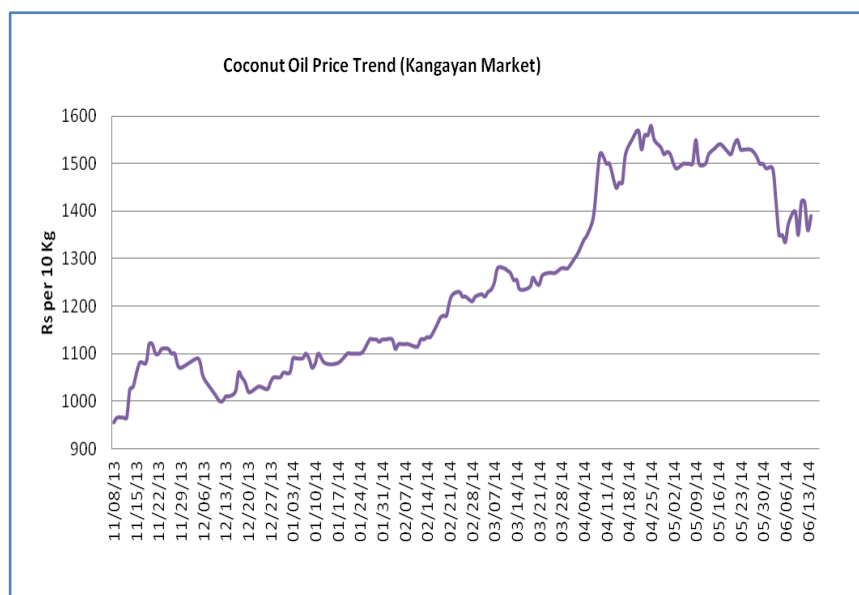
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 680-715 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- Coconut oil featured sideways trend 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 1380 per 10 Kg (weekly average), unchanged 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. New copra supplies from major producing regions may weigh on the market sentiments in the coming days.
- We expect coconut oil is likely to trade steady to weak note in the days ahead.



Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1320-1470 per 10 Kg.

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

Landed Cost Calculation as on 12/06/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	836	875	880	780	785
Freight (USD/MT)	80	72	70	35	35.0
C & F	916.0	947.0	950.0	815.0	820.0
Weight loss (0.25% of FOB)	2.09	2.19	2.20	1.95	1.96
Finance charges (0.4% on CNF)	3.66	3.79	3.80	3.26	3.28
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	925	956	959	823	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	59.32	59.32	59.32	59.32	59.32
Landed cost without customs duty in INR per ton	54841	56699	56879	48800	49099
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	57006	58864	59044	50864	55633
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	59200	59200	59200	51000	59300
Total landed cost USD per ton	961	992	995	857	938
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	998	998	998	860	1000
Parity INR/MT (Domestic - Landed)	2194	336	156	136	3667
Parity USD/MT (Domestic - Landed)	36.98	5.67	2.64	2.30	61.82
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	62106.12	63963.69	64143.64	56863.76	58432.78
Soy/Palm oil imported Price (Including tax)	65211.42	67161.88	67350.82	59706.95	61354.42
Loose price of Soy/Palm in Indore and Delhi market	70350.00	70350.00	70350.00	63000.00	63000.00
Parity after processing and Taxes (Rs per MT)	5138.58	3188.12	2999.18	3293.05	1645.58
Parity after processing and Taxes (USD per MT)	86.62	53.74	50.56	55.51	27.74
Source: Agriwatch					

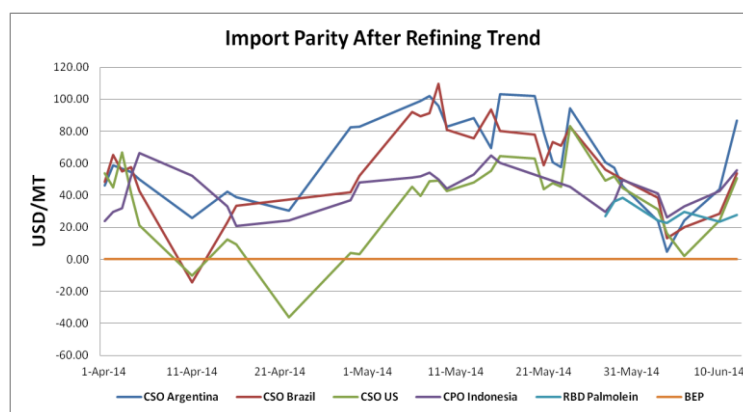
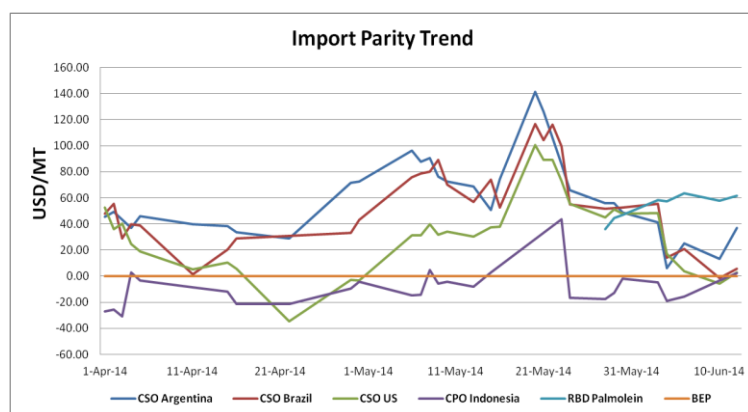
Import Parity Before Refining in US dollar per tons

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
30-May-14	6.19	14.24	17.27	-18.81	57.22
3-June-14	24.98	20.93	3.76	-15.73	63.77
4-June-14	13.15	-1.43	-5.48	-3.24	57.67
6-June-14	36.98	5.67	2.64	2.30	61.82

Import Parity After Refining in US dollar per tons

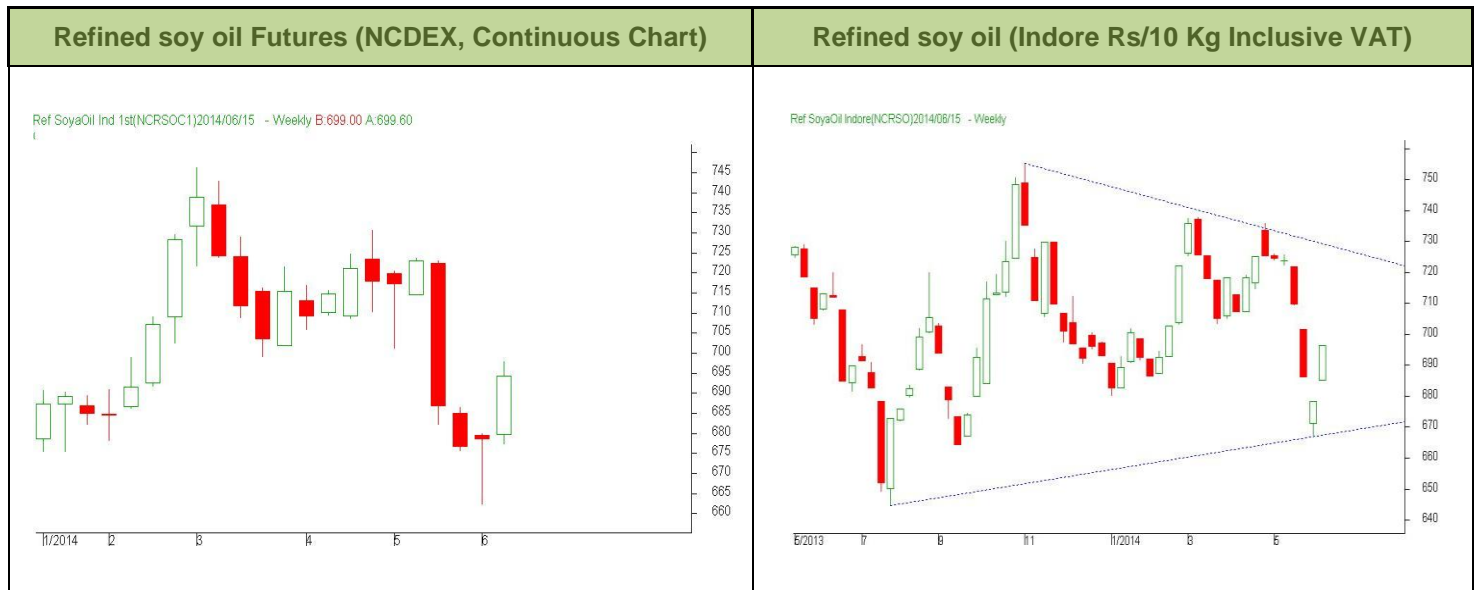
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
30-May-14	4.73	13.19	16.36	26.30	22.89
3-June-14	24.46	20.20	2.17	33.15	29.71
4-June-14	43.93	28.62	24.37	42.66	23.35
6-June-14	86.62	53.74	50.56	55.51	27.74

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 gains. 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.

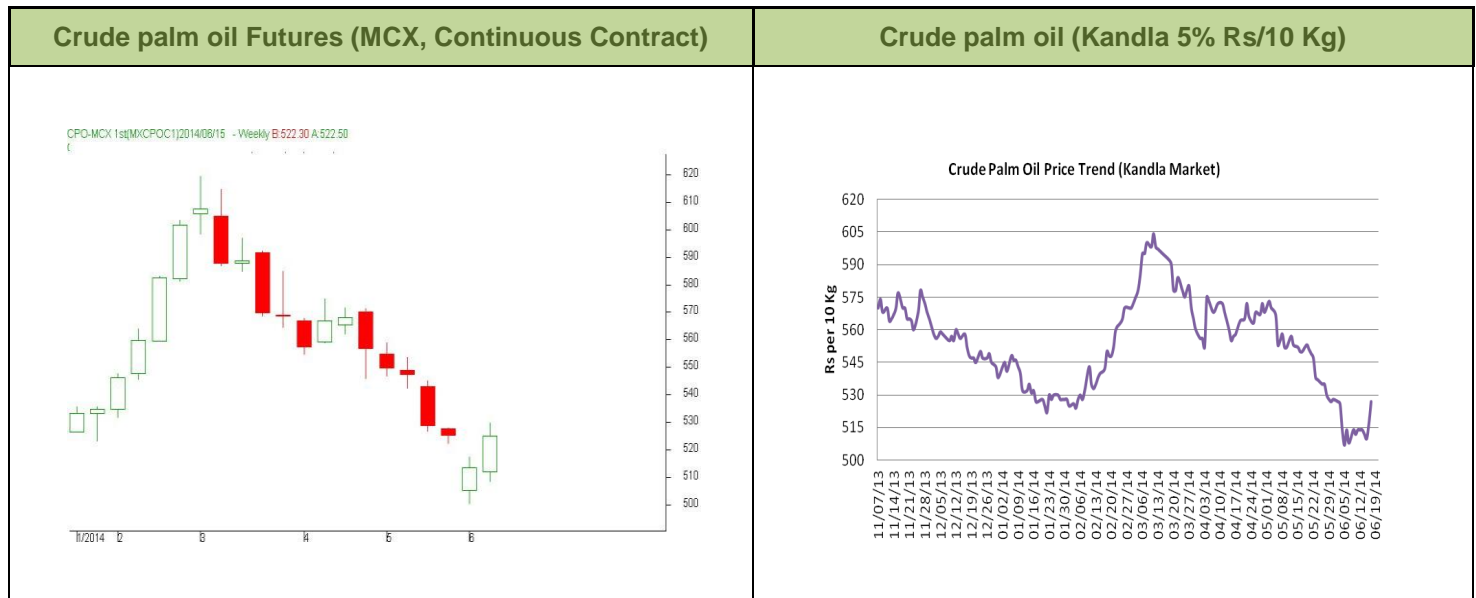
Strategy: Market participant advised to go long in RSO above 673 levels for a target of 680 and 682 with a stop loss at 669 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
662	667	679.05	692	696

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 685-708 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)



Outlook -Prices are showing recovery during the week. We expect CPO July contract may trade sideways to firm tone.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts gains in the prices. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 513.50 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 518-528 level. RSI is moving towards neutral zone suggesting range bound movement in the coming week.

Strategy: Market participants are advised to go long in CPO above 518 for a target of 526 and 528 with a stop loss at 513.50 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
507	513	521.10	533	538

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 522-538 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		13-Jun-14	6-Jun-14	
Refined Soybean Oil	Kota(Loose)	650	645	5
	Rajkot (Loose)	620	620	Unch
	Delhi (Loose)	680	675	5
	Mumbai +VAT	645	648	-3
	Indore	670	645	25
	Kandla/Mundra	625	630	-5
	Kolkata	625	630	-5
	Indore (Soy Solvent Crude)	625	610	15
	Mumbai (Soy Degum) +VAT	592	595	-3
	Kandla/Mundra (Soy Degum) +VAT	592	595	-3
	Akola (Loose)	683	672	11
	Amrawati (Loose)	683	673	10
	Jalna	696	670	26
	Nagpur	688	678	10
	Alwar	672	670	2
	Solapur	695	678	17
	Bundi	650	650	Unch
	Kolkata	635	638	-3
	Dhule	693	684	9
Palm Oil	Mumbai (Loose)	548	553	-5
	Rajkot (Loose)	550	540	10
	Chennai (Loose)	558	555	3
	Hyderabad (Loose)	580	570	10
	Delhi (Loose)	605	600	5
	Kandla CPO (5%FFA)	517	512	5
	Kandla (RBD Palm oil)	540	535	5
	Mumbai RBD Pamolein+ VAT	555	555	Unch
	Kandla RBD Pamolein+ VAT	550	545	5
	Mangalore RBD Pamolein+ VAT	560	565	-5
	Chennai RBD Pamolein+ VAT	560	565	-5
	Kakinada RBD Pamolein+ VAT	545	545	Unch
	KPT (krishna patnam)+VAT	545	545	Unch
	Haldia +VAT	540	540	Unch
Refined Sunflower Oil	Mumbai + VAT	660	665	-5

	Mumbai(Exp. Oil)+VAT	575	575	Unch
	Kandla/Mundra (Crude) +VAT	580	580	Unch
	Erode (Exp. Oil)+VAT	655	650	5
	Hyderabad Ref +VAT	652	646	6
	Chennai (Loose)	625	625	Unch
	Bellary (Exp. Oil)+VAT	580	580	Unch
	Latur (Exp. Oil)+VAT	595	600	-5
	Chellakere (Exp. Oil)+VAT	585	580	5
Groundnut Oil	Rajkot (Loose)	700	670	30
	Chennai (Loose)	750	740	10
	Delhi (Loose)	720	710	10
	Hyderabad Exp +VAT	790	824	-34
	Mumbai + VAT	740	730	10
	Gondal+VAT	680	665	15
	Jamnagar +VAT	700	675	25
	Narsarropeth+VAT	750	790	-40
	Prodattour+VAT	735	740	-5
Rapeseed Oil/Mustard Oil	Mumbai (Exp. Oil) +VAT	645	642	3
	Sri-GangaNagar(Exp Oil-Loose)	630	607	23
	Alwar (Expeller Oil) (Loose)	665	655	10
	Kota (Expeller Oil) (Loose)	630	625	5
	Jaipur (Expeller Oil) (Loose)	643	638	5
	New Delhi (Exp. Oil) (Loose)	660	658	2
	Hapur (Expeller Oil) +VAT	680	628	52
	Sri-Ganga Nagar (Kacchi Ghani Oil)	650	640	10
	Kota (Kacchi Ghani Oil)	650	660	-10
	Jaipur (Kacchi Ghani Oil)	671	665	6
	Agra (Kacchi Ghani Oil) + VAT	690	685	5
	Bharatpur (Kacchi Ghani Oil)	685	680	5
	Neewai (Kacchi Ghani Oil) + VAT	653	648	5
	Hapur (Kacchi Ghani Oil)+VAT	700	700	Unch
Refined Cottonseed Oil	Mumbai +VAT	645	635	10
	Rajkot (Loose)	635	620	15
	New Delhi (Loose)	620	605	15
	Hyderabad (Loose)	625	605	20

Coconut Oil	Kangayan (Crude)	1360	1335	25
	Cochin	1460	1510	-50
	Trissur	1440	1340	100
Sesame Oil	New Delhi	850	950	-100
	Mumbai	870	920	-50
Kardi	Mumbai	920	930	-10
Rice Bran Oil (40%)	New Delhi	515	520	-5
Rice Bran Oil (4%)	Punjab	550	550	Unch
Rice Bran Oil (4%)	Uttar Pradesh	550	550	Unch
Malaysia Palmolein USD/MT	FOB	795	785	10
	CNF India	825	820	5
Indonesia CPO USD/MT	FOB	800	803	-3
	CNF India	835	830	5
Ukraine Origin CSFO USD/MT Kandla	CIF	925	920	5
Argentina FOB (\$/MT)		12-Jun-14	5-Jun-14	Change
Crude Soybean Oil Ship		850	858	-8
Refined Soy Oil (Bulk) Ship		879	888	-9
Sunflower Oil Ship		965	NA	-
Cottonseed Oil Ship		830	838	-8
Refined Linseed Oil (Bulk) Ship		NA	NA	-

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