

## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Edible oil basket witnessed sideways trend during the week owing to consolidation in the international veg. oil market, revival of rains over key oilseeds producing regions and higher edible oil imports. However, slightly bullish palm oil export figures and need based demand limit the downside.*

*On the currency front, Indian rupee against USD closed (25 July 2014) at 60.10, up 0.21 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 overall deficits rains 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 678 levels for a target of 688 and 690 with a stop loss at 672 on closing basis and go long in CPO above 518 for a target of 526 and 528 with a stop loss at 513.20 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.*

*Malaysian palm oil products exports during July 1-25 rose 3.4 percent to 1,165,306 tons from 1,126,927 tons shipped during June 1-25 - Intertek Testing Services.*

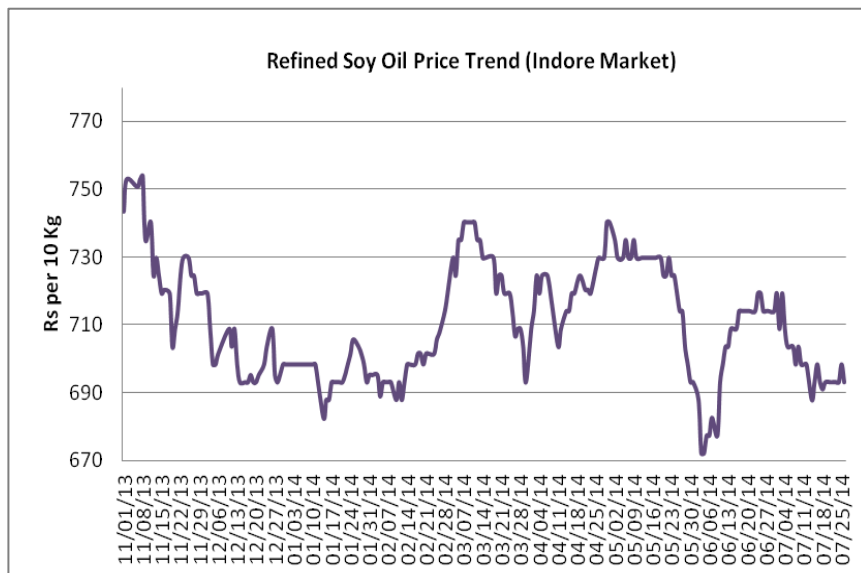
*On the international front, improved weather over US soybean growing belt, better than expected US soybean stocks position, and in expectation of record US soybean production forecast for 2014/15 favors the bears. However, soy supplies are tight in US and good demand from China may curb the excessive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

*Slightly bullish palm oil export figures and weak pace of palm oil production in South East Asian countries may support the palm oil prices for short term. However, new soy oil supplies from South American countries and in expectation of record US soybean production may dent the bulls rally.*

## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soybean oil featured steady tone during the week in review tracking need-based demand in the spot market.
- On the planting front, soybean sowing pick up during the week thanks to rains over key soybean regions. Planting has progressed to 77.77 lakh hectares, compared with 110.05 lakh hectares in the same period a year earlier.
- As per Indian weather department, India's monsoon rains were 24 percent above average in the week ended July 23. The government has set target for oilseeds production at 33 million tons for 2014-15, up 0.59 million tons from previous year.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around 1.69 lakh tons of crude soybean oil during 30-20 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 tone.



### International Front

- As per latest USDA's report, US soybean crop is reported 73 pct condition good/excellent v/s 72 pct week ago and 60 pct blooming v/s 41 pct week ago. Report was bearish for the soybean prices.
- Port workers in Argentina's Rosario ended strike and give respite to the commodity flow through Argentina's Rosario hub.
- According to Oil World, Argentina's soybean crush during the first six months of 2014 was 18.3 million tons, up from the 16.1 million tons crushed in the corresponding period of the last year.
- 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. 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 and good demand from China may curb the excessive losses in soy complex.

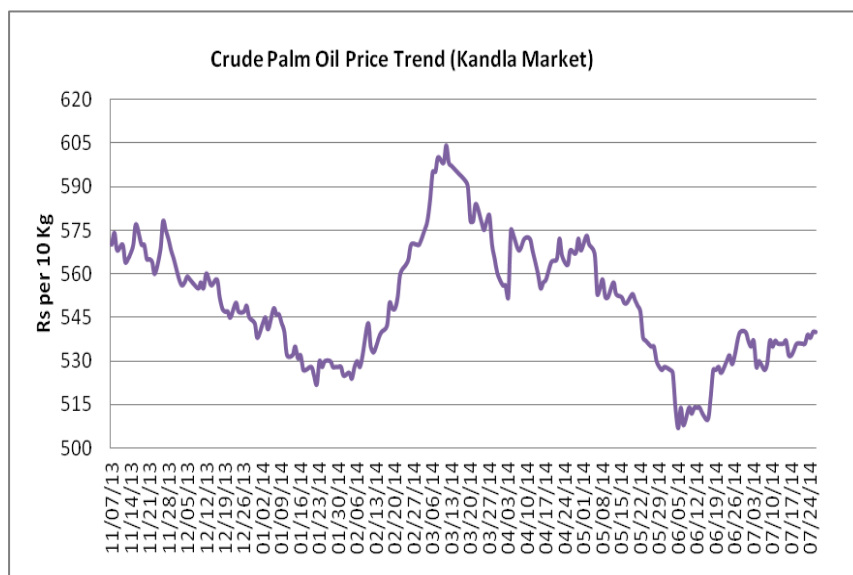
### Price Outlook:

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 5.01 lakh tons of crude palm oil and 0.83 lakh tons of RBD palmolein during 30 June-20 July majorly from Malaysia and Indonesia. As per SEA of India, India buyers imported around 37.71 lakh tons of crude palm oil during Nov-June 2013-14 oil year. While, RBD palmolein imports stood at 10.79 lakh tons during the current oil year till June, down 30.11 percent from the corresponding period of last year.
- Positive palm oil exports from Malaysia during the July, 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. Currently refiners get US \$100-115/tons margin in processing the imported CPO but on the imports of refined ready to use palmolein gets US \$90-95/tons parity. Higher parity witness in CPO during the last 1-2 weeks compared to the other edible oils. We expect higher CPO imports in the coming day.
- 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

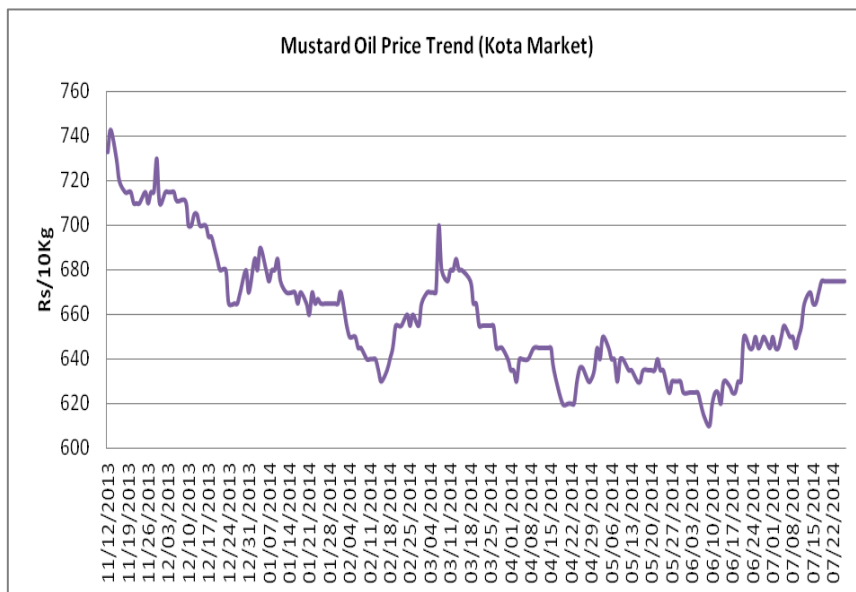
- Malaysian palm oil products exports during July 1-25 rose 3.4 percent to 1,165,306 tons from 1,126,927 tons shipped during June 1-25 - Intertek Testing Services. Figures were slightly positive for the market. However, easing Malaysian palm oil export pace compared to the initial days of July this may capes the excessive gains in the near term.
- According to a leading Indonesian industry association, Indonesia is expected to export between 19-20 million tonnes of palm oil in 2014, decline of up to 9.5 percent from 2013. As per Indonesian Trade Ministry, Indonesia crude palm oil export tax for August 2014 is set at 10.5 percent, unchanged from July.
- 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. 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.
- Slightly bullish palm oil export figures and weak pace of palm oil production in South East Asian countries may support the palm oil prices for short term. However, new soy oil supplies from South American countries and in expectation of record US soybean production prospects may dent the bulls rally.

**Price Outlook:** We expect CPO Kandla 5% (with VAT) to stay in the range of 525-540 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.
- Better buying from wholesalers and pickle manufactures during rainy season likely to support mustard oil. Moreover, easing mustard seed supplies and slow selling from farmers may add bullish sentiment to the market. 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.

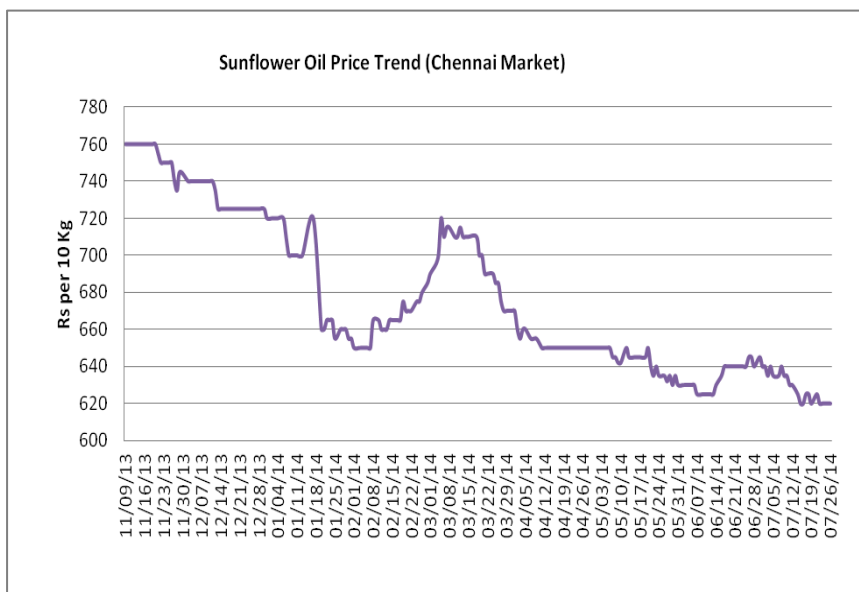


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 665-688 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil featured steady to tone at its benchmark market Chennai during the week owing to consolidation in the international sun oil market and need based demand in the cash market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 1.66 lakh tons of crude sunflower oil during 1-20 July majorly from Ukraine. As per SEA of India, Indian buyers imported 10.32 lakh tons of crude sunflower oil during Nov- June 2013-14 oil year majorly from Ukraine, up 50.66 percent from the corresponding period of the last year.
- On the planting front, Indian farmers has been sown 0.92 lakh hectares as on 24 July 2014 which was 1.40 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.



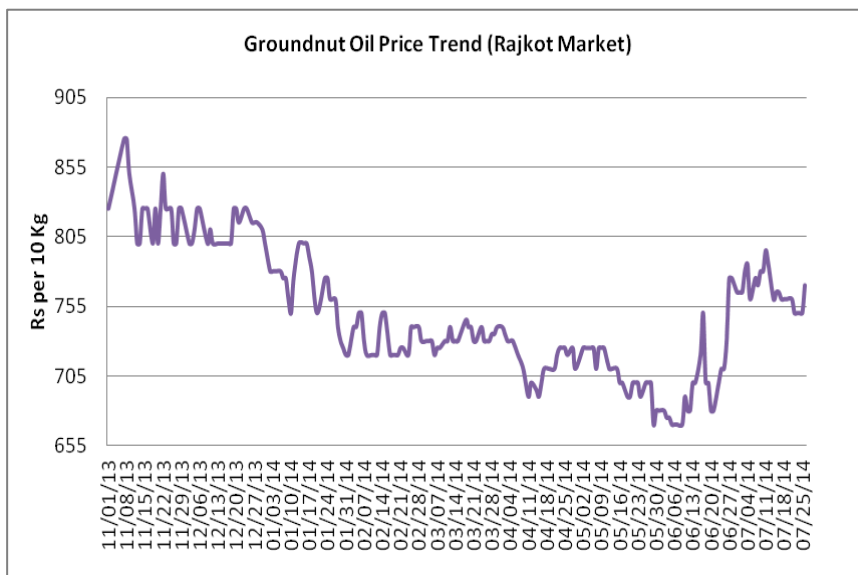
**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 612-635 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices fell at its benchmark market (Rajkot) during the week.
- On the price performance front, groundnut oil prices featured slight losses at Rajkot market and quoted Rs 762 per 10 kg on w-o-w average basis; down 1.3 percent from last week owing to rains over key groundnut producing regions support the planting prospects.
- As per Ministry of Agriculture, planting of groundnut in the current season has progressed to 22.56 lakh hectares as on 24 July, compared with 33.39 lakh hectares in the same period a year earlier.

Gujarat groundnut planting progress is reported at 9.24 lakh ha v/s 15.66 lakh ha same period of the last year.

- Groundnut oil prices are likely to trade with a steady tone in the coming days owing to need based demand from wholesalers.

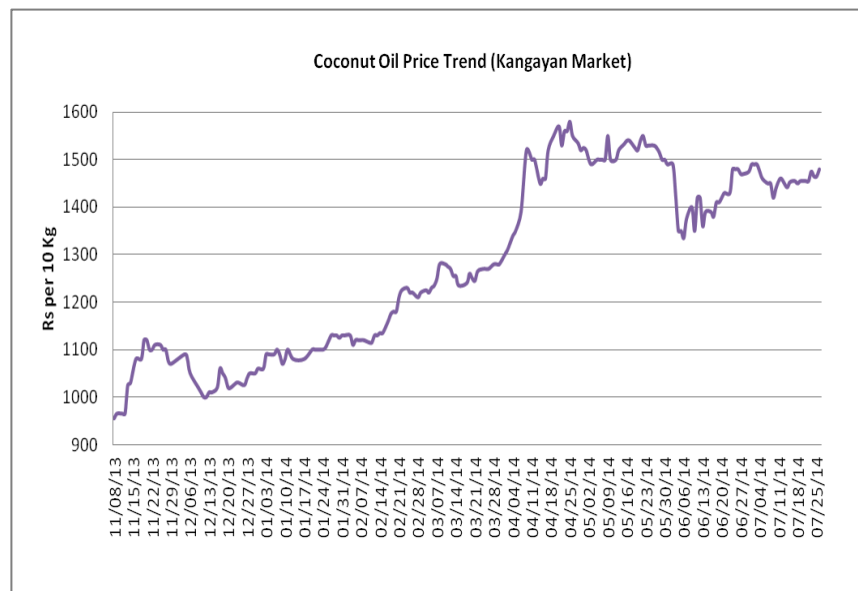


### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 750-785 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured sideways trend at its benchmark market Kangayan during the week.
- Coconut oil at Kangayan market ended Rs 1462 per 10 Kg (weekly average basis), up 0.9 percent from last week. Coconut oil 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 and ongoing Muslim festivals may limit the losses in the coming days.
- 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 - COMA. We expect prices may trade range bound due to new copra arrivals from Tamil Nadu and Kerala.



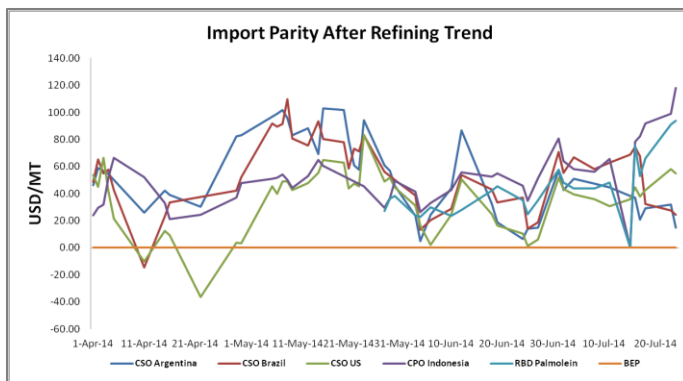
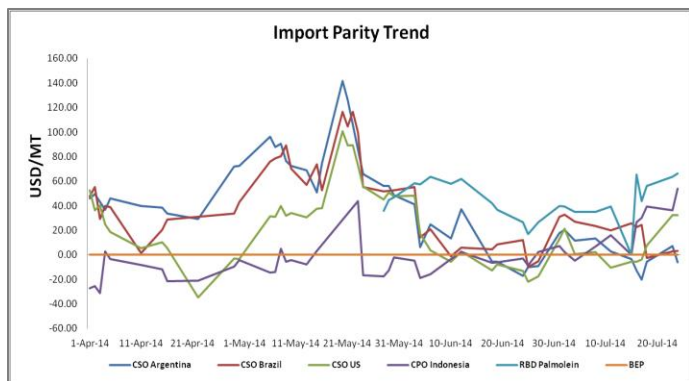
Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1468-1535 per 10 Kg.

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

<b>Landed Cost Calculation as on 24/07/2014</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>	<b>RBD Palmolein</b>
FOB USD per ton	876	875	848	770	775
Freight (USD/MT)	80	72	70	35	35.0
C & F	956.0	947.0	918.0	805.0	810.0
Weight loss (0.25% of FOB)	2.19	2.19	2.12	1.93	1.94
Finance charges (0.4% on CNF)	3.82	3.79	3.67	3.22	3.24
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	965	956	927	813	818
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	60	60	60	60
Landed cost without customs duty in INR per ton	57893	57349	55593	48754	49056
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	60059	59515	57759	50763	55332
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	59700	59700	59700	54000	59300
Total landed cost USD per ton	1001	992	963	846	922
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	995	995	995	900	988
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-359</b>	<b>185</b>	<b>1941</b>	<b>3237</b>	<b>3968</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-5.99</b>	<b>3.08</b>	<b>32.35</b>	<b>53.95</b>	<b>66.13</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	65159.13	64615.20	62858.97	56763.20	58132.45
Soy/Palm oil imported Price (Including tax)	68417.08	67845.96	66001.92	59601.36	61039.08
Loose price of Soy/Palm in Indore and Delhi market	69300.00	69300.00	69300.00	66675.00	66675.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>882.92</b>	<b>1454.04</b>	<b>3298.08</b>	<b>7073.64</b>	<b>5635.92</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>14.72</b>	<b>24.23</b>	<b>54.97</b>	<b>117.89</b>	<b>93.93</b>
Source: Agriwatch					



### Import Parity Trend



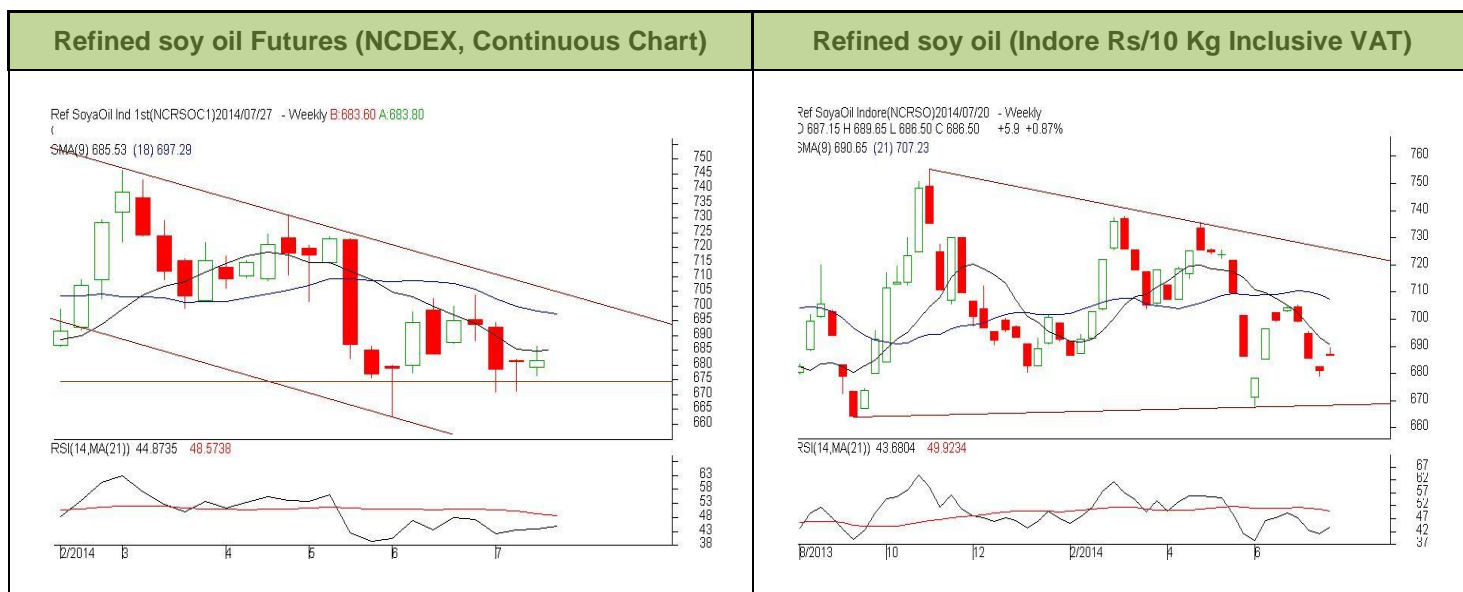
### Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>June, 2014</b>	26.94	30.06	18.39	43.80	31.04
<b>July, 2014</b>	37.65	55.27	43.22	79.43	62.12

### 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 672 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 678-690 level in near to medium term. RSI is near to neutral region and no evidence of divergence with the ref. soy oil prices noticed.

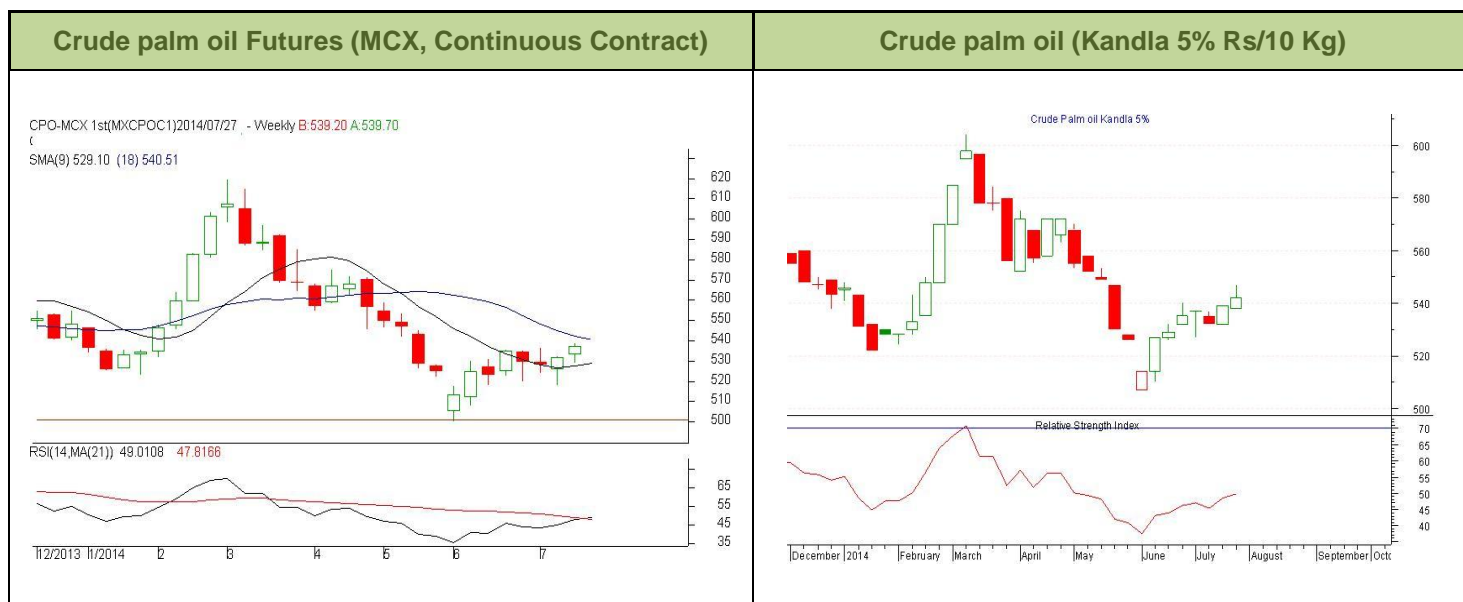
**Strategy:** Market participant are advised to go long in RSO above 678 levels for a target of 688 and 690 with a stop loss at 672 on closing basis.

#### RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
662.00	670.00	681.60	694.00	701.00

**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 August 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 513.20 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 513.20 on closing basis.

**CPO MCX (Aug)**

Support and Resistance				
S2	S1	PCP	R1	R2
503.00	509.00	519.10	526.80	532.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 525-545 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		25-Jul-14	18-Jul-14	
Refined Soybean Oil	Kota	650	650	Unch
	Rajkot	620	615	5
	Delhi	685	680	5
	Mumbai	642	640	2
	Indore	665	658	7
	Kandla/Mundra	630	620	10
	Kolkata	620	625	-5
	Indore (Soy Solvent Crude)	620	613	7
	Mumbai (Soy Degum)	605	595	10
	Kandla/Mundra (Soy Degum)	597	587	10
	Akola	685	691	-6
	Amrawati	684	690	-6
	Jalna	691	701	-10
	Nagpur	687	694	-7
	Alwar	690	685	5
	Solapur	697	707	-10
	Bundi	656	658	-2
	Dhule	694	699	-5
Palm Oil	Rajkot	587	575	12
	Hyderabad	550	560	-10
	Delhi	635	625	10
	Kandla (Crude Palm Oil)	547	536	11
	Kandla (RBD Palm oil)	575	552	23
	Mumbai RBD Pamolein	570	570	Unch
	Kandla RBD Pamolein	590	565	25
	Mangalore RBD Pamolein	570	567	3
	Chennai RBD Pamolein	570	567	3
	Kakinada RBD Pamolein	558	558	Unch
	KPT (krishna patnam)	558	550	8
	Haldia	557	555	2
Refined Sunflower Oil	Mumbai	642	635	7
	Mumbai(Expeller Oil)	585	578	7
	Kandla/Mundra (Crude)	590	580	10
	Erode (Expeller Oil)	645	645	Unch
	Hyderabad (Ref	670	680	-10

	Chennai	620	625	-5
	Latur (Expeller Oil)	610	615	-5
	Chellakere (Expeller Oil)	588	585	3
Groundnut Oil	Rajkot	750	760	-10
	Chennai	750	730	20
	Delhi	740	740	Unch
	Hyderabad *	760	765	-5
	Mumbai	795	780	15
	Gondal	780	775	5
	Jamnagar	800	770	30
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	695	696	-1
	Sri-GangaNagar(Exp Oil)	685	685	Unch
	Alwar (Expeller Oil)	700	700	Unch
	Kota (Expeller Oil)	675	675	Unch
	Jaipur (Expeller Oil)	699	697	2
	New Delhi (Expeller Oil)	714	716	-2
	Hapur (Expeller Oil)	730	730	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	715	710	5
	Kota (Kacchi Ghani Oil)	720	690	30
	Jaipur (Kacchi Ghani Oil)	731	727	4
	Agra (Kacchi Ghani Oil)	755	750	5
	Bharatpur (Kacchi Ghani Oil)	750	745	5
	Neewai (Kacchi Ghani Oil)	714	707	7
	Hapur (Kacchi Ghani Oil)	750	750	Unch
Refined Cottonseed Oil	Mumbai	660	652	8
	Rajkot	655	645	10
	New Delhi	640	640	Unch
	Hyderabad	630	625	5
Coconut Oil	Kangayan (Crude)	1465	1450	15
	Cochin	1490	1490	Unch
	Trissur	1535	1510	25
Sesame Oil	New Delhi	910	915	-5
	Mumbai	930	930	Unch
Kardi	Mumbai	920	920	Unch
Rice Bran Oil (40%)	New Delhi	NA	490	-



Rice Bran Oil (4%)	Punjab	560	555	5
Rice Bran Oil (4%)	Uttar Pradesh	560	555	5
Malaysia Palmolein USD/MT	FOB	780	780	Unch
	CNF India	813	813	Unch
Indonesia CPO USD/MT	FOB	775	773	2
	CNF India	818	818	Unch
Ukraine Origin CSFO USD/MT Kandla	CIF	900	895	5
Argentina FOB (\$/MT)		24-Jul-14	17-Jul-14	Change
Crude Soybean Oil Ship		863	845	18
Refined Soy Oil (Bulk) Ship		893	875	18
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		843	825	18
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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