

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed sideways to weak trend during the week owing to weak cues from international soy oil market and higher edible oil imports. However, mustard seed oil witnessed gains due to easing supplies and good retail demand.

On the currency front, Indian rupee against USD closed (18 July 2014) at 60.31, down 0.65 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 India's oilseeds planting pace.

We expect edible oil complex to trade sideways to firm tone in expectation of renewed demand and weak monsoon forecast over key oilseed producing regions. However, higher global soybean production estimates for 2014/15 may curb the bulls rally.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO above 680 levels for a target of 696 and 699 with a stop loss at 670 on closing basis and go long in CPO below 531 for a target of 540 and 542 with a stop loss at 525.60 on closing basis.

International Veg. Oil Market Summary

CBOT soy oil (August) is expected to stay in the range of 35.90 cents/lb to 36.20 cents/lb. CPO at BMD (August) is likely to trade in the range of 2300-2410 ringgit per tons.

Exports of Malaysian palm oil products for Jul. 1-15 rose 11.4 percent to 653,675 tons from 586,701 tons shipped during Jun. 1-15 - Societe Generale de Surveillance. India imported 1.19 lakh tons v/s 1.14 lakh tons from last month of the same period.

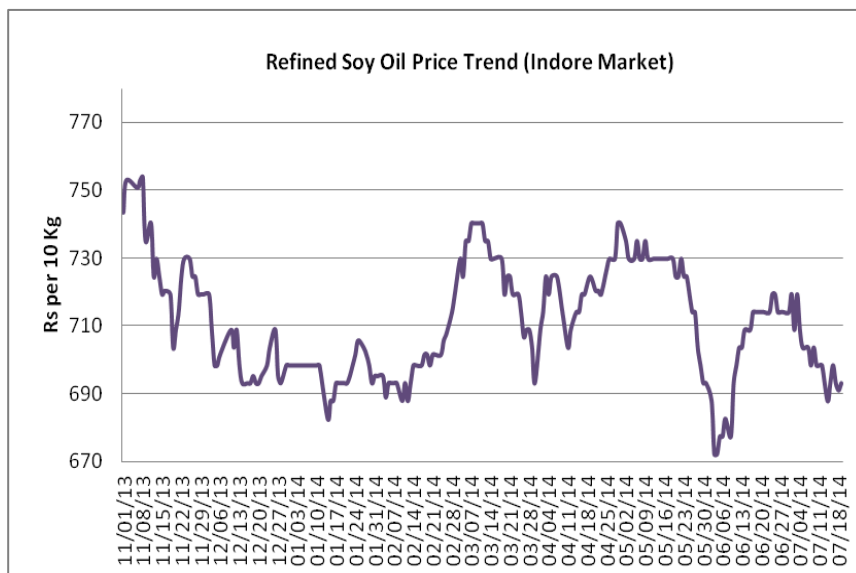
On the international front, improved weather over US soybean growing belt, better than expected US soybean stocks position, and in expectation of record US soybean production forecast for 2014/15 favors the bears. However, soy supplies are tight in US, which may limit the excessive losses in soy complex.

Weak pace of palm oil production in South East Asian countries and bullish palm oil export figures may support the palm oil prices for short term. However, new soy oil supplies from South American countries and easing crude oil prices may dent the bulls rally.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured weak tone during the week under review due to sideways to weak trend in the overseas soybean oil market.
- Marginal recovery noticed in soybean planting during the week and planting has progressed to 19.50 lakh hectares, compared with 103.23 lakh hectares in the same period a year earlier. Good rainfall forecast over central India in the next few days may support the sowing prospects but the deficit rainfall in the current season is likely to affect the kharif oilseeds output.
- As per trade sources. Maize acreage may shift to soybean in some pockets of Madhya Pradesh as soybean needs lesser water and the window for soybean sowing is open up to 25 July. According to Ministry of Agriculture, seed demand of soybean is higher compared to quality seed availability. Total 27.32 lakh quintals seed of soybean available and 34.290 lakh quintals seed of soy required for Kharif 2014.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around one lakh tons of crude soybean oil during 30-13 July majorly from Argentina and Brazil. However, 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).
- As per Agriwatch estimates, soybean acreage is unlikely to expand to 12 million hectares in the coming season even if the rains normal in the days ahead. Soybean acreage for 2014-15 MY seen in between 10.6-11.2 million hectares. We expect soy oil may trade with a steady to slightly weak tone.



International Front

- As per Safras e Mercado, Brazil's soybean crop was 82 percent sold as of July 11 below compared to the last year of 84 percent but in line with the five-year average of soy sales. Final soybean crop estimate for 2013-14 pegged at 86.6 million tons.
- Port workers in Argentina's Rosario start an indefinite strike by CGT labor organization threatening the export of soybeans and corn. 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. 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 in expectation of record US soybean production forecast for 2014/15 favors the bears. However, soy supplies are tight in US, which may limit the losses in soy complex.

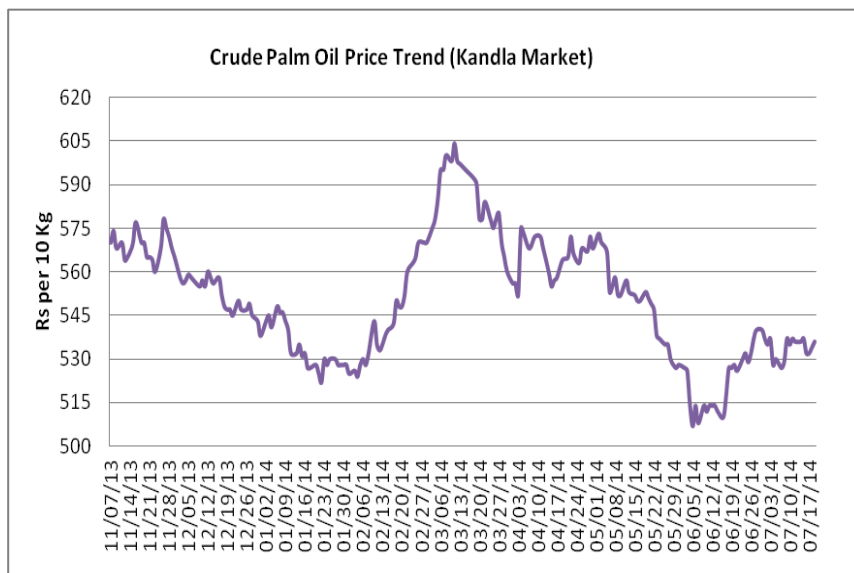
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 670-690 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed recovery due to lower palm oil production in South East Asian countries and weak Indian rupee against US dollar during the week in review.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 3.06 lakh tons of crude palm oil and 0.554 lakh tons of RBD palmolein during 30-13 July majorly from Malaysia and Indonesia. Last month, 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 June stood at 1.17 lakh tons comprises of 0.95 lakh tons from Indonesia and 0.22 lakh tons from Malaysia.

- Indian government revised import tariff value of crude palm oil to USD 862 per tons, RBD palmolein to USD 914 per tons, RBD palm oil to USD 903 per tons, other palm oil to USD 883 per tons and other palmolein to USD 913 per tons. While, import tariff value on crude soybean oil hiked to USD 963 per tons from USD 960 per tons. Tariff value is the base price at which the customs duty is determined to prevent under-invoicing.
- Slower oilseed planting pace in India and easing South East Asian countries palm oil stockpiles 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. As per SEA of India, current stock of edible oils as on 1st July, 2014 at various ports is estimated at 525,000 tons (CPO 260,000 tons, RBD Palmolein 60,000 tons, Degummed Soybean Oil 65,000 tons and Crude Sunflower Oil 140,000 tons) and about 960,000 tons in pipelines. Total stock, both at ports and in pipelines increased to 1,485,000 tons from 1,420,000 tons in previous months. We expect palm oil likely to trade range bound in the days ahead.

International Front

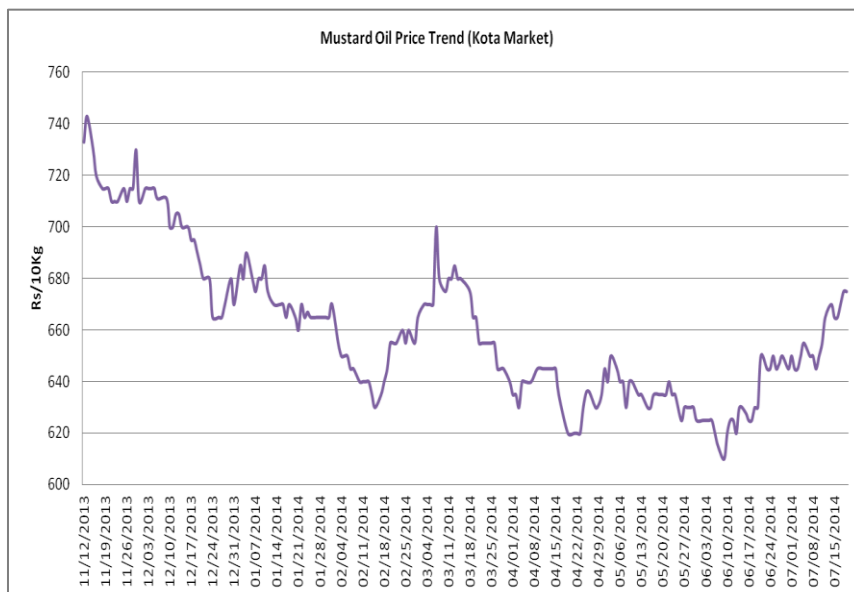
- Exports of Malaysian palm oil products for Jul. 1-15 rose 11.4 percent to 653,675 tons from 586,701 tons shipped during Jun. 1-15 - Societe Generale de Surveillance. India imported 1.19 lakh tons v/s 1.14 lakh tons from last month of the same period.
- MPOB Report's Highlights - Malaysian palm oil inventories eased by 4.2 percent to 1.656 million tons in June compared to the last month due to lower palm oil production and better than expected palm oil & its derivatives exports. Malaysia's palm oil exports in June stood at 1.48 million tons, 5.7% higher from the previous month. On the production front, palm oil output fell by 5.45 percent to 1.596 million tons on m-o-m basis. Report was bullish for palm oil as market participants were expecting 1.75-1.80 MMT of palm oil inventories as of June.
- As per Indonesian agriculture ministry, Indonesia's crude palm oil production seen at 29.5 million tons in 2014, up 6.3 percent from last year. Palm oil Inventories in June ease to 2.1 million tons by 4.5 percent from a month earlier and 13 percent lower compared to year ago same period - median of estimates from five plantation, industry executives and analysts compiled by Bloomberg shows.
- Weak pace of palm oil production in South East Asian countries and bullish palm oil export figures may support the palm oil prices for short term. However, new soy oil supplies from South American countries and easing crude oil prices may dent the bulls rally.

Price Outlook: We expect CPO Kandla 5% (with VAT) to stay in the range of 520-540 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 easing mustard seed arrivals.
- As per sources, cash markets in Rajasthan were inactive during the week in review owing to strike against VAT hike in different commodities, which affect the mustard supplies. Mustard oil likely to trade steady to firm tone in the coming days owing to slow stock offloading by farmers and good demand for mustard oil. 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.

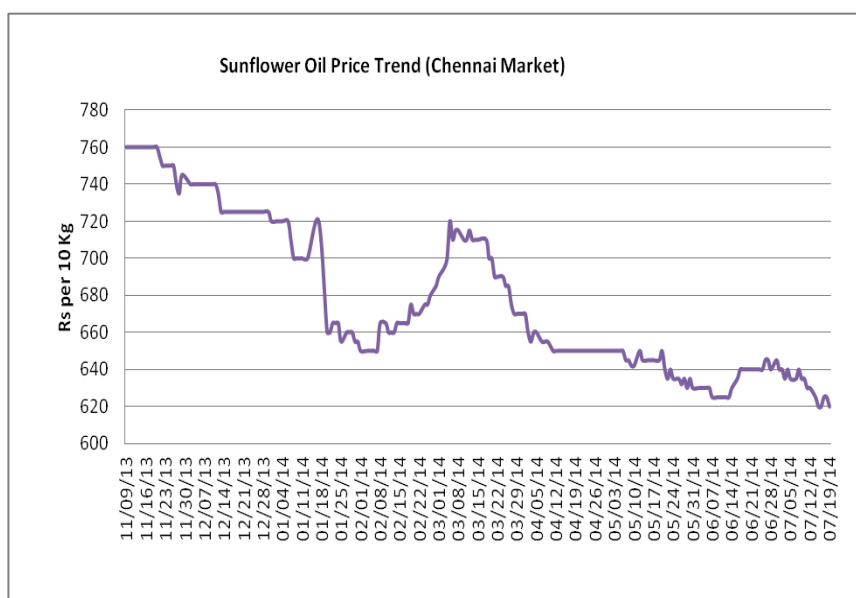


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 650-680 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

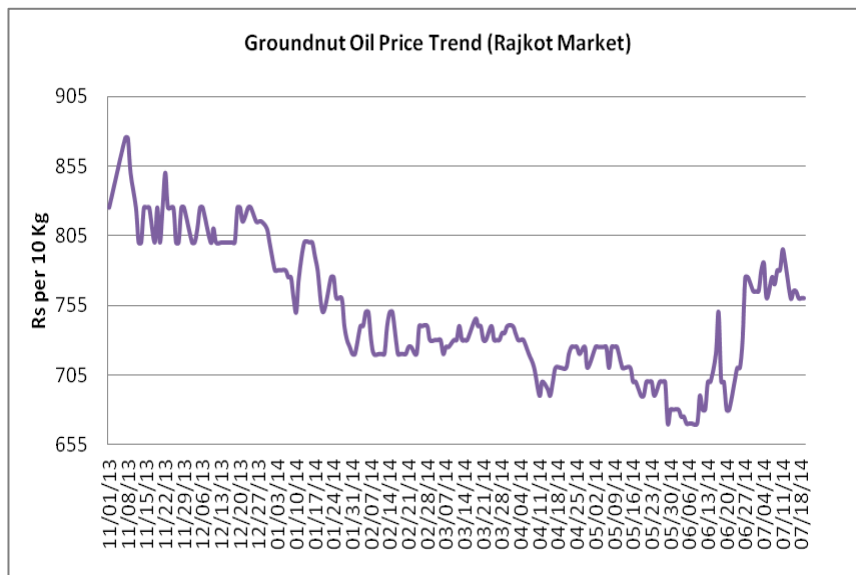
- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week owing to correction in the international sunflower oil market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 1.40 lakh tons of crude sunflower oil during 30-13 July majorly from Ukraine. Last month, India imported 2.05 lakh tons of crude sunflower oil during 1-29 June 2014 majorly from Ukraine.
- On the planting front, Indian farmers has been sown 0.68 lakh hectares as on 17 July 2014 which was 1.24 lag compared to the last year same period. We expect sunflower oil prices may trade range bound to slightly firm tone in the coming days.



Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 612-635 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices fell at its benchmark market (Rajkot) during the week.
- As per Ministry of Agriculture, as on July 17, Kharif oilseeds has been sown 38.07 lakh hectares, down 98.49 lakh hectares from the corresponding period of last year. Planting of groundnut in the current season has progressed to 15.21 lakh hectares as on 17 July, compared with 26.87 lakh hectares in the same period a year earlier. Gujarat groundnut planting progress is reported at 5.42 lakh ha v/s 15.00 lakh ha same period of the last year.
- On the price performance front, groundnut oil prices tumble at Rajkot market during the week to 2.68 percent to 761 per 10 kg on w-o-w average basis. However, better buying from retail and lower rains over key groundnut seed growing regions keeps support the bullish sentiments.
- Groundnut oil prices are likely to trade with a steady tone in the coming days owing to deficits rainfall over key groundnut growing areas and need based demand from wholesalers.

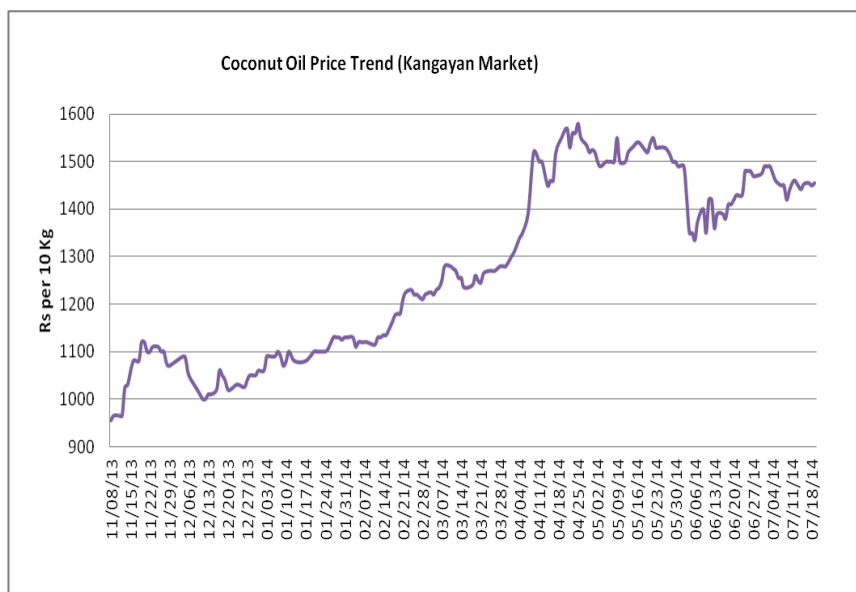


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 750-780 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured sideways trend at its benchmark market Kangayan during the week.
- Prices may trade range bound in the coming days due to new supplies and stockists have adequate stocks but the dry weather hurt the production prospects, which may limit the excessive losses in the coming days.
- 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.

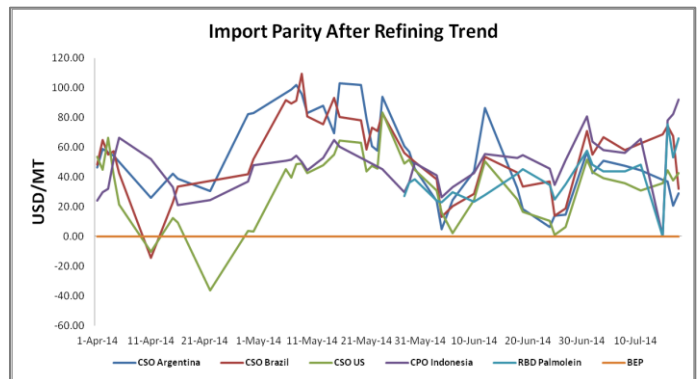
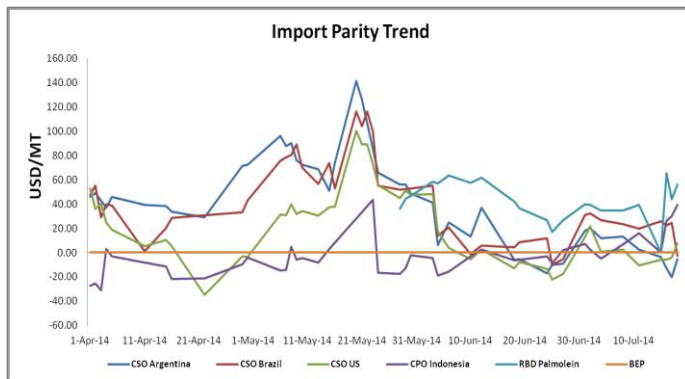


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1460-1535 per 10 Kg.

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

Landed Cost Calculation as on 18/07/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	854	859	851	773	780
Freight (USD/MT)	80	72	70	35	35.0
C & F	934.0	931.0	921.0	808.0	815.0
Weight loss (0.25% of FOB)	2.14	2.15	2.13	1.93	1.95
Finance charges (0.4% on CNF)	3.74	3.72	3.68	3.23	3.26
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	943	940	930	816	823
CVD	0	0	0	0	0
Duty USD per ton	24.85	24.85	24.85	22.24	93.23
CVD value USD per ton	0	0	0	0	0
Cess (2% on duty) USD per ton	0.496908	0.496908	0.496908	0.444792	1.86456
Exchange rate	60.33	60.33	60.33	60.33	60.33
Landed cost without customs duty in INR per ton	56871	56690	56081	49204	49631
Customs duty %	2.58%	2.58%	2.58%	2.58%	10.20%
Base import price	963	963	963	862	914
Fixed exchange rate by customs department	60.10	60.10	60.10	60.10	60.10
Duty component in INR per ton	1493.21	1493.21	1493.21	1336.60	5603.00
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	59038	58856	58247	51214	55907
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	58700	58700	58700	53600	59300
Total landed cost USD per ton	979	976	965	849	927
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	973	973	973	888	983
Parity INR/MT (Domestic - Landed)	-338	-156	453	2386	3393
Parity USD/MT (Domestic - Landed)	-5.60	-2.59	7.50	39.55	56.24
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	64137.67	63956.17	63347.44	57214.05	58706.78
Soy/Palm oil imported Price (Including tax)	67344.55	67153.98	66514.81	60074.76	61642.12
Loose price of Soy/Palm in Indore and Delhi market	69090.00	69090.00	69090.00	65625.00	65625.00
Parity after processing and Taxes (Rs per MT)	1745.45	1936.02	2575.19	5550.24	3982.88
Parity after processing and Taxes (USD per MT)	28.93	32.09	42.69	92.00	66.02
Source: Agriwatch					

Import Parity Trend



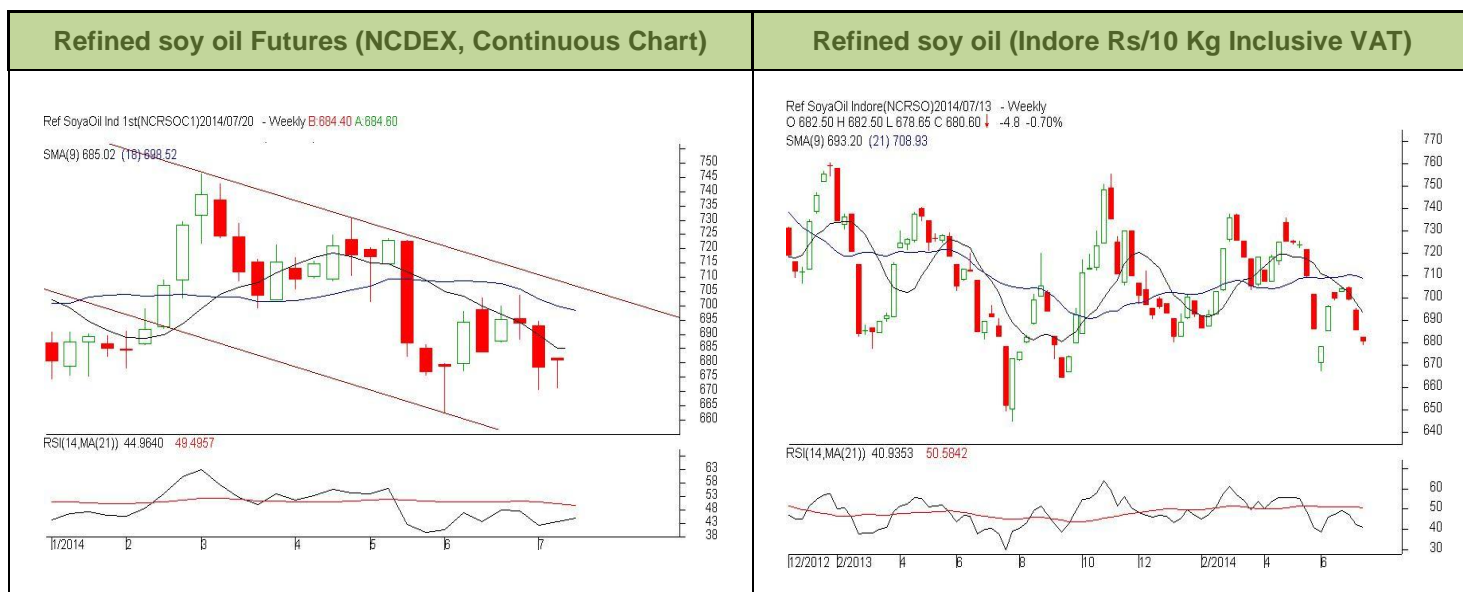
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
June, 2014	26.94	30.06	18.39	43.80	31.04
July, 2014	48.55	62.73	40.25	64.94	48.29

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 cdso/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 consolidation during the week in review and likely to trade with a slightly firm tone in the coming days.

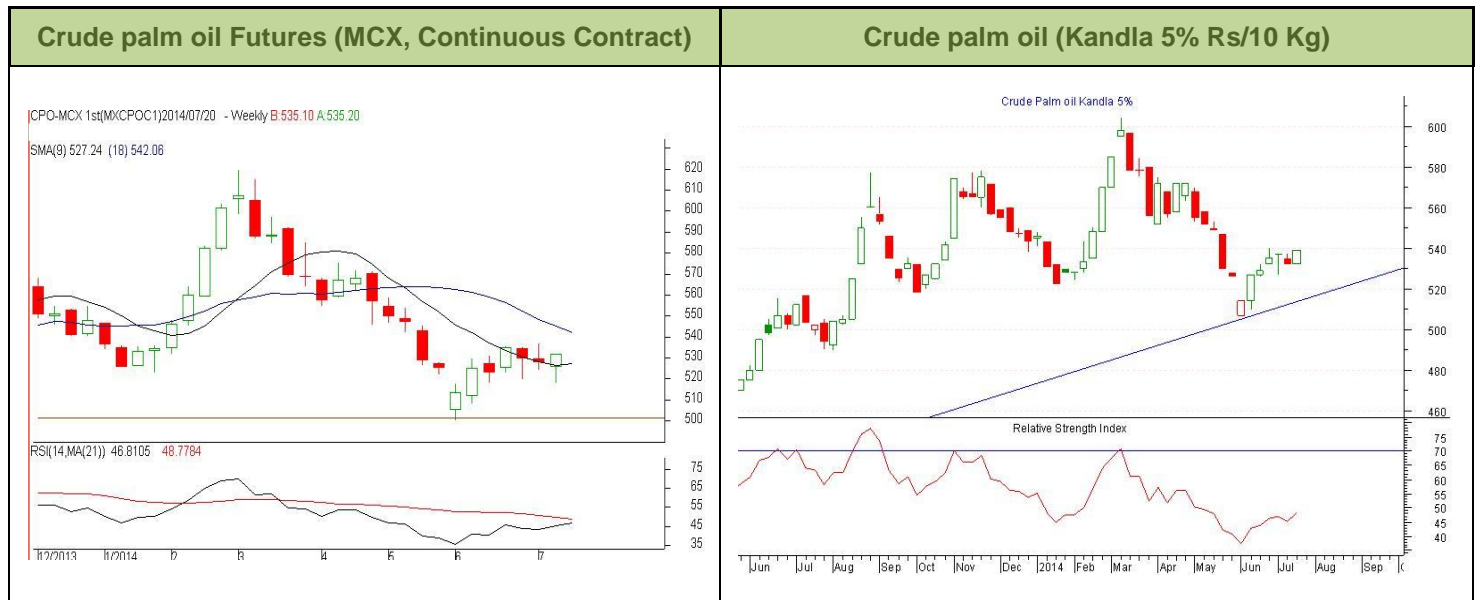
- ❖ Weekly chart of refined soy oil at NCDEX depicts sideways trend. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 670 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 680-699 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 680 levels for a target of 696 and 699 with a stop loss at 670 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
660.00	665.00	680.80	700.00	708.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 670-690 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts gains in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 525.80 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 531-542 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 531 for a target of 540 and 542 with a stop loss at 525.60 on closing basis.

CPO MCX (July)

Support and Resistance				
S2	S1	PCP	R1	R2
516.00	520.00	531.80	545.00	551.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 520-540 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		18-Jul-14	11-Jul-14	
Refined Soybean Oil	Kota	650	655	-5
	Rajkot	615	625	-10
	Delhi	680	690	-10
	Mumbai	640	640	Unch
	Indore	658	665	-7
	Kandla/Mundra	620	630	-10
	Kolkata	625	630	-5
	Indore (Soy Solvent Crude)	613	620	-7
	Mumbai (Soy Degum)	595	595	Unch
	Kandla/Mundra (Soy Degum)	587	590	-3
	Akola	691	687	4
	Amrawati	690	685	5
	Jalna	701	696	5
	Nagpur	694	689	5
	Alwar	685	690	-5
	Solapur	707	706	1
	Bundi	658	665	-7
	Dhule	699	694	5
Palm Oil	Rajkot	575	560	15
	Hyderabad	590	620	-30
	Delhi	625	625	Unch
	Kandla (Crude Palm Oil)	536	537	-1
	Kandla (RBD Palm oil)	552	555	-3
	Mumbai RBD Pamolein	570	572	-2
	Kandla RBD Pamolein	565	570	-5
	Mangalore RBD Pamolein	567	575	-8
	Chennai RBD Pamolein	567	575	-8
	Kakinada RBD Pamolein	558	557	1
	KPT (krishna patnam)	550	557	-7
	Haldia	555	555	Unch
Refined Sunflower Oil	Mumbai	635	645	-10
	Mumbai(Expeller Oil)	578	580	-2
	Kandla/Mundra (Crude)	580	590	-10
	Erode (Expeller Oil)	645	655	-10
	Hyderabad (Ref	680	685	-5

	Chennai	625	630	-5
	Bellary (Expeller Oil)	NR	603	-
	Latur (Expeller Oil)	615	611	4
	Chellakere (Expeller Oil)	585	590	-5
Groundnut Oil	Rajkot	760	795	-35
	Chennai	730	730	Unch
	Delhi	740	740	Unch
	Hyderabad *	765	780	-15
	Mumbai	780	795	-15
	Gondal	775	795	-20
	Jamnagar	770	790	-20
	Narsarropeth	NR	740	-
	Prodattour	NR	735	-
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	696	678	18
	Sri-GangaNagar(Exp Oil)	685	675	10
	Alwar (Expeller Oil)	700	700	Unch
	Kota (Expeller Oil)	675	670	5
	Jaipur (Expeller Oil)	697	685	12
	New Delhi (Expeller Oil)	716	711	5
	Hapur (Expeller Oil)	730	710	20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	710	695	15
	Kota (Kacchi Ghani Oil)	690	685	5
	Jaipur (Kacchi Ghani Oil)	727	711	16
	Agra (Kacchi Ghani Oil)	750	735	15
	Bharatpur (Kacchi Ghani Oil)	745	730	15
	Neewai (Kacchi Ghani Oil)	707	690	17
	Hapur (Kacchi Ghani Oil)	750	725	25
Refined Cottonseed Oil	Mumbai	652	660	-8
	Rajkot	645	655	-10
	New Delhi	640	645	-5
	Hyderabad	625	635	-10
Coconut Oil	Kangayan (Crude)	1450	1455	-5
	Cochin	1490	1490	Unch
	Trissur	1510	1490	20
Sesame Oil	New Delhi	915	915	Unch

	Mumbai	930	930	Unch
Kardi	Mumbai	920	920	Unch
Rice Bran Oil (40%)	New Delhi	490	490	Unch
Rice Bran Oil (4%)	Punjab	555	555	Unch
Rice Bran Oil (4%)	Uttar Pradesh	555	555	Unch
Malaysia Palmolein USD/MT	FOB	780	800	-20
	CNF India	813	835	-22
Indonesia CPO USD/MT	FOB	773	800	-27
	CNF India	818	845	-27
Ukraine Origin CSFO USD/MT Kandla	CIF	895	915	-20
Argentina FOB (\$/MT)		17-Jul-14	10-Jul-14	Change
Crude Soybean Oil Ship		845	851	-6
Refined Soy Oil (Bulk) Ship		875	880	-5
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		825	831	-6
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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