

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed sideways trend during the week owing to weak monsoon forecast. While, higher edible oil imports limit the excessive gains.

On the currency front, Indian rupee against USD closed (29 June 2014) at 59.72, up 0.60 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 during the festivities and diminishing oilseed arrivals. However, higher imported oils in the cash market may limit the excessive gains.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO above 675 levels for a target of 688 and 690 with a stop loss at 667.50 on closing basis and go long in CPO below 526 for a target of 533 and 535 with a stop loss at 522.00 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 per Societe Generale de Surveillance, Malaysian palm oil products exports for June rose 4.6 percent to 1,389,806 tons from 1,328,594 tons shipped during May. India & sub continent imported 2.51 lakh tons of palm oil & its product during June, down 4.56 percent from last month.

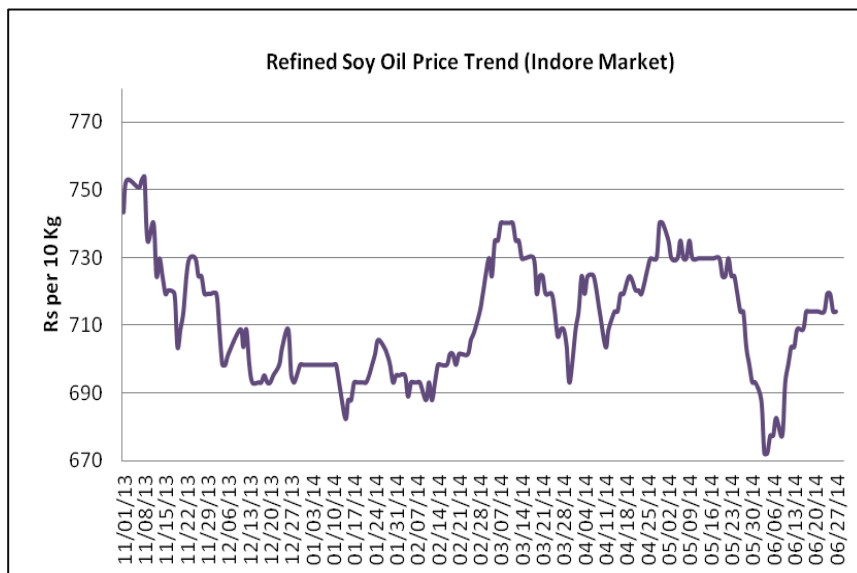
On the international front, improved weather over US soybean growing belt, better than expected US soybean stocks position, and higher planting prospects favors the bears. However, soy supplies are tight in US may limit the losses in soy complex.

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 new soy oil supplies from South American countries 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 IBIS data (compiled by Agriwatch), Indian crude degummed soybean oil imports reached to 1.26 lakh tons during 1-29 June 2014 majorly from Argentina (0.99 lakh tons), Paraguay (0.01 lakh tons) and Brazil (0.26 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 during (Nov-May), 131.5 percent higher from the same period of last year.
- 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. MSP of soybean seeds remained unchanged at Rs 2500/Qtl. (Black) and Rs 2560/Qtl. (Yellow) - Government of India. 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.
- As per Abiove, Brazil is expected to export 44 million tons of soybeans in 2014, up one million tons from previous estimate. While, last year soybean exports were 42.8 million tons. On the harvesting front, Argentinean had harvested 97.4 percent of the area planted with soybeans in 2013/14. While, soybean harvesting in Brazil is complete. As per CGT labor organization, workers in Argentina's main grains port of Rosario will begin an indefinite strike on Friday (04 July) over working conditions. (Reuters). As per trade ministry, Brazilian exports of soybeans eased in June to 6.9 million tons of soybeans in June v/s 7.6 million tons in May.
- On the international front, improved weather over US soybean growing belt, better than expected US soybean stocks position, and higher planting prospects favors the bears. However, soy supplies are tight in US may limit the losses in soy complex.

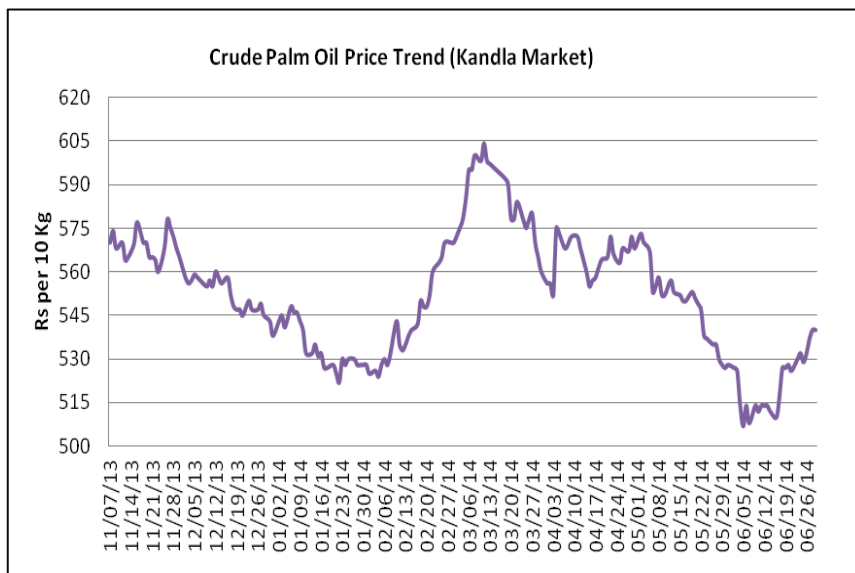
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 680-708 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 during festivities and concern of El Nino pattern during the week in review.
- As per IBIS data (compiled by Agriwatch), India imported around 5.96 lakh tons of crude palm oil which consist of 3.47 lakh tons from Indonesia, 1.33 lakh tons from Malaysia, 0.16 lakh tons from others sources during 1-29 June 2014. While, RBD palmolein imports during 1-29 June stood at 1.17 lakh tons comprises of 0.95 lakh tons from Indonesia and 0.22 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.
- Planting delay in major oilseed producing regions due to deficit in rains and higher probability of lower rains in the current season may support the palm oil prices in the coming days. We expect crude palm oil imports likely to surge in the coming days compared to refined palm oil as refiners get higher margin in refining CPO than the refined palm oil products.
- Currently crude palm oil CNF July delivery is offered at USD 840/T and August delivery at USD 837.50/T. While, RBD palmolein July is quoted at USD 837.50/T v/s USD 835/T for August delivery. We expect palm oil likely to trade range bound in the days ahead.



International Front

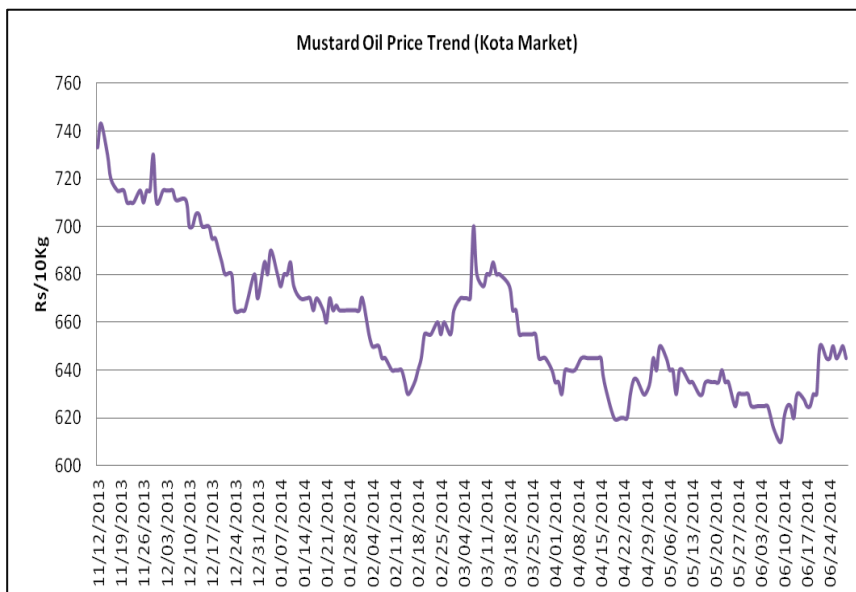
- As per Societe Generale de Surveillance, Malaysian palm oil products exports for June rose 4.6 percent to 1,389,806 tons from 1,328,594 tons shipped during May. India & sub continent imported 2.51 lakh tons of palm oil & its product during June, down 4.56 percent from last month.
- As per Reuters survey, Malaysian palm oil stocks for June seen at 1.80 million tons, down 2.2 percent from May due to a dry weather affect output and better exports.
- As per Dorab Mistry, palm oil 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.
- 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 new soy oil supplies from South American countries may dent the bulls rally.

Price Outlook: We expect CPO Kandla 5% (with VAT) to stay in the range of 520-547 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.
- As per trade sources, Mustard oil prices likely to trade slightly higher in the days ahead owing to renewed demand from wholesalers and slow stock offloading by farmers. Moreover, lower rains over key oilseed producing region add fuel to the bull's sentiment. 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.

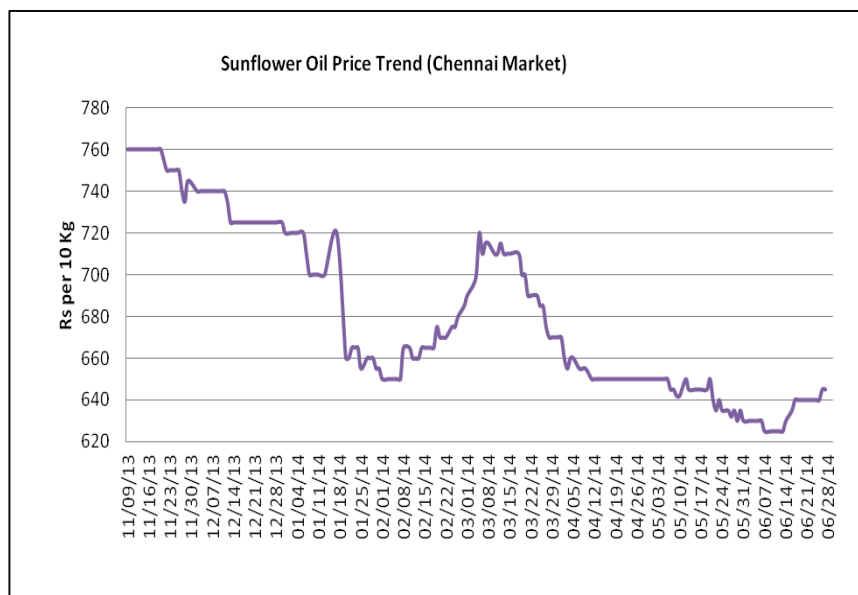


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 638-662 per 10 Kg.

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 2.05 lakh tons of crude sunflower oil during 1-29 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.

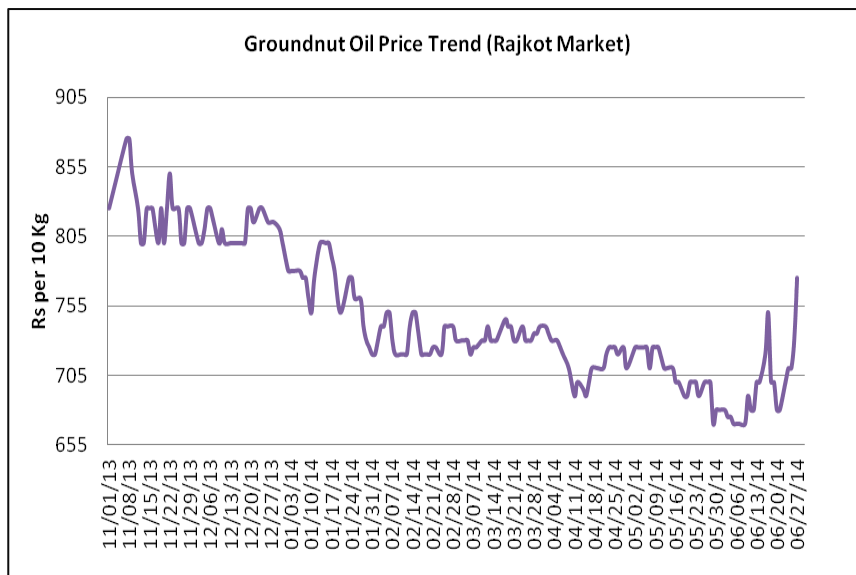


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 635-665 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices surged at its benchmark market (Rajkot) during the week.
- Skymet lowered its rainfall forecast to 91 percent of long period average, down 3 percent from previous estimate. Moreover, the probability of drought across the country seen at 60 percent, 80 percent chances of drought in northwest India, 75 percent chances of drought in central India and 50 percent chances of drought in Southern India. In anticipation of lower rains over Gujarat may spur the G/N oil prices in the coming days. On the price front, G/N oil at Rajkot market plummeted to Rs 670 per 10 Kg, lowest level in the current oil year and prices are likely to trade in the range of 760-800 level.
- 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.
- 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.

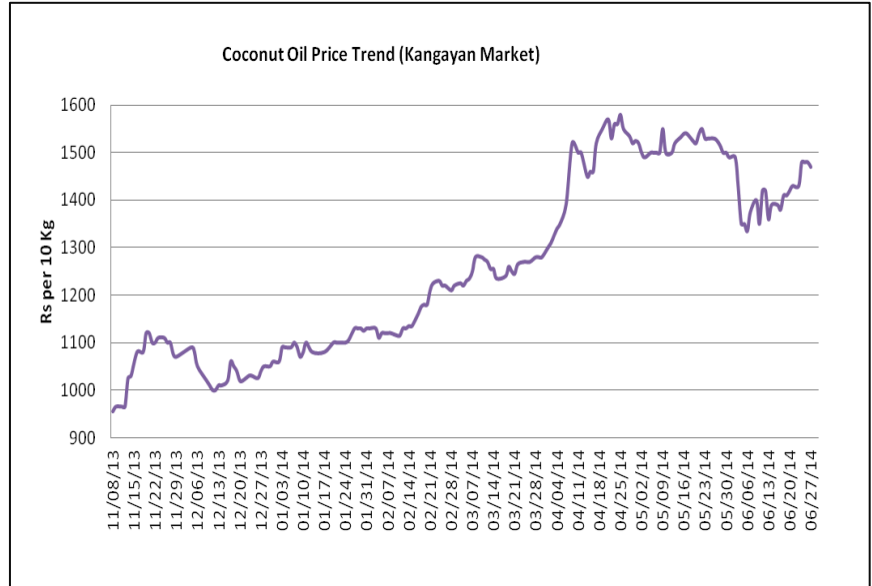


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 760-800 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.
- Prices may trade range bound in the coming days due to new supplies but the dry weather hurt the production prospects.
- Cochin Oil Merchants Association reported dry weather in the production centers of Tirupur, Pollachi, Kangayem led to a shortfall of at least 40 per cent of copra during the season. We expect prices may trade range bound due to new copra arrivals from Tamil Nadu and Kerala.



Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1460-1535 per 10 Kg.

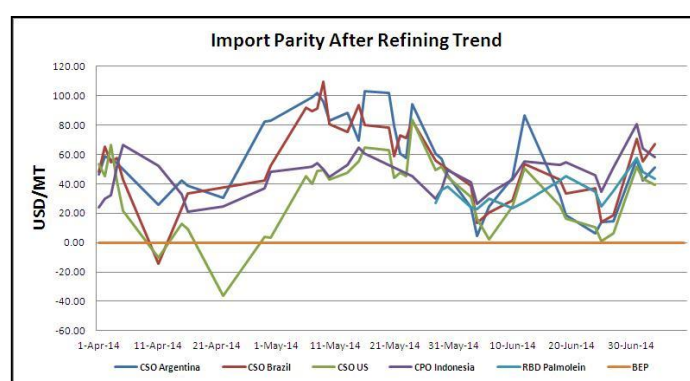
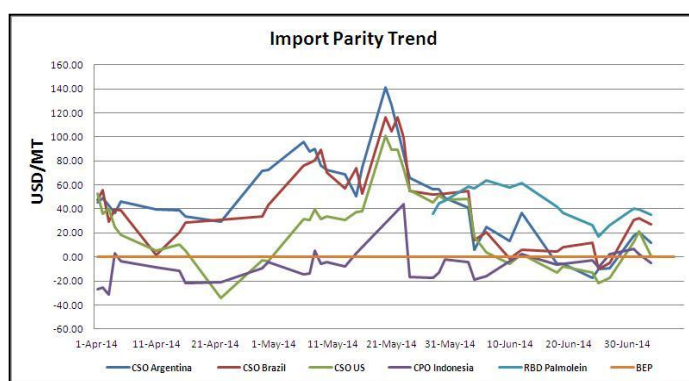
Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 04/07/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	870	863	891	813	810
Freight (USD/MT)	80	72	70	35	35.0
C & F	950.0	935.0	961.0	848.0	845.0
Weight loss (0.25% of FOB)	2.18	2.16	2.23	2.03	2.03
Finance charges (0.4% on CNF)	3.80	3.74	3.84	3.39	3.38
Insurance (0.3% of C&F)	3	3	3	3	3
CIF (Indian Port - Kandla)	959	944	970	856	853
CVD	0	0	0	0	0
Duty USD per ton	24.77	24.77	24.77	22.03	91.70
CVD value USD per ton	0	0	0	0	0
Cess (2% on duty) USD per ton	0.49536	0.49536	0.49536	0.440664	1.83396
Exchange rate	59.79	59.79	59.79	59.79	59.79
Landed cost without customs duty in INR per ton	57328	56424	57994	51178	50997
Customs duty %	2.58%	2.58%	2.58%	2.58%	10.20%
Base import price	960	960	960	854	899
Fixed exchange rate by customs department	60.45	60.45	60.45	60.45	60.45
Duty component in INR per ton	1497.23	1497.23	1497.23	1331.91	5543.14
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	59498	58594	60164	53183	57213
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	60200	60200	60200	52900	59300
Total landed cost USD per ton	995	980	1006	890	957
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1007	1007	1007	885	992
Parity INR/MT (Domestic - Landed)	702	1606	36	-283	2087
Parity USD/MT (Domestic - Landed)	11.73	26.86	0.61	-4.74	34.90

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	64598.37	63694.20	65263.81	59183.26	60013.43
Soy/Palm oil imported Price (Including tax)	67828.29	66878.91	68527.00	62142.43	63014.10
Loose price of Soy/Palm in Indore and Delhi market	70875.00	70875.00	70875.00	65625.00	65625.00
Parity after processing and Taxes (Rs per MT)	3046.71	3996.09	2348.00	3482.57	2610.90
Parity after processing and Taxes (USD per MT)	50.96	66.84	39.27	58.25	43.67

Source: Agriwatch

Import Parity Trend



Import parity before refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May, 2014	79.82	78.29	51.58	-3.68	42.44
June, 2014	7.46	10.42	-0.69	-6.19	44.78

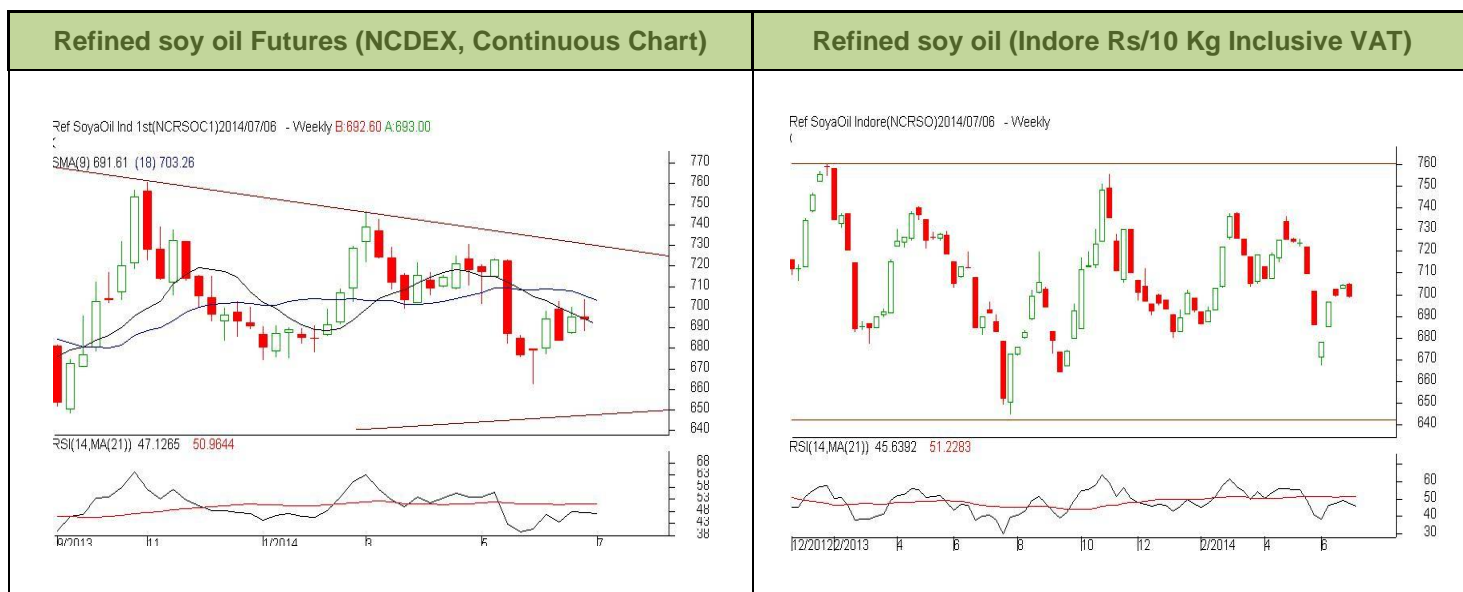
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May, 2014	79.87	78.83	51.40	49.21	33.88
June, 2014	26.94	30.06	18.39	43.80	31.04

Outlook:-

Import parity for crude soy oil from Argentina and palm oil after refining is hovering in positive territory due to cheaper availability of imported oils. We expect cds/palm oil import parity to be in the positive side. Lower rains expectation over key oilseeds producing regions and positive import parity may favor higher edible oils imports 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.

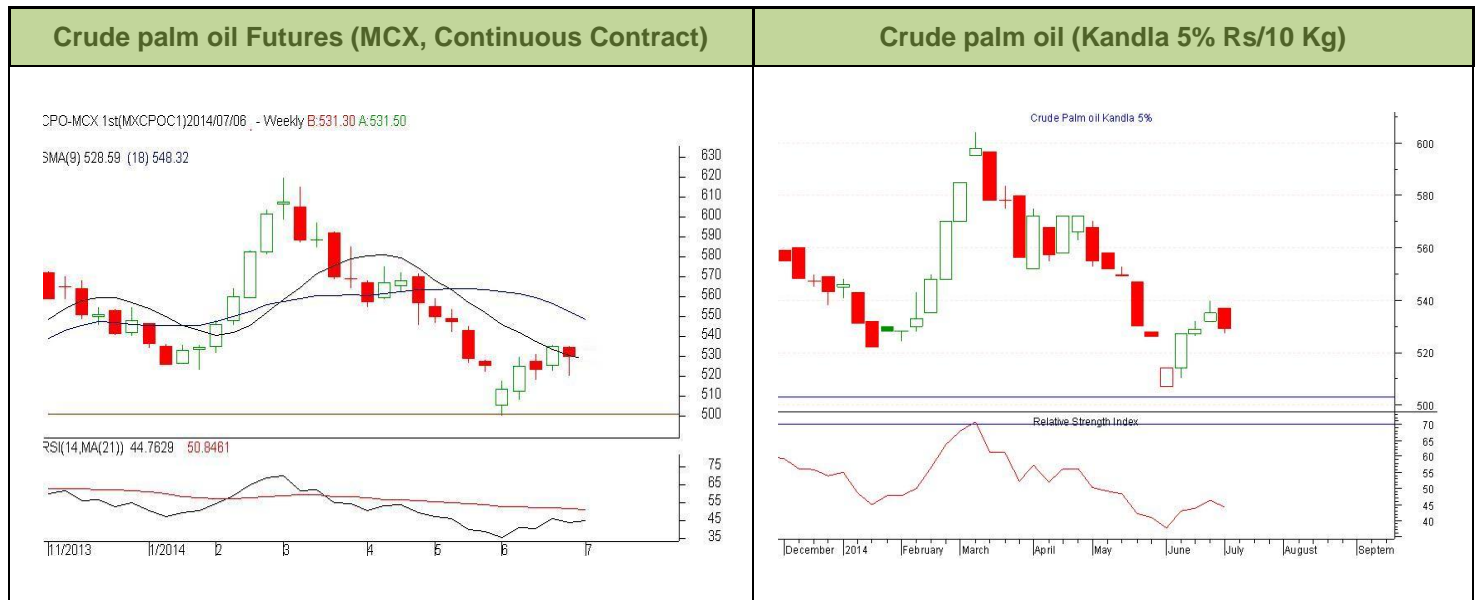
- ❖ Weekly chart of refined soy oil at NCDEX depicts consolidation. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 667.50 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 675-690 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 long in RSO above 675 levels for a target of 688 and 690 with a stop loss at 667.50 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
658.00	670.00	682.05	705.00	712.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 680-708 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook -Prices are showing sideways trend during the week. We expect CPO July contract may trade sideways.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts losses in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close below 522 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 below 526 for a target of 533 and 535 with a stop loss at 522.00 on closing basis.

CPO MCX (July)

Support and Resistance				
S2	S1	PCP	R1	R2
509.00	513.00	529.40	539.00	542.00

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
		4-Jul-14	27-Jun-14	
Refined Soybean Oil	Kota	655	660	-5
	Rajkot	635	640	-5
	Delhi	700	705	-5
	Mumbai	650	665	-15
	Indore	675	680	-5
	Kandla/Mundra	645	655	-10
	Kolkata	637	655	-18
	Indore (Soy Solvent Crude)	638	638	Unch
	Mumbai (Soy Degum)	605	622	-17
	Kandla/Mundra (Soy Degum)	602	615	-13
	Akola	704	706	-2
	Amrawati	703	705	-2
	Jalna	714	715	-1
	Nagpur	706	708	-2
	Alwar	690	695	-5
	Solapur	715	715	Unch
	Bundi	660	666	-6
	Dhule	712	712	Unch
Palm Oil	Rajkot	564	565	-1
	Hyderabad	575	570	5
	Delhi	625	630	-5
	Kandla (Crude Palm Oil)	529	537	-8
	Kandla (RBD Palm oil)	555	565	-10
	Mumbai RBD Pamolein	570	582	-12
	Kandla RBD Pamolein	560	575	-15
	Mangalore RBD Pamolein	575	585	-10
	Chennai RBD Pamolein	575	585	-10
	Kakinada RBD Pamolein	558	575	-17
	KPT (krishna patnam)	555	575	-20
	Haldia	555	567	-12
Refined Sunflower Oil	Mumbai	652	660	-8
	Mumbai(Expeller Oil)	590	598	-8
	Kandla/Mundra (Crude)	595	595	Unch
	Erode (Expeller Oil)	670	675	-5
	Hyderabad (Ref	655	660	-5

	Chennai	640	645	-5
	Bellary (Expeller Oil)	NA	600	-
	Latur (Expeller Oil)	605	605	Unch
	Chellakere (Expeller Oil)	600	590	10
Groundnut Oil	Rajkot	785	775	10
	Chennai	740	740	Unch
	Delhi	740	730	10
	Hyderabad *	770	780	-10
	Mumbai	790	765	25
	Gondal	770	775	-5
	Jamnagar	772	775	-3
	Narsarropeth	NA	770	-
	Prodattour	NA	710	-
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	668	668	Unch
	Sri-GangaNagar(Exp Oil)	665	666	-1
	Alwar (Expeller Oil)	690	690	Unch
	Kota (Expeller Oil)	650	645	5
	Jaipur (Expeller Oil)	675	659	16
	New Delhi (Expeller Oil)	695	685	10
	Hapur (Expeller Oil)	695	690	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	675	668	7
	Kota (Kacchi Ghani Oil)	675	675	Unch
	Jaipur (Kacchi Ghani Oil)	702	690	12
	Agra (Kacchi Ghani Oil)	720	715	5
	Bharatpur (Kacchi Ghani Oil)	715	710	5
	Neewai (Kacchi Ghani Oil)	684	670	14
	Hapur (Kacchi Ghani Oil)	715	710	5
Refined Cottonseed Oil	Mumbai	668	670	-2
	Rajkot	622	655	-33
	New Delhi	645	640	5
	Hyderabad	656	660	-4
Coconut Oil	Kangayan (Crude)	1475	1470	5
	Cochin	1490	1490	Unch
	Trissur	1480	1490	-10
Sesame Oil	New Delhi	900	875	25



	Mumbai	910	870	40
Kardi	Mumbai	920	920	Unch
Rice Bran Oil (40%)	New Delhi	NA	497	-
Rice Bran Oil (4%)	Punjab	555	555	Unch
Rice Bran Oil (4%)	Uttar Pradesh	555	555	Unch
Malaysia Palmolein USD/MT	FOB	810	813	-3
	CNF India	843	843	Unch
Indonesia CPO USD/MT	FOB	813	815	-2
	CNF India	845	848	-3
Ukraine Origin CSFO USD/MT Kandla	CIF	935	945	-10
Argentina FOB (\$/MT)		3-Jul-14	26-Jun-14	Change
Crude Soybean Oil Ship		867	901	-34
Refined Soy Oil (Bulk) Ship		897	933	-36
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		847	881	-34
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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