

**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 (20 June 2014) at 60.19, down 0.64 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 are advised to go long in RSO above 683.00 levels for a target of 695 and 698 with a stop loss at 676 on closing basis and go long in CPO above 518 for a target of 528 and 530 with a stop loss at 513 on closing basis.*

**International Veg. Oil Market Summary**

*CBOT soy oil (July) is expected to stay in the range of 39.40 cents/lb to 41 cents/lb. CPO at BMD (August) is likely to trade in the range of 2385-2495 ringgit per tons.*

*As per Intertek Testing Services, Malaysian palm oil products exports during 1-20 days of June fell 5.8 percent to 806,303 tons from the corresponding period of last month.*

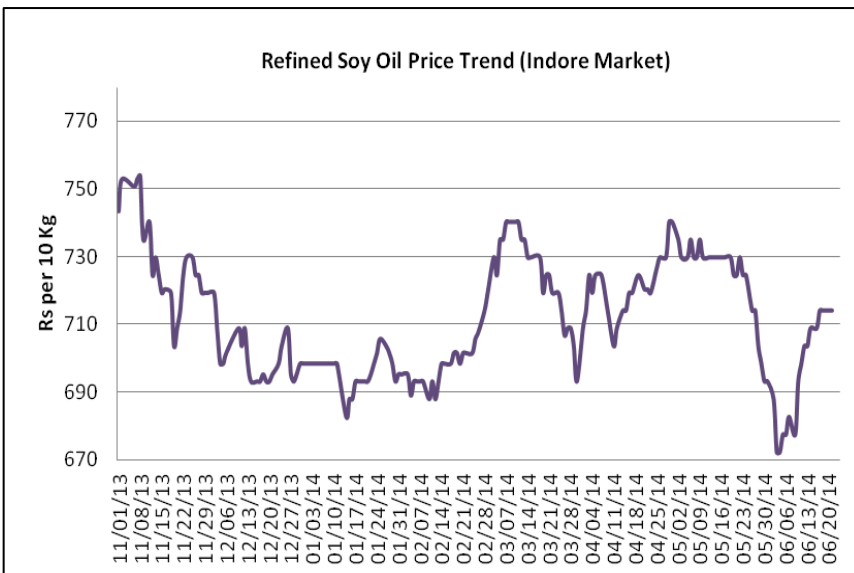
*Improved weather over US soybean growing belt, higher US soybean planting pace, and in anticipation of record global soybean production favors the bears. However, tight soybean supplies in US and EL Nino concern may limit the excessive losses in soy complex.*

*Escalating geopolitical tension in Iraq, seasonal demand during Ramadan 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 and weak export demand for palm oil 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.
- As per IBIS data (compiled by Agriwatch), Indian crude degummed soybean oil imports reached to 0.47 lakh tons during 1-15 June 2014 majorly from Argentina (0.36 lakh tons) and Brazil (0.11 lakh tons). While, during the current oil year (Nov-Oct) 2013-14, India imported 8.15 lakh tons of crude soybean oil majorly from Argentina and Brazil 131.5 percent higher from the same period of last year.
- Weak export demand for soybean meal, higher edible oil imports, and rising soybean supplies from South American countries may curb the bulls for short term. However, lower soybean supplies for crushing, and seasonal demand for oils during Ramadan may limit downside. Currently, CIF crude degummed soybean oil (Argentina origin) is offered at USD 980-985 per tons, up 20-25 points from the last week quotes. At Kandla port, CDSO is quoted around RS 620-625 per 10 Kg and Rs 615-620/10 Kg at JNPT during the week.
- On the import parity front, margins on refining crude degummed soybean oil had eased during the last week owing to recovery in the international Argentina soy oil market. Refiners get Rs 1-1.2 per Kg parity after refining the imported crude soybean oil. We expect soy oil may trade with a steady to slightly firm tone.



### International Front

- US soybean planting is reported at 92% by 15 Jun, which is slightly above 5 year average of 90% and 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 Oil World, Soybean shipments from Brazil, the U.S., Argentina and Paraguay totaled 22.25 million metric tons in April and May, 6.3 percent higher than the same period last year. however, Chinese demand eased during the last 2-3 months due to higher soybean imports during the early month of the current MY China imported soybean totaled 54.38 million tons, up 32 percent during (Sept-May, 2014) from the same time last year
- 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.
- Improved weather over US soybean growing belt, higher US soybean planting pace, and in anticipation of record global soybean production favors the bears. However, tight soybean supplies in US and EL Nino concern may limit the excessive losses in soy complex.

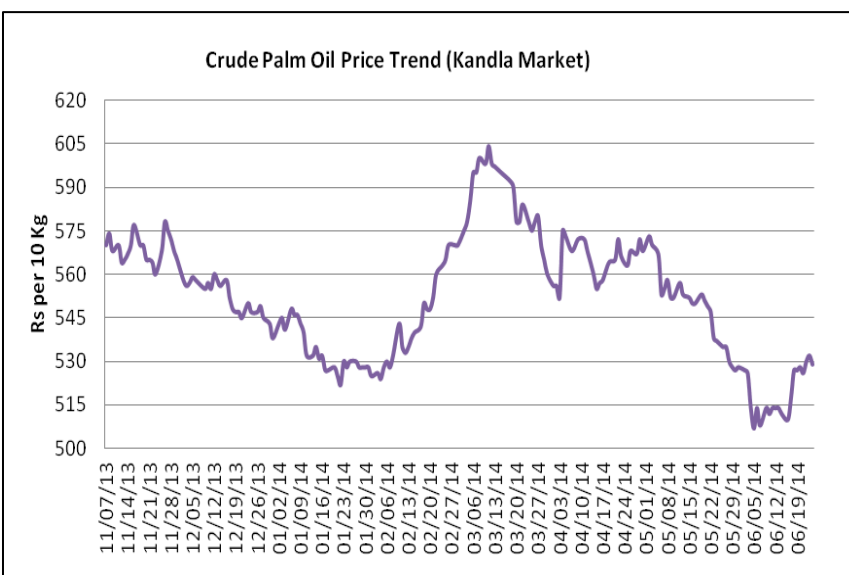
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 690-715 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 around 0.55 lakh tons of RBD palmolein and 3.09 lakh tons of crude palm oil majorly from Malaysia and Indonesia during 1-15 June 2014. Higher imports witnessed during the last 2-3 weeks due to import parity in oils and talks of lower rains, which could hurt the oilseed production in 2014-15. While, SEA of India reported that 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.
- As per the latest government notification, Indian Government has revised the tariff value for crude palm oil to US \$ 860, RBD palm oil to US \$895, Crude and refined palmolein to 903, 906 (US dollar per metric tons) respectively. Moreover, USD 938 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.
- On the palm oil price front, prices for imported crude palm oil (CNF) is averaged USD 836/T during 1-21 June 2014 v/s USD 884/T at the same period of last year. While, RBD palmolein (CNF) is offered at USD 826/T averaged during 1-21 June 2014 down 5 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 2,425/T featured steady tone due to firmness in the crude oil prices and concern of El Nino pattern. However, rising palm oil inventories limit and weak export demand for palm oil limit the gains. As per Intertek Testing Services, Malaysian palm oil products exports during 1-20 days of June fell 5.8 percent to 806,303 tons from the corresponding period of last month. Better buying witnessed from India & subcontinent, an increase of 15 percent from last month figures registered and stood at 2.37 lakh tons. China imported 0.99 lakh tons, down 22% and EU's countries imported 1.42 lakh tons, down 35% Malaysian palm oil products during 1-20 June from last month.
- As per Bloomberg, Chinese palm oil imports may decline by about 11 percent this year to 5.9 million metric tons during 2013/14 (Oct-Sept) from a year earlier due to weak Chinese economy growth and tighten lending by banks to commodity importers. 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, seasonal demand during Ramadan 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 and weak export demand for palm oil may dent the bulls rally.

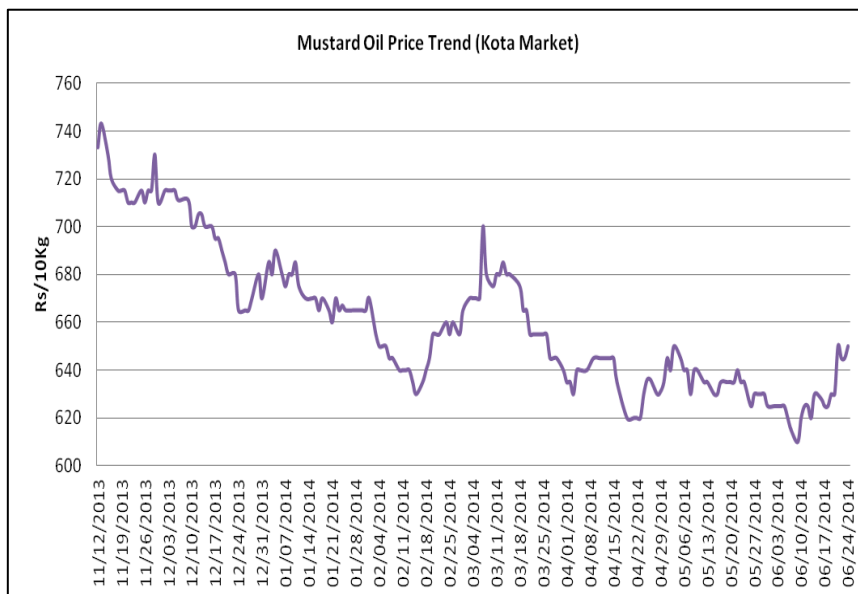
#### Price Outlook:

We expect CPO Kandla 5% (with VAT) to stay in the range of 523-540 per 10 Kg in the near term.

## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

- Mustard oil featured steady to firm tone at major cash market in line with the other edible oils and gains in the international oil & fats market.
- Mustard oil at Kota market is quoted at Rs 647 per 10 Kg (weekly average), up 3 percent from last week. Mustard seed arrival pace eased during June owing to slow selling by farmers and as disparity in crushing led to subdued demand from millers. While, retail demand was need based.
- 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 to slightly firm tone in the coming days in anticipation of good demand during Ramadan and firmness in the edible oil basket.

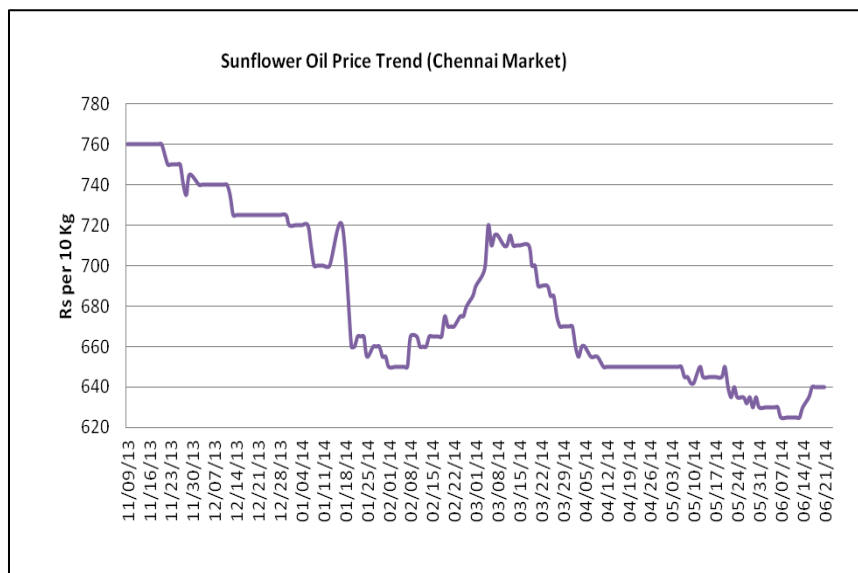


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 640-658 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil featured steady to firm tone at its benchmark market Chennai during the week owing to renewed demand and recovery in the international sun oil market.
- As per IBIS data (compiled by Agriwatch), India imported 0.72 lakh tons of crude sunflower oil during 1-15 June 2014 majorly from Ukraine. While, Indian buyers purchase 867,599 tons of crude sunflower oil majorly from Ukraine during Nov-May 2014, up 50.2 percent from the corresponding period of the last year – SEA of India.
- Sunflower oil CIF Ukraine origin at Kandla port is offered at USD 940-945 per tons. Last week at was around USD 930-935/T. July delivery CIF sun oil (Ukraine origin) is offered at USD 940/T and August delivery is quoted at USD 945/T as on 23 July 2014. We expect sunflower oil prices may trade range bound to firm tone in the coming days.

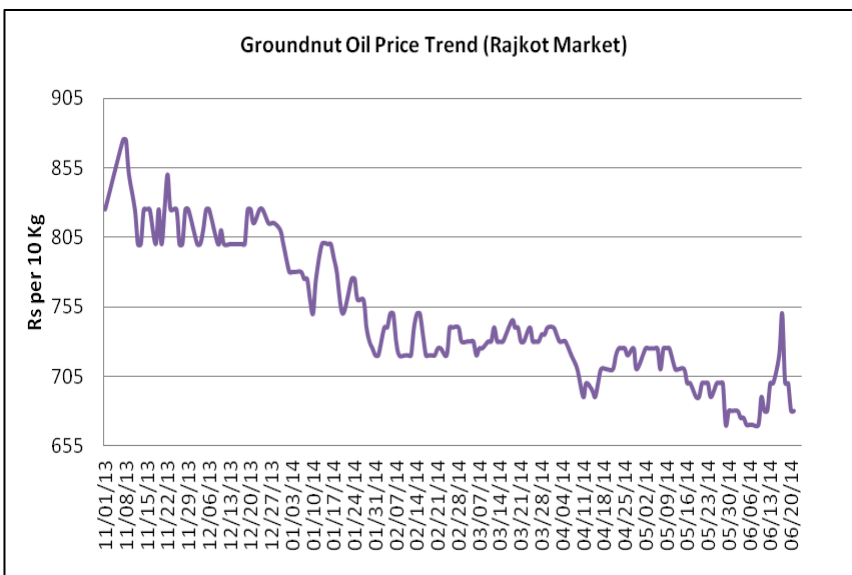


**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 628-652 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:-

#### Domestic Front

- Groundnut oil prices eased at its benchmark market (Rajkot) during the week.
- As per Indian Oilseeds and Produce Export Promotion Council (IOPEC), India's groundnut exports stood at 456,955 tons in the first 11 months of 2013-14 FY as compared to 496,059 tons in the corresponding period last year due to huge carryover stocks in Argentina, China and US and prices crash to fifty percent.
- As per Agriwatch, 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.



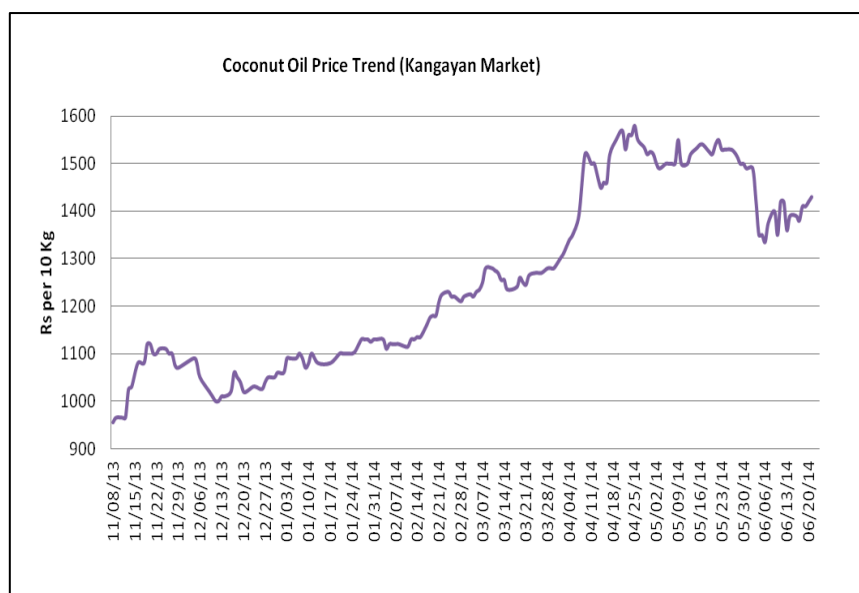
#### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 658-712 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 1402 per 10 Kg (weekly average), up Rs 12/10 Kg from last week. As per sources, dry weather hurts the copra crop in Southern India and improved buying likely to support the coconut oil prices in the near term. However, new supplies from major producing regions may curb the excessive gains.
- 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. 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 1340-1460 per 10 Kg.

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

Landed Cost Calculation as on 19/06/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	906	900	918	813	805
Freight (USD/MT)	80	72	70	35	35.0
C & F	986.0	972.0	988.0	848.0	840.0
Weight loss (0.25% of FOB)	2.27	2.25	2.30	2.03	2.01
Finance charges (0.4% on CNF)	3.94	3.89	3.95	3.39	3.36
Insurance (0.3% of C&F)	3	3	3	3	3
CIF (Indian Port - Kandla)	995	981	997	856	848
CVD	0	0	0	0	0
Duty USD per ton	24.20	24.20	24.20	22.19	92.41
CVD value USD per ton	0	0	0	0	0
Cess (2% on duty) USD per ton	0.484008	0.484008	0.484008	0.44376	1.84824
Exchange rate	60	60	60	60	60
Landed cost without customs duty in INR per ton	59710	58863	59833	51358	50874
Customs duty %	2.58%	2.58%	2.58%	2.58%	10.20%
Base import price	938	938	938	860	906
Fixed exchange rate by customs department	60.45	60.45	60.45	60.45	60.45
Duty component in INR per ton	1462.91	1462.91	1462.91	1341.26	5586.31
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	61846	60999	61969	53372	57133
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	61500	61500	61500	53000	59300
Total landed cost USD per ton	1031	1017	1033	890	952
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1025	1025	1025	883	988
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-346</b>	<b>501</b>	<b>-469</b>	<b>-372</b>	<b>2167</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-5.77</b>	<b>8.35</b>	<b>-7.81</b>	<b>-6.21</b>	<b>36.12</b>
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	66945.93	66099.15	67068.57	59372.37	59932.86
Soy/Palm oil imported Price (Including tax)	70293.23	69404.11	70422.00	62340.99	62929.50
Loose price of Soy/Palm in Indore and Delhi market	71400.00	71400.00	71400.00	65625.00	65625.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>1106.77</b>	<b>1995.89</b>	<b>978.00</b>	<b>3284.01</b>	<b>2695.50</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>18.45</b>	<b>33.26</b>	<b>16.30</b>	<b>54.73</b>	<b>44.93</b>
Source: Agriwatch					

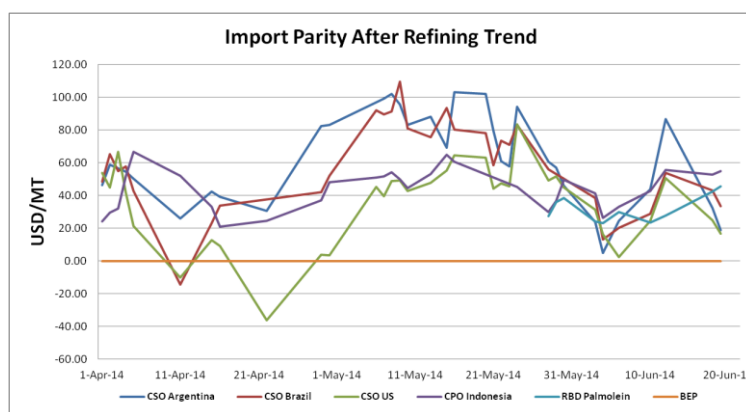
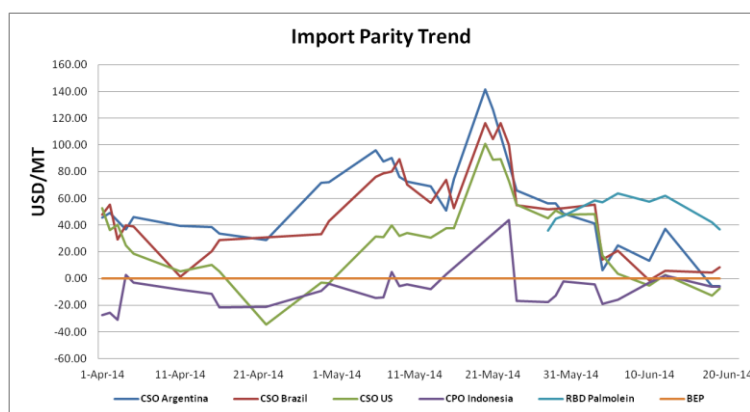
**Import Parity Before Refining in US dollar per tons**

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
10-Jun-14	13.15	-1.43	-5.48	-3.24	57.67
12-Jun-14	36.98	5.67	2.64	2.30	61.82
18-Jun-14	-5.76	4.31	-12.86	-6.35	41.96
19-Jun-14	-5.62	8.49	-7.67	-6.08	36.66

**Import Parity After Refining in US dollar per tons**

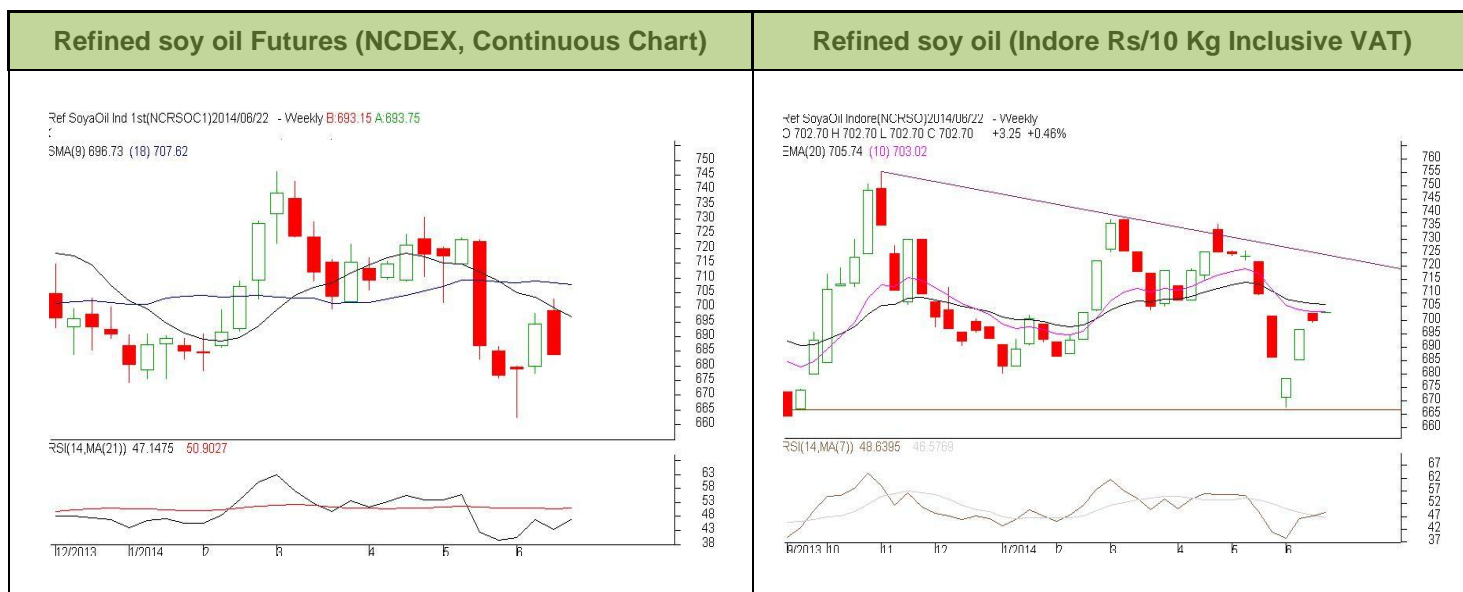
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
10-Jun-14	43.93	28.62	24.37	42.66	23.35
12-Jun-14	86.62	53.74	50.56	55.51	27.74
18-Jun-14	32.37	42.95	24.93	52.71	42.31
19-Jun-14	18.59	33.41	16.45	54.87	45.49

**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 669 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.

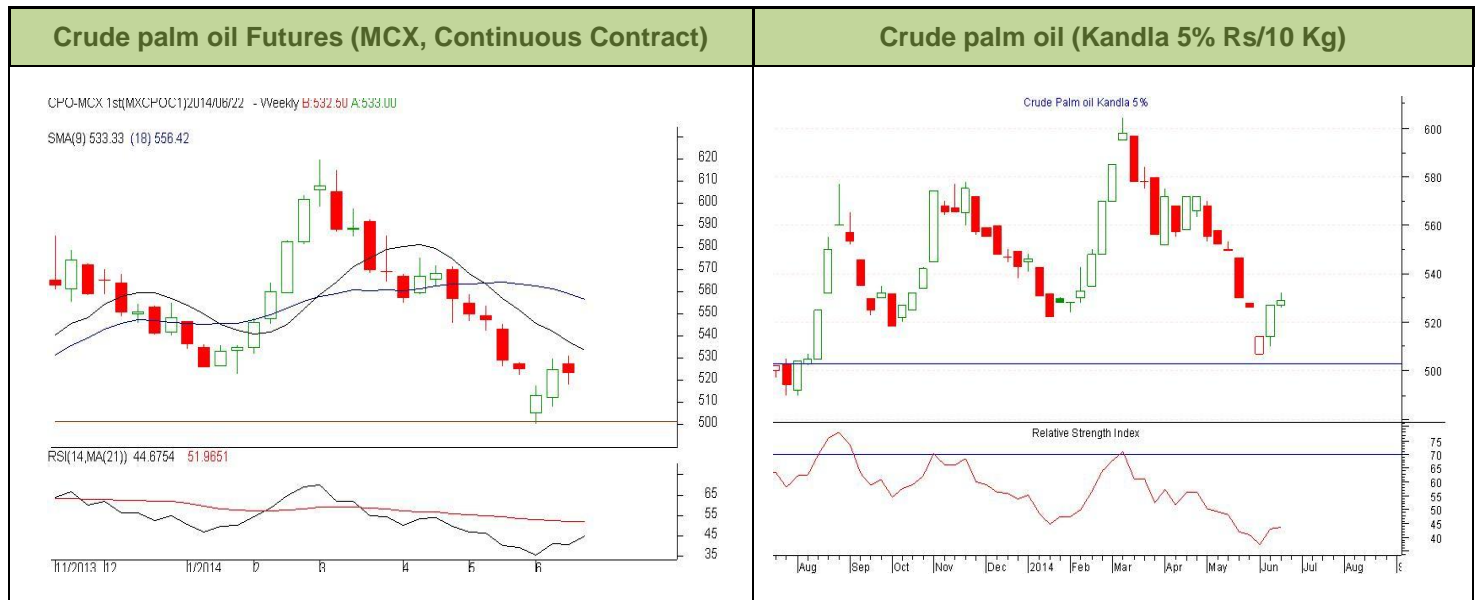
**Strategy:** Market participant advised to go long in RSO above 683.00 levels for a target of 695 and 698 with a stop loss at 676 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
665.00	670.00	683.50	705.00	712.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of Rs 690-715 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 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 518-530 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 528 and 530 with a stop loss at 513 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
503.00	510.00	519.40	538.00	545.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 523-540 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		20-Jun-14	13-Jun-14	
Refined Soybean Oil	Kota(Loose)	655	650	5
	Rajkot (Loose)	640	620	20
	Delhi (Loose)	700	680	20
	Mumbai +VAT	660	645	15
	Indore	680	670	10
	Kandla/Mundra	655	625	30
	Kolkata	645	625	20
	Indore (Soy Solvent Crude)	635	625	10
	Mumbai (Soy Degum) +VAT	630	592	38
	Kandla/Mundra (Soy Degum) +VAT	620	592	28
	Akola (Loose)	694	683	11
	Amrawati (Loose)	692	683	9
	Jalna	704	696	8
	Nagpur	697	688	9
	Alwar	-	672	-
	Solapur	703	695	8
	Bundi	661	650	11
	Kolkata	671	635	36
	Dhule	702	693	9
Palm Oil	Mumbai (Loose)	575	548	27
	Rajkot (Loose)	560	550	10
	Chennai (Loose)	580	558	22
	Hyderabad (Loose)	587	580	7
	Delhi (Loose)	625	605	20
	Kandla CPO (5%FFA)	532	517	15
	Kandla (RBD Palm oil)	560	540	20
	Mumbai RBD Pamolein+ VAT	580	555	25
	Kandla RBD Pamolein+ VAT	570	550	20
	Mangalore RBD Pamolein+ VAT	582	560	22
	Chennai RBD Pamolein+ VAT	582	560	22
	Kakinada RBD Pamolein+ VAT	565	545	20
	KPT (krishna patnam)+VAT	565	545	20
	Haldia +VAT	560	540	20
Refined Sunflower Oil	Mumbai + VAT	655	660	-5
	Mumbai(Exp. Oil)+VAT	590	575	15

	Kandla/Mundra (Crude) +VAT	580	580	Unch
	Erode (Exp. Oil)+VAT	670	655	15
	Hyderabad Ref +VAT	660	652	8
	Chennai (Loose)	640	625	15
	Bellary (Exp. Oil)+VAT	NA	580	-
	Latur (Exp. Oil)+VAT	NA	595	-
	Chellakere (Exp. Oil)+VAT	590	585	5
Groundnut Oil	Rajkot (Loose)	680	700	-20
	Chennai (Loose)	740	750	-10
	Delhi (Loose)	710	720	-10
	Hyderabad Exp +VAT	780	790	-10
	Mumbai + VAT	750	740	10
	Gondal+VAT	NA	680	-
	Jamnagar +VAT	700	700	Unch
	Narsarropeth+VAT	770	750	20
	Prodattour+VAT	760	735	25
Rapeseed Oil/Mustard Oil	Mumbai (Exp. Oil) +VAT	663	645	18
	Sri-GangaNagar(Exp Oil-Loose)	658	630	28
	Alwar (Expeller Oil) (Loose)	680	665	15
	Kota (Expeller Oil) (Loose)	645	630	15
	Jaipur (Expeller Oil) (Loose)	660	643	17
	New Delhi (Exp. Oil) (Loose)	675	660	15
	Hapur (Expeller Oil) +VAT	692	680	12
	Sri-Ganga Nagar (Kacchi Ghani Oil)	678	650	28
	Kota (Kacchi Ghani Oil)	668	650	18
	Jaipur (Kacchi Ghani Oil)	688	671	17
	Agra (Kacchi Ghani Oil) + VAT	715	690	25
	Bharatpur (Kacchi Ghani Oil)	712	685	27
	Neewai (Kacchi Ghani Oil) + VAT	665	653	12
	Hapur (Kacchi Ghani Oil)+VAT	712	700	12
Refined Cottonseed Oil	Mumbai +VAT	665	645	20
	Rajkot (Loose)	640	635	5
	New Delhi (Loose)	635	620	15
	Hyderabad (Loose)	670	625	45
Coconut Oil	Kangayan (Crude)	1420	1360	60
	Cochin	1460	1460	Unch



	Trissur	1455	1440	15
Sesame Oil	New Delhi	880	850	30
	Mumbai	870	870	Unch
Kardi	Mumbai	920	920	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	805	795	10
	CNF India	840	825	15
Indonesia CPO USD/MT	FOB	813	800	13
	CNF India	850	835	15
Ukraine Origin CSFO USD/MT Kandla	CIF	940	925	15
Argentina FOB (\$/MT)		18-Jun-14	12-Jun-14	Change
Crude Soybean Oil Ship		902	850	52
Refined Soy Oil (Bulk) Ship		933	879	54
Sunflower Oil Ship		980	965	15
Cottonseed Oil Ship		882	830	52
Refined Linseed Oil (Bulk) Ship		NA	NA	-

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