

**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 limit the excessive gains.*

*On the currency front, Indian rupee against USD closed (20 June 2014) at 60.08, up 0.18 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 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:**

*Weekly Call - Market participant advised to go short in RSO below 690 levels for a target of 680 and 678 with a stop loss at 696 on closing basis and go short in CPO below 527 for a target of 520 and 518 with a stop loss at 531.20 on closing basis.*

**International Veg. Oil Market Summary**

*CBOT soy oil (July) is expected to stay in the range of 38.25 cents/lb to 40.00 cents/lb. CPO at BMD (August) is likely to trade in the range of 2390-2485 ringgit per tons.*

*As Malaysian palm oil and its derivative exports during June 1-25 rose 3.0 percent to 1,126,927 tons from shipped during May 1-25 - Intertek Testing Services*

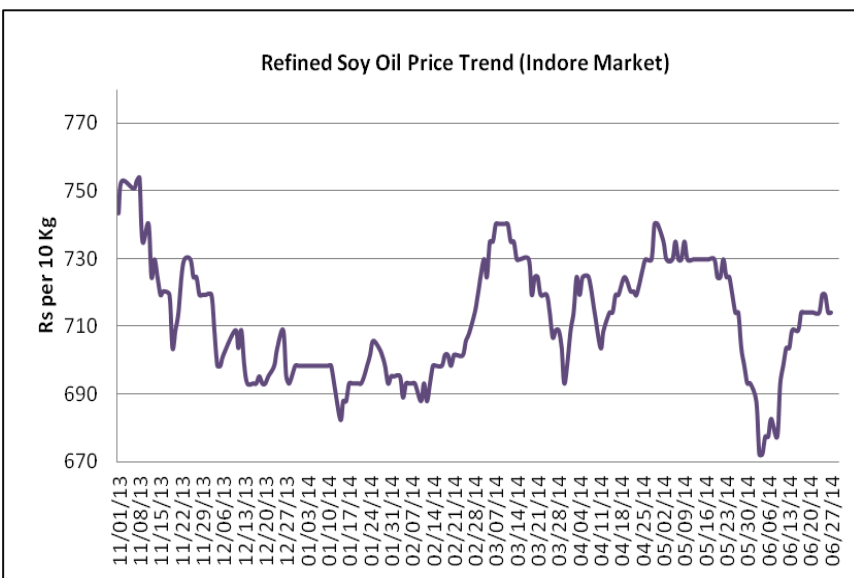
*Improved weather over US soybean growing belt, higher US soybean planting pace, and in anticipation of record global soybean production favors the bears. However, tight soybean supplies in US and EL Nino concern may limit the excessive losses in soy complex.*

*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 consolidates during the week under review due to sideways trend in the overseas veg. oil market.
- As per Agriwatch estimates, we seen soybean acreage similar to the last year and in view of EL Nino factor soybean production for 2014-15 is projected at 121 lakh tons and crushing seen at 109 lakh tons. Considering the above factors, soy oil output for 2014/15 oil year seen at 18.53 lakh tons, up 0.65 percent from the normal soybean oil production.
- As per Government of India, planting of soybean in the current season has progressed to 1.01 lakh hectares as on June 26, compared with 1.77 lakh hectares in the same period a year earlier. Maharashtra soybean planting progress is reported at 0.25 lakh ha v/s 0.01 lakh ha same period of the last year. While, no sowing reported in Madhya Pradesh.
- Delay in monsoon affect the soybean sowing prospects in Madhya Pradesh and Maharashtra in the current year. However, nominal soybean sowing witness in some pockets of irrigated areas of Maharashtra. Further delay in monsoon may affect the overall soybean production and may add fuel to the edible oil prices. While, higher soft oils imports during the last 2-3 months and cheaper imported oils may curb the bulls rally. Normally soybean sowing begins from mid June and pick up pace in July. MSP of soybean seeds remained unchanged at Rs 2500/Qtl. (Black) and Rs 2560/Qtl. (Yellow) - Government of India
- As per IBIS data (compiled by Agriwatch), Indian crude degummed soybean oil imports reached to 0.857 lakh tons during 1-22 June 2014 majorly from Argentina (0.63 lakh tons) and Brazil (0.22 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. We expect soy oil may trade with a steady tone.



### International Front

- US soybean planting is reported at 95% by 22 June, which is slightly above 5 year average of 94% and ahead from 91% during the same period last year. Soybean emergence is reported at 90% higher than 5-year average of 87% and above 79% during the same period last year. Further, about 72% is under is good to excellent condition. The factors are bearish for the international soybean for short-term.
- According to Bloomberg survey, U.S soybean inventories as on June 1 probably totaled 382 million bushels. The U.S. Department of Agriculture will release its soybean inventories estimate on June 30.
- 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
- 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.

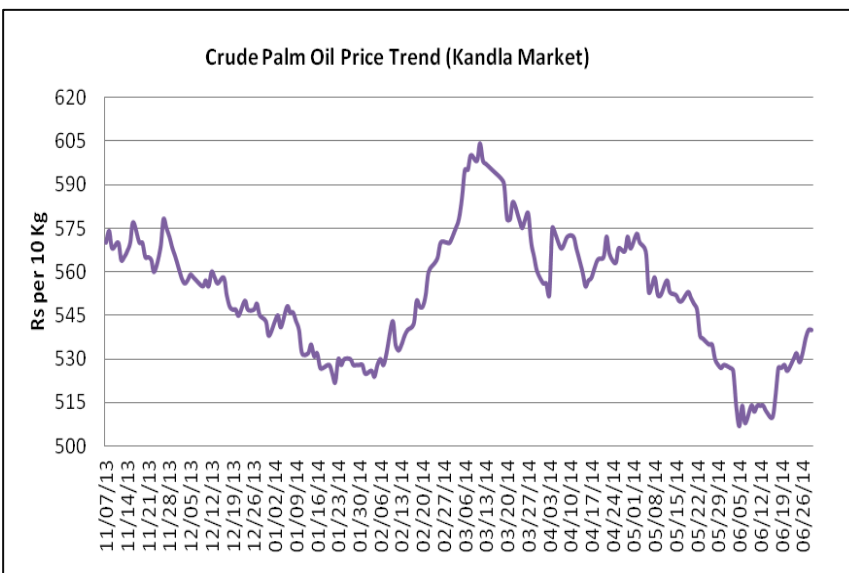
### Price Outlook:

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 in expectation of good demand ahead of festivities and concern of El Nino pattern during the week in review.
- As per IBIS data (compiled by Agriwatch), India imported around 4.53 lakh tons of crude palm oil which consist of 3.37 lakh tons from Indonesia, 1.04 lakh tons from Malaysia, 0.12 lakh tons from others sources during 1-22 June 2014. While, RBD palmolein imports during 1-22 June stood at 0.89 lakh tons comprises of 0.76 lakh tons from Indonesia and 0.13 lakh tons from Malaysia. 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.
- Lower rains raises the concern of lower oilseed output 2014-15 oil year and lower crushing may support the palm oil prices in the coming days. We expect palm oil imports likely to surge in the coming weeks due to import parity and lower oilseed crushing.
- Currently crude palm oil CNF July delivery is offered at USD 845-847.50/T and August delivery at USD 840-842.50/T. While, RBD palmolein July is quoted at USD 842.50/T v/s USD 837.50/T for August delivery. On the price performance front, CNF RBD olein and CPO at port traded firm and quoted higher 0.95 percent on w-o-w basis. We expect palm oil likely to trade range bound in the days ahead.



#### International Front

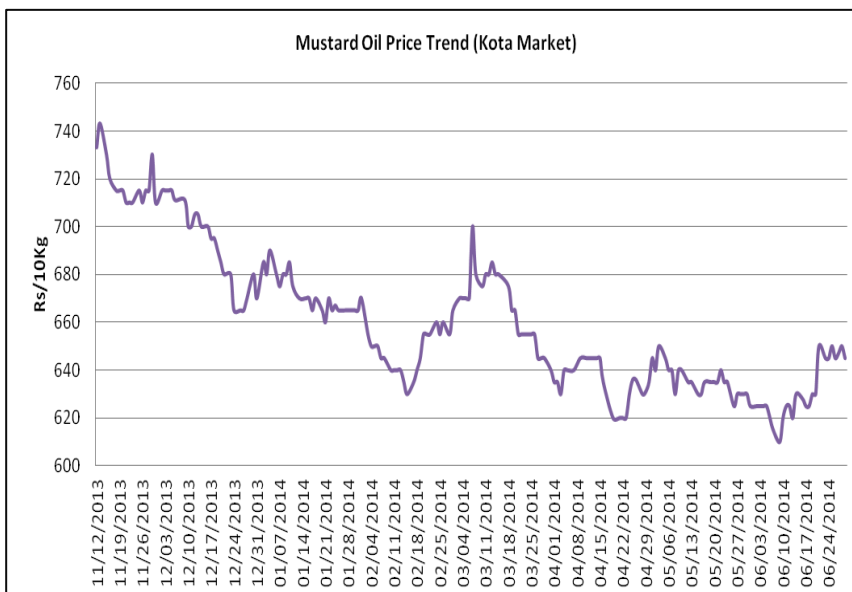
- As per Dorab Mistry, palm oil prices could drop to between 2,300-2,500 ringgit per tons over the next few weeks owing to lower palm oil usage for biodiesel compared to the blend targets. Palm prices may rise to 2,600 ringgit per tons if the current dry weather drags on beyond the next couple of weeks, and even hit 2,800 ringgit depending on the length and severity of El Nino. On the production front, Mistry sees Malaysia's palm oil output to between 19.7-19.9 million tons this year, higher from an earlier estimate of 19.5-19.7 million tons. While, Indonesia's palm oil production estimate sets at 30.5 million tons.
- As Malaysian palm oil and its derivative exports during June 1-25 rose 3.0 percent to 1,126,927 tons from shipped during May 1-25 - Intertek Testing Services. Higher imports witnessed from India & Subcontinent and stood at 299,725 tons during the first fifteen days of June. As per Indonesian industry ministry, Indonesia lowered its crude palm oil export tax to 10.5 percent in July from 12 percent in June.
- 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 527-540 per 10 Kg in the near term.

## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

- Mustard oil featured steady tone at major cash market in line with the other edible oils and need based demand.
- Mustard seed arrival pace eased during June owing to slow selling by farmers and disparity in crushing led to subdued demand from millers. While, retail demand was need based and lower rains over key oilseed producing region likely to support the mustard oil prices in the near term. 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 in anticipation of good demand during Ramadan.

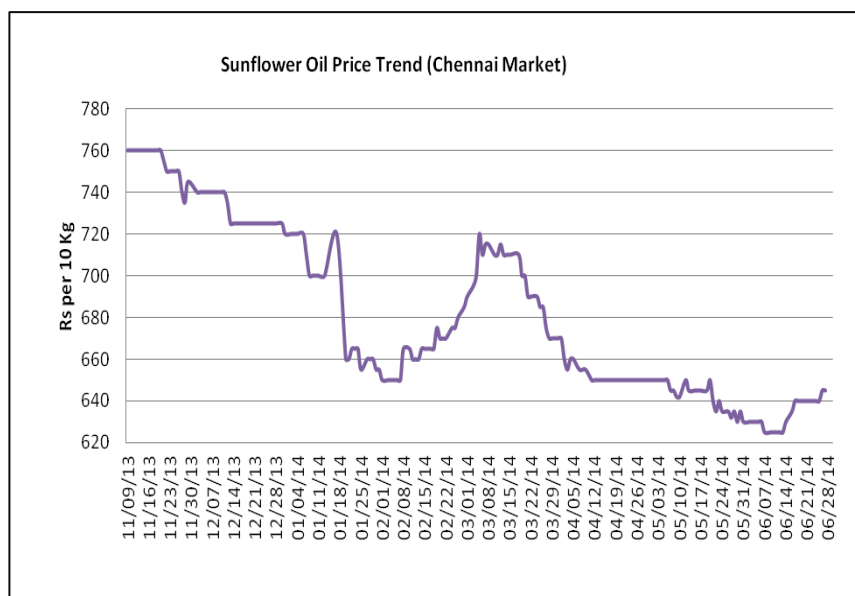


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 638-662 per 10 Kg.

## 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.
- Government increased minimum support price (MSP) of Sunflower seed by Rs 50/Qtl. to Rs 3750/Qtl. and Sesame to sesamum and nigerseed at Rs 4,600 and Rs 3,600 a quintal respectively.
- As per IBIS data (compiled by Agriwatch), India imported 1.22 lakh tons of crude sunflower oil during 1-22 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. We expect sunflower oil prices may trade range bound to firm tone in the coming days.

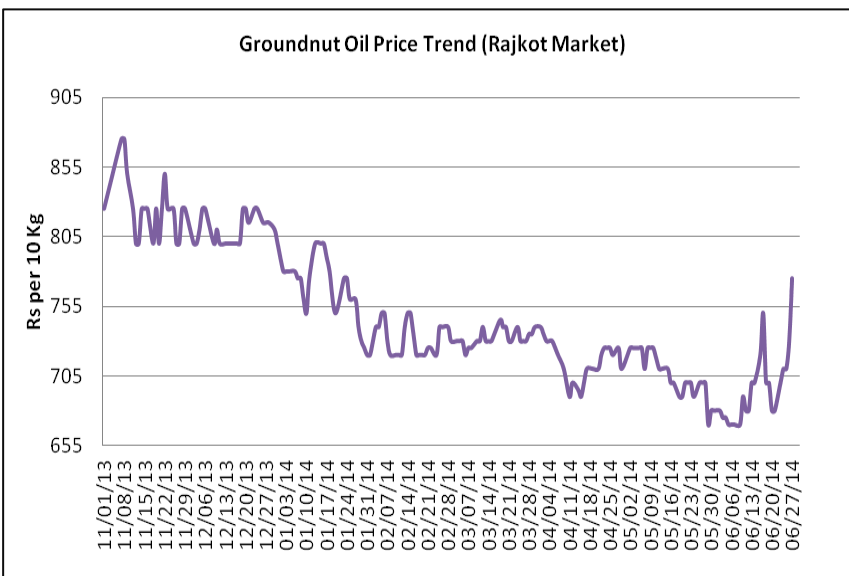


**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 635-665 per 10 Kg.

### **Groundnut oil Fundamental Review and Analysis:-**

#### **Domestic Front**

- Groundnut oil prices surged at its benchmark market (Rajkot) during the week.
- As per Government of India, planting of groundnut in the current season has progressed to 2.58 lakh hectares as on June 26, compared with 5.87 lakh hectares in the same period a year earlier. Gujarat groundnut planting progress is reported at 0.64 lakh ha v/s 3.99 lakh ha same period of the last year due to lower rains.
- 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 to slightly firm tone in the coming days owing to deficits rainfall over key groundnut growing areas and need based demand from wholesalers. However, adequate groundnut seed stock for crushing may cap the excessive gains.



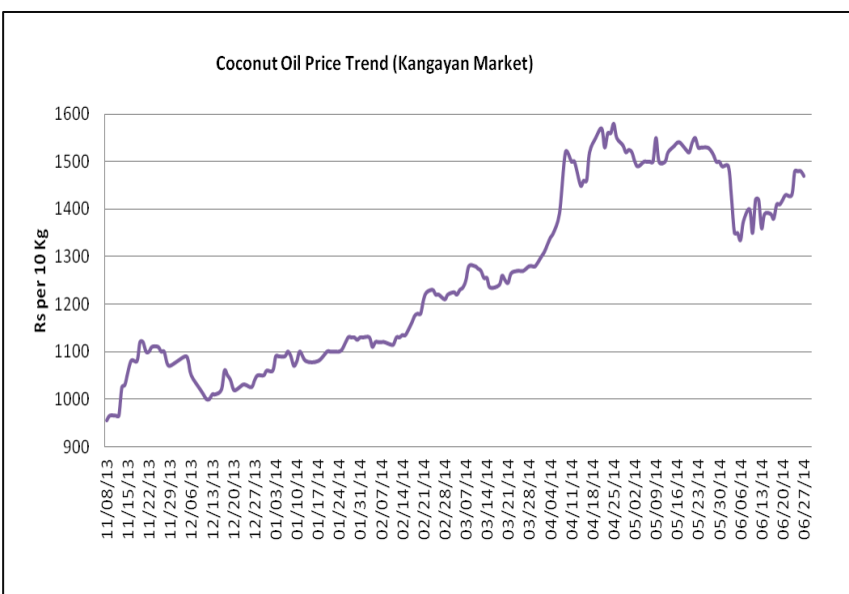
#### **Price Outlook**

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 735-765 per 10 Kg.

### **Coconut Oil Fundamental Review and Analysis:-**

#### **Domestic Front**

- Coconut oil featured sideways to firm trend at its benchmark market Kangayan during the week due to better buying.
- Coconut oil at Kangayan market quoted at Rs 1468 per 10 Kg (weekly average), up 4.7 percent 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 1430-1520 per 10 Kg.

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

Landed Cost Calculation as on 27/06/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	908	912	926	815	813
Freight (USD/MT)	80	72	70	35	35.0
C & F	988.0	984.0	996.0	850.0	848.0
Weight loss (0.25% of FOB)	2.27	2.28	2.32	2.04	2.03
Finance charges (0.4% on CNF)	3.95	3.94	3.98	3.40	3.39
Insurance (0.3% of C&F)	3	3	3	3	3
CIF (Indian Port - Kandla)	997	993	1005	858	856
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	60.09	60.09	60.09	60.09	60.09
Landed cost without customs duty in INR per ton	59921	59679	60408	51556	51435
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	62057	61815	62544	53571	57694
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	61500	61500	61500	53700	59300
Total landed cost USD per ton	1033	1029	1041	892	960
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1023	1023	1023	894	987
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-557</b>	<b>-315</b>	<b>-1044</b>	<b>129</b>	<b>1606</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-9.27</b>	<b>-5.25</b>	<b>-17.37</b>	<b>2.15</b>	<b>26.72</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	67156.82	66915.38	67643.61	59570.73	60494.45
Soy/Palm oil imported Price (Including tax)	70514.66	70261.15	71025.79	62549.27	63519.18
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>885.34</b>	<b>1138.85</b>	<b>374.21</b>	<b>3075.73</b>	<b>2105.82</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>14.73</b>	<b>18.95</b>	<b>6.23</b>	<b>51.19</b>	<b>35.04</b>
Source: Agriwatch					

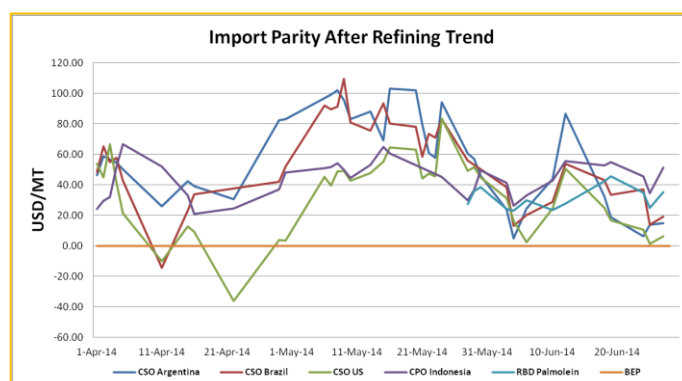
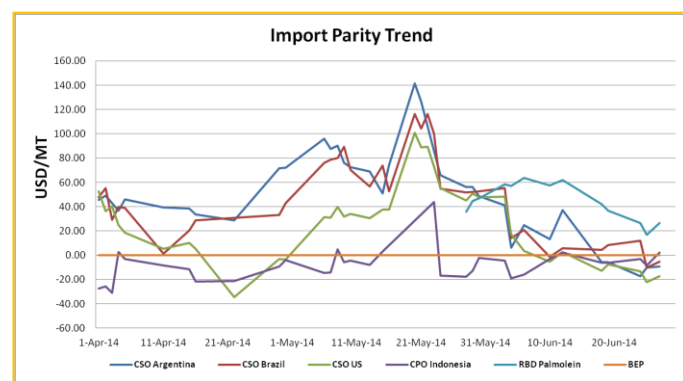


**Import Parity Before Refining in US dollar per tons**

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
19-Jun-14	-5.62	8.49	-7.67	-6.08	36.66
24-Jun-14	-17.26	11.99	-13.25	-3.04	26.57
25-Jun-14	-9.98	-10.00	-22.12	-8.56	17.02
27-Jun-14	-9.27	-5.25	-17.37	2.15	26.72

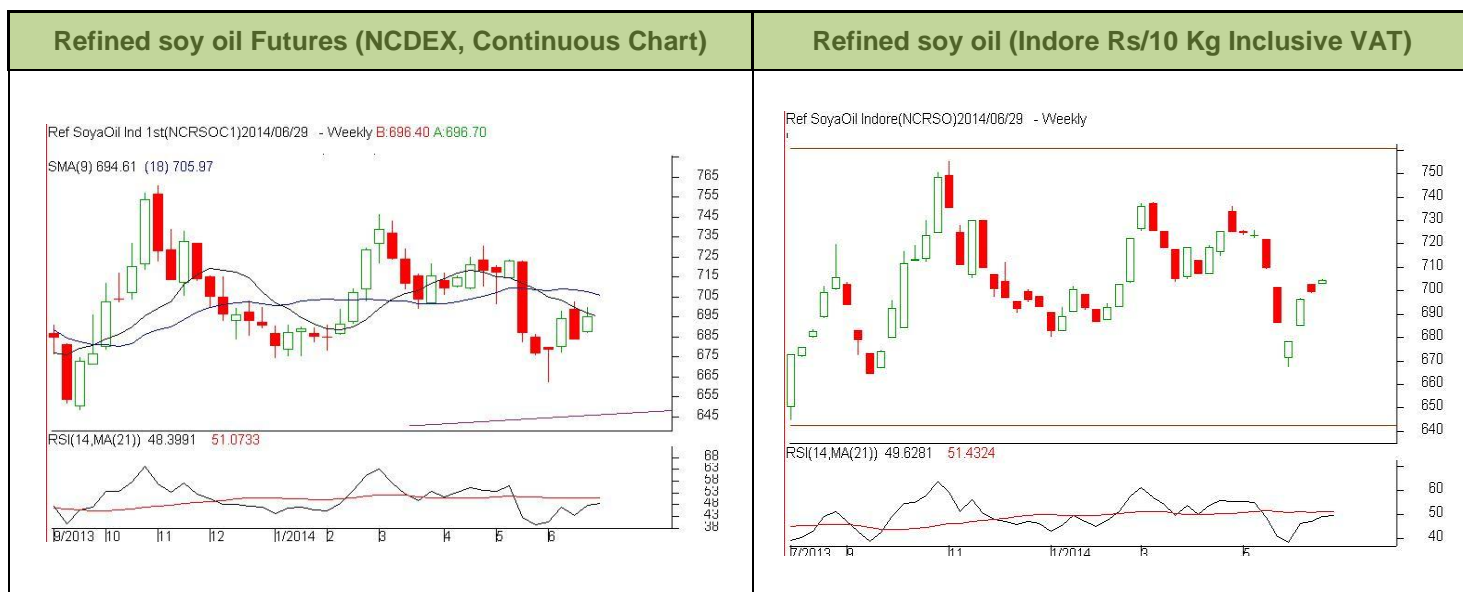
**Import Parity After Refining in US dollar per tons**

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
19-Jun-14	18.59	33.41	16.45	54.87	45.49
24-Jun-14	6.33	37.05	10.55	45.73	34.89
25-Jun-14	13.91	13.89	1.17	34.56	24.84
27-Jun-14	14.73	18.95	6.23	51.19	35.04

**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 weak 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 weak note in the near term.
- ❖ Any close above 669 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 690-678 level in near to medium term. RSI is near to neutral region and no evidence of divergence with the ref. soy oil prices noticed.

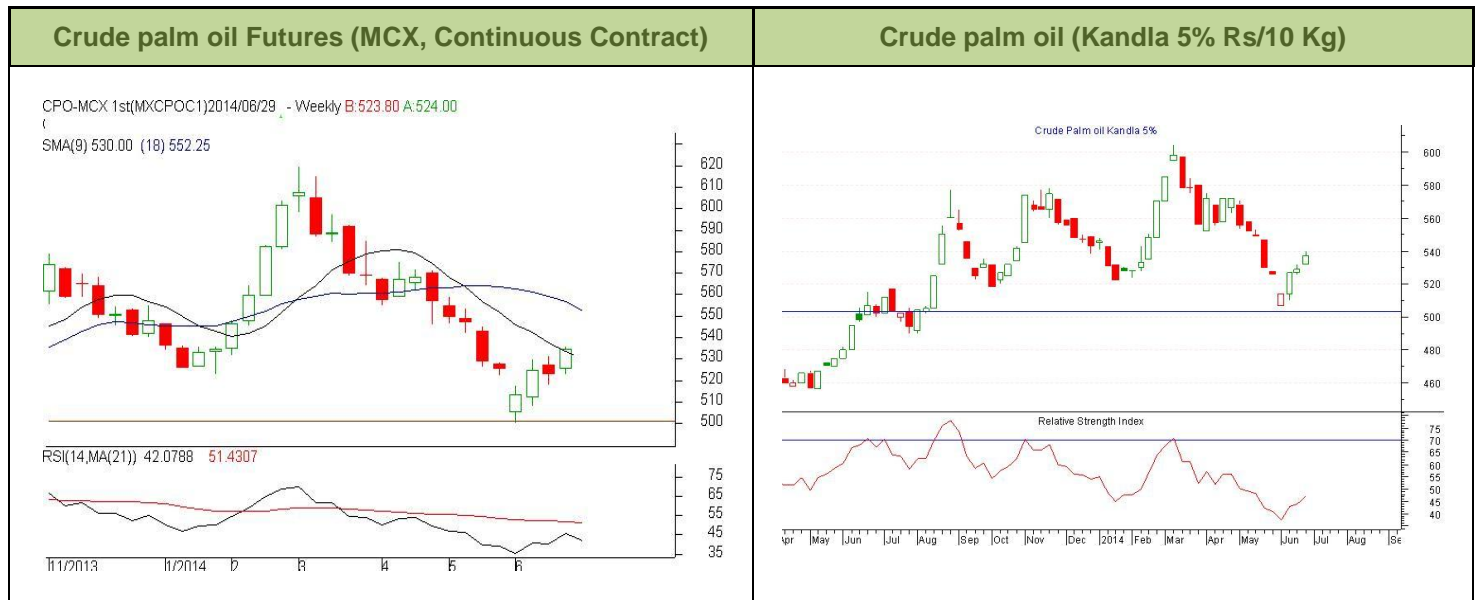
**Strategy:** Market participant are advised to go short in RSO below 690 levels for a target of 680 and 678 with a stop loss at 696 on closing basis.

#### RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
670.00	675.00	686.45	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.**

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts gains in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close above 513 in weekly chart shall change the sentiments and might bring the prices to a bullish 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 short in CPO below 527 for a target of 520 and 518 with a stop loss at 531.20 on closing basis.

**CPO MCX (July)**

Support and Resistance				
S2	S1	PCP	R1	R2
507.00	512.50	526.30	535.00	538.50

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 520-547 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		27-Jun-14	20-Jun-14	
Refined Soybean Oil	Kota(Loose)	660	655	5
	Rajkot (Loose)	640	640	Unch
	Delhi (Loose)	705	700	5
	Mumbai +VAT	665	660	5
	Indore	680	680	Unch
	Kandla/Mundra	655	655	Unch
	Kolkata	655	645	10
	Indore (Soy Solvent Crude)	638	635	3
	Mumbai (Soy Degum) +VAT	622	630	-8
	Kandla/Mundra (Soy Degum) +VAT	615	620	-5
	Akola (Loose)	706	694	12
	Amrawati (Loose)	705	692	13
	Jalna	715	704	11
	Nagpur	708	697	11
	Alwar	695	670	25
	Solapur	715	703	12
	Bundi	666	661	5
	Kolkata	671	671	Unch
	Dhule	712	702	10
Palm Oil	Mumbai (Loose)	580	575	5
	Rajkot (Loose)	565	560	5
	Chennai (Loose)	585	580	5
	Hyderabad (Loose)	570	587	-17
	Delhi (Loose)	630	625	5
	Kandla CPO (5%FFA)	537	532	5
	Kandla (RBD Palm oil)	565	560	5
	Mumbai RBD Pamolein+ VAT	582	580	2
	Kandla RBD Pamolein+ VAT	575	570	5
	Mangalore RBD Pamolein+ VAT	585	582	3
	Chennai RBD Pamolein+ VAT	585	582	3
	Kakinada RBD Pamolein+ VAT	575	565	10
	KPT (krishna patnam)+VAT	575	565	10
	Haldia +VAT	567	560	7
Refined Sunflower Oil	Mumbai + VAT	660	655	5
	Mumbai(Exp. Oil)+VAT	598	590	8

	Kandla/Mundra (Crude) +VAT	595	580	15
	Erode (Exp. Oil)+VAT	675	670	5
	Hyderabad Ref +VAT	660	660	Unch
	Chennai (Loose)	645	640	5
	Bellary (Exp. Oil)+VAT	600	590	10
	Latur (Exp. Oil)+VAT	605	605	Unch
	Chellakere (Exp. Oil)+VAT	590	590	Unch
Groundnut Oil	Rajkot (Loose)	775	680	95
	Chennai (Loose)	740	740	Unch
	Delhi (Loose)	730	710	20
	Hyderabad Exp +VAT	780	780	Unch
	Mumbai + VAT	765	750	15
	Gondal+VAT	775	690	85
	Jamnagar +VAT	775	700	75
	Narsarropeth+VAT	770	770	Unch
	Prodattour+VAT	710	760	-50
Rapeseed Oil/Mustard Oil	Mumbai (Exp. Oil) +VAT	668	663	5
	Sri-GangaNagar(Exp Oil-Loose)	666	650	16
	Alwar (Expeller Oil) (Loose)	690	680	10
	Kota (Expeller Oil) (Loose)	645	645	Unch
	Jaipur (Expeller Oil) (Loose)	659	660	-1
	New Delhi (Exp. Oil) (Loose)	685	675	10
	Hapur (Expeller Oil) +VAT	690	692	-2
	Sri-Ganga Nagar (Kacchi Ghani Oil)	668	678	-10
	Kota (Kacchi Ghani Oil)	675	668	7
	Jaipur (Kacchi Ghani Oil)	690	688	2
	Agra (Kacchi Ghani Oil) + VAT	715	715	Unch
	Bharatpur (Kacchi Ghani Oil)	710	712	-2
	Neewai (Kacchi Ghani Oil) + VAT	670	665	5
	Hapur (Kacchi Ghani Oil)+VAT	710	712	-2
Refined Cottonseed Oil	Mumbai +VAT	670	665	5
	Rajkot (Loose)	655	640	15
	New Delhi (Loose)	640	635	5
	Hyderabad (Loose)	660	670	-10
Coconut Oil	Kangayan (Crude)	1470	1420	50
	Cochin	1490	1460	30

	Trissur	1490	1455	35
Sesame Oil	New Delhi	875	880	-5
	Mumbai	870	870	Unch
Kardi	Mumbai	920	920	Unch
Rice Bran Oil (40%)	New Delhi	497	520	-23
Rice Bran Oil (4%)	Punjab	555	550	5
Rice Bran Oil (4%)	Uttar Pradesh	555	550	5
Malaysia Palmolein USD/MT	FOB	813	805	8
	CNF India	843	840	3
Indonesia CPO USD/MT	FOB	815	812.5	3
	CNF India	848	850	-2
Ukraine Origin CSFO USD/MT Kandla	CIF	945	940	5
<b>Argentina FOB (\$/MT)</b>		<b>26-Jun-14</b>	<b>18-Jun-14</b>	<b>Change</b>
Crude Soybean Oil Ship		901	902	-1
Refined Soy Oil (Bulk) Ship		933	933	Unch
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		881	882	-1
Refined Linseed Oil (Bulk) Ship		NA	NA	-

\*\*\*\*\*

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>  
 © 2014 Indian Agribusiness Systems Pvt Ltd.